



*Office of Inspector General*

## **USAID AGENCY CONTRACTED AUDIT PROCESS**

**NOTE: The Agency Contracted Audit program (ACA) requires the RIG office to be actively involved in the management of the process.**

The ACA – Audit Process

- a. Audit Statement of Work is approved by RIG/Pretoria; a copy of the standard SOW can be found at [http://sa.usaid.gov/southern\\_africa/content/regional-inspector-general](http://sa.usaid.gov/southern_africa/content/regional-inspector-general)
- b. USAID Mission\* sends out a Request for Quotation (RFQ) from Independent Auditors (including any Supreme Audit Institutions-SAIs) on RIG/Pretoria's list of approved audit firms.
- c. Quotations received are evaluated by a USAID Mission\* panel and a firm selected. Recipients are not limited to make use of an audit firm in resident country, and therefore may select an audit firm on RIG/Pretoria's approved list that is in another country.
- d. If the proposed firm is on the list of conditionally approved audit firms, the USAID Mission\* contacts RIG/Pretoria for approval to use the firm.
- e. USAID Mission\* prepares a Purchase Order or Contract for the Audit.
- f. Purchase Order or Contract is accepted by the selected auditor.
- g. Selected auditor submits an Audit Plan or Audit Program to RIG/Pretoria for approval.
- h. Audit Plan or Audit Program is approved by RIG/Pretoria, and auditors ask to schedule an Entrance Conference.
- i. Entrance Conference is held. RIG/Pretoria should be notified about the entrance conference and may participate (usually virtually over the phone).
- j. Auditors begin their audit fieldwork. During field work, matters or issues identified are discussed with management and staff of the recipient.
- k. RIG/Pretoria may conduct a review of auditor's working papers during this phase.
- l. Field work completed.

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\* Or USAID/Washington Bureau's designated Audit Management Officer (AMO) responsible for the agreement (ADS 591.3.2.1)

- m. Auditors hold end-of-field work meeting with recipient to summarize open findings that may be included in the draft report and give management the opportunity to provide the auditors with any missing documentation or support and/or to clarify any of the issues found during field work.
- n. Draft audit report prepared and submitted to RIG/Pretoria for review.
- o. RIG/Pretoria performs a desk review of the draft audit report.
- p. RIG/Pretoria submits comments to the auditors to correct or revise the audit report (if necessary) and improve the quality of the auditor's working papers.
- q. Revised draft report, satisfactorily correcting all deficiencies previously communicated to the auditors, submitted to RIG/Pretoria for approval.
- r. Draft audit report is approved by RIG Pretoria.
- s. Auditors distribute approved draft report to USAID Mission\* and Recipient and schedule an Exit Conference.
- t. Exit Conference is held to discuss the ACA process from date of Exit Conference to date of submission of final audit report. (Responsibilities of all parties involved).
- u. Recipient is given reasonable time (determined by the auditors) to provide written comments/responses to each of the findings in the draft report.
- v. Auditors evaluate and incorporate Recipient's management comments or responses verbatim in the draft audit report.
- w. A draft report, incorporating Recipient's management comments, is submitted to RIG/Pretoria for approval.
- x. Draft report is approved for finalization.
- y. Auditors finalize the report (sign and date it) and submit copies to the USAID Mission\*; specifically, the Financial Management Office\*. At this time, management should also provide their management representation letter to the auditors.
- z. USAID Mission\* submits signed electronic or hard copies of the finalized report to RIG/Pretoria for issuance.
- aa. RIG/Pretoria issues the final report.