



As of February 3, 2021, the process of submitting comments to the Agency's Chief of Staff (COS) as described in this ADS Additional Help document is suspended until further notice.

Standard Operating Procedures for USAID Engagement in OIG Audits

An Additional Help for ADS Chapter 590

Partial Revision Date: 02/03/2021
Responsible Office: M/CFO/PPL
File Name: 590sab_020321

1. Overview

This Standard Operating Procedures (SOP) document provides operating procedures for the Agency's engagement in performance audits conducted by the Office of Inspector General (OIG) on Agency funds and operations. This SOP provides guidance on the process for responding to all OIG performance audits, as well as select OIG financial audits communicated to the Office of the Administrator at the discretion of the Chief Financial Officer (CFO).

The following responsibilities and procedures are described in the audit engagement sequence as follows: audit notification; entrance conference; fieldwork; exit conference; draft audit report; final audit report; corrective actions; and Agency's request for audit recommendation closure.

New AMOs and AAOs should complete the web-based training course, *Audit Management for AMOs and AAOs*, located on USAID University prior to performing their duties as an AMO or AAO.

2. Primary Responsibilities and Procedures in Audit Engagement Sequence

a. Audit Notification

1) M/CFO/APC

- a. Receives an OIG audit notification letter addressed to the Agency leadership. CFO/APC Point of Contact (POC) notifies:
 - i. Office of the CFO
 - ii. CFO General Counsel (GC) POC
 - iii. Assistant Administrator (AA) Bureau of Management (Agency Audit Follow-up Official)
 - iv. Lead Bureau AA, Mission Director, and Bureau Audit Management Official (AMO):
 - 1) Lead Bureau/Independent Office (IO) (Lead Office) or Mission is determined from OIG Audit Notification Letter.
 - 2) AMO is determined from Agency listings of AMOs.
 - v. Executive Secretariat (ES) Liaison POC (via AID.ES tasker mail list)

- ii. AAO may receive from responsible officials a reasonable assurance statement that: *“To the best of their knowledge, information retrieved for purposes of the audit engagement is current, correct, and complete.”*
- c. AAO coordinates with applicable AMO(s) from B/IO(s) on proper Agency responses.
- d. When there is more than one AAO on an audit, the AMO coordinates AAOs on proper Agency responses.

d. Exit Conference

- 1) CFO/APC POC is responsible for coordinating with the Lead Office and/or Mission for scheduling internal pre-meetings and the OIG exit conference. For Mission only audits, the Mission AMO is responsible for scheduling the pre-meeting and the OIG exit conference.
 - a. The OIG normally gives the Operating Unit 14 days to provide written comments to the Discussion Summary.
 - b. Agency should receive OIG’s Discussion Summary (*i.e.*, OIG’s exit conference document) at least three days before the scheduled exit conference.
 - i. Agency should schedule the exit conference to allow reasonable time for an Agency internal review of the OIG Discussion Summary.
 - c. The OIG Discussion Summary should be reviewed, updated, and corrected before or during the pre-meeting to the exit conference.
 - i. Internal pre-meeting(s) are required. These meeting(s) should be held at least two days before any OIG exit conference. Pre-meeting minutes should be uploaded into CACS.
 - d. During the exit conference, the Agency should provide the OIG any updates and/or corrections to the Discussion Summary. When needed, the Agency should provide OIG factual updates, corrections, and any needed additional information to the Discussion Summary shortly after the exit conference.
 - i. The Discussion Summary informs the OIG draft report including any Agency recommendations from OIG.

- e. Notes from the exit conference and Discussion Summary comments should be uploaded into CACS.

e. Draft Audit Report

OIG is required to provide a draft report for Agency comment before OIG issues its final report. The Agency's comments on the OIG draft report should include an "Agency Management Decision" (*i.e.*, Agency corrective action to be taken) to implement each audit recommendation provided in the draft report, if any. The Agency's practice is to work toward having in the OIG final audit report an OIG-agreed Agency Management Decision.

