



**DEFENSE CONTRACT AUDIT AGENCY**  
**DEPARTMENT OF DEFENSE**  
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IN REPLY REFER TO

OWD 710.6.1

August 28, 2006  
06-OWD-039(R)

MEMORANDUM FOR REGIONAL DIRECTORS, DCAA  
DIRECTOR, FIELD DETACHMENT, DCAA

SUBJECT: Audit Management Guidance on Capturing Audits of Corporate and Intermediate Home Offices, Including Shared Services, in DMIS/Reimbursables

This memorandum provides guidance on capturing reimbursable information in DMIS on audits performed at Corporate and Intermediate Home Offices, including Shared Services. Audits performed at these contractor locations typically distribute costs to segments which perform on contracts for DoD as well as non-DoD customers. Therefore, these audits should be identified as reimbursable in DMIS to the extent that reimbursable effort exists at the applicable segments.

The Reimbursable Pamphlet, DCAAP 7230, instructs auditors to use the across-the-board (ATB) percentages to distribute audit effort when an audit work package benefits more than one agency (e.g. 50 percent NASA, 10 percent DoT, 5 percent DoE). These percentages are determined by the relationship of an agency's costs audited to the total costs audited. When audits are performed at Corporate and Intermediate Home Offices, and the costs at those locations benefit more than one agency through their distribution to segments having non-DoD contracts, then ATB percentages should be used to distribute the audit effort to DoD and non-DoD customers.

The Reimbursable Pamphlet also addresses assist audits and the need to consider assist audits in funding requests. The pamphlet states that the prime FAO needs to ensure that the funding it receives includes enough hours to cover any assist audits, and that the prime auditor should allocate hours to the assist auditor to remain within the budget funded by the customer (including the RAR). These assist audit guidelines should also be applied in situations where segments rely on audit reports received from Corporate and Intermediate Home Offices.

Funding received from reimbursable customers to audit reimbursable contracts at the segment should be sufficient to include all DCAA effort necessary to render an opinion. DCAA offices should consider the materiality of potential earnings, the effort required to capture reimbursable hours, coordination between the DCAA locations with the contracts, customer contact, and involvement of the CAC network when determining the reimbursable effort to be captured in DMIS.

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If you have questions or need additional information, please contact the Workload Analysis Division, at (703) 767-2238.

/s/Karen K. Cash

/for/

Joseph J. Garcia  
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