DCAA Contract Audit Manual (CAM)
(DCCAM 7640.1)

Chapter 14
Other Contract Audit Assignments

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14-101 Introduction **

This section describes Truthful Cost or Pricing Data (Truth in Negotiations) compliance audits for defective pricing and provides specific audit guidelines and procedures related to this type of audit. Additional information on considerations and potential approaches to auditing is contained in the Truth in Negotiations Guidebook.

14-102 Truthful Cost or Pricing Data (Truth in Negotiations) Compliance Audits **

a. Defective pricing occurs when a contractor does not submit or disclose to the Government certified cost or pricing data that is accurate, complete, and current prior to reaching a price agreement. Generally, the auditor establishes the existence of defective pricing in a Truthful Cost or Pricing Data (Truth in Negotiations) compliance audit by examining and analyzing the records and data available to the contractor as of the date of prime contract agreement on the price and comparing them with the submitted certified cost or pricing data.

b. The objective of a Truth in Negotiation compliance audit is to determine if the negotiated contract price was increased by a significant amount because the contractor did not submit or disclose accurate, complete, and current certified cost or pricing data. To show that defective pricing exists, the audit must establish each of the following five points:

(1) The information in question fits the definition of cost or pricing data.

(2) Accurate, complete, and current data existed and were reasonably available to the contractor before the date of agreement on the price.

(3) Accurate, complete, and current data were not submitted or disclosed to the contracting officer or one of the authorized representatives of the contracting officer and that these individuals did not have actual knowledge of such data or its significance to the proposal.

(4) The Government relied on the defective data in negotiating with the contractor.

(5) The Government's reliance on the defective data caused an increase in the contract price.

c. Based on a 1965 GAO audit, the DoW (formerly DoD) developed policy designating DCAA to establish and conduct a program for performing regularly scheduled Truthful Cost or Pricing Data (Truth in Negotiations) compliance audits of selected contracts, modifications, subcontracts, and other eligible pricing actions. Based on inter-agency agreements, this program includes contracts awarded by certain non-DoW agencies as well as DoW contracts.

d. Each DCAA Branch Office performs Truthful Cost or Pricing Data (Truth in Negotiations) compliance audits for defective pricing based on:

(1) the annual requirements and selection plans issued by Headquarters, and

(2) specific requests received from contracting officers or other authorized persons or activities.

Audit effort does not stop once the audit is completed and the report is issued. The auditor is also responsible for providing negotiation support to the contracting officer for timely settlement of defective pricing allegations. This audit responsibility continues until the Government achieves final resolution either by negotiation or litigation.

14-103 Truthful Cost or Pricing Data (Truth in Negotiations) **

14-103.1 Purpose of Truthful Cost or Pricing Data **

The purpose of the Truthful Cost or Pricing Data (Truth in Negotiations) is to put the Government on equal footing with contractors when negotiating contracts requiring certified cost or pricing data. Truthful Cost or Pricing Data (Truth in Negotiations) requires contractors to submit accurate, complete, and current certified cost or pricing data when negotiating contracts with the Government. It also provides the Government with a price reduction remedy if a contractor fails to comply and includes provisions for interest and penalties. The price reduction remedy takes effect when the contractor does not submit accurate, complete, and current data for a contract and the Government relied on that defective data in determining the contract price.

14-103.2 Truthful Cost or Pricing Data Applicability **

a. Truthful Cost or Pricing Data (Truth in Negotiations) applies to negotiated prime contracts, modifications, and subcontracts where the Government required certified cost or pricing data. (See FAR 15 and DFARS 215 for exceptions to this requirement.) This includes interdivisional work, final price redeterminations, equitable adjustments, and termination settlements. Truthful Cost or Pricing Data (Truth in Negotiations) also applies to modifications of advertised contracts when the modification exceeds the applicable dollar threshold. Further, Truthful Cost or Pricing Data (Truth in Negotiations) applies to change orders when the absolute value of the increase and decrease exceeds the applicable dollar thresholds, even though the net change in price itself is under the threshold.

b. The Truthful Cost or Pricing Data (Truth in Negotiations) threshold for obtaining certified cost or pricing data is specified in the FAR and DFARS. For prime contract modifications, new subcontracts at any tier, and subcontract modifications, the applicable Truthful Cost or Pricing Data (Truth in Negotiations) threshold is established at the date of agreement on prime contract price, or the date of prime contract award whichever is later. If the pre-existing prime contract is modified to incorporate adjusted threshold date, the adjusted threshold applies to the subcontracts and modifications made after the date of modification.

