

**MASTER AUDIT PROGRAM**

<b>Activity Code 17920</b>		<b>Contractor Disclosures</b>
<b>Version 2.0, dated July 2020</b>		
<b>B-1</b>	<b>Planning Considerations</b>	
<b>Type of Service - Attestation Examination Engagement</b>		
<b>Auditor Independence</b>		
<p>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.</p> <p><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></p> <p>The auditor should review MRD 14-OTS-015 (R), Audit Management Guidance on DoD Contractor Disclosure Program, dated April 21, 2014 for help in developing the effort for this audit assignment. The auditor should consider the procedures in CAM 4-707.7d when initiating a disposition analysis. A disposition analysis is not an audit risk assessment; 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.</p> <p>If the audit team determines that an examination is necessary, expand the effort in accordance with CAM 4-707.7h.</p> <p>An examination of the contractor disclosure, at a minimum, should include verifying the completeness and accuracy of the disclosure, including any disclosed cost impact to Government contracts. The examination should also verify that the Government received any applicable refund or credit.</p> <p>Prior to commencing the audit, review Agency guidance that may impact the audit and adjust the scope and procedures appropriately.</p>		
<b>References</b>		
<ol style="list-style-type: none"> <li>1. FAR 52.203-13, Contractor Code of Business Ethics and Conduct</li> <li>2. CAM 4-707, DoD Contractor Disclosure Program</li> </ol>		

<b>B-1</b>	<b>Preliminary Steps</b>	<b>WP Reference</b>
<b>Version 2.0, dated July 2020</b>		
<ol style="list-style-type: none"> <li>1. During the entrance conference, or other appropriate meeting, make specific inquiries of contractor management and other appropriate parties regarding the following:</li> </ol>		

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<p>a. Their knowledge of any actual, suspected, or alleged fraud or noncompliance with laws and regulations affecting the period of time corresponding to the subject matter under audit. (AT-C 205.32)</p> <p>b. Whether any investigations or legal proceedings, that are significant to the engagement objectives, have been initiated or are in process with respect to the period of time corresponding to the subject matter. (GAGAS 7.14)</p> <p>c. The existence of other audits and studies (performed by other than DCAA) that relate to the subject matter under audit. If yes, have the contractor explain the audits and studies performed, any related findings or recommendations, and any contractor corrective actions taken. (GAGAS 7.13)</p> <p><i>Note: Specifically document in the working papers; the inquiries and the corresponding responses as well as how the responses affect the performance of the engagement.</i></p>	
<p>2. Based on the team's understanding of the criteria, subject matter, and the contractor and its environment, hold a planning meeting with the audit team (at a minimum, Supervisor and Auditor) to discuss and identify potential material noncompliances, whether due to error or fraud, that could affect the subject matter.</p> <p>The discussion should include:</p> <ul style="list-style-type: none"> <li>• relevant prior audit experience (e.g., questioned cost, relevant reported estimating or accounting system deficiencies),</li> <li>• relevant aspects of the contractor and its environment,</li> <li>• risk of material noncompliance due to fraud (e.g., the extent of financial incentives, pressures to meet budget or contractual commitments, and opportunities to commit and conceal fraud). Consider the DoD IG website <a href="#">Fraud Detection Resources for Auditors</a> for common fraud risk factors. Copy link and paste into web browser,</li> <li>• other factors identified that increase the risk of material noncompliance with laws and regulations, and</li> <li>• the audit team's understanding of relevant key internal controls.</li> </ul> <p>Document the factors identified that increase the risk of material noncompliance due to error or fraud that could affect the subject matter, and design audit procedures to respond to the increased risk of material noncompliance.</p> <p>Communication among audit team members should continue as needed throughout the audit regarding the risk of material misstatement and noncompliance due to error or fraud.</p>	
<p>3. Auditor will develop steps.</p>	

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<b>C-1</b>	<b>Detailed Steps</b>	<b>WP Reference</b>
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	<i>Auditor will develop steps</i>	
	1.	
	2.	
	3.	

<b>A-1</b>	<b>Concluding Steps</b>	<b>WP Reference</b>
	<b>Version 2.0, dated July 2020</b>	
	1. Summarize results	
	2. Discuss the results with your supervisor.	
	3. Draft report	