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**EXPORT-IMPORT BANK
of the UNITED STATES**

INSPECTOR GENERAL

May 17, 2016

Re: FOIA Request # 201600061F

This is the final response to your Freedom of Information Act (FOIA) request to the Export-Import Bank of the United States (Ex-Im Bank). We received your request in our office on April 29, 2016. You requested a copy of the Ex-Im Bank Office of Inspector General Audit Policy Manual.

The records maintained by the Office of Inspector General produced a document responsive to your request. This document is attached, and redactions are noted with the corresponding FOIA exemption:

FOIA Exemption 5 protects inter-agency or intra-agency memorandums or letters which would not be available by law to a party other than an agency in litigation with the agency.

FOIA Exemption 6 exempts from disclosure personnel or medical files and similar files the release of which would cause a clearly unwarranted invasion of personal privacy.

For your information, Congress excluded three discrete categories of law enforcement and national security records from the requirements of the FOIA. See 5 U.S.C. §552(c) (2006 & Supp. IV (2010)). This response is limited to those records that are subject to the requirements of the FOIA. This is a standard notification that is given to all of our requesters and should not be taken as an indication that excluded records do, or do not, exist.

You have the right to appeal the action on this request by writing Export-Import Bank of the United States, Attention: Assistant General Counsel for Administration, 811 Vermont Avenue, N.W., Washington, DC 20571. Any appeal must be received by that office within 30 days from the date of this letter. The phrase "FOIA APPEAL" should appear on the letter and on the outside of the envelope containing the appeal. You may also submit an appeal by E-mail at FOIA@EXIM.GOV. If sending via e-mail, please put "FOIA APPEAL" in the subject line of your e-mail.

If you have any questions about this response, please contact me at (202) 565-3974 or by E-Mail at Parisa.Salehi@exim.gov.

Sincerely,

A handwritten signature in black ink that reads "Parisa Salehi". The signature is written in a cursive style with a horizontal line above the first name and a horizontal line below the last name.

Parisa Salehi
Counsel



**OFFICE OF INSPECTOR GENERAL
OFFICE OF AUDITS
Policy No. 201 – Audit Policy Manual**

December 29, 2014

EXPORT-IMPORT BANK OF THE UNITED STATES
OFFICE OF INSPECTOR GENERAL
OFFICE OF AUDITS
POLICY 201, AUDIT POLICY MANUAL

This manual prescribes the policy and procedures to be followed by auditors in the Export-Import Bank of the United States Office of Inspector General.

12/29/2014

Inspector General

Date

12/29/2014

Assistant Inspector General for Audits

Date



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INTRODUCTION

Purpose. The Export-Import Bank of the United States (Ex-Im Bank) Office of Inspector General (OIG), Office of Audits (OA) Policy Manual is designed to supplement and implement guidance in the Government Auditing Standards (also referred to as Generally Accepted Government Auditing Standards – GAGAS – or The Yellow Book). The mission and organization of the OA are established in Policy No. 200, “Mission and Organization.” The OA policies and procedures are designed to help us meet our objective of providing timely, independent audit, review, and attestation services that can assist Ex-Im Bank management in improving agency operations. These policies and procedures are intended to be flexible. OA staff is expected to exercise their professional judgment in assuring that each audit, review, or attestation engagement is performed economically and effectively and meets applicable professional standards.

OA staff is expected to follow the ethical principles set forth in GAGAS, Chapter 1 (2011 Revision), which guide the work of auditors who conduct audits in accordance with GAGAS. These ethical principles are:

- the public interest;
- integrity;
- objectivity;
- proper use of government information, resources, and positions; and
- professional behavior.

Staff is also expected to keep the Deputy Assistant Inspector General for Audits (DAIGA) and Assistant Inspector General for Audits (AIGA) fully informed of all significant events that occur during the course of each OA project.

Contents. This manual describes OA policy for planning and conducting independent audit, review, and attestation services at the Ex-Im Bank. The manual is divided into two volumes:

Volume 1, Audit Process – This volume describes different types of OA projects and outlines the audit process from identifying possible OA projects to issuing final reports.

Volume 2, Other Audit Requirements – This volume addresses various U.S. Government auditing requirements and related matters impacting the operations of the OA. Although many of the topics covered in Volume 2 are considered part of the audit process, they are addressed separately to emphasize their importance.