Generally, auditors provide 30 days for Agency comments on a draft report. When the comment period is less than 30 days, the Agency should work with auditors to agree to a minimum 30-day period.

1) Agency comments on the OIG draft report include:

- a. Agency actions taken to date including any Management Decisions and corrective actions to implement audit recommendations;
- b. Technical comments; and
- c. Any additional comments.

2) Generally, the Mission, B/IO, and CFO/APC receive the draft report and each should ensure the other receives the report via CACS (*i.e.*, CACS email feature).

- a. CFO/APC POC sends an email with a copy of the draft report attached to: CoS, ES audit POC, PPL audit team, CFO GC POC, CFO, and Mission and B/IO.
 - i. Email will contain:
 - 1) Draft report recommendation(s);**
 - 2) Timeline for clearance action (see Appendix A). Mission or B/IO develops timeline in collaboration with CFO/APC; and**
 - 3) Submission date for Agency comments on the draft report to OIG.**
 - ii. Any Mission, B/IO clearance extension request with CoS must be coordinated with ES audit POC via email.

2) Other invitees include Audit Follow-up Official, ES and PPL audit team, CFO/APC POC, and others as determined by CoS.

- e. AAO incorporates CoS comments into Agency comments on the draft report and resubmits to ES audit POC for CoS approval.
- f. ES POC sends CoS approved comments to CFO/APC and an information copy to the Audit Follow-up Official (AA/M) and the AMO.
- g. The AMO sends Agency comments on the draft report to OIG for Mission based audits. CFO/APC sends Agency comments for Washington-based audits.
- h. The AMO or CFO/APC uploads audit documents in the Agency's official audit repository ASIST/CACS/OIG cabinet database system.

f. Final Audit Report

The Agency sends comments within 60-90 days (*i.e.*, 2-3 months) from the date of the final report. Two scenarios for comments are described below (see f.1 and f.2) and may include Agency actions taken to date including any corrective actions to implement Agency recommendations, technical comments, and/or any additional comments.

1) Audit recommendations.

- a. Audit recommendations are provided in four general categories:
 - i. OIG closed the audit recommendation upon issuance of final report.
 - ii. OIG agrees with the Agency Management Decision (*i.e.*, intended corrective actions).
 - iii. OIG disagrees with the Agency Management Decision (see g. Disagreements).
 - iv. OIG does not agree or disagree on the Agency Management Decision. Note that the Agency has 180 days (*i.e.*, 6 months) from the date of the final report to obtain an OIG agreed Management Decision. Agency practice is to obtain the OIG agreed Management Decision as early as possible.

2) No audit recommendation, however, the Agency is mentioned in the final report.

Generally, the Mission, B/IO, and CFO/APC receive the final report and each should ensure the other is also in receipt of the report through CACS.

- 1) CFO/APC sends an email with a copy of the final report attached to: CoS, ES audit POC, PPL audit team, CFO GC POC, and CFO.

- a. Email will contain:

- i. Final report recommendation(s).

- ii. Timeline for clearance action (see Appendix B). Mission or B/IO develops the timeline in collaboration with CFO/APC.

- iii. Submission date for Agency comments on the final report to OIG.

- b. Any Mission, B/IO clearance extension request with CoS must be coordinated with ES audit POC.

- 2) AAO will write Agency comments on the final report.

AAO comments and CoS concurrence must be presented using the templates and Bureau-approved Action Memorandum. The most current templates and memorandum are available on the ES website:

<https://pages.usaid.gov/A/ES/what-we-provide>.

- 3) AAO comments on the final report must be completed in accordance with the Agency timeline dates to ensure review and CoS clearance.

- a. When the CoS timeline date is not met, the Mission and B/IO must coordinate with the ES audit POC on the revised due date. CFO/APC may assist coordinating extensions.

- b. CoS requires 10 business days to review and clear comments from Mission and/or B/IO.

- c. When the Agency cannot provide comments to OIG by the 60-day due date, an extension date must be approved through ES audit POC.

