DCAA Contract Audit Manual (CAM)
(DCCAM 7640.1)

Chapter 7
Fraud

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Table of Contents

7-100 Responsibilities for Reporting Suspected Irregularities **

7-101 Introduction **

This section covers procedures, and responsibilities relating to reporting suspected irregularities including fraud, other unlawful activity, and anticompetitive practices.

7-102 Suspected Fraud and Unlawful Activity - General **

7-102.1 General **

a. When auditing a contractor's records in accordance with government auditing standards, auditors need to assess fraud risk, develop procedures to mitigate risk, but yet auditors may still encounter, or receive from other sources, information constituting evidence or causing suspicion of fraud or other unlawful activity. Auditors should refer to the DoW OIG Fraud Detection website (Fraud Detection Resources) for more information and examples of fraud indicators and the Operations Investigative Services (OIS) Sharepoint site for Fraud Scenarios for DCAA audits (Fraud Scenarios for DCAA Audits).

b. Definition. For purposes of this chapter, the term "fraud" or "other unlawful activity" means any willful or conscious wrongdoing, including, but not limited to, acts of cheating or dishonesty which contribute to a loss or injury to the Government.

7-102.2 Auditor Responsibilities Related to Reporting Suspected Irregularities **

a. Auditors are not trained to conduct investigations of fraud or illegal acts. This is the responsibility of investigators or law enforcement authorities. When an auditor obtains information that raises a reasonable suspicion that fraud or other unlawful activity has occurred, or is likely to occur, that has not been previously disclosed to the Government, the auditor should issue an investigative referral (see CAM 7-102.3). The auditor must avoid the appearance of conducting an investigation. Audit support of investigations is covered in CAM 7-102.4 and 7-102.5.

b. Auditors should document in the working papers an audit lead describing the suspected irregular conduct however, it should not be documented that a referral has been made.

7-102.3 Procedures for Referring Suspected Irregular Conduct **

a. An auditor can encounter information which raises a reasonable suspicion of fraud, corruption, or unlawful activity relating to a Government contract while performing audit fieldwork. Upon encountering or receiving information while performing audit fieldwork, the following steps to complete a referral should be performed; note, there is no requirement for the auditor to prove the existence or intent of fraud to submit a referral. For information received from a contractor representative not related to the audit fieldwork see 7-102.3(e).

(1) Promptly prepare a DCAA Suspected Irregular Conduct Referral Form (DCAAF 2000).

(a) The use of the DCAAF 2000 is the preferred method for forwarding this information. However, the auditor may also use the DCAA Hotline or DoW Hotline to report suspected irregular activities. When issuing a referral to the DCAA-Hotline or DoW Hotline, follow the most current guidance issued by the DCAA Hotline or DoW Hotline.

(b) DCAAF 2000 may be used to report irregularities affecting non-DoW contracts by following the same procedures for DoW referrals discussed below.

(2) When a DCAAF 2000 is used, fully and concisely describe the irregular conduct including appropriate reference to the procurement regulations or statutes which the auditor believes may have been violated. The auditor should not conduct legal research to identify citations, the use of general references is sufficient. Care should be taken to avoid unnecessary use of legal terminology or numerous enclosures beyond those necessary to explain the irregularity. The purpose of the DCAAF 2000 is to alert an investigator to a possible irregularity, not to establish that the reported irregularity is a violation of the law. If applicable, the office should include information on contractor efforts to hinder or obstruct audit work which uncovered the suspected irregular conduct (see 7-104). Management review of the DCAAF 2000 prior to formal submission to OIS is not required, and should be limited to what is necessary to ensure clarity and completeness. Management should not dissuade an auditor from completing and submitting a DCAAF 2000. Forward the referral to Operations Investigative Services (OIS) Division (see 7-102.3(b))

(3) All referrals are reported to the Inspector General of the agency most at risk.

(4) The auditor's obligation to protect contractor's records from unauthorized access requires that the distribution of documents which appear to provide evidence of impropriety be restricted. Protection and strict control of all information related to the suspected irregular conduct and other contractor irregularities is critical. Premature or inadvertent disclosure could compromise the Government’s efforts to gather evidence needed.

