



POLICY FLASH 2006-38

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DATE: July 13, 2006

TO: Procurement Directors

FROM: Office of Procurement and Assistance Policy, MA-61
Office of Procurement and Assistance Management

SUBJECT: **Office of Inspector General Audit Program**

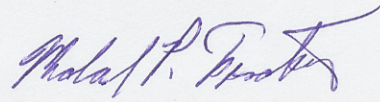
SUMMARY: This Flash is to call your attention to the fact that the Office of Inspector General (OIG) has provided contractors' Internal Auditors the attached Audit Program for use in determining cost allowability beginning with 2005 costs.

The OIG has designed the Audit Program for use in the determination of the allowability of incurred costs in support of the annual submission of the Statement of Costs Incurred and Claimed (SCIC) by management and operating contractors and those other facilities management contractors subject to the OIG's Cooperative Audit Strategy. See AL 2005-10 and Acquisition Guide Chapter 970.4.

The OIG informs us that this Audit Program represents a revision to the audit program in the OIG Audit Manual's Chapter 19 (formerly Chapter 18), Exhibit C, and that the OIG will include this Audit Program on its website in the next revision of the audit manual. This Audit Program provides a logical sequence against which the contractor's Internal Audit Function may perform risk assessments to determine the methodology for performing allowability of cost audits. The Internal Auditors should audit contract costs at least once a year unless the Contracting Officer (CO) specifically approves otherwise. The OIG intends that a contractor's Internal Auditor Function may modify the Audit Program based on the assessment of risks associated with types of costs but must submit any significant departure from this Audit Program to the CO for approval.

This Flash may be viewed at <http://professionals.pr.doe.gov> .

Questions concerning this Policy Flash should be directed to Robert Webb at 202-287-1338 or Robert.Webb@hq.doe.gov .

A handwritten signature in blue ink, appearing to read "Michael P. Fischetti". The signature is stylized with a large, sweeping initial 'M' and 'F'.

Michael P. Fischetti, Director
Office of Procurement and
Assistance Policy

Attachment