The adjusted threshold does not apply to undefinitized contract actions issued before the effective date, even though negotiations were completed after that date unless the prime contract was subsequently modified to incorporate the adjusted threshold. However, contracting officers may modify Basic Ordering Agreements to reflect the higher thresholds for orders issued after the effective date. Contracting officers can request certified cost or pricing data between the Simplified Acquisition Threshold and the certified cost or pricing data threshold only with the approval at the Head of the Contracting Activity and provided that an exception from FAR 15 does not apply. Exceptions are outlined in FAR 15.403-2(b) (FEB 2026, Class Deviation 2026-O0048) (previously FAR 15.403-1(b)).

14-103.3 Cost or Pricing Data Definition **

FAR defines the term "cost or pricing data" to mean all facts that, as of the date of agreement on the price of a contract (or the price of a contract modification), a prudent buyer or seller would reasonably expect to affect price negotiations significantly. Cost and pricing data are factual, not judgmental, and are verifiable. For the full definition see FAR 2.101.

14-104 Submission or Disclosure of Certified Cost or Pricing Data **

14-104.1 Truthful Cost or Pricing Data (Truth in Negotiations) Requirements **

Prime contractors subject to Truthful Cost or Pricing Data (Truth in Negotiations) must submit accurate, complete, and current certified cost or pricing data to the contracting officer or to the "designated representative" of the contracting officer. Subcontractors subject to Truthful Cost or Pricing Data (Truth in Negotiations) (at any tier) must make their submissions to the prime contractors or higher-tier subcontractors.

14-104.2 FAR Requirements **

Unless an exception applies, the contracting officer must obtain certified cost or pricing data from the contractor before awarding any contract or modification meeting the certified cost or pricing data criteria. The contractor must submit the certified cost or pricing data in the format specified in the solicitation or specifically identify the data in writing. The requirement for submission of certified cost or pricing data is met when all accurate cost or pricing data reasonably available to the offeror have been submitted, either actually or by specific identification.

14-104.3 Submission Versus Availability of Data **

The mere availability of books, records, and other documents for audit does not constitute submission of certified cost or pricing data. The regulations make a clear distinction between submitting certified cost or pricing data and merely making available books, records, and other documents without identification. The adequacy of a given submission or disclosure depends on whether the certified cost or pricing data is disclosed in a way that places the Government on essentially equal footing with the contractor in regard to making the pricing decisions and must be determined on a case-by-case basis.

14-104.4 Contractor Analysis and Disclosure **

The Government is entitled to any additional analysis prepared by the contractor that was performed on the cost pricing data, not just the basic data. An example of disclosing only basic data would be if the contractor has prepared an analysis of cost or pricing data to better understand the raw cost or pricing data but discloses only the raw data which the Government was unable to analyze.

14-105 Contracting Officer's Designated Representatives for Receiving Certified Cost or Pricing Data **

a. Submission or disclosure of certified cost or pricing data to the contracting officer is generally easy to establish. Who is the contracting officer's designated representative and when that designation begins or ends requires further analysis. The Board of Contract Appeals (BCA) has held that the contracting officer's representative is someone who is substantially involved in the proposal evaluation or contract negotiation process. Accordingly, such designation may be by specific direction or implied through field pricing support/audit support. During the field pricing support process, consider the timing of any Government assistance given to the contracting officer. To support price negotiations, a contracting officer can use the buying command administration staff (pricing, contract administration, technical), the contract administration staff responsible for activity at the contractor's location (pricing, contract administration, technical), and DCAA. The organizational staff that provides support to the contracting officer and the timing of that support depends on the nature of the procurement and is not the same in every situation.