(5) To prevent inadvertent disclosure of sensitive information, the draft/official DCAAF 2000 should not be stored by the branch. OIS will maintain an official DCAAF 2000 in accordance with the specified records retention requirements. Auditors should document the irregular conduct in their working papers as an audit lead. Auditors should use the standard audit lead process to document relevant information related to the irregular conduct that would likely be useful in the performance of future audits in EPIC however, auditors should not reference the DCAAF 2000 in the working papers.

(6) Continue with assigned duties and pursue development of factual information as appropriate or indicated by 7-102.4. Coordinate any continuing evaluation with your supervisor or Branch manager.

(7) Do not alert the Procuring Contracting Officer, the Administrative Contracting Officer, or contracting office personnel that DCAA has identified suspected irregular conduct and submitted a DCAAF 2000 to investigative agencies without first coordinating with OIS at dcaa.belvoir.hq.list.ois-fraud-program@mail.mil.

b. Submit DCAA Form 2000 (DCAAF 2000) referrals as follows:

(1) For referrals containing unclassified information, the author will send an encrypted e-mail, attaching the dated and signed DCAAF 2000 in a Portable Document Format (PDF) file to OIS at the following e-mail address: dcaa.belvoir.hq.list.ois-fraud-program@mail.mil.

(2) For referrals containing unclassified information, but originating from classified activities, the author will send an encrypted e-mail, attaching the dated and signed DCAAF 2000 in a PDF file to OIS at the following e-mail address: dcaa.belvoir.hq.mesg.dcaa-ois-spform2000@mail.mil. Do not send any classified information to this email address.

(3) For referrals containing classified information or on classified programs/contracts coordinate directly with OIS.

c. Other electronic files such as MS Word, MS Excel, or PDF documents may be included or attached to the DCAAF 2000. Ensure attached files are cross-referenced to information in the DCAAF 2000 or any detailed narrative of events. Large data files may be referenced in the DCAAF 2000 and made available to investigative agencies upon request.

d. Information and documents, including any internal pages, generated as a result of the activities prescribed above will be marked "CUI" at the top and bottom of the page. In addition, the following verbiage should be added to the bottom right of the page:

Controlled by: DCAA-OIS

CUI Category: LEI

POC: OIS 571-448-2322

If the information warrants a security classification, the appropriate security markings will be affixed to the documents.

e. If an auditor is approached by a contractor representative with information which raises a reasonable suspicion of fraud, corruption, or unlawful activity, a DCAAF 2000 should not be used. The auditor should refer the contractor representative to the DoW Hotline to submit a hotline complaint.

f. Any DCAA personnel can complete a DCAAF 2000. Even if the issue seems small or insignificant, it can be part of a bigger issue and can provide critical information to the investigative team.

7-102.4 Audit Activities Subsequent to Referral - Continuing Audits **

a. Following a referral, or after notification of the initiation of an investigation, take no actions that would compromise an investigation. Continue to follow up on fraud indicators through the normal course of the audit. Do not expand the audit scope for the sole purpose of gathering additional information to support an investigation. The auditor must avoid the appearance of conducting an investigation. If audit activities relate to an area under investigation or litigation, coordinate with OIS to determine the best course of action. Audit activities outside the area of investigative interest will continue unless the investigative organization requests in writing (e.g., letter or email) that they be deferred or suspended. If it is believed the requested deferral will cause financial harm to the Government or unnecessarily impede the audit mission, elevate the matter for management resolution between the respective organizations. Before any decision is made to defer or suspend an audit, coordinate the matter with Operation Investigative Support (OIS).

b. When requested, auditors should coordinate with OIS to furnish draft copies of any audit reports issued in connection to a submission of a DCAAF 2000 to the appropriate investigative organization. Also, coordinate with OIS to communicate additional information relating to the suspected wrongdoing or similar misconduct, without filing a separate DCAAF 2000. For all subsequent documents relating to the DCAAF 2000, auditors should reference the DCAA case number assigned by OIS. Note, the DCAA case number should not be documented in audit working papers

c. Do not issue an audit report on any part of a representation containing suspected irregular conduct without first coordinating with OIS (see 2-306.6 or 2-502.7). Normally there is no need to withhold an audit report unless it can be demonstrated that its issuance would hinder an investigation or prosecution. If the branch believes the audit report should be withheld the branch or directorate should coordinate the matter with OIS. Do not make reference in the audit report to suspected irregular conduct or a referral for investigation.

