



DEFENSE CONTRACT AUDIT AGENCY

8725 JOHN J. KINGMAN ROAD, SUITE 2135
FORT BELVOIR, VA 22060-8219

IN REPLY REFER TO

OTS 730.9.a

April 21, 2014
14-OTS-015(R)

MEMORANDUM FOR REGIONAL DIRECTORS, DCAA HEADS OF PRINCIPAL STAFF ELEMENTS, HQ, DCAA

SUBJECT: Audit Management Guidance on the Department of Defense (DoD) Contractor Disclosure Program

This memorandum revises the DCAA guidance in support of the DoD Contractor Disclosure Program. As a result of this change, the prior guidance issued under MRD 11-OTS-034(R), dated July 14, 2011, is hereby cancelled.

Why is this guidance being changed?

As part of Headquarters' on-going monitoring of support to the DoD Contractor Disclosure Program and feedback we received from regions and field auditors, we determined that audit resources should focus on those disclosures with the greatest risk. Therefore, we are adjusting the Agency policy to enable a more efficient process.

The revised guidance provides flexibility and empowers FAO Managers to determine the best course of action based on a documented assessment.

What are the key changes to this new guidance?

- The first change impacts DCAA Headquarters. DCAA receives DoD contractor disclosures from the Department of Defense Inspector General (DoDIG) - DoD Contractor Disclosure Program Management Office (DoD CDPMO) through the DCAA Justice Liaison Auditor (JLA) at Headquarters – Technical Audit Services Division (OTS). The JLA will conduct an initial analysis of the contractor's disclosure to determine whether a formal action is required. Factors the JLA will consider include: the nature of the violation being disclosed; the impact or damage to the Government; the impact on current or future audit planning; and the potential that an audit or an assessment could impact ongoing criminal or civil investigations.
- The second change impacts the FAOs when formal action is requested. Effective immediately, FAOs will not be required to conduct a GAGAS compliant examination of the disclosure as an immediate response. Instead, the FAO will establish an assignment using DMIS Activity Code 17920 and conduct a disposition analysis to determine the best course of action to address the disclosure. Follow the guidance discussed in CAM 4-707 for general procedures for a disposition analysis.

OTS 730.9

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How do FAOs disposition in-process assignments?

For those in-process assignments where no substantial effort has been performed to date, FAOs can disposition these assignments by conducting a disposition analysis. The disposition analysis should consider coordination discussions with the cognizant contracting officer (e.g., ACO or PCO) as appropriate. If it is determined that a detailed examination of the contractor disclosure is not necessary and that no further action is required, the FAO 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 FAO will pursue as a result of the contractor's disclosure. Furnish the DoD CDPMO, the JLA, and RSI a copy of the memorandum.

Where can I find more information about this Program and DCAA's approach?

We have consolidated all related guidance into the Contract Audit Manual, Section 4-707 – DoD Contractor Disclosure Program. History about the Program, details about this guidance, and other considerations can also be found there.

When is this new guidance and procedures effective?

This new guidance is effective immediately. FAOs should apply this new guidance to all in-process assignments, see procedures above.

Questions and Further Information

FAO personnel should direct questions regarding this memorandum to Justice Liaison Auditor at (703) 767-2272 or by e-mail: DCAA-JLA@dcaa.mil.

/s/

Thomas J. Peters
Assistant Director, Operations

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