- d. Upon the approval of the extension due date, the ES audit POC must send to the AMO confirmation of the extension approval and copy CFO/APC. AMO uploads approval into CACS.

- e. Scheduler for CoS schedules CoS meetings to review Agency comments on final report.

i. CFO/APC will review attendees and coordinate with AMO to designate:

1) AAO as lead presenter.

2) Other invitees including Audit Follow-up Official, ES and PPL audit team, APC POC, and others as determined by CoS and/or APC.

f. AAO incorporates CoS comments into Agency comments on the final report and resubmits to ES audit POC for CoS approval.

g. ES audit POC sends CoS approved comments to CFO/APC and an information copy to the AMO and Audit Follow-up Official (AA/M).

h. The AMO sends Agency comments on the final report to OIG for Mission based audits. CFO/APC sends Agency comments for Washington-based audits.

i. The AMO or CFO/APC uploads audit documents in the Agency's official audit repository ASIST/CACS/OIG cabinet database system.

g. Disagreements

When the OIG disagrees with the Agency's Management Decision, the AAO will immediately work with the OIG to resolve the disagreement and will prepare a revised Management Decision after consultation with the Lead Office, CoS, and GC. The Agency has 180 days (*i.e.*, 6 months) from the date of the final report to obtain an OIG-agreed Management Decision. The Agency's practice is to obtain an OIG-agreed Management Decision as early as possible; and internally report the audit recommendation as "backlog" when the disagreement is unresolved.

Generally, the Mission, B/IO, and CFO/APC receive the OIG's disagreement and each should ensure the other is also in receipt of the disagreement.

1) CFO/APC POC sends an email with a copy of the OIG's disagreement and the due date to resolve (*i.e.*, 180 days from Final Report Date) to: CoS, ES audit POC, PPL audit team, CFO GC POC, Mission, B/IO, and CFO.

2) The Agency's options for next steps include:

a. Agency's right to not accept OIG's disagreements and Agency initiates arbitration or;

b. Agency submits a revised Management Decision to OIG for acknowledgement or comments on the OIG disagreement:

2) Other invitees will include Audit Follow-up Official, ES and PPL audit team, APC POC, and others as determined by CoS and/or APC.

- f. AAO incorporates CoS comments into Agency revised Management Decision and resubmits to ES audit POC for CoS approval.
- g. ES audit POC sends CoS approved revised Management Decision and/or comments to CFO/APC and an information copy to the AMO and Audit Follow-up Official (AA/M).
- h. The AMO sends revised Management Decision and/or comments to OIG.
- i. The AMO stores audit documents in the Agency's official audit repository ASIST/CACS system.

h. Corrective Actions and Closure

1) Timely Implementation of Corrective Actions

- a. For audit recommendations with OIG-agreed Management Decisions (*i.e.*, OIG agreement on action to be taken by the Agency), corrective actions should begin as early as possible, in many cases prior to the issuance of a final or even draft report.
- b. The Lead Office AMO must inform ES audit POC and CFO/APC at least two weeks before a Final Action Target Date (FATD) when the Agency is unable to meet the deadline to implement corrective actions (*i.e.*, target implementation date) and request closure for an audit recommendation.
- c. Requests to extend a target implementation date must be submitted to the ES audit POC for CoS approval at least two weeks prior to the target implementation date via email.

i. Requests to extend a target implementation date must include:

- 1) The full audit report title and number. The final audit report is attached to the email extension request.
- 2) Recommendation text and number for which an extension is being requested.
- 3) The original target implementation date.
- 4) The proposed target implementation date.

5) Explanation of why the Lead Office is requesting a revised target implementation date and the plan of action to meet the extended deadline given the extenuating circumstances.

ii. The Final Action Target Date (FATD) extension request and the CoS concurrence must be uploaded in the ASIST/CACS system.