d. Effective communications throughout the audit is an important aspect of the audit function. Do not communicate the existence of a DCAAF 2000 with the contracting officer without first coordinating with OIS. Information relating to a matter referred for investigation will be protected and not released or disclosed to a contractor, or a contractor's employee, representative, or attorney. This guidance is based on the need to avoid the disclosure of information which might impede or compromise an investigation. Case-by-case exceptions to this guidance are made by OIS after consultation with the cognizant investigator.

7-102.5 Auditor Responsibilities for Ongoing Investigations **

a. The auditor's responsibility for detecting fraud on any given audit ends with the submission of a DCAA Form 2000 (DCAAF 2000) or DoW Hotline referral. The cognizant investigative agency is responsible for directing, monitoring, and reporting on the status of fraud investigations. Investigative support to DoW investigative organizations is authorized by DoW Instruction 7600.02, "Audit Policies," dated October 31, 2023. The Operations Investigative Services (OIS) Division typically performs this function.

b. Branch auditors should not support fraud related investigations. Instead, auditors should furnish any request for assistance by investigative agencies to OIS. Under no circumstances is the branch to contact the contractor or access contractor information by any other means to obtain data or other information in support of an investigation.

c. No DCAA employee should inform a contractor that it is under investigation. Contractor documents or information that DCAA has collected in the course of its normal audit activities may be provided to an investigator through the OIS auditor supporting the investigation. Investigative organizations must use their own authority to obtain documents or information for ongoing investigations.

7-102.6 Control of Documents Obtained Under Inspector General or Grand Jury Subpoenas and Civil Investigative Demands **

a. For criminal investigative purposes, documents may be obtained under either an Inspector General (IG) or a grand jury subpoena. The civil investigative equivalent of a grand jury subpoena is referred to as a civil investigative demand (CID). DCAA subpoenas will not be used in connection with investigations. When an investigative office obtains documents under an IG subpoena, it is the custodian of the documents. When the documents are obtained under a grand jury subpoena, the grand jury is the custodian and the Government prosecutor or the investigator acts as the grand jury's agent or representative. Similar custodial requirements exist for CIDs. Requirements for safeguarding grand jury materials or CIDs are more stringent than for IG subpoenas.

b. Auditor responsibility for safeguarding contractor records is discussed in 1-507. The auditor is not relieved of responsibility simply because the records in question have been obtained under subpoena or because the contractor itself should be excluded from access to the subpoenaed records. When auditors are assigned to assist an investigation, they should be aware of their responsibility to exercise due care and be mindful that removal of original documents from the designated workplace could result in both significant embarrassment to the Agency and penalties to the auditor.

7-103 Suspected Contractor Provision of Improper Gifts/Gratuities to Government Personnel **

a. The Standards of Ethical Conduct for the Executive branch (5 C.F.R. Part 2635, Subpart B) state that federal employees shall not accept gifts/gratuities directly or indirectly which are given because of the employee's official position or which are given to the employee by a prohibited source. "Direct or indirect acceptance" includes gifts to an employee's parent, sibling, spouse, child or dependent relative given because of the employee's relationship to that other person. "Prohibited sources" are any person or legal entity that:

(1) seeks official action from the employee's agency;

(2) does business or seeks to do business with the employee's agency;

(3) conducts activities regulated by the employee's agency;

(4) has interests that may be affected by the performance or nonperformance of the employee's duties; or

(5) is an organization, a majority of whose members fall within any one or more of the prior four categories.

b. The Standards of Ethical Conduct for the Executive branch are found at Chapter 2 of DoD's Joint Ethics Regulation (JER), DoD 5500.7R. Additionally, 18 U.S.C. 203 makes it a crime for a Government employee to receive compensation for his or her duties as a Government employee from anyone other than the Government. It also makes it a crime for someone to pay such compensation to a Government employee.