Editable versions of exhibits provided in this manual will be maintained on the OA shared drive.



COMMONLY USED ACRONYMS AND ABBREVIATIONS

AICPA	American Institute of Certified Public Accountants
AIGA	Assistant Inspector General for Audits
ARC	Audit Reference Code
CFO	Chief Financial Officer
CIGIE	Council of Inspectors General on Integrity and Efficiency
COR	Contracting Officer Representative
CPE	Continuing Professional Education
DAIGA	Deputy Assistant Inspector General for Audits
Ex-Im Bank	Export-Import Bank of the U.S.
FAM	Financial Audit Manual
GAGAS	Government Auditing Standards; also referred to as Generally Accepted Government Auditing Standards or The Yellow Book
GAO	Government Accountability Office
IPA	Independent Public Accountant
IDP	Individual Development Plan
IG	Inspector General
OA	Office of Audits
OGC	Office of General Counsel
OI	Office of Investigations
OIE	Office of Inspections and Evaluations
OIG	Office of Inspector General
OMB	Office of Management and Budget
PDR	Project Development Review
QAR	Quality Assurance Review



VOLUME 1 - AUDIT PROCESS



CHAPTER 1: OFFICE OF AUDITS PROJECTS

1.0 PURPOSE

This chapter describes different types of OA projects and provides general guidance on applicable standards and requirements. For a more detailed discussion of each project type, see the referenced chapters in this manual.

1.1 OVERVIEW OF PROJECTS

OA's primary workload consists of audits – performance and financial audits of the operations and programs of Ex-Im Bank. At the discretion of the AIGA, OA staff may also perform evaluations or assist in inspections or criminal or administrative investigations. Standards for OIG projects have been promulgated by the Comptroller General, the Council of the Inspectors General on Integrity and Efficiency (CIGIE), and other authorities to ensure quality, timeliness, and professionalism. All OA staff will maintain an in-depth knowledge of applicable professional standards and follow the appropriate standards in conducting assigned projects.

The project objectives determine the project type and standards to be followed. Accordingly, the project type and standards are established at the beginning of each project, are approved by the AIGA, and are documented in the project program. Changes to the project objectives during the project must be approved by the AIGA and may change the standards that apply. Such changes, and the basis for such changes, will be documented in the project workpapers.

In addition to the projects described above, OA staff may, at the discretion of the AIGA, conduct research projects; provide advisory or consulting services to Ex-Im Bank management; prepare reports and other products for internal use by the OA or other OIG components; or provide information, comments, and other services to outside parties, including CIGIE.¹ Briefing papers, reports and other products for such projects, and the work conducted to prepare the products, need not comply with the standards established for audits.

The AIGA will inform the IG of each project started and provide a briefing at its end.

1.2 TYPES OF AUDITS

Audits are conducted in accordance with GAGAS, are defined by their objectives, and are generally classified as either performance or financial audits. Audits may also combine performance and financial audit objectives.

¹ OA staff may only provide advisory or consulting services to Ex-Im Bank management when such services will not impair independence. See Volume 2, Chapter 9 for additional information on providing advisory or consulting services to Ex-Im Bank management.



Performance Audit. Performance audits are objective and systematic examinations of evidence conducted to provide an independent assessment of the performance and management of a program against objective criteria. Performance audits provide information to: (1) improve program operations; (2) facilitate decision-making by parties responsible for overseeing or initiating corrective action; and (3) improve public accountability. Standards for performance audits are contained in GAGAS Chapters 1-3, 6, and 7.

Performance audits may encompass a wide variety of objectives including (1) providing prospective analyses, guidance, or summary information; and (2) assessing program effectiveness and results, economy and efficiency, waste, internal control, and compliance with legal or other requirements. Auditors should refer to Volume 1, Chapters 3-7, of this manual when conducting performance audits.

Financial Audits. Financial audits are primarily conducted to determine if financial statements are presented fairly in all material respects and are in conformance with generally accepted accounting principles. The audits are performed under the American Institute of Certified Public Accountants' (AICPA) generally accepted auditing standards for fieldwork and reporting and the related AICPA Statements on Auditing Standards. GAGAS Chapters 1-4 provide standards and guidance for auditors performing financial audits.

