

PCIE-ECIE Survey on External Audit Procedures - Comments

| Question | #1 | #2 | #3 | #4 | #5 |
|---|--|---|--|----|---|
| 1. Does your Agency have an organizational element other than OIG that provides audit services? | The department does not have an organizational element other than the OIG that provides audit services. | TSA, ICE, and CBP have units that perform various audits. There may be more we are unaware of. | The DCAA conducts contract review of IRS procurement activity. The GAO audits IRS' financial statements. | | hhs Office of Child Support Enforcement has a statutory audit office |
| a. Do reports prepared by the internal organization reference audit standards? | | Don't know | | | |
| b. Do reports prepared by the internal organization include a statement that they are not independent? | | Don't know | | | |
| 2. Does your Agency have an internal review organization that provides services that are similar to audits but not called an audit? | Within the OIG, there are units which provide services similar to audits, but are not audits and whose reports do not reference the audit standards. | TSA has an Office of Internal Affairs and Program Review. The program reviews are not audits. There may be others like that out there in DHS. | IRS' Office of Program Evaluation and Risk Analysis | | For example, CMS's Office of Program Integrity Have reviewed and corrected agency policy. For example, that for statistical audit of Medicare claims. |
| 3. Has OIG issued an audit policy for the Agency? | Roles, responsibilities and delegations are set forth in a system of departmental organizational and administrative orders. | Office of Audit issued an Audit Manual in January 2004 | | | |
| 4. Has OIG issued audit guidelines for: | Audit guidelines are set forth in the system of <u>OIG Audit Directives</u> . | Audit Manual, Chapter 9: Contracting for Audit Services | | | Selectively |
| a. Use of non-federal auditors? | | Audit Manual, Chapter 9: Contracting for Audit Services | | | Selectively, for example, we developed and awarded annually a task order contract that the Agency uses to contract for audit services |

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| b. Contract audits? ----- | | Draft directive for contract audits | | | Selectively, for example, we developed and awarded annually a task order contract that the Agency uses to contract for audit services |
| c. Oversight of non-federal auditors by OIG? ----- | | Audit Manual, Chapter 9: Contracting for Audit Services | | | Selectively, for example for CFO and A-133 work. |
| d. Contracting for audit services? ----- | | Audit Manual, Chapter 9: Contracting for Audit Services | | | same as 4a) |
| e. Requesting audit work from OIG? ----- | | Draft directive for contract audits | | | Selectively |
| 5. Does the Agency contract with IPAs for audit services? ----- | Departmental contracting officers have authority to request audits to be performed by DCAA and IPA's. The OIG contracts directly with IPA's for audits. | Yes | | | Mainly through OIG task order. CFO work is handled this way. |
| a. If so, do reports by IPAs reference audit standards? ----- | | Yes | | | audit standards are referenced, certainly for CFO work |
| b. Does OIG approve contracts for audit services ? ----- | The OIG contracts directly with IPA's for audits; the OIG does not approve contracts for audit services entered into by contracting officers. | Yes | | | selectively, CFO audits and through oig task order |
| c. Does OIG monitor compliance with the Yellow Book for non-federal auditors hired by the Agency? ----- | The OIG routinely performs quality reviews of IPA's providing audit services. | At least according to FAM at a minimum. | | | selectively, CFO audits and through oig task order |
| 6. Does the OIG monitor the quality of non-audit services provided by IPAs hired by management? ----- | | Yes , Audit Manual , Chapter 9, and draft directive for contract audits | | | If done through OIG task order. Monitor quality of A-133 work. |
| 7. Does OIG conduct contract audits? ----- | | MOU with DCAA | Contract reviews are conducted by the DCAA | | On a request basis |
| a. Preaward? ----- | | MOU with DCAA | | | |
| b. Internal control system audits? ----- | | MOU with DCAA | | | |
| c. Post-award? ----- | | MOU with DCAA | | | |
| d. Closeout? ----- | | MOU with DCAA | | | |

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| 8. Does management have a separate organizational element that conducts contract audits? | Departmental management does not have a separate organizational element that conducts contract audits. | DCAA | | | |
| a. Preaward? | | DCAA | | | |
| b. Internal control system audits? | | DCAA | | | |
| c. Post-award? | | DCAA | | | |
| d. Closeout? | | DCAA | | | |
| e. If so, are questioned costs or unsupported costs reported to OIG and included in semiannual reports to Congress? | | Yes | | | |
| 9. Does the contracting officer contract directly with IPAs or DCAA for contract audit services? | Contracting officers have authority to contract directly with IPA's and DCAA for audit services. | Office of Audit acts as liaison between DCAA and IPA with the contracting officer | TIGTA contracts with the DCAA. | Agency contracts through OIG task order and its MOU with DCAA | |
| 10. Has OIG ever had a dispute with management concerning management's authority to contract for or conduct audits? | The OIG has not had disputes with management concerning contracting officers authority to contract for or conduct audits. Otherwise, the department's management does not have authority to contract for, or conduct audits. | We've had discussions that have almost elevated to the "dispute level." | | | |
| If so, briefly describe the circumstances and outcome. | | FEMA was going to contract for their own audit, but we convinced them of the need to work with us. | | | |
| 11. Has the Agency counsel ever prepared a legal memorandum concerning the authority of management to conduct or contract for audit services? | | MOU with DCAA to conduct contract audits | | | |

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If so, briefly describe the circumstances and outcome.

