

INDEPENDENT REFERENCE REVIEW PROCEDURES AND CHECKLIST AND
CERTIFICATION

ASSIGNMENT NO: _____

CONTRACTOR: _____

REVIEWER: _____

DATE OF REVIEW: _____

Independent reference reviews of DCAA audits will be performed in accordance with DCAA Instruction 7642.1. Referencing is a process in which an experienced auditor who is independent of the audit, checks that statements of facts, figures, and dates are correctly reported and supported by the working papers. Independent reference reviews will be performed using the Independent Reference Review Checklist ([Appendix 1](#)) and Certification ([Appendix 4](#)). The Independent Reference Review Checklist and Certification are periodically updated and are available on the Agency Intranet and delivered with every CaseWare/APPS package as an administrative working paper.

The cognizant supervisory auditor, in conjunction with the audit team, will make the determination that the report and working papers are ready for the independent reference review. The review should be performed subsequent to the final level of Management review but prior to report issuance. The cognizant supervisory auditor should ensure that the results of audit in the draft report have been fully referenced to the supporting documentation and that the working papers have been adequately reviewed and are in compliance with Generally Accepted Government Auditing Standards (GAGAS).

FAO Managers, in consultation with their RAM (and other regional/corporate management when necessary), will select auditors at the GS-13 level or above, or non-Bargaining Unit GS-12 auditors, to perform the review for each assignment subject to an IRR. The IRR auditor must possess the knowledge and experience necessary to complete an effective review. In addition, the auditor should review the IRR training material available on DCAA's intranet prior to performing reviews. The selection of the auditor to perform the IRR should be based on the potential reviewer's independence, objectivity, experience, and analytical ability. The IRR auditor must be someone not directly associated with the work on which the working papers and audit report are based, and must not be under the direct supervision of the cognizant supervisory auditor. Additionally, prior to starting the review, the IRR auditor and management must ensure and document the IRR is independent of the contractor being audited considering the GAGAS conceptual framework.

Once the IRR auditor is selected, the cognizant supervisory auditor will provide the working papers and audit report to the IRR auditor. The IRR auditor will review the working papers and the audit report and will complete the Independent Reference Review Checklist and Certification based on the review of the assignment. The IRR auditor must document each “no” answer from the checklist ([Appendix 1](#)) or other concerns on the Independent Reference Review List of Deficiencies form ([Appendix 2](#)). All “no” responses on the checklist should be referenced to the corresponding item on the List of Deficiencies form ([Appendix 2](#)) in the “Note(s)” column. If no deficiencies are noted by the IRR auditor, the Independent Reference Review Certification ([Appendix 4](#)) should be marked as such and needs only the signature of the IRR auditor. The IRR auditor will return the working papers, audit report, and the Independent Reference Review Checklist and Certification to the cognizant supervisory auditor. If deficiencies are found, the IRR auditor will not sign the Certification. The IRR auditor will return the working papers, audit report and the Independent Reference Review Checklist and Certification to the cognizant supervisory auditor for resolution.

The cognizant supervisory auditor and audit team will review the issues raised by the IRR and determine if they are in agreement with the issues raised. If the cognizant supervisory auditor and audit team do not agree with the IRR findings, the auditor or lead auditor will document on the Unresolved Deficiencies List ([Appendix 3](#)) the reason for not taking action on the deficiencies raised by the IRR auditor. Only those IRR recommendations the cognizant supervisory auditor and audit team agree with will be provided to the auditor for resolution.

The auditor or lead auditor for a team assignment will document actions taken for each deficiency on the Independent Reference Review List of Deficiencies ([Appendix 2](#)) and sign the Independent Reference Review Certification Statement ([Appendix 4](#)) acknowledging that the auditor or lead auditor for an audit team assignment has addressed the cited deficiencies. They will then return the Independent Reference Review Checklists and Certification to the cognizant supervisory auditor.

