

## The Audit Process Step-

**1. Notification:** An upcoming audit is announced in advance.

**2. Entrance Conference:** A meeting is held at the site of the audit that includes OIG representatives and the auditors who will be conducting the audit. The purpose is to discuss the audit scope, objectives, the time frame for completing the audit, and access requirements for records and personnel. The entrance conference also provides a forum to enhance communication among all parties.

**3. Survey and Planning:** Office of Inspector General auditors determine the type and scope of the audit and then approve a final plan.

**4. Field work:** Auditors examine internal controls, member and volunteer files, financial records, policy manuals and other data at the site, as well as at Corporation headquarters. Interviews are held with management and staff. Interim discussions are held on audit issues and a concerted effort is made communicate all findings during field work.

**5. Exit Conference:** A meeting is held among all parties at the conclusion of fieldwork to discuss the results of the audit, including recommendations to improve operations and performance.

**6. Draft Audit Report:** Issued by the OIG to Corporation management and the grantee being audited. It includes a detailed description of the scope, objectives, methodology, findings and recommendations for corrective action. Corporation management and the auditee are given the opportunity to provide written responses to the Draft Audit Report. These responses are due to the OIG within 30 days of issuance of the draft report. A Draft Audit Report is a "work-in-progress" and, therefore, is not a public document.

**7. Final Audit Report:** At the end of the response period, and after reviewing and assessing written responses from Corporation management and the auditee, the OIG issues the Final Audit Report. The report outlines findings and recommendations and includes the written responses from Corporation management and the auditee.

**8. Audit Resolution Process:** In the final step, Corporation management and the auditee address identified conditions, problems, and recommendations in the audit. The Corporation then issues a Management Decision, which may propose corrective actions on audit recommendations, within 180 days of the issuance of the Final Audit Report. Management's Notice Of Final Action, indicating that all issues have been resolved and that all corrective actions have been taken, is due to the OIG within one year of the issuance of the Final Audit Report.

## Who Gets Copies Of Audit Reports?

Reports that are legislatively mandated are distributed in accordance with those requirements. These reports include the Corporation's Financial Statements Audit. Other reports are generally distributed to Corporation management and the auditee. Final Audit Reports are made available as public documents.

Reports are accessible from the Office of Inspector General Internet website ([www.cncsoig.gov](http://www.cncsoig.gov)). Brief summaries of all audit reports are included in the OIG's Semianual Reports to Congress that are posted on the OIG website.

# All About Audits

*Your guide to audits conducted by the Office of Inspector General of the Corporation for National and Community Service*



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Corporation for  
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COMMUNITY  
SERVICE** 

## Introduction

The Office of Inspector General (OIG) is the independent investigative and audit arm of the Corporation for National and Community Service (Corporation). It conducts investigations and audits of Corporation operations, programs and grantees to detect and prevent fraud, waste and abuse. The OIG strives to ensure that every tax dollar allocated to national service programs is used efficiently and effectively.

The Office of Inspector General's Audit Section conducts the annual audit of the Corporation's financial statements. It also conducts audits of selected programs and Corporation operations. Audit Section staff is supplemented by Certified Public Accounting firms working under contract with the OIG. Audits are performed in accordance with Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States.

Along with identifying and assisting in the recovery of misused and misallocated taxpayer dollars, the Office of In-

spector General also seeks to promote efficiency and effectiveness. The audit process is intended to be instructive and productive, rather than punitive. Each audit seeks to identify problems and weaknesses and offer recommendations for improvement. The audit process enhances the Corporation's core mission of promoting and supporting service in communities throughout the nation.

## What Types Of OIG Audits Are Conducted?

**Financial audits:** Examine areas such as internal controls, costs charged to grants and contracts, and compliance with laws, regulations, OMB circulations and grant provisions

**Attestation Engagements:** This work covers financial or non-financial objectives and provides conclusions about the audit topic.

**Performance Audits:** Provide analysis so that management can use the information to improve program performance and operations and reduce costs.

## Communication Is The Key

Communication involving all stakeholders begins with audit notification and does not end until the audit is resolved. Audit communication may be informal

including telephone calls and e-mail communication. If required, formal briefings may be held to deal with significant issues. During the audit, communication between Corporation employees, the auditor on site, and the OIG Audit Section staff can enhance understanding the facts and circumstances surrounding identified issues. Communication also clears up misunderstandings and sets the stage for corrective actions prior to the issuance of the Final Audit Report.

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## Sound Practices Result In Clean Audits

The keys to achieving a clean audit include: Strong internal controls, documented systems, effective grant management, accurate record-keeping, and adherence to all Federal laws, regulations, and grant provisions. Preparations for an OIG audit include providing an on-site workspace for auditors, access to key personnel, and making records and documents readily accessible. Our goal is to conduct audits with minimal disruption to daily operations.

## Typical Issues Raised In Audits

**Questioned Costs:** These result from an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; a finding that at the time of the audit, such cost is not supported by adequate documentation; or a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

**Systems and controls:** Accounting systems and internal controls are inadequate to report grant expenditures, or management controls are insufficient to safeguard Federal funds.

**Reporting performance:** Financial Status Reports, Progress Reports and other required reports are missing, incomplete, inaccurate, or do not meet Corporation reporting deadlines.

**Timekeeping:** Inadequate systems for recording staff and or member time, including unsigned or missing time sheets. Also, systems that lack the capacity to log staff time allocated to various programs and activities.

**Monitoring:** Some grantees lack systems and policies to regularly monitor the performance of sub-grantees.

**Matching funds:** Match goals are not met or supported by adequate documentation.

**Eligibility:** Grantees lack documentation to support member or volunteer eligibility requirements, such as, citizenship status, income eligibility or background checks on members whose service includes working with children or vulnerable persons.

**Finances:** Reported program expenditures do not agree with accounting records, or grant funds are drawn down in excess of actual program needs.

**Member Contracts And Volunteer Assignment Plans:** These are late, not prepared or do not meet Corporation grant provisions and regulations.