b. Auditors must address this issue with the contracting officer to determine if the contractor made an appropriate submission of certified cost or pricing data. The active involvement of the parties supporting the contracting officer on a specific procurement generally establishes when such designation begins or ends. As a member in the procurement process, DCAA can provide audit support in evaluating a price proposal that enables it to obtain information as the contracting officer's representative. Once that audit is complete, those services may no longer be required. At this point, the auditor would not normally be a representative of the contracting officer for receiving certified cost or pricing data on that procurement. However, if the auditor subsequently becomes aware of additional certified cost or pricing data and recognizes its relationship to a specific proposal, the auditor need not perform any analysis of the data but must immediately make the contracting officer aware of the data. Additionally, if the auditor is involved in supporting negotiations after issuing the proposal audit report, he or she is a proper representative for receiving certified cost or pricing data. The same considerations apply for any of the contracting officer's supporting groups.

c. Case law has held that the entity responsible for establishing indirect cost rates is an appropriate recipient of certified cost or pricing data relating to indirect costs. Frequently DCAA is such an entity. Even though that entity may not have any active involvement in the negotiations, disclosure of such certified cost or pricing data would be to a proper representative. Because there is a Government entity responsible for establishing indirect cost rates, the ASBCA has held that the contracting officer must rely on that entity for evaluation of indirect cost rates, prior to agreeing on price, to ensure all field support data is considered.

d. When the subcontractor denies the prime contractor access to its records, the contracting officer may request that the cognizant DCAA office audit the subcontractor's proposal. The ASBCA has held that, in those cases, disclosure of certified cost or pricing data to the auditor satisfies the requirement for disclosure to the contracting officer or his representative (Motorola, ASBCA No. 41528, 94-2 BCA 26,596 and Martin Marietta Corp., ASBCA No. 48223, 98-1 BCA 29,592). The subcontractor has no obligation to either use the certified cost or pricing data to update its proposal or analyze it for the Government. Therefore, when the subcontractor discloses certified cost or pricing data to the DCAA office that performed the subcontract audit (because the subcontractor refuses to allow the prime contractor access to its books and records), the auditor should coordinate with the subcontractor ACO to ensure that the prime ACO is provided the subcontractor certified cost or pricing data in a timely manner for use during the prime contract negotiations. A supplemental audit report should be issued if doing so serves a useful purpose.

14-106 Certificate of Current Cost or Pricing Data **

a. As soon as practicable after reaching agreement on price, FAR 15 requires the contractor to submit a Certificate of Current Cost or Pricing Data certifying to the accuracy, completeness, and currentness of the cost or pricing data. The Certificate of Current Cost or Pricing Data covers all cost or pricing data reasonably available to the contractor as of the date of final price agreement. When performing the audit, the auditor must consider any cutoff dates and use the agreed-to date found on the certificate. Also, the contractor's responsibility is not limited to the personal knowledge of the contractor's negotiator. It extends to all information reasonably available within the contractor's organization at the time of price agreement.

b. Absence of a Certificate of Current Cost or Pricing Data does not prevent the auditor from doing a defective pricing audit, since the contractor is statutorily liable if it furnishes defective data. However, the auditor must confirm the date of price agreement with the contracting officer in order to determine if defective data exists.

c. When submitting the certificate, the contractor certifies that as of the date of agreement on the price, the cost or pricing data are accurate, complete, and current. The Certificate addresses the concept of submitting or disclosing required cost or pricing data (facts) to the Government as of the date of agreement on the price or another date agreed upon between the parties. The certification itself usually does not identify the cost or pricing data by specific dollar amounts or cost elements. The auditor is the one who establishes dollars or amounts associated with the certified cost or pricing data in order to perform the audit.

d. Subcontract certified cost or pricing data must be accurate, complete, and current as of the same date specified in the prime contractor's certificate. Dates other than that of the prime contractor's certification may be relevant to the certified cost or pricing data provided by the subcontractor depending on the timing of subcontract award and/or the type of prime contract.