The cognizant supervisory auditor will review the Independent Reference Review List of Deficiencies ([Appendix 2](#)) and the actions taken. Once satisfied that the issues identified have been resolved and the results of audit are supported by the working papers, the cognizant supervisory auditor should then submit the package to the IRR. The IRR auditor will verify the resolution and disposition of cited deficiencies. The IRR auditor will document concurrence or non-concurrence with the action(s) taken by the audit team on the Independent Reference Review List of Deficiencies ([Appendix 2](#)). The IRR auditor will document on the Independent Reference Review Unresolved Deficiencies List ([Appendix 3](#)) any deficiencies the audit team did not address appropriately, or any action taken by the audit team with which the IRR auditor disagrees. The IRR auditor will complete the Independent Reference Review Certification ([Appendix 4](#)) and forward the working papers, audit report, and the Independent Reference Review Checklist and Certification to the cognizant supervisory auditor. The cognizant supervisory auditor should attempt to resolve any issues identified on the Independent Reference Review Unresolved Deficiency List ([Appendix 3](#)). If resolution is reached, the documentation of such resolution should be included on the Independent Reference Review Unresolved Deficiency List ([Appendix 3](#)), and the cognizant supervisory auditor should sign the Independent Reference Review Certification ([Appendix 4](#)). If the issues identified cannot be resolved at the supervisory

auditor level, the Independent Reference Review Certification ([Appendix 4](#)) should not be signed. The cognizant supervisory auditor will forward the working papers, audit report, and the Independent Reference Review Checklist and Certification to the FAO Manager for resolution.

The FAO Manager should resolve any deficiencies cited by the IRR auditor that could not be resolved at the supervisory auditor level. The FAO Manager will sign the Independent Reference Review Certification ([Appendix 4](#)) once satisfied that the deficiencies identified have been resolved and the results of audit are supported by the working papers. If the issues cannot be resolved at the FAO Manager level then the FAO Manager will forward the working papers, audit report, and the Independent Reference Review Checklist and Certification to the RAM for resolution. Discussions of issues should include all parties. If the issues cannot be resolved at the RAM level, then the RAM will forward the working papers, audit report, and the Independent Reference Review Checklist and Certification to the Deputy Regional Director (DRD)/Deputy Corporate Audit Director (DCAD) for resolution. The DRD/DCAD will make the final decision regarding unresolved deficiencies. The resolution should be clearly documented on the Independent Reference Review Unresolved Deficiency List ([Appendix 3](#)).

The FAO Manager and cognizant supervisory auditor should ensure that the IRR auditor reviews any significant changes to the draft report or working papers occurring after the initial independent reference review and prior to report issuance. The IRR auditor will document his or her review of any significant changes by signing the Independent Reference Review Certification ([Appendix 4](#)) upon completion of this subsequent review and prior to signature and issuance of the final audit report.

The Independent Reference Review Certification ([Appendix 4](#)) must be completed prior to the signature and issuance of the final report.

All documentation related to the IRR will be maintained in the audit working paper package as an administrative working paper.

Time spent performing independent reference reviews will be charged directly to the individual assignment and identified separately on W/P A-1. Budgeted hours will be adjusted in DMIS to reflect the hours incurred for the independent reference review.

Audit assignment due dates will be adjusted, as necessary, in DMIS to accommodate the Independent Reference Review.

Appendices:

1. DCAA's Independent Reference Review Checklist
2. Independent Reference Review List of Deficiencies
3. Independent Reference Review Unresolved Deficiencies List
4. Independent Reference Review Certification

APPENDIX 1

DCAA’S INDEPENDENT REFERENCE REVIEW CHECKLIST

Assignment Number:		Reviewer:		Date:	
Contractor:					

DCAA’S INDEPENDENT REFERENCE REVIEW CHECKLIST				
	YES	NO	N/A	Notes:
1. Read the Report for clarity, flow and verify the mathematical accuracy. Provide any comments in the notes section.				
2. Is the 'About [Contractor's Name]' section referenced and supported by documentation (e.g., perm file, contractor webpage)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3. Is the 'About This Audit' section referenced and supported by the acknowledgement letter/notification letter?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4. Is the 'What We Found' section referenced and supported by report exhibits (if any) and working paper A?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
5. Is the 'Report On XXXXX' section referenced and supported by working paper A-01?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6. Are the 'Basis For [Type of Modified Opinion] Opinion' and '[Type Of Opinion] Opinion' sections referenced and supported by working paper A and is the audit opinion rationale documented?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7. Is the exit conference section referenced and supported by working paper 06b?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
8. Are the appropriate restrictions on release of the (audit) report and any attachments (subcontracts, technical evaluation) included in the Report Distribution and Restrictions section of the report? (CAM 10-210 and Figure 10-2-5)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
9. Are the facts, figures, and dates in the 'Exhibit' section of the report, working paper A, lead, and detailed working papers consistent (e.g., specific numbers, statistical sample, quantities, conclusions, and findings including specific criteria)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

