

MASTER DOCUMENTS

AUDIT PLANNING CONSIDERATIONS AND PRELIMINARY AUDIT STEPS

Activity Code 23300		Restructuring Proposal
Version 5.1, dated Jun 2025		
B-1	Planning Considerations	
Type of Service - Attestation Examination Engagement		
Audit Specific Independence Determination		
Members of the audit team and internal specialists consulting on this audit must complete the Audit Specific Independence Determination (WP 34) prior to starting any work on this assignment.		
<i>(Note: Because staff is sometimes added to on-going audits, supervisors should ensure that all individuals who are directing, performing audit procedures, or reporting on this audit as a member of the audit team who are performing as a consultant have signed this working paper. For example, an FAO may add additional auditors (e.g., technical specialists) to the audit assignment or may need to consult with an internal specialist (e.g., industrial engineers, and operations research specialists) as the audit progresses.)</i>		
Purpose and Scope		
This standard audit program was developed for planning and performing audits of a unique subject matter not provided for under other activity codes or standard audit programs. The risk assessment steps below are steps that should be performed during the performance of any audit; however, due to the unique nature of this activity code, the auditor must develop additional steps as needed to effectively assess risk, and determine the scope of the audit.		
Since standard audit steps cannot be provided related to the audit of a unique subject matter, the auditor must identify the relevant audit criteria, develop specific risk assessment steps and detailed audit steps to meet the unique objective of the audit. The audit program must reflect an understanding between the auditor and supervisor as to the scope required to complete an audit which satisfies the audit objectives and complies with generally accepted government auditing standards.		
Other Planning Considerations		
Prior to commencing the audit, review Agency guidance that may impact the audit and adjust the scope and procedures appropriately.		
References		
CAM Chapter 2, Auditing Standards		
CAM Chapter 3, Audit Planning		
CAM Chapter 4, General Audit Requirements		

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CAM Chapter 10
CAM Chapter 14, Other Contract Audit Assignments
Selected Areas of Cost Guidebook, Chapter 63, Restructure Costs

B-1	Preliminary Steps	WP Reference
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1.	Review the permanent file to identify any audit leads affecting the subject matter of the audit. If there are applicable audit leads discuss with the team how they will affect the scope of the audit (e.g., the nature, timing, and extent of testing).	
2.	<p>Review permanent file to determine if previous audits included findings and recommendations related to the subject matter under audit. If there were findings material to the subject matter, document this information in the risk assessment and perform the following procedures:</p> <p>a. Ask contractor management if corrective actions were taken to address findings and recommendations reported in previous DCAA audits (e.g., questioned costs, business system deficiencies, CAS audits) that are relevant to the subject matter of audit. If yes, have contractor explain corrective actions taken and determine if additional audit procedures should be included in the fieldwork to test the corrective actions. (GAGAS 7.13)</p> <p>b. Document the results of the inquiry and the impact of the corrective actions to the subject matter under audit.</p>	
3.	<p>Review permanent file to determine if the contractor has previously provided other studies or audits (e.g., summary listing of internal audits or external audit reports) that directly relate to the subject matter under audit. If there are no other studies or audits, document that information in the working papers and perform the procedures below.</p> <p>a. Ask contractor management if internal audits were performed. If yes, request contractor provide a summary listing of the internal audits that would assist us in understanding and evaluating the efficacy of the internal controls relevant to the subject matter of the audit:</p> <p>b. If the review of the perm file or the contractor identifies relevant internal audits:</p> <ul style="list-style-type: none">• Determine if access to these reports is necessary to complete the evaluation of the relevant internal controls to support the risk assessment or audit procedures related to the subject matter of the audit. There must be a nexus between the internal audit reports and the scope of this specific assignment.	