14-107 Subcontractor Certified Cost or Pricing Data **

a. Any contractor required to submit cost or pricing data and a certificate also must obtain certified cost or pricing data from subcontractors and prospective subcontractors. This requirement applies to any subcontract, purchase order, or modification expected to exceed the dollar threshold for required certified cost or pricing data. The specific requirements for subcontract pricing considerations are in FAR 15.404-8 (FEB 2026, Class Deviation 2026-O0048).

b. A subcontractor or a prospective subcontractor must submit certified cost or pricing data to the prime contractor or higher-tier subcontractor. The prime contractor or higher-tier subcontractor is responsible for conducting cost or price analyses of the subcontract and providing the results of this analysis to the Government as part of its certified cost or pricing data submission up to the date of agreement on the price. Therefore, defective certified cost or pricing data of a subcontract cost or item may be attributable to the prime contractor or higher-tier contractor, subcontractor, or both.

c. A prime contractor granted a waiver from submitting certified cost or pricing data in accordance with FAR 15.403-2(b)(4) (FEB 2026, Class Deviation 2026-O0048) (previously FAR 15.403-1(b)(4)) is considered as having been required to make available certified cost or pricing data. Therefore, although the prime contract would not be subject to Truthful Cost or Pricing Data (Truth in Negotiations), any lower-tier subcontract expected to exceed the certified cost or pricing data threshold is required to submit certified cost or pricing data unless an exception applies. These subcontracts would be subject to Truthful Cost or pricing data (Truth in Negotiations) and included in the defective pricing universe for possible selection for audit. The appropriate price reduction clauses in FAR Part 52 would be included in the prime contract to allow the Government to recover for subcontract defective pricing if found. If defective pricing is found, prime contract add-ons should be applied based upon the deemed negotiated rates. For example, if the pricing action was negotiated based upon prior certified cost or pricing data plus updated certified cost or pricing data for indirect rates, the deemed negotiated rates would be the updated indirect rates, as adjusted at negotiations. The FAO should be able to verify from the price negotiation memorandum (PNM) whether certified cost or pricing data was obtained from the lower-tier subcontractor. If the FAO cannot verify this from the PNM, the PCO should be contacted for this information.

d. In establishing the Government's reliance on certified cost or pricing data, the auditor should give special consideration to subcontractor certified cost or pricing data. The contracting officer has a responsibility to determine the price reasonableness at the prime and subcontract levels. Therefore, the auditor can most readily prove reliance by looking closely at the negotiation documentation. Although the Truthful Cost or Pricing Data (Truth in Negotiations) is worded to require all subcontractors to submit certified cost or pricing data to the prime contractor, FAR does not require prime contractors to submit all certified cost or pricing data to the Government. If a subcontractor submits certified cost or pricing data to a prime contractor, but the prime contractor is not required to submit the data to the Government, it may be difficult to prove reliance by the Government on the subcontractor's certified cost or pricing data. In this case, before the Government can get a price reduction for defective certified cost or pricing data, it would have to show that the prime contractor relied on the defective data in pricing the subcontract before award of the prime contract. On the other hand, if the prime contractor was required to submit the subcontractor's certified cost or pricing data to the Government, Government reliance on that data would be more readily established. In either case, the auditor would have to determine what was relied upon by the contracting officer to price that subcontract. The Government does not have to accept the negotiated subcontract price when determining what would be a fair and reasonable price. Instead, the Government is free to evaluate the reasonableness of subcontract price. The Government could have relied on the subcontractor certified cost or pricing data even if the prime contractor did not. Possible sources of this information would be the PNM, the contracting officer's contract files, and discussion with the contracting officer. Since reliance is one of the five points required to establish the existence of defective pricing, the auditor should ascertain this reliance early in the Truthful Cost or Pricing Data (Truth in Negotiations) compliance audit. If reliance cannot be proven, making this determination early in the process would minimize resources spent.

