



DEFENSE CONTRACT AUDIT AGENCY
DEPARTMENT OF DEFENSE
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FORT BELVOIR, VA 22060-6219

OFFICE OF THE DIRECTOR

August 26, 2009

MEMORANDUM FOR ALL DCAA EMPLOYEES

SUBJECT: Modified GAGAS Statement Due to Expiration of the DoDIG Opinion on DCAA's Quality Control Program

The purpose of this memorandum is to inform Agency personnel of the expiration of DoD Inspector General's opinion on DCAA's quality control program and the requirement that **all audit reports include the following modified GAGAS statement as part of the scope of audit paragraph for reports issued on or after August 27, 2009.**

We conducted our examination in accordance with generally accepted government auditing standards (GAGAS), except DCAA does not currently have an external opinion on its quality control system as required by GAGAS 3.55. The most recent external quality control review opinion expired on August 26, 2009. A review of DCAA's quality control system is currently being performed.

Auditors should replace the standard GAGAS statement (i.e., We conducted our examination in accordance with generally accepted government auditing standards.) with the above statement.

GAGAS requires all audit organizations performing audits and attestation engagements in accordance with GAGAS to have an external peer review at least once every three years. Our external reviews have been performed by the DoDIG. On August 25, 2009, the DoDIG informed us that its 2007 adequate opinion would no longer be applicable after August 26, 2009. While the DoDIG is performing its current peer review of DCAA's quality control program, all audit reports issued after August 26, 2009 must reflect that DCAA does not have a current opinion.

The language noted above is required to be included in all audit reports for audits and attestation engagements performed in accordance with GAGAS. However, the statement is not necessary for other correspondence, including memorandums on the results of services that are not performed in accordance with GAGAS. For example, incurred cost desk reviews and evaluations of final vouchers (Activity Code 15400) are not performed in accordance with GAGAS. The memorandums issued under those assignments are not subject to the requirements of this guidance. The standard audit reports delivered with APPS will be modified as soon as possible; however, FAO personnel must ensure that the statement is included in all reports issued on or after August 27, 2009, until further notice.

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If FAOs subsequently identify an audit report issued after August 26, 2009 that did not have the appropriate GAGAS statement, FAOs must supplement the report to include the above GAGAS statement.

FAO questions regarding the requirements of this memorandum should be directed to the appropriate regional personnel. Regional questions should be directed to Debra Caw, Program Manager, Policy Accounting Standards Division at (703) 767-3243 or e-mail at Debra.Caw@dcaa.mil.


April G. Stephenson
Director