Starting in FY 2004, all requests for contract audits must come from the OIG

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The FEC's Audit Division conducts audits of recipients (Presidential candidates) of the Presidential public funding program. In addition, the Audit Division audits political committees that, according to FEC determinations, have not met the threshold re

NRC has a small unit that produces 6 - 8 reports per year of a very limited scope.

The Audit Division conducts audits of external entities, i.e. political committees and Presidential candidate committees.

The FDIC Office of Internal Control Management was renamed the Office of Enterprise Risk Management in April 2004. This office's mission is being re-evaluated to migrate from a controls focus to a risk focus. This office is responsible for overseeing in

The organization reviews retirement processing.

The FDIC has issued policy entitled "Cooperation with Office of Inspector Activities." We comment on draft policies as part of our mission. ablishing roles and responsibilities

The OIG has issued an OIG policy to the agency governing OIG audits; the OIG has not issued an audit policy governing agency audits (i.e. the Audit Division).

Our OIG policy manual includes a chapter for "Contractor Acquisition and Oversight."

One for use by local campaigns participating in the CFC and IPAs that audit campaigns. Another for use by carriers participating in the FEHBP.

Policies exist in these areas for OIG audits; the OIG has not issued guidance in these areas for non-OIG audits.

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For use by Office of Audits staff

See above.

Our OIG policy manual includes a chapter for "Contractor Acquisition and Oversight."
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Our assignment planning process is built on continuous collaborative communication. We have informational pamphlets on OIG services and our Hotline. Our engagement memorandum invites comments on planned objectives and new objectives. We hold quarterly

See above.

See above.

See above.

GAO performs the FDIC's annual financial statement audits.

Primarily for financial statement audits.

We may review work of IPAs during the course of audits and evaluations.

The Agency has contracted for IPAs to perform studies and the OIG does not have oversight.

Mostly information systems audits.

The OIG has not conducted these type of audits in the past, however, the OIG does anticipate conducting contract audits in the future.

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In addition to the OIG, billing reviews, but not audits, are performed on legal fee billings.

The agency's contracting officer contracts with IPA's after OIG issues a Statement of Work

The agency contracting officer (CO) has a reimbursable agreement with DCAA. The CO has only used DCAA to perform price reasonableness reviews for prospective contracts, not contract audits.

See comment below, continued.

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The counsel concluded the FEC has, as one of its major missions, the responsibility to audit and investigate members of the community it regulates (Presidential candidates and political committees). The Counsel further stated that "these audits and inves

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The Office of Compliance and Enforcement conducts certain compliance reviews

In Fiscal Year 2005, NASA formed an internal review organization. Management is still determining the functions of this new organization. Consequently, we are not certain how similar this organization's services will be to traditional "audits."

NASA Policy Directive 9800.1A, "Office of Inspector General Programs"

VA recently established an organizational element that will provide audit services - attestations.

Yes, plans are for VA's organizational element to reference GAS - Attestation Standards.

As a newly established organizational element , we have not yet seen a report issued.

No, but plans are in progress to conduct a triennial external peer review of the organizational element tasked with direct responsibility for providing attestation audit services by the OIG under a Memorandum of Understanding.

If the question is, has the OIG issued written audit guidelines to VA for these items, the answer is no.

Except for IPA to perform financial statement audit no other non-federal auditors are used.

NOT AT THIS TIME. AN INTERNAL CONTROL GROUP IS BEING FORMED.

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VA can and does request audit work from the OIG, through top OIG management.

The OIG does not monitor most non-audit services provided to the Agency by IPAs. However, we have conducted audits where IPA performance was included within the scope of the audit.

The Defense Contract Audit Agency (DCAA) performs most of NASA's contract audits. The NASA OIG occasionally performs contract audits, but these usually involve an examination of a specific program element.

For the annul financial statement audit
yes

NO, HOWEVER WE HAVE A PROCESS IN PLACE WHERE THE AUDITEE REQUESTS CONTRACT AUDITS FROM DCAA VIA THE OIG.

NO, UNLESS REQUESTED BY MANAGEMENT

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DCAA performs contract audits for NASA. See response and comments for Question 7.