2) Agency's Request for Audit Recommendation Closure

- a.** When the B/IO or Mission demonstrates it has completed the required corrective action(s) to implement the audit recommendation(s) in accordance with the OIG-agreed Management Decision, it will submit a closure request (including verifiable supporting documentation) in CACS (*i.e.*, CACS/OIG cabinet).
- b.** CFO/APC POC reviews the closure request and supporting documents to substantiate closure prior to the CFO clearance and submission to OIG for closure.
- c.** Upon OIG's confirmation of closure, an email is provided to CFO/APC POC.
- d.** CFO/APC POC uploads the OIG email that confirms closure into CACS and closes the recommendation in CACS.
- e.** CFO/APC POC sends an email confirmation to AMO and AAO that the audit recommendation is closed in CACS.
- f.** If there is an extended period of time with no OIG closure confirmation, CFO/APC contacts OIG for a status update on the audit closure request.
- g.** When the OIG does not concur with the request for closure with the Agency's corrective action (*i.e.*, in accordance with the agreed Management Decision), CFO/APC notifies the Lead Office and returns the CACS closure request for any needed action (*i.e.*, revised Management Decision, additional documents, testing, etc.).
- h.** When the Lead Office resubmits a closure request, the procedures as described in **a.** above are followed using the original closure request number. Notify CFO/APC POC for needed assistance on closure request resubmission.

3. References

3.a Appendix A - OIG Draft Report Timeline (Example)

TIMELINE FOR RESPONSE TO OIG DRAFT AUDIT REPORT AUDIT TITLE (TASK No. X) (DATE) XX RECOMMENDATIONS (30 days or about 21 working days)			
	Action	Action Office	Time frame
1	Receipt and distribution of Draft Audit Report.	M/CFO/APC	1 working day
2	Develops management comments to the Draft Audit Report; Obtains all necessary Bureau and Mission clearances, including Bureau GC or Mission RLO. Operating Unit submits to M/CFO/APC.	Operating Unit (OU), M/CFO/APC	8 working days
3	M/CFO and PPL Audit Team clears CoS Concurrence Memo and Management Comments. Upon clearance, M/CFO sends to AA/M for clearance.	M/CFO/APC, PPL Audit Team, AA/M	2 working days
4	AA/M clears Management Comments and signs CoS Concurrence Memo, then sends to ES.	M Bureau, ES	2 working days
5	ES obtains CoS clearance and submits cleared Management comments to M/CFO/APC.	ES M/CFO	7 working days
6	M/CFO/APC works with AAO to resolve any outstanding comments/edits from the CoS. M/CFO/APC submits Management Comments to OIG for Washington audit, AMO submits for Mission based audit with copy to B/IO.	M/CFO or AMO	1 working day

3.b Appendix B - OIG Final Report Timeline (Example)

TIMELINE FOR RESPONSE TO OIG FINAL AUDIT REPORT AUDIT TITLE (TASK No. X) (DATE) XX RECOMMENDATIONS (60 days or about 41 working days)			
	Action	Action Office	Time frame
1	Receipt and distribution of Final Audit report.	M/CFO/ APC	1 working day
2	Develops management comments, technical comments, and CoS Concurrence Memo to the Final Audit Report; Obtains all necessary Bureau and Mission clearances, including Bureau GC or Mission RLO. OU submits to M/CFO/APC.	Operating Unit, M/CFO/ APC	17 working days
3	M/CFO and PPL Audit Team clears CoS Concurrence Memo and Management Comments. Upon clearance, M/CFO sends to AA/M for clearance.	M/CFO, PPL Audit Team, AA/M	5 working days
4	AA/M clears response and signs CoS Concurrence Memo, then sends to ES.	M Bureau, ES	5 working days
5	ES obtains CoS clearance and submits cleared Management Comments to M/CFO.	ES M/CFO	10 working days
6	M/CFO/APC works with AAO to resolve any outstanding comments/edits from the CoS. M/CFO/APC submits Management Comments to OIG for Washington audit, AMO submits for Mission based audit with copy to B/IO.	M/CFO/AP C or Mission AMO	3 working days