



DEFENSE CONTRACT AUDIT AGENCY
DEPARTMENT OF DEFENSE
8725 JOHN J. KINGMAN ROAD, SUITE 2135
FORT BELVOIR, VA 22060-6219

IN REPLY REFER TO

PAS 730.3.B.2.4

August 27, 2014
14-PAS-014(R)

MEMORANDUM FOR REGIONAL DIRECTORS, DCAA
HEADS OF PRINCIPAL STAFF ELEMENTS, HQ, DCAA

SUBJECT: Audit Guidance on Removal of Modified GAGAS Statement in Audit Reports

Why are we removing the modified GAGAS statement?

GAGAS 3.96 requires audit organizations to obtain an external peer review at least once every three years. The modified GAGAS statement was in place due to the expiration of the DoDIG opinion on DCAA's quality control program on August 26, 2009. The DoDIG began its new peer review of DCAA in September 2013 and issued the final report on August 21, 2014. DCAA has officially passed its peer review with one deficiency related to a lack of sufficient documentation; therefore, an unmodified GAGAS compliance statement is appropriate.

When should we begin using the unmodified GAGAS compliance statements in reports?

Reports issued on or after the date of this MRD should use the unmodified GAGAS language below:

Attestation Examination Engagement

Our responsibility is to express an opinion on [*Contractor*]'s compliance based on our examination. We conducted our examination in accordance with Generally Accepted Government Auditing Standards (GAGAS).

Agreed Upon Procedures

We have performed agreed-upon procedures solely to assist you in evaluating [*contractor*]'s [*subject matter or contractor assertion*]. This agreed-upon procedures engagement was performed in accordance with Generally Accepted Government Auditing Standards (GAGAS).

Performance Audit Reports

Except for the qualifications discussed below, [*omit if the report is not rendering a qualified opinion and there is no "Qualifications" section within the "Scope" paragraph*], we conducted our audit in accordance with Generally Accepted Government Auditing Standards (GAGAS).

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Will reports generated by APPS have the new language?

We will update the pro forma audit reports generated through APPS to remove the modified GAGAS statement and add the new language as of the date of this MRD. Additionally, we updated the pro forma reports posted on the intranet.

Further Assistance

FAO personnel should direct questions regarding this memorandum to their regional offices and regional personnel should direct any questions to Auditing Standards Division at (703) 767-3274 or e-mail DCAA-PAS@dcaa.mil.

/Signed/

Donald J. McKenzie
Assistant Director
Policy and Plans

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