



REAL-TIME PURCHASE EVALUATIONS

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Real-Time Purchase Evaluation

- What is a Real-Time Purchase Evaluation?
- Why Does DCAA Perform Them?
- What Will You Need to Provide?
- Will You Receive Advance Notification?

What is a Real-Time Purchase Evaluation?

- Evaluation includes:
 - Evaluating purchasing procedures/internal controls
 - Verifying purchased materials/services existence and consumption

Why Does DCAA Perform Real-time Purchase Evaluations ?

- To test for compliance with purchasing controls
 - Deficiencies addressed on a real-time basis
- Analysis of current materials/purchased services charging
- In support of Incurred Cost Audits, performed at later date
 - To determine the accuracy of material/purchased services charges to contracts, indirect accounts, or other cost objectives

What Will You Need to Provide?

- Purchasing procedures
- List of materials recently purchased
- A Point of Contact for site visits
 - Will also need an alternate point of contact
 - Separate point of contacts for each location

Will You Receive Advance Notification?

- Material evaluations are unannounced so we will not call in advance to let you know we are coming or ask for a convenient time to meet.
- The auditor will arrive at your location and request to meet with the point of contact.
- The auditor will request a list of recently acquired materials or services.

Purpose of this audit

- The purpose of this evaluation is to verify that purchased direct materials/services were, in fact received and ascertain that they were:
 - needed for the contract;
 - purchased in reasonable quantities;
 - purchased at a prudent price,
 - used on the contract, and
 - properly accounted for as to initial charge, transfer in or out, and residual value.

Purchase Evaluation Procedures

- The auditor will ask for accounting records that support the direct charges to contracts of materials and services purchased from an immediately prior accounting/reporting period.
- Other items the auditor will request include
 - shipping & receiving documents
 - vendor invoices
 - purchase orders and/or bill of materials

Contractor Response

- Auditor will conduct Exit Conference to discuss results of the evaluation
- If deficiencies reported, the auditor will furnish a draft version of findings to be presented in a business system deficiency report
- Contractor is given an opportunity to respond to findings
 - Response can be oral or written

Common Deficiencies

- Employee did not follow proper method for purchasing materials or services
 - Lack of proper approvals

Questions?