14-108 Government's Right of Access to Record **

a. Truthful Cost or Pricing Data (Truth in Negotiations) provides the Government with the right to examine contractor records to evaluate the accuracy, completeness, and currentness of the certified cost or pricing data required to be submitted. This right relates to the following:

(1) Proposal for the contract or subcontract,

(2) Discussions conducted on the proposal,

(3) Pricing of the contract or subcontract, or

(4) Performance of the contract or subcontract.

b. The right to examine contractor records expires 3 years after final payment under the contract or subcontract. Therefore, the auditor should plan to complete Truth in Negotiation compliance audits before the right of access expires. If the auditor has not obtained the necessary records before the access rights have expired, the Government may have lost its legal entitlement to the records. If the access rights are expiring soon consult Headquarters to determine whether there is legal recourse available to extend the rights.

14-109 Contracting Officer's Record of Price Negotiations **

a. The PNM is the most important Government document for the successful completion of any Truthful Cost or Pricing Data (Truth in Negotiations) compliance audit.

When the contractor submitted cost or pricing data and a Certificate of Current Cost or Pricing Data was required, the PNM shall reflect the extent to which the contracting officer:

(1) Relied on the certified cost or pricing data submitted.

(2) Used the certified cost or pricing data in negotiating the final price.

(3) Recognized as inaccurate, incomplete, or noncurrent any certified cost or pricing data submitted by the contractor.

(4) Took action as a result of the defective data and the contractor's action on such data.

(5) Determined the effect of such defective data on the price negotiated.

b. The auditor is responsible for communicating or coordinating issues with the contracting officer. At the start of the audit, the auditor should confirm with the contracting officer the statement in the PNM that the Government relied on the certified cost or pricing data. Sole reliance on the PNM without communicating with the contracting officer is not sufficient.

c. In instances where the contractor provided certified cost or pricing data after the price agreement, the contracting officer must also include in the PNM a list of all data submitted by the contractor after price agreement and the extent to which these data were relied on in order to establish a fair and reasonable price.

d. If the contractor was not required to submit certified cost or pricing data, the PNM will provide the exception or waiver used and the basis for claiming or granting it.

e. Subcontract auditors will obtain information on the prime contractor's certification of certified subcontract cost or pricing data or prime/subcontractor negotiations from the prime contract auditor.

14-110 Contract Clauses **

14-110.1 Price Reduction for Defective Certified Cost or Pricing Data **

a. The contract clauses entitled Price Reduction for Defective Certified Cost or Pricing Data are in FAR 52.215-10, 11, 12, and 13. These clauses provide for a reduction in the contract price whenever the contracting officer determines that the contract price increased by a significant amount because the contractor furnished inaccurate, incomplete, or noncurrent cost or pricing data as certified in the contractor's Certificate of Current Cost or Pricing Data.

b. Absence of the price reduction clause in a contract that requires such a clause does not prevent the Government from performing a Truthful Cost or Pricing Data (Truth in Negotiations) compliance audit for defective pricing. Under a well-established legal principle (the so-called "Christian doctrine") a contractor is bound by a required clause even though the clause is omitted from the contract.

14-110.2 Examination of Records **

FAR 52.214-26 and 52.215-2 set forth the audit and records clauses to be inserted in prime contracts and subcontracts subject to defective pricing. 10 U.S.C. Chapter 271, Section

3708 grants audit access to contractor or subcontractor records for evaluation of certified cost or pricing data for three years after final payment under the contract or subcontract.

