

Version 1.0
July 2011

INDEPENDENT REFERENCE REVIEW 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 that the findings are adequately supported by evidence in the audit documentation; and that the conclusions and recommendations flow logically from the evidence. The checklist in Appendix 1 is designed for use by the independent reference reviewer (IRR) performing the review. To be independent, the GS-13 IRR must be someone not directly associated with the work on which the working papers and report are based, and must not be under the direct supervision of the cognizant supervisory auditor.

When the cognizant supervisory auditor determines that the report and workpapers are ready for the independent reference review, the cognizant supervisory auditor will provide the workpapers and audit report to the IRR auditor. The IRR auditor will review the workpapers 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).

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 workpapers, 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 workpapers, 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 does 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 agrees 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 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 workpapers, 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 workpapers, 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 workpapers, audit report, and the Independent Reference Review Checklist and Certification to the Regional or Detachment Audit Manager (RAM/DAM) for resolution. Discussions of issues should include all parties. If the issues cannot be resolved at the RAM/DAM level, then the Regional or Detachment Audit Manager (RAM/DAM) will forward the workpapers, audit report, and the Independent Reference Review Checklist and Certification to the Deputy Regional Director for resolution. 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 their review of any significant changes by signing the Independent Reference Review Certification (Appendix 4) 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.

Appendices: 4

- 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

	<u>Yes</u>		<u>No</u>
1. Was each planned and approved audit program step correctly referenced? Does each audit step not performed include an explanation why it was not accomplished?			
2. Does each lead working paper contain the results of audit to include structured notes and/or a lead schedule/summary of the area being evaluated, as applicable (CAM 4-403)?			
3. Do the detailed working papers document the specific purpose of the working paper; the source of the information shown on the working papers; the scope – a detailed description of the audit work performed, including the audit criteria (i.e., FAR, CAS, DoD and non-DoD FAR Supplement, etc.); and the conclusions and recommendations?			
4. Are the conclusions in the draft report, workpaper A, lead, and detailed working papers consistent?			
5. Do the working papers adequately document the sampling plan for any statistical sampling used? If statistical sampling is not used, is other selection criteria adequately documented?			
6. Is all factual data contained in the draft audit report referenced to the appropriate lead working papers and supporting documentation? Independently verify all factual information in the report to the working papers and where appropriate, source documents.			
7. Does the planned scope of audit/risk assessment match the transaction testing performed?			
8. Does the reviewer understand the report results and recommendations (i.e., free of jargon)?			
9. Is the audit opinion consistent with testing performed and the results of audit?			
10. Does the "Results of Audit" section address the audit objectives (Subject) and provide an explanation for the results and recommendation(s)?			
11. Is the report free of mathematical errors?			

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APPENDIX 2 INDEPENDENT REFERENCE REVIEW LIST OF DEFICIENCIES

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Reviewer			Review Date		
Assignment Number					
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 REFERENCE REVIEW UNRESOLVED DEFICIENCIES LIST

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

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APPENDIX 4
INDEPENDENT REFERENCE REVIEW CERTIFICATION

Report Title: _____	
Assignment No: _____ [<input type="checkbox"/>] Draft [<input type="checkbox"/>] Final	
<p>I have read and understand Government Auditing Standard 3.07, "Personal Impairments" and I have no personal impairments to my independence on this project as defined in Government Auditing Standard 3.07. 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 _____

<input type="checkbox"/> 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.			
_____ FAO Manager/RAM/DAM/DRD Signature		_____ Date	
Complete this section only if significant changes were made after the independent referencing review was completed.			
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.			
<input type="checkbox"/> No additional deficiencies found.			
<input type="checkbox"/> Additional deficiencies found were identified, and I am satisfied with the actions taken to resolve the deficiencies. The deficiency list is attached.			
_____ Independent Reference Reviewer Signature		_____ Date	

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