The primary objectives of financial audits are to determine and report whether:

- Financial statements fairly present the financial position, results of operations, and cash flows of an audited entity in accordance with applicable auditing and accounting standards.
- The entity's internal controls provide reasonable assurance of the reliability of the financial statements, accountability over assets, and safeguarding of assets.
- The entity has complied with laws and regulations for transactions and events that may have a material effect on the financial statements.

Other objectives of financial audits may include providing special reports for specified elements, accounts, or items of financial statements; reviewing interim financial information; and issuing letters for certain requesting parties, such as underwriters. Auditors should refer to Volume 2, Chapter 8 of this manual when conducting or overseeing the performance of financial audits.

1.3 OTHER TYPES OF OA PROJECTS

Evaluations. At the discretion of the AIGA, auditors may conduct an evaluation to provide timely, useful, and reliable information on the effectiveness and impact of programs. Evaluations are intended as short-term projects (60-90 calendar days). Auditors conducting evaluations should follow CIGIE's "Quality Standards for Inspection and Evaluation."



Investigation and Inspections Assists. At the request of the OIG’s Office of Investigations (OI) and Office of Inspections and Evaluations (OIE) and with the approval of the AIGA, auditors may assist with administrative or criminal investigations and inspections. For these types of projects, the assigned investigator(s)/inspector(s) will take the lead and instruct the auditors on the requirements and other pertinent information. Auditors assisting investigators and inspectors should be knowledgeable of CIGIE’s “Quality Standards for Investigations” and “Quality Standards for Inspection and Evaluation,” respectively.

Project Development Reviews (PDRs)/ Research Projects. At the discretion of the AIGA, auditors may also conduct PDRs to research possible new audit topics or to further develop audit topics that have been previously identified. PDRs are intended as short-term projects (30-60 calendar days).

Nonaudit Services. OA staff may perform nonaudit services such as providing information or data to management officials without verifying, analyzing, or evaluating the information or data. Requests by management officials to perform nonaudit services must be carefully evaluated to ensure that third parties are not led to reasonably conclude that OA would not be able to maintain independence in conducting audits in the program areas receiving nonaudit services. Therefore, requests to perform nonaudit services should be accepted only on an exception basis for very compelling reasons after careful review and be approved by the AIGA. Refer to Volume 2, Chapter 9 for additional information on nonaudit services.

Contractor Monitoring. Auditors designated and trained as Contracting Officer Representatives (CORs) can monitor the work of contractors and independent public accountants (IPAs) for either performance or financial statement audits. When monitoring contractors and IPAs, OIG auditors should be knowledgeable of the contract requirements and deliverables. Refer to Volume 2, Chapter 8 for additional information on monitoring contractors and IPAs.

1.4 TEAMMATE

TeamMate is a software package used for preparing and maintaining assignment workpapers, tracking audit recommendations and agency corrective actions, and administratively monitoring OA projects.² The TeamMate software must be used for all audit and review assignments (with the exception of certain projects conducted by IPAs), unless a waiver is obtained from the AIGA and documented in the project file. OA will maintain a standardized TeamMate library file, which will be used to create the electronic workpaper file at the beginning of each OA project. In addition to using TeamMate to create, store, and maintain audit workpapers and track recommendations, OA staff is responsible for submitting in TeamMate monthly timecharges reflecting hours worked in support of each audit project. The DAIGA and/or AIGA are responsible for reviewing and approving monthly timecharges.

² Throughout this manual, the term “workpaper” generally refers to workpapers maintained within TeamMate. Approvals and sign-offs of workpapers and other audit documentation may be electronic signatures or actual signatures.



CHAPTER 2: WORKPLAN DEVELOPMENT

2.0 PURPOSE

This chapter describes OA policy for planning and executing the annual audit workplan and participating in the OIG strategic planning process to include identifying, developing, and selecting audit projects. An annual workplan helps to ensure that (1) required audits are completed, (2) critical special requests and discretionary projects are relevant and timely, and (3) OA efficiently and effectively uses its resources. The strategic planning process strongly influences the OA workplan.

