



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

PPS 540.1

February 3, 2016  
16-PPS-003(R)

**MEMORANDUM FOR REGIONAL DIRECTORS, DCAA  
ASSISTANT DIRECTORS, HQ, DCAA**

**SUBJECT: Audit Alert on Updated Independent Reference Review Checklist and Procedures**

Effective immediately, auditors are to use the revised Independent Reference Review (IRR) Checklist when performing IRRs and FAOs are to expand the use of the IRR checklist to include a sample of assignments not currently requiring an IRR.

**Background**

Policy received input from the field regarding the questions on the IRR checklist, and received recommendations from our most recent Peer review to expand the use of the IRR process. These suggestions/recommendations led us to a decision to reevaluate our existing IRR policies and procedures. An Ad Hoc was assembled with representation from each Region and Headquarters to determine what changes to the checklist and IRR policies and procedures were necessary.

**Why did we revise the IRR Checklist Questions?**

The Ad Hoc determined that the IRR checklist questions should be modified to more closely align with the objective of a true IRR, which is to ensure that what is represented in the report, is supported by the working papers. The Ad Hoc review of the existing IRR checklist questions concluded that several questions, although useful in identifying deficiencies, were addressing deficiencies that proper interim and supervisory reviews should have more timely identified and corrected. Additionally, the Ad Hoc recommended that the IRR Checklist questions align more closely with the revised audit report format. The Executive Steering Committee approved the Ad Hoc's changes to the checklist, and APPS will deliver the updated checklist to new assignments generated after the date of this MRD. For in-process assignments where an IRR has not been started, auditors should access the revised IRR checklist from the Audit Programs, Reports, OAG intranet webpage, and use the revised checklist when performing all future IRRs.

**Why are we expanding the use of the IRR Checklist?**

We updated the IRR policies and procedures to address recommendations received during our most recent Peer review. It was recommended that we expand the use of the checklist to additional assignments other than those required under the policies and procedures. In order

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to address their concerns, Policy has revised the IRR policies and procedures to direct FAO managers to expand the use of the IRR to include a sample of assignments not currently requiring an IRR. The FAO Managers, in coordination with their RAMs, will establish the process for selecting additional assignments for review. The quantity of reviews sampled is up to the FAO Manager and RAM, and they should consider appropriate risk factors such as the experience level of the FAO staff and the results of recent quality reviews, etc. This new requirement will be included in the updated DCAA Instruction (DCAAI) No. 7642.1, Independent Reference Review (IRR) Policies and Procedures, which will be issued in the near future.

### **Questions and Further Information**

FAO personnel should direct questions regarding this memorandum to their regional offices. Regional personnel with questions regarding this memorandum may contact Policy Publications and Systems Division at (703) 767-3236 or via e-mail at [DCAA-PPS@dcaa.mil](mailto:DCAA-PPS@dcaa.mil).

/s/ Jennifer L. Quinones  
/for/ Donald J. McKenzie  
Assistant Director  
Policy and Plan

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