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<ul style="list-style-type: none">• Document the results of the determination in writing.• If assignment is at a major contractor location, coordinate with the CAD or FAO point of contact (POC) for internal audit reports to request the contractor provide access to the reports.• If assignment is at a non-major contractor and the FAO does not have a designated POC, the auditor should request the contractor provide access to the internal audit reports. <p>c. The request should include information on how the internal audit report is relevant to the DCAA audit. Place a copy of the request in the assignment administrative working papers.</p> <ul style="list-style-type: none">• If the review of the perm file or the contractor identifies relevant other audits or studies:• Obtain publicly available information for the relevant other Government agency audits (e.g., websites for DoD IG or other IGs, service audit agencies, etc.).• Make appropriate adjustments to your risk assessment and planned procedures based on the reported findings. <p>d. Document the results of the inquiries including the response received from the contractor for any request for access to internal audit reports. (If access was not granted this should include the contractor's rationale or justification for not granting access).</p> <p>e. Determine if additional audit procedures are needed to respond any identified risk.</p>	
<p>4. Management Inquiries</p> <p>During the entrance conference or other appropriate meeting make the GAGAS required inquiries of contractor management. Using the framework of WP B-05, document the contractor's response, and identify areas of risk and the impact to the audit scope.</p>	B-05
<p>5. Contact the contracting officer to ascertain any known concerns that will impact the audit and adjust the audit scope and procedures accordingly.</p>	
<p>6. Notify the appropriate contracting officer of the commencement of the risk assessment and that the expected completion date will be provided in the formal acknowledgement once the risk assessment is complete. The acknowledgement process should be performed in accordance with CAM 4-104.</p>	
<p>7. <i>ADD SPECIFIC RISK ASSESSMENT STEPS HERE</i></p>	
<p>8. Document the need for specialist assistance and/or assist audits, and prepare the necessary request letters.</p>	

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9. Fraud Risk Indicators Using the framework in WP B-09, discuss the fraud risk indicators with the audit team.	B-09
10. Obtain and document an understanding of contractor internal controls relevant to the audit. Auditors may obtain a significant portion of this understanding during the walkthrough.	
11. Conduct an entrance conference.	
12. Discuss with your supervisor the results of the risk assessment and reach an agreement on the planned audit scope, including the detailed audit steps. Document and obtain supervisory approval of the risk assessment and the planned scope of examination WP B and -1 WPs.	
13. Issue a notification letter to the contractor regarding the audit in accordance with CAM 4-302.3. If applicable, include a follow up with contractor management on: a. corrective actions that address previous DCAA audit findings and recommendations, b. other studies or audits that impact the subject matter	

C-1 Detailed Steps	WP Reference
Version 5.1, dated Jun 2025	
<i>Auditor will develop steps</i>	
1.	
2.	
3.	

A-1 Concluding Steps	WP Reference
Version 5.1, dated Jun 2025	
1. Summarize and document the audit results by major element or restructure activity as proposed.	
2. Obtain supervisory/management review of the working papers and audit results.	
3. After management approval, conduct and document an exit conference with contractor representative in accordance with procedures specified in CAM 4-304.	

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A-1 Concluding Steps	WP Reference
4. Auditors should document and communicate with the contracting officers upon the completion of our audit: a. Brief the requestor/contracting officer on significant questioned, unsupported, unresolved costs or other significant and/or complex findings/issues. b. Coordinate with the contracting officer to find out and determine if inclusion of detailed explanatory notes in our report would serve a useful purpose when there are no findings.	
5. Draft audit report in accordance with CAM 10-200 and any special circumstances that affect the report.	
6. Complete the administrative working papers.	
7. If the proposal evaluation disclosed a material weakness/significant internal control deficiency, open a Business System Deficiency (Activity Code 11090) assignment to report the deficiency and submit it to the contractor for comment. This procedure will provide for issuing the business system deficiency report at the same time or shortly after the proposal audit report is issued. (CAM 9-310).	
8. Related CAS noncompliance reports, if any, should be referenced in the text of the proposal report, and should be issued prior to the proposal audit report if possible.	
9. Update permanent file.	
10. Submit the working paper package and draft report to the supervisor/manager for final review and processing.	