c. A violation of 18 U.S.C. 203 or DoDD 5500.7 may become the subject of an investigation and can result in disciplinary action. DCAA auditors do not have a designated mission to monitor compliance with either the Standards of Ethical Conduct or the statute; consequently, audit programs do not contain specific steps to detect noncompliance. However, any apparent noncompliance coming to your attention, regardless of the length of time since the suspected event occurred, is referable. Be aware, however, that there are exclusions from the definition of a gift and a number of listed exceptions to the gift prohibition, including a blanket exception for gifts valued at less than $20 per occasion and $50 per calendar year. The exclusions and exceptions are found in Section 204 of 5 C.F.R. Part 2635, Subpart B. Additional exceptions are found in Chapter 2 of the JER. Section 204 of 5 C.F.R. Part 2635, Subpart B also provides exceptions for Federal agency ethics officials to permit the gift of free attendance to a “widely attended gathering” to be accepted by a Federal official when there is agency interest in that employee’s participation in the event [e.g. a conference, dinner, reception, etc.] Therefore, be sure to evaluate these exceptions before making a referral. Forward suspected offers or acceptances of gratuities even though no recipient can be identified or no investigative lead is apparent. The requirements for referral of personnel from other Federal agencies who have accepted gifts, gratuities, loans, favors, or entertainment are the same as those for DoW employees (see 4-704).

(1) The referral (DCAAF 2000 may be used) must contain as much information as is available. Such information includes the identity of the offeror and recipient (names, position titles, and agency/department or contractor), type of gratuity, range in dollar value of the gratuity or benefit detected, estimated total dollar value, the records reviewed, whether access to any records was denied, and why the auditor suspects that a gratuity was offered or received. Also, state whether the contractor is aware of the condition and, if so, include comments on the nature of corrective action taken or contemplated, including the adequacy of any repayments to the Government.

(2) Do not forward with the referral many copies of essentially duplicative documents from the contractor's records, such as expense vouchers. Instead, forward one or two representative samples of such records along with a listing of pertinent information such as names, dates, and amounts extracted from the records. All copies should be legible. If it is not possible to obtain a legible copy, state this fact in the referral and briefly describe the document.

(3) Send the referral to Headquarters, ATTN: OTS, with copies to the directorate director. OTS will review the referral for possible forwarding to the appropriate investigative agency.

7-104 DoW Contractor Disclosure Program **

7-104.1 Introduction **

The FAR 52.203-13 - Contractor Code of Business Ethics and Conduct, requires contractors to timely disclose, in writing, credible evidence of certain violations of Federal criminal law or the civil False Claims Act. The contractor's submission of disclosures has been termed the Contractor Disclosure Program within the Department of War (DoW). The Department of War revised DoD Directive 5106.01 "Inspector General of the Department of Defense (IG DoD)" assigning the DoW Inspector General with the responsibility to serve as the initial point of contact within the DoW for Defense contractors and subcontractors to disclose potential civil or criminal fraud related matters that affect their contractual relationships with the DoW, and manage the DoW Contractor Disclosure Program. DFARS 203.10 "Contractor Code of Business Ethics and Conduct" implements the program requirements for DoW

7-104.2 Background Information **

a. Section 6102 of Public Law 110–252, Title VI, Chapter 1 "Close the Contractor Fraud Loophole Act," passed by Congress on June 30, 2008, directed the revision of the Federal Acquisition Regulation (FAR) to require inclusion of provisions that require timely notification by Federal contractors of violations of Federal criminal law or overpayments in connection with the award or performance of covered contracts or subcontracts, including those performed outside the United States and those for commercial items. FAR 52.203-13 "Contractor Code of Business Ethics and Conduct," became effective December 12, 2008. This regulation is applicable to contracts and subcontracts expected to exceed $5 million with a period of performance of 120 days or more.

b. The FAR 52.203-13 enactment also led to amendments in other parts of FAR by creating additional causes for suspension or debarment actions against contractors (see FAR 9.406-2(b)(1)(vi)and 9.407-2(a)(8)).

