



REPLY TO  
ATTENTION OF  
SAAL-PA

DEPARTMENT OF THE ARMY  
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY  
ACQUISITION LOGISTICS AND TECHNOLOGY  
103 ARMY PENTAGON  
WASHINGTON DC 20310-0103



July 23, 2001

MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Audit of the Army's Contract Audit Follow-Up Process

REFERENCE:

- a. Inspector General Department of Defense, Memorandum dated June 15, 2001
- b. DOD Directive 7640.2 Policy for Follow-up on Contract (CAFU) Process
- c. Army Regulation 36-2 Audit Reports and Follow-up, April 28, 1991
- d. AFARS 15.490 Follow-up on the Contract Audit Reports

The Department of Defense Office of the Inspector General (DODIG) is in process of conducting their subject audit starting mid-August 2001. The audit will be conducted in accordance with their oversight responsibility directed under DODD 7640.2, Contract Audit Follow-Up (CAFU).

Overall, objective of the audit is to evaluate the Army CAFU program and process. Specifically, the DODIG is tasked with evaluating the accuracy of the Army's CAFU data submitted by contracting officials. The criterion includes ensuring the proper and timely settlement of contract audit issues.

Prior to the site visits the DODIG team will request documentation on selected audit reports from the selected contracting offices. Requested information will pertain to open and closed reports as follows: open reports; audit reports; brief explanation of issues and status; chronology of actions taken to resolve or dispose the report; significant supporting papers demonstrating actions being taken; and detailed disposition milestone plans for the open reports. Closed reports; audit reports; prenegotiation memorandums; and documentation used to dispose, report the amount reported as sustained.

In addition, the DODIG team will review management controls, procedures and matrixes of the program that ensure the validity and integrity of the submitted data. Currently, the DODIG team is aware of the Army's employed software and has noted the exploration for a possible replacement.

Sites under consideration for review include: OSC, USACE, MICOM, ATCOM and CECOM. The final list will be furnished to all MACOM's when received.

This is an opportunity for both the DODIG and the Army to fine-tune their CAFU process, and identify issues that may preclude the timely, accurate reporting of this data. Therefore, please ensure that all files and records are current and available for review. Also, ensure that a POC has been identified and provided to my action officer for the subject program.

If your organization is selected, please extend your full cooperation and assistance to the Team. Please forward your questions or comments to Mr. Steve White, COM: (703) 681-5409, DSN: 761-5409, e-mail: [steve.white@saalt.army.mil](mailto:steve.white@saalt.army.mil).



Dan L. Adams, Jr.

LTC, GS

Director for Contracting/Information  
Management and Assessment  
ASA(ALT)

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U.S. Army Military District of Washington, Fort Lesley J. McNair, ATTN: ANFC, 103 Third Avenue, Washington, D.C. 20319-5058

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U.S. Army Contracting Command, Europe, ATTN: AEAPR-PA (PARC), Unit 29331, APOAE 09266

Headquarters, Eighth United States Army, ATTN: FKAQ/EAAO, Unit 15237, APOAP 96205-0010

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National Guard Bureau, ATTN: NGB-AQ, Suite 8300, Jefferson Plaza 1, 1411 Jefferson Davis Highway, Arlington, VA 22202-3231