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October 1, 2015
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MEMORANDUM FOR REGIONAL DIRECTORS, DCAA
ASSISTANT DIRECTORS, HQ, DCAA

SUBJECT: Revised Audit Guidance on Documentation of GAGAS Independence Threats

Effective October 1, 2015, auditors and internal specialists should use the document titled Documentation of GAGAS Independence Threat instead of the DCAA Statement of Independence to document threats only when an auditor identifies a threat to independence. Policy has revised DCAAM 7640.1, Chapter 2-S103.1 to reflect this change.

Auditors and internal specialists should use the Documentation of GAGAS Independence Threat Section I to document threats to independence identified using the GAGAS conceptual framework approach to independence. The auditor or internal specialists may attach additional documents prior to digitally signing Section I and providing them to his or her supervisor. The Section I text box and the attachments will lock upon signature.

Upon receipt of a Documentation of GAGAS Independence Threat from an employee, supervisors should document the evaluation of the identified threat in Section II and, if appropriate, the application of safeguards in Section III of the document and digitally sign those sections. The text boxes in Sections II and III will lock upon signature. As considered necessary, discuss the evaluation with the FAO Manager, Regional or Headquarters staff.

The document is available as Other Audit Guidance (OAG) on the DCAA intranet.

Has the DCAA Annual Statement of Independence Been Eliminated?

Yes. The certifications that were previously on the DCAA Statement of Independence are now part of the Acknowledgments that require concurrence to complete the independence training course (CMTL 9022). Additionally, the Documentation of GAGAS Independence Threat serves to document the identification and evaluation of threats and, if appropriate, the application of safeguards. (Note: If an auditor does not have a threat to independence, this form does not need to be completed.) All auditors and internal specialists also must continue to complete the Audit Specific Independence Determination Working Paper (Working Paper 34) to document their independence in relation to a specific engagement.

Is there guidance to help me complete this document or to know when to use it?

The document has instructions in italics for each section. Additional guidance on completing the document is available in Lesson 4 (Section I) and Lesson 5 (Sections II and III) of the FY 2016 Independence Training CMTL 9022 available on TRAINext. DCAAM 7640.10, Chapter 2-S103.1 provides information on its use within the DCAA quality control system.

Where do we file this document?

DCAA Records Management has established File Code 240.7 “GAGAS Independence Determinations” for filing completed Documentation of GAGAS Independence Threat documents. Additionally, Records Management is adding a definition to the DCAAM 5015.1 Files Maintenance and Disposition Manual and a security model in Livelink for File Code 240.7.

Questions and Further Information

FAO personnel should direct questions regarding this memorandum to their regional offices and regional personnel should direct any questions to Policy Auditing Standards Division at (703) 767-3274 or e-mail at DCAA-PAS@dcaa.mil.

/Signed/

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