APPENDIX 2

INDEPENDENT REFERENCE REVIEW LIST OF DEFICIENCIES

Reviewer:		Review Date:			Page __ of __	
Assignment Number:						
Note	W/P Ref. No.	Deficiency	Auditor Action Taken	Auditor Initials	Reviewer Initials (Indicates concurrence with actions)	Unresolved Item (Include check mark here & explain on Appendix 3)

APPENDIX 3

INDEPENDENT REVIEW UNRESOLVED DEFICIENCIES LIST

<u>Reviewer:</u>			<u>Review Date:</u>		<u>Page - of -</u>
<u>Assignment Number:</u>					
<u>Note</u>	<u>W/P Ref. No.</u>	<u>Auditor's Unresolved Deficiency</u>	<u>Reason for Not Taking Action</u>	<u>Auditor Initials</u>	<u>IRR Initials (Indicates agreement. If no agreement, provide comments.)</u>
<u>Documentation of Resolution of Deficiencies</u>					

APPENDIX 4

INDEPENDENT REFERENCE REVIEW CERTIFICATION

Report Title: _____	
Assignment No: _____ [<input type="checkbox"/>] Draft [<input type="checkbox"/>] Final	
<p>I have evaluated my independence using the GAGAS conceptual framework (GAGAS 3.26-3.63) and have not identified any threats to independence that would keep me from objectively performing this IRR.</p> <p>I have not been directly associated with the work on which the report is based and I am not under the direct supervision of the cognizant supervisory auditor involved in preparing the report.</p> <p>I have completed the Independent Reference Review Checklist and provided a List of Deficiencies to the cognizant supervisory auditor. This included verifying the accuracy of all mathematical computations in the report.</p> <p>[<input type="checkbox"/>] I have performed my independent reference review and have not identified any deficiencies requiring follow-up action.</p> <p>[<input type="checkbox"/>] I have reviewed actions taken in response to the cited deficiencies and am satisfied that all deficiencies identified on the List of Deficiencies have been adequately resolved.</p> <p>[<input type="checkbox"/>] I have reviewed actions taken in response to deficiencies and am satisfied that deficiencies have been adequately resolved with the exception of those identified on the Unresolved Deficiencies List.</p>	
_____ Independent Reference Reviewer Signature	_____ Date
<p>I have reviewed the List of Deficiencies provided by the independent reference reviewer and have taken appropriate follow-up action. The List of Deficiencies provided and actions taken is attached.</p>	
_____ Auditor/Lead Auditor Signature	_____ Date
<p>I have reviewed the List of Deficiencies, if applicable, provided by the independent reference reviewer and the actions taken by the lead auditor, if any, and am satisfied that the results of audit are supported by the working papers and that all deficiencies identified, if any, have been satisfactorily resolved.</p>	
_____ Supervisory Auditor Signature	_____ Date

INDEPENDENT REFERENCE REVIEW CERTIFICATION, CONTINUED

<p>I have reviewed the List of Deficiencies provided, if applicable, and actions taken, if any, and am satisfied that the results of audit are supported by the working papers, and that all deficiencies identified by the independent reference reviewer, if any, have been satisfactorily resolved.</p>	
<p>_____ FAO Manager/RAM/DRD/DCAD Signature</p>	<p>_____ Date</p>
<p>Complete this section only if significant changes were made after the independent referencing review was completed.</p>	
<p>I have reviewed significant statements of fact added to or changed in the report for support and accuracy after completion of the initial independent reference review. All significant additions or changes to statements of fact made after the completion of the independent reference review(s) were provided to the IRR for verification.</p> <p>[] No additional deficiencies found.</p> <p>[] Additional deficiencies found were identified, and I am satisfied with the actions taken to resolve the deficiencies. The deficiency list is attached.</p>	
<p>_____ Independent Reference Reviewer Signature</p>	<p>_____ Date</p>