DCAA reports questioned costs and funds put to better use to the NASA OIG. These amounts are included in the OIG's semiannual reports.

OIG performs contract reviews for VA, under a Memorandum of Understanding Agreement. VA also contracts with DCAA for some contract audit services.

When the OIG was first created, in 1988 management did not understand the role of the OIG. This has since been resolved.

Yes, if the service is outside the scope or plan of the OIG, VA can conduct or contract for audit services.

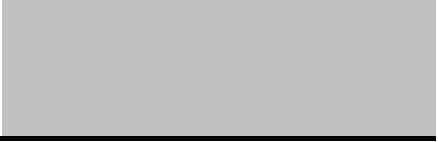
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OIG published an Audit Policy in September 2004.

All responses to this questionnaire are based on the new audit policy which was coordinated heavily with PBGC management. Prior to this policy, PBGC had a shadow OIG operations which still exist but it agreed to not refer to their work as audits or to re

Bureau of Audit and cCompliance - limited to reviews of Railroads

Assessment and Training - QA reviews

Management has

OIG Audit Manual

OIG plans to issue audit guidines in 2005.

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Guidelines are in the contract

Guidelines are in the contract

Audit Policies and Procedures Manual

IG Audits - not Agency Audits

Only IG Audits

Only as part of an audit.

We will monitor the situation since this is relatively new.

Contracting Services - periodically

Rarely

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See comment above. This has only been since September 2004. Prior to this time, management depended on an internal organization that reported to the CFO to conduct contract audits.

Usually GSA

We have discussed the issue

See comments above.

Management wanted control over IG audits.

Removed IG budget \$ for audits in 2003

IG resolved problem, 2004 audit budget returned

PBGC's legal counsel prepared an opinion that said that

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IG don't exclusive right to conduct audits.

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Regulatory audits of telecommunication carriers

not sure

Program offices perform "program reviews" of grant recipients as part of their monitoring responsibilities.

Departmental policy addresses how agency & OIG interact. It is silent on the issues addressed by this questionnaire.

Policy is coordinate with OIG. OIG has final determination on whether to use an IPA and on the selection. OIG to designate COR.

Note our guidelines are OIG policy & procedures,

Internal OIG policy only.

if the question relates to guidelines for the agency as a

Do not use.

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Internal OIG policy only.

whole, the answer would be NO.

Do not use.

Internal OIG policy only.

Will contract for audit services later in year.

OIG has oversight responsibility

Internal OIG policy only.

On occasion, DOL agencies will contract out with an IPA to conduct narrowly scoped audits of their agency. Support for financial statement preparation and financial management.

Will contract for audit services later in year.

Answers for a,b,c are if agency were to contract for audit services.

OIG drafts or approves the scope of work

Not routinely. However, we do cover non-audit functions performed by IPAs in our audits.

in association with investigations

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Head of contracting

Situation is current and on-going.

There have been various instances where individual USAID organizational units have tried to contract for audits without involving the OIG. We have responded by educating them about the OIG's responsibility, under the IG Act and USAID's policies and proce

not that I am aware of

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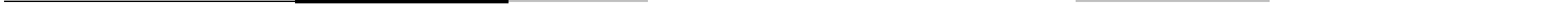
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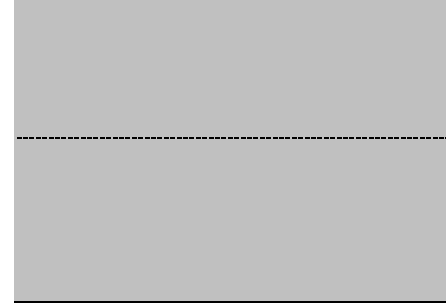
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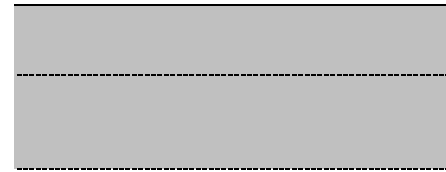
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With few exceptions, audit services (i.e., audits conducted in accordance with Government Auditing Standards) for EPA are provided by OIG, by OIG contractors, or by the Defense Contract Audit Agency under an Interagency Agreement with OIG. EPA does cont



Various organizations within EPA provide audit-like services. For example, the Office of Acquisition Management conducts reviews of contractors' cost proposals, systems, and claimed costs. With respect to program evaluations, a number of EPA offices, in

All audits are performed under the direction of the OIG



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MOU established

An IP performs the financial statement audit, but
OIG has Oversight of the the contract

Contract is with OIG

OIG only monitors the financial statement audit for
compliance with Yellowbook. The agency may use
other IPAs for consulting services, but the financial
statement audit is the only one OIG monitors for
yellow book compliance.