7-104.3 DCAA Responsibility **

a. DoD Instruction 5505.15, "DoD Contractor Disclosure Program", dated June 3, 2021, establishes policies and assigns responsibilities under the program. In accordance with this instruction, DCAA is assigned two specific responsibilities:

(1) Establish procedures to ensure any contractor disclosure received directly from a contractor is immediately forwarded to the OIG DoW.

(2) Provide audit support to the contracting officer, the OIG DoW, and the Defense Criminal Investigative Organizations (DCIOs).

7-104.4 DCAA Receipt of Contractor Disclosure Procedure **

a. DCAA should only receive the DoW contractor disclosure from the OIG DoW - DoW Contractor Disclosure Program Management Office (DoW CDPMO). This office will provide the contractor disclosures directly to the DCAA OIS Division Chief. The OIS Division Chief will be responsible for distribution to DCAA Directorates and the cognizant branches. The branch manager should immediately contact OIS for assistance:

(1) Should a contractor, subcontractor, or its legal counsel provide a contractor disclosure under the DoW Contractor Disclosure Program directly to a branch office.

(2) Should a DoW contracting officer contact the branch office to request audit assistance with a contractor disclosure not previously received by the branch office.

b. The OIS Division Chief will assist in determining whether the contractor has properly submitted the disclosure to the DoW CDPMO. If not properly submitted, the branch manager should direct the contractor (by formal letter) to submit the disclosure to the DoW CDPMO. Furnish the DoW CDPMO, OIS Division Chief, and when applicable the contracting officer, a copy of any such correspondence. Under no circumstances are DCAA personnel to accept refund checks.

7-104.5 Processing of Contractor Disclosure – General **

a. OIS will conduct an initial analysis of the contractor's disclosure to determine whether a formal action is required. OIS will prepare a notification form to the cognizant branch manager and attach a copy of the contractor disclosure. As soon as practicable, the branch manager should review the submission to confirm the branch has cognizance of the contractor and the contractor's books and records that support the contractor disclosure. Contact OIS should the contractor disclosure need to be redirected to a different branch.

b. Within 30 days of branch receipt of the contractor disclosure notification form, the branch should complete the DCAA Disclosure Response and return it to the DoW CDPMO with a copy to OIS. The purpose of the DCAA Disclosure Response is to acknowledge the branch's receipt of the disclosure, provide initial information regarding the disclosure (i.e., any prior knowledge/coordination of the disclosure), identify a branch point-of-contact, and when required, provide an assignment number to document the disposition analysis. The DCAA Disclosure Response is required for each contractor disclosure. Upon receipt of the branch's completed DCAA Disclosure Response, the DoW CDPMO may directly contact the branch manager regarding the contractor disclosure. The branch manager should respond directly to the DoW CDPMO, copying OIS, with their response to the inquiries.

c. OIS will classify each contractor disclosure as either: an Information Notification or an Action Required Notification. The following processes will be followed contingent on the type of notification received:

(1) Information Notification. An Information Notification requires no formal action. However, if the branch manager determines that a disposition analysis is needed, the branch manager should immediately contact OIS for coordination. In such circumstances, follow the same guidance as Action Required Notification below.

(2) Action Required Notification. Contractor disclosures not designated as an Information Notification will be designated as an Action Required Notification by OIS. Action Required Notifications will require the branch manager to perform the following actions:

(a) Establish an assignment using Assignment Activity Code 17920. A separate assignment is to be established for each Action Required Notification in part to ensure the program's desired visibility and to serve as the collection point for the continued branch's activity. Conduct a disposition analysis to determine the best course of action to address the disclosure. A disposition analysis is not an audit risk assessment. A disposition analysis differs from an audit risk assessment because it is less comprehensive in nature. An auditor may conclude after completing a disposition analysis that a detailed examination of the contractor disclosure is not necessary and that no further action is required based on the risk of the disclosure. The disposition analysis should consider coordination discussions with the cognizant contracting officer (e.g., ACO or PCO) as appropriate.

