



**DEFENSE CONTRACT AUDIT AGENCY**  
**DEPARTMENT OF DEFENSE**  
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OFFICE OF THE DIRECTOR

August 6, 2008

MEMORANDUM FOR ALL DCAA EMPLOYEES

SUBJECT: Audit Quality Month – August 2008

On July 25, 2008, I notified the DCAA workforce of a GAO report that cited several offices for not complying with Generally Accepted Government Auditing Standards (GAGAS). In that memorandum, I mentioned that we would embark on a number of improvements. Various guidance memorandums have been issued over the last few weeks and more memorandums will be issued in the future. To further emphasize audit quality, we have designated August as Audit Quality Month. To recognize this initiative, we request that each office hold a stand-down day this month in which audit quality is discussed as a group. The Regional Director or Deputy Regional Director will participate in these conferences to further emphasize expectations and answer questions or concerns on audit quality.

The key element of a quality audit requires that it be performed and reported in accordance with GAGAS. GAGAS provides the framework for performing high quality audit work with competence, integrity, objectivity, and independence.

Audit quality must never be allowed to suffer or be jeopardized by external factors or internal factors (e.g., Agency metrics). Factors external to DCAA should not restrict the audit or interfere with the auditor's ability to form independent and objective opinions and conclusions. Examples of external impairments may be procurement or contracting officer's interference with the scope of the audit; unreasonable restrictions on the cycle time given to complete the audit; or contractor imposed limitations such as access to books and records. When these types of limitations are encountered, every effort should be made to remove the limitation or, failing that, report the limitation with the appropriate audit opinion (or disclaimer of opinion). Likewise, Agency metrics should never be used as a basis to artificially reduce the scope or quality of an audit.

We recognize that holding a stand-down day this month may result in adjustments to travel schedules and other efforts. We appreciate your flexibility in arranging your attendance at your FAO's stand-down day. Working on audit quality as a team and discussing various issues related to audit quality are important steps in this improvement process.

  
April G. Stephenson  
Director

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