14-110.3 Multiple Award Schedule (MAS) Contracts **

a. Federal Supply Schedule Multiple Award Schedule (MAS) contracts are issued by General Services Administration (GSA) and Veterans Affairs (VA), and include two clauses that can affect the Government's price and result in a contract price adjustment after award. Although audit procedures for the clauses may call for different audit techniques, these agencies prefer to see both clauses addressed in one audit report.

b. The Price Reduction for Defective Pricing Data clause contained in the solicitation/offer under the "Basis for Price Negotiation" clauses covers contract prices up to the date when price negotiations are concluded. This clause addresses pricing and is not the same as the FAR clause which addresses certified cost or pricing data. Data supporting MAS contracts are typically based on catalog pricing; no cost data is submitted. If prices are overstated based on the contractor's failure to provide current, accurate, and complete data prior to award, the Government can obtain a refund from the contractor. This clause is normally applied to the pricing data contained in the Discount Schedule and Marketing Data (DSMD) pages of the solicitation/offer.

c. MAS contracts also contain a clause entitled "Price Reductions". The clause is intended to ensure that throughout the term of the contract, the Government maintains its relative price/discount advantage in relation to the commercial customer or category of customers upon which the MAS contract price was based. This clause provides for repayment or price reductions to the Government for actions taken after contract award. If prices are reduced in the commercial catalog, price list, or schedule or to the commercial customer or category of customers upon which the contract award was based, the Government is entitled to similar price reductions or refunds. Such adjustments are handled in accordance with the Price Reductions Clause.

14-111 Coordination with Government and Contractor Personnel **

a. To foster the exchange of useful information and achieve maximum cooperation, branch offices should provide a list of all programmed Truthful Cost or Pricing Data (Truth in Negotiations) compliance audits to affected Government personnel (contracting officers and prime contract auditors) as early as possible. This type of coordination with other Government personnel establishes contact points for communications, provides information for planning and prioritizing workload, and offers the chance to obtain pertinent information that may affect the planning and performance of the Truthful Cost or Pricing Data (Truth in Negotiations) compliance audits. Coordination and communication with contracting officers and prime contract auditors throughout all phases of the audit will enable the Government to achieve timely resolution of defective pricing findings. Send written notification of programmed Truthful Cost or Pricing Data (Truth in Negotiations) compliance audits on prime contracts or modifications to the PCO, with a copy to the onsite Customer Specialist. Identify for the PCO or prime auditor, at a minimum, such information as the PCO code, symbol and case number, the prime contract number or modification number, the contractor name, the product name, and subcontract purchase order number. It is important to notify the contracting officer when a programmed Truthful Cost or Pricing Data (Truth in Negotiations) compliance audit is cancelled after having been announced. Accordingly, auditors are required to inform the contracting officer that the audit has been terminated/cancelled and document that communication. For subcontract audits, the auditor will inform the prime auditor that the audit has been terminated/cancelled and document that communication.

b. The Government has the right of access to records for three years from the date of final payment under the contract or subcontract. However, it is better to report on any apparent defective pricing before prime contract completion, or at the latest, before the due date of the final audit report on incurred costs under the contract. While the Government has the right of access to records for three years from the date of final payment under the contract or subcontract, the Contracting Officer has six years from the date the Government discovers the existence of cost or pricing data that the contractor failed to submit to issue a written decision under the disputes clause of the contract bars recovery after six years). Generally, the six-year period for the accrual of the statute of limitations begins when the Government first had sufficient information to assert a claim, which in most cases occurs during the audit, but in no case later than the issuance of the audit report.

14-200 Contract Audits of Government Property Including Government Furnished Property (GFP) **

14-201 Introduction **

This section outlines audit responsibilities in connection with Government property in the possession of contractors. It describes the types of government property, establishes the governing FAR and DFARS regulatory framework, clarifies the oversight roles of the property administrator and the auditor, and highlights key considerations when developing risk-based audit procedures. Related contract audit interests are divided into:

(1) considerations regarding Government property that fall within the ongoing audits of incurred costs and price proposals, and

(2) certain Government property audits that are undertaken by request.

14-202 Types of Government Property **

Government property includes all property owned or leased by the Government (e.g. material, equipment, special tooling, special test equipment, and real property). It consists of:

(1) Government-furnished property, which is property in the possession of, or directly acquired by, the Government and subsequently furnished to the contractor for performance of a contract. Government-furnished property includes, but is not limited to, spares and property furnished for repair, maintenance, overhaul, or modification, and

(2) contractor-acquired property, which is property acquired, fabricated, or otherwise provided by the contractor for performing a contract and to which the Government has title.