(b) After completion of the disposition analysis the branch manager should issue a memorandum to the cognizant contracting officer documenting the results of the disposition analysis and when necessary, include a statement as to the additional actions the branch will pursue as a result of the contractor's disclosure. Furnish a copy of the memorandum to the DoW CDPMO and copy OIS. Timely actions will increase the program's success. Therefore, the branch should complete the disposition analysis and issue the memorandum generally within 60 days after the disclosure is received. Exceptions to the 60 day requirement may include when a contractor makes a preliminary disclosure, when a criminal or civil investigator requests that any actions be postponed due to a pending investigation, or when a branch has higher work priorities. Other exceptions may be coordinated with the OIS.

(c) The memorandum documenting the results of the disposition analysis should reference the applicable contractor disclosure number on the subject line.

d. All contractor disclosures should be annotated in EPIC as Audit Leads and should be considered, where applicable, in the risk assessment when planning the scope of future audits.

7-104.6 Guidance on Action Required Notification **

a. A contractor disclosure received from OIS as an Action Required Notification should be considered as high audit risk due to the contractor's disclosure of credible evidence of fraud and its potential damage to the Government. For this reason, the branch should give priority to any required action. An auditor may conclude that a contractor disclosure is other than high risk only after the completion of a disposition analysis. A documented disposition analysis will ensure our audit resources are efficiently used while fulfilling our audit responsibilities under the program.

b. The extent of the disposition analysis documentation will depend on the auditor's judgment, keeping in mind that audit resources should be focused on those areas of highest risk. Auditors must use their professional judgment when determining what actions to take.

c. Auditors should also be alert for any contractor preliminary disclosures submitted under the DoW Contractor Disclosure Program. FAR 52.203-13 does not restrict the contractor from examining or investigating the incident internally to determine whether the evidence is credible. There are instances in which the contractor will choose to disclose the violation to the DoW CDPMO, prior to completing an internal investigation to conclude the nature and extent of the incident. Typically, these preliminary disclosures lack clarity with respect to the underlying facts. Auditors should determine if the contractor is planning, or is in the process of performing, an internal investigation prior to expending significant branch resources. Auditors may postpone any further action and defer the disposition analysis until the contractor has completed its internal investigation and has submitted to the DoW CDPMO an updated disclosure documenting the results of the investigation. Notify OIS that the assignment is being delayed pending receipt of the final disclosure. The disposition analysis should document this interim decision.

d. Consider the internal controls in relation to the contractor's disclosure process and assess control risk.

e. While materiality is an important factor during the documentation of the disposition analysis, auditors should avoid using solely a predetermined dollar threshold to determine actions required.

f. The documentation of audit leads may provide the desired visibility and may be appropriate to conclude the disposition analysis.

g. Coordination with the contracting officer (e.g., ACO or PCO) is essential for the program's success. The DoDI 5505.15 assigns the responsibility to DoW components, except DCAA, to determine whether administrative remedies are necessary when a disclosure is made. Therefore, all actions should be coordinated with the cognizant contracting officer.

h. When an examination of the disclosure is the best course of action as a result of the disposition analysis; the auditor should expand the disposition analysis and conduct an audit risk assessment to establish the scope of audit efforts using the established 17920 assignment. Auditors should not issue a separate memorandum to the contracting officer documenting the results of the disposition analysis, instead the auditor should communicate the commencement of an audit using an acknowledgment letter to the contracting officer. Furnish a copy of acknowledgement letter to the DoW CDPMO and copy OIS. Reference the applicable contractor disclosure number on the subject line of the acknowledgment letter. The examination will focus on matters disclosed by the contractor and, at a minimum, should include a verification of the completeness and accuracy of the disclosed matters, including any disclosed monetary impact to the Government and whether the contractor made or is planning to make a refund or credit to the Government and if a refund or credit was made, verification that the Government received the contractor calculated amount. Audit reports should reference the applicable contractor disclosure number and be addressed to the cognizant contracting officer. Furnish a copy of the audit report to the DoW CDPMO and copy OIS. Prepare the audit report making certain that all relevant issues are covered. Do not hesitate to expand the report in the interest of clarity. The branch can complete audit effort for a number of contractor disclosures under one assignment, ensuring that results are clear and easy to understand for the intended user of the information.

