



**INSPECTOR GENERAL**  
DEPARTMENT OF DEFENSE  
4800 MARK CENTER DRIVE  
ALEXANDRIA, VIRGINIA 22350-1500

December 3, 2015

MEMORANDUM FOR DIRECTOR, DEFENSE CONTRACT AUDIT AGENCY  
DIRECTOR, DEFENSE CONTRACT MANAGEMENT AGENCY  
NAVAL INSPECTOR GENERAL

SUBJECT: Evaluation of Contracting Officer Actions on Defense Contract Audit Agency  
Reported Cost Accounting Standard Deficiencies  
(Project No. D2016-DAPOCF-0018.000)

We will begin the subject evaluation in December 2015. The primary objective is to assess the appropriateness and timeliness of contracting officer actions to resolve and disposition Defense Contract Audit Agency (DCAA) audit findings related to DoD contractor compliance with the following Cost Accounting Standards (CAS):

- CAS 403, "Allocation of Home Office Expenses to Segments"
- CAS 410, "Allocation of Business Unit General and Administrative Expenses to Final Cost Objectives"
- CAS 418, "Allocation of Direct and Indirect Costs"

As part of our evaluation, we will assess contracting officer compliance with the Federal Acquisition Regulation, DoD Instruction 7640.02, "Policy for Follow-up on Contract Audit Reports," DoD component instructions, and applicable DoD policies. We will consider suggestions from management on additional or revised objectives.

Please provide a point of contact for this effort by December 11, 2015. We plan to perform site visits at DoD Component field offices responsible for taking action on DCAA audit reports as we consider necessary to accomplish the evaluation objectives.

You can obtain information about the Department of Defense Office of Inspector General from DoD Directive 5106.01, "Inspector General of the Department of Defense (IG DoD)," April 20, 2012; DoD Instruction 7600.02, "Audit Policies," April 27, 2007; and DoD Instruction 7050.03, "Office of the Inspector General of the Department of Defense Access to Records and Information," March 22, 2013. Our website is [www.dodig.mil](http://www.dodig.mil).

Please contact Mr. Mark A. Dixon, Program Director at (571) 263-2371 ([mark.dixon@dodig.mil](mailto:mark.dixon@dodig.mil)) or Mr. Andrew Aloush, Technical Specialist at (571) 289-3150 ([andrew.aloush@dodig.mil](mailto:andrew.aloush@dodig.mil)) for any questions regarding this memorandum.

A handwritten signature in cursive script, reading "Carolyn R. Hantz", is located at the bottom right of the page.

Carolyn R. Hantz  
Assistant Inspector General  
Audit Policy and Oversight