14-203 Relevant Government Property Regulations **

FAR Part 45 and DFARS Part 245 contain the basic principles related to Government property in the possession of contractors. Both government and contractor responsibilities are set forth in these parts. In addition, DoDI 4161.02, Accountability and Management of Government Contract Property, establishes specific responsibilities of DoW personnel for the administration of Government property in the possession of contractors.

14-204 Roles and Responsibilities when Auditing Government Property **

14-204.1 Functions of the Government Property Administrator **

a. The property administrator is the authorized representative of the contracting officer appointed in accordance with agency procedures. The property administrator is responsible for administering the contract requirements and obligations relating to Government property in the possession of a contractor. He or she is the Government representative primarily responsible for property administration.

b. As stated in DoDI 4161.02, the property administrator is responsible for approving the contractor's property control system and for examining its actual application. In accomplishing his or her duties, however, the property administrator is to recognize the responsibilities of other Government personnel and obtain their assistance when required.

14-204.2 Related Contract Audit Functions **

a. The contract auditor and the property administrator have certain related responsibilities for Government property in the possession of contractors. Generally, the contract auditor is primarily concerned with contractors' financial records and controls of Government property related to claimed or proposed contract costs and prices. The property administrator, on the other hand, is primarily concerned with contractors' property records and controls related to the physical existence, custody, maintenance, safeguard, usage, rental, and disposition of Government property.

b. Since the auditor and the property administrator have a substantial common interest in the contractor's Government property records, discussions and close liaison are required to avoid unnecessary duplication and obtain optimum deployment of available Government personnel. The contract auditor will accept and make full use of the property administrator's review data and evaluation reports. Consistent with this use, the auditor will develop a program of nonduplicative audit steps designed to accomplish DCAA areas of responsibility.

c. The auditor will be responsive to requests for assistance and advice to responsible Government activities on matters involving analyses of the contractor's financial books and records pertaining to Government property.

d. Contractor operations are audited on a comprehensive basis by purpose. The auditor will not perform a separate or special audit of property under an individual contract solely to permit the retirement of the contract files and records by procurement or contract administration offices. There is no requirement for an audit of the contractor's Government property records by the contract auditor as a prerequisite to the retirement of the property administrator's contract files and records.

14-204.3 Internal Audit Functions **

The DoW internal audit organizations are responsible for auditing the property administrator's activities and for evaluating the system of Government property administration. Policies governing relationships with these organizations, including those concerning requests to assist them in these kinds of reviews, are stated in CAM Chapter 1.

14-205 Contract Audit Objectives and Procedures **

(1) The scope, nature, and timing of audit procedures associated with Government

property engagements should be risk-based and determined in coordination with relevant stakeholders.

(2) The audit procedures should be designed to verify the outcomes required by the FAR and DFARS.

(3) Key considerations include:

a. The total value of Government property in the contractor's possession,

b. The contractor's history of property management issues, system deficiencies, etc.,

c. General Accountability Office (GAO) and DoW Inspector General (DoW OIG) reports on the specific program.

d. The requirements of the requestor (if applicable).

14-205.1 Integration with Incurred Cost Audit Procedures **

a. Contractors generally utilize the same procurement practices, internal controls, and material management systems for both Government-owned and contractor-owned property. Therefore, to ensure audit efficiency and eliminate duplication of effort, all DCAA audit functions related to the cost evaluation, handling, and allocation of Government property must be integrated to the maximum extent possible with the overall audit of incurred costs.

b. Auditors should perform these evaluative procedures in accordance with the guidance contained in CAM Chapter 6 (Incurred Cost Audit Procedures).

14-206 Other Areas of Assistance for Government Property **

There are other circumstances where DCAA may be asked to support reviews of Government Property outside of the procedures discussed above. An example of such activities would be requests in support of the Financial Improvement and Audit Remediation (FIAR) efforts. These requests should be coordinated through CASA to ensure the appropriate role of DCAA in these efforts.