7-104.7 Investigative Support on DoW Contractor Disclosure Program **

a. DCAA responsibility includes providing support to Defense Criminal Investigative Organizations (DCIOs) (see 7-104.3a(2)). Support to DCIO's will typically be provided by the

Investigative Services Division (OIS) as part of the DoW Contractor Disclosure Program.

b. Branch offices have primary responsibility for reviewing contractor disclosures referred to them for action. Branch managers are expected to complete required effort regarding contractor disclosures irrespective of any pending investigations or investigative support being provided by OIS. However, should a branch manager be contacted by a criminal or civil investigator with a request to postpone or stop their audit efforts to avoid compromising a pending or open investigation, the branch manager should immediately coordinate the action with OIS. Audit effort will be postponed or stopped at the request of a criminal or civil investigator or a U.S. Government attorney. The branch manager should take no actions that would compromise the investigation. If it is believed the requested deferral will cause financial harm to the Government or unnecessarily impede the audit mission, elevate the matter for management resolution between the respective organizations. Before any decision is made to defer or suspend an audit, coordinate the matter with OIS.

c. If contacted by DoW investigators or Government attorneys for assistance on contractor disclosure matters, OIS should avoid duplication of efforts and determine if the cognizant branch may have audits in-process or may have completed any audit efforts that will meet the agent or attorney's request.

7-104.8 Other Special Considerations **

a. Contractor disclosures should not be disseminated outside of DCAA without the prior approval of the DoW CDPMO.

b. When performing an examination of the contractor disclosure, auditors should follow communication requirements with the contractor and contracting officials discussed in CAM Chapter 4. However, if an auditor becomes aware that the audit relates to any pending criminal or civil investigations, the auditor will coordinate, through OIS, with the DCIO to determine whether any of the audit results or working papers should be first provided to the investigators. The auditor must also determine whether the DCIO will restrict or limit discussions during an exit conference to avoid compromising the ongoing investigation.

c. Contractor cooperation is essential to timely and effective completion of any audit effort. The branch manager should promptly notify both the DoW CDPMO and OIS when the contractor fails to cooperate fully as required by FAR 52.203-13; this will afford an opportunity to resolve the matter before any action to formally report a denial of access to contractor records. If the DoW CDPMO efforts are unsuccessful in resolving the matter, the branch manager should consider the contractor's lack of cooperation in supporting their disclosure as a denial of access to contractor records and follow the procedures in DCAA Instruction 7640.17, Formal Reporting Procedures for Denial of Access to Contractor's Records. The FAO manager should consider whether the contractor's unsatisfactory cooperation impacts the contractor's current control environment and contractor responsibility for performance on Government contracts.

d. Immediately coordinate with the contracting officer, DoW CDPMO, and OIS any significant findings or concerns identified during the disposition analysis or audit of the contractor disclosures. If submitting a DCAAF 2000 to OIS related to suspected irregular activities not previously disclosed, but related to the contractor's disclosure, identify the related contractor disclosure number on the referral.

7-105 Obstruction of Audit **

a. Title 18 U.S.C. section 1516 contains an obstruction of audit provision. This provision makes it a crime for a person or corporation to endeavor to influence, obstruct, or impede, with the intent to deceive or defraud the Government, a Federal auditor in the performance of official duties. The purpose of the provision is to punish acts designed to prevent an auditor from discovering or reporting fraud or deceit against the Government. The provision does not make it a crime to deny an auditor access to records unless the purpose of the denial is to prevent such discovery. Therefore, do not report a suspicion of fraud or other unlawful activity solely on the basis that access to records was denied. Pursue access to records problems in DCAA Instruction 7640.17.

b. If there is a reasonable basis to suspect fraud or deceit against the Government and you believe a denial of access to records is an attempt to prevent an auditor from discovering or reporting this fraud or deceit, include this information in a suspected fraud referral (see 7-102.3). The mere denial of access to records; however, is not by itself a reasonable basis to suspect fraud.

c. When reporting suspicions of fraud or other unlawful activity (see 7-102.3), include any information on suspected contractor efforts to influence, obstruct, or impede an auditor with the intent to deceive or defraud the Government.