Per MOU with Agency
Per MOU with Agency
Per MOU with Agency

On a limited basis, most are performed by DCAA

Yes, for internal OIG use.
Yes, the EPA OIG has a Memorandum of
Understanding with EPA concerning responsibilities
under the Single Audit Act. The OIG's
responsibilities include conducting a select number
of Quality Assurance Reviews of auditor's working
papers.
Yes, the OIG issued its current procurement policy
on December 22, 2003.
Yes, under the OIG's Annual Work Planning Policy,
the OIG solicits the views of Agency officials on
audits they would like to see done. Agency officials
can also contact the OIG with requests at any time.

Yes, EPA contracts with an IPA to annually audit
EPA's Working Capital Fund.

No, not for audits contracted for by EPA.

Yes, EPA OIG has audit cognizance for two major
EPA contractors.

Typically we contract with DCAA
Typically we contract with DCAA
Typically we contract with DCAA
Typically we contract with DCAA
Typically we contract with DCAA

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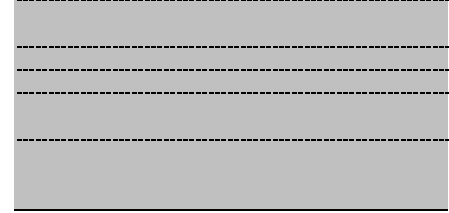
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DCAA conducts most contract audits

EPA's Office of Acquisition Management conducts reviews of contractor cost proposals, systems, and costs claimed but does not conduct these reviews in accordance with the Government Auditing Standards.



SSA component does desk audits of small contracts

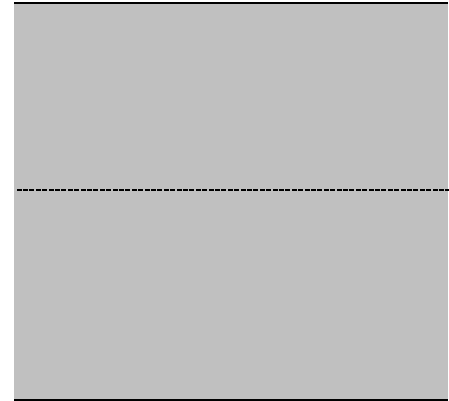
DCAA has been unable to provide agency level information for semi-annual reporting

For all pre-award work and other contract audit work that the OIG has decided not to perform - Per MOU agreement.

No, DCAA audit services are obtained via an Interagency Agreement between OIG and DCAA.

However our office is involved in the establishing the scope of the contract audit services, the selection of the auditor, and the acceptance of the work product (we act as COTRs).

MOU states that SSA can perform pre-award and small contract desk audits, but OIG would perform contract closeouts or contract with DCAA. SSA component was performing audits of contractors and purchasing DCAA services. OIG believed this was an OIG function. OIG and SSA reached an agreement and established an MOU.



We did have a minor situation that was resolved by reminding bureau officials of the IG's authority under the IG Act as well as modifying an existing acquisition bulletin.



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DoD has multiple additional audit organizations including Army Audit Agency, Naval Audit Service, Air Force Audit Agency, DCAA, and Coalition Provisional Authority IG. In addition, there are about 20 internal audit or internal review functions at agency, major command, and installation levels.

Any work these organizations do that they refer to as an audit makes reference to GAGAS. A single response is difficult here because of the multiple organizations involved. AAA, NAS, and AFAA are silent on independence. According to GAGAS, AAA, Nas, and AFAA are organizationally aligned so they are independent of their Department because they report to the Secretary of their respective Departments.

In addition to the OIG's Inspection function, some of the internal review functions provide services that are audit-like but that they call reviews or assessments or evaluations.

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Policy refers to guidance in the PCIE peer review procedures for monitoring the work done by Non Federal auditors.

The OIG contracts for audits of Agency programs.

The OIG would evaluate the quality of nonaudit services only if the IPA contract was the subject or among the subjects of a performance audit on some aspect of contracting.

Agency policy calls for the OIG to oversee quality of audits of Agency programs by non Federal auditors.

Not done routinely, DCAA usually does these.

Not done routinely.

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Again, not a straightforward single response. DCAA does contract audits of the type I we believe are of interest here. However, the OIG has an organization that also conducts contract audits and those might take place at any of the points mentioned below and the results would be reported to a different audience than those of DCAA.

DoD has far too many contracting officers and organizational setups for this to be answered with a simple yes or no.

The OIG arranges audits that are done by DCAA.

OIG DoD awarded contracts to do financial statement audit work on a fairly large scale this fiscal year (though some funds have been audited by contractors for about 5 years). Using the work of contractors was discussed extensively with the Comptroller and the terms of engagement were negotiated ahead of this recent, significant contracting effort.

General Counsel conducted a legal review of the acquisition plan prepared during the planning phase of the OIG effort to contract out some of the DoD financial statement audits. Not sure whether that qualifies for this question.

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