

Master Document – Audit Program

Activity Code 19200		Noncompliance Audit
Version 2.6, dated January 2015		
B-1	Planning Considerations	
Purpose and Scope		
<p>A noncompliance audit represents only additional effort to report and resolve a noncompliance issue after it is identified and its existence is fully supported as part of an incurred cost, price proposal, or any other type of audit that is not CAS related (i.e., not 19100 or 194XXs). This includes:</p>		
<ul style="list-style-type: none"> • preparing and issuing the noncompliance audit report; 		
<ul style="list-style-type: none"> • providing audit support to the cognizant Federal agency official (CFAO), who is usually the ACO; 		
<ul style="list-style-type: none"> • counseling procurement officials during conferences; and 		
<ul style="list-style-type: none"> • other actions necessary to resolve the issue. 		
<p>The audit steps in the program should reflect a documented understanding between the auditor and supervisor as to the scope required to comply in an efficient and effective manner with generally accepted government auditing standards and DCAA objectives. The program steps are intended as general guidance and should be tailored as determined necessary.</p>		
<p>Generally, when there are noncompliances with more than one CAS, separate noncompliance audit reports should be issued for each noncompliance. However, when the noncompliances are related or inseparable, noncompliances with two or more standards should be issued in the same report. Noncompliances are related or inseparable if the resolution of one resolves the other.</p>		
References		
1. CAM Chapter 8		
2. CAM Chapter 10, Section 800		
3. 48 CFR Part 9900, Cost Accounting		
4. FAR Part 31		

B-1	Preliminary Steps	WP Reference
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1. Coordinate the noncompliance with the cognizant CFAO.	
2. For items in the risk assessment working paper, simply make reference to the applicable working papers of the originating audit assignment.	

C-1	Evaluation of Noncompliance	WP Reference
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1.	Evaluate the working papers and audit report, if issued, of the audit assignment that disclosed the noncompliance.	
2.	Reference the originating audit assignment and incorporate the working papers that described the noncompliance and determined the significance of the noncompliance.	
3.	Prepare the draft statement of conditions and recommendations.	

A-1	Concluding Steps	WP Reference
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1.	Summarize and document the results of audit.	
2.	Discuss results with the supervisor and, if applicable, the technical specialist.	
3.	Prepare draft audit report.	
4.	Hold exit conference with the contractor and provide a draft report to the contractor for comments in accordance with CAM 4-304. Obtain supervisory review, and management review if required, of the working papers and draft audit results section of the audit report before discussion with the contractor.	
5.	Finalize audit report incorporating the contractor's reaction and auditor's response, if applicable.	
6.	Complete the administrative working papers.	
7.	Update the permanent files.	
8.	Submit the working paper package and draft report to the supervisor/manager for final review and processing.	