



**DEFENSE CONTRACT AUDIT AGENCY
DEPARTMENT OF DEFENSE
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IN REPLY REFER TO

PAS 730.3.B.2.4

August 1, 2008
08-PAS-023(R)

**MEMORANDUM FOR REGIONAL DIRECTORS, DCAA
DIRECTOR, FIELD DETACHMENT, DCAA**

SUBJECT: Audit Alert on Working Paper Documentation

This audit alert emphasizes existing Agency guidance at CAM 2-307 and 4-400 on working paper documentation.

It is DCAA's policy that working paper documentation be sufficient to meet the requirements of Generally Accepted Government Auditing Standards (GAGAS). GAGAS is the authoritative source for DCAA auditors regarding audit working paper documentation. Among the key provisions are:

- Auditors should prepare working paper documentation in sufficient detail to enable an experienced auditor, having no previous connection to the engagement, to understand from the documentation the nature, timing, extent, and results of procedures performed, the evidence obtained and its source, and the conclusions reached, including evidence that supports the auditors' significant judgments and conclusions (*GAGAS 6.21*).
- Auditors should prepare working paper documentation that contains support for findings, conclusions, and recommendations before they issue their report (*GAGAS 6.21*).
- Documentation should include evidence of supervisory review, before the report is issued, of the work performed that supports findings, conclusions, and recommendations contained in the report (*GAGAS 6.22c*).

Agency guidance on audit working papers in CAM 4-400 includes criteria for on-page notes, as well as general guidelines on working paper detail. It notes that the extent of documentation necessary to meet the standards will depend on the significance and sensitivity of the costs being audited and professional judgment. However, the detailed working papers must be sufficiently detailed to permit an understanding of the audit procedures performed by explaining the purpose, source of evidence, scope, and audit conclusions. The working papers should include the details of the relevant amounts and/or other content of the specific evidence relied on to reach a conclusion. This detail, as well as the source of records or documents, must be sufficient to allow the same records or documents to be obtained and examined at a later date should the auditor's conclusions be disputed in the audit resolution process.

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Working paper documentation is also covered in CMTL Course 1269, Working Paper Documentation, which provides an overview of DCAA audit working paper documentation requirements. The course includes requirements of GAGAS/CAM; responsibilities, procedures, and tools for documenting supervisory review throughout the audit process; guidance for the treatment of superseded and extraneous working papers that do not support the final report conclusion(s); and documenting and archiving requirements for additional/supplemental audit effort when the report has already been issued.

FAO personnel should direct questions to their regional POCs, and regional personnel should direct any questions to Auditing Standards Division, at (703)-767-3274 or e-mail: DCAA-PAS@dcaa.mil.

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