



DEFENSE CONTRACT AUDIT AGENCY
DEPARTMENT OF DEFENSE
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OFFICE OF THE DIRECTOR

August 7, 2008

MEMORANDUM FOR ALL DCAA EMPLOYEES

SUBJECT: DCAA Action Plan to Findings in GAO Report GAO-08-857, DCAA Audits: Allegations that Certain Audits at Three Locations Did Not Meet Professional Standards Were Substantiated

On July 25th, I notified the workforce that the GAO issued the subject report and discussed some of the actions we initiated to address the findings. Since that time, we have initiated several projects that I would like to share with you.

1. Audit Quality Month

We designated August as Audit Quality Month including a stand-down day at each location to facilitate an open discussion on audit quality and address issues such as the risk based audit approach. Metrics should not override audit quality and in some instances we may have let metrics compromise performance of an audit in accordance with the auditing standards.

2. Staff Assessment

We initiated a project to assess the staffing across the Agency. This is a top-to-bottom analysis of whether we have the appropriate number of staff including auditors, supervisors, managers, and support staff. This assessment will also include whether we need to increase the number of offices, whether the offices are in the right location, and whether we have the appropriate distribution of offices to the regions. We estimate that our initial assessment will be completed by September 30, 2008, with additional actions to be taken depending on the results.

3. Metric Assessment

We initiated a project to assess metrics across the Agency. This assessment has two parts: (1) whether we have the appropriate metrics and (2) whether the metrics are implemented appropriately. We estimate that our initial assessment will be completed by September 30, 2008, with additional actions to be taken depending on the results.

4. Ceased Participation in Integrated Product Teams (IPTs)

On August 5, 2008, we notified you that DCAA is no longer a team member of an IPT due to concerns with auditor independence. Policy is in the process of issuing guidance on independent audit services that may be provided by DCAA during an IPT.

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We will continue to keep you informed as we complete our initiatives. As I stated in my prior memorandum, I recognize the excellent work performed by DCAA employees and I am dedicated to ensuring that the Agency provides a quality work environment where each employee is proud to be a member of DCAA.

Thank you for your dedicated work.

/SIGNED/
April G. Stephenson
Director