

5142.190-5 Processing Audit Findings.

(a) Resolution Status. The Contracting officer shall update the audit CAFU record to resolution status when the written pre-negotiation objective memorandum is approved. For audit reports covering CAS noncompliances, resolution is achieved when the Contracting officer issues a notice of potential noncompliance to the contractor. For audit reports covering business systems, resolution is achieved when the Contracting officer notifies the contractor in writing of the initial determination.

(b) Disposition Status. The Contracting officer shall provide a copy of the post-negotiation memorandum to the DCAA auditor and other affected government offices, as applicable. The Contracting officer shall update the audit CAFU record to disposition status when the written post-negotiation memorandum is approved and one of the following actions occurs:

(1) The Contracting officer notifies the contractor in writing of the final determination covering business systems findings and recommendations.

(2) The Contracting officer negotiates a settlement covering all audit issues with the contractor (including corporate or home office allocations) and executes any required contracting action (e.g. indirect rate agreement).

(3) The Contracting officer issues a final determination/decision on a CAS noncompliance audit or other matter pursuant to the disputes clause. The Contracting officer must reinstate the audit report as an open report ("in litigation status") if the contractor appeals to:

(i) The Armed Services Board of Contract Appeals (ASBCA) within 90 days, or

(ii) The U.S. Court of Federal Claims within 12 months.

(4) The Contracting officer makes a final determination on a disclosure statement submission or revision.

(5) The ASBCA or U.S. Court of Federal Claims renders a decision, any required actions directed by ASBCA or the Court are completed, and a contractual document is executed.

(6) DCAA supplements or supersedes the audit report.

(7) The Contracting officer determines final action on a CAS cost impact proposal.

(8) The Contracting officer makes a written determination that corrective actions have been taken, so that no further actions can be reasonably anticipated.

(c) Where to store files in PCF. Audit reports are stored in PCF based on the type of audit being resolved and dispositioned.

(1) Pre-Award Audits. Pre-Award Audit documentation shall be filed in PCF within the following section: I Pre-Award, C. Evaluation, 04. Evaluations, Technical Evaluations.

(2) Incurred Cost, Defective Pricing, Claims, Business System, Cost Accounting Standards, Operations, Earned Value Management System, Other shall be filed in PCF within the following section: II Award, F. Post Award Documents, 01 Post Award Documentation.

(3) Terminations shall be filed in PCF within the following section: II Award, I. Administration, 10 Post Terminations.

Parent topic: 5142.190 Follow-up on contract audit reports.