In addition, planning is a critical element of the OA quality assurance program. Activity planning must be responsive to Ex-Im Bank and OIG management's needs and provide for balanced coverage of Ex-Im Bank operations. OA should continually strive to better understand the audit or review environment and assess risks. Our planning activities are designed to focus our resources in high-risk areas while meeting statutory, regulatory, and requested audit or review requirements. Planning is also vitally important to meeting the intent of the Inspector General Act of 1978, as amended.

This chapter presents planning policies and procedures needed to ensure appropriate audit or review coverage, consistency, and quality. The chapter implements planning guidance in paragraphs 2.18, 3.60, 4.05, and 6.06 through 6.52 of the GAGAS, 2011 Revision.

2.1 PARTICIPANTS

The Inspector General (IG) is responsible for (1) ensuring that OIG operations are conducted in an efficient and effective manner, and (2) managing available resources to produce the greatest results in terms of public benefits, return on investment, and risk reduction. OA assists the IG in these responsibilities by planning audit projects that effectively and efficiently use available resources. Key participants in preparing the annual OA workplan include:

IG. The IG provides the AIGA with proposed audit ideas and approves the annual workplan. In addition, the IG is responsible for responding to (or delegating response authority for) all requests or inquiries made by the media, Congress, or other Federal agencies.

AIGA. The AIGA determines which projects will be included in the annual workplan based on input from the IG, Ex-Im Bank management, other key stakeholders including OA staff, and mandated audit requirements. The AIGA also ensures that activity planning: (1) provides for successful completion of statutory and regulatory audit or review requirements, (2) fulfills requests for audit, review, and advisory services to the extent practical, and (3) ensures balanced and representative coverage of Ex-Im Bank operations.

OA Staff. OA staff is directly responsible for the planning process. Each element of the OA organization should strive to develop, maintain, and improve our functional and programmatic awareness of agency management challenges to ensure our limited resources result in the



greatest benefit to Ex-Im Bank. OA staff should (1) suggest potential audits and reviews to Project Managers, the DAIGA, or the AIGA, (2) perform research on approved audits or reviews, and (3) prepare audit proposals and supporting information as assigned.

2.2 WORKPLAN AND PLANNING CYCLE

The OA workplan is a 12-month plan that coincides with the Federal fiscal year, October 1–September 30. The plan will contain summaries of all planned and ongoing projects – both mandatory and discretionary.

The OA planning cycle represents an ongoing process of soliciting, developing, and choosing audit topics. The cycle helps to ensure that stakeholder ideas and concerns are solicited and considered and that projects address the important challenges faced by Ex-Im Bank. Key stakeholders include but are not limited to the: Ex-Im Bank Chairman, Chief Operating Officer, Chief Financial Officer (CFO), Senior Vice Presidents, Audit Committee, Advisory Committees, Congress, the Government Accountability Office (GAO), Office of Management and Budget (OMB), and taxpayers.

2.3 PLANNING PRIORITIES

OA will allocate its available resources based on identified audit priorities when developing the annual workplan. The following are OA's project planning priorities:

Mandatory Audits. Mandatory audits are required by law or regulation, such as the CFO Act of 1990, the Federal Information Security Management Act of 2002, and the Improper Payments Elimination and Recovery Act of 2010. The AIGA, in consultation with the DAIGA, will annually assign responsibility and identify OA resource requirements for mandatory audits. Such audits may be performed directly by OA staff or by contract auditors monitored by OA staff. Mandatory audits will be included in the annual workplan.

Discretionary Projects. Discretionary projects respond to issues identified by the OIG and requests and interests of stakeholders. Discretionary projects address current and future Ex-Im Bank risk areas and ensure that OA efforts and resources are targeted at the highest priorities.³ Discretionary projects will be relevant and timely and maximize the use of available resources. The AIGA, in consultation with the DAIGA and IG, will determine which discretionary audits OA will include in the annual workplan.

Special Projects. Special projects may arise from unanticipated developments at Ex-Im Bank, or may come from other sources, such as Ex-Im Bank officials, Congressional offices, or the OIG Hotline. Special projects are typically short-notice and unscheduled. The AIGA in

³ Risk areas are identified by, but not limited to, the OIG, GAO, the President's Management Agenda, and Ex-Im Bank management.



consultation with the DAIGA will assign responsibility and identify OA resource requirements to conduct special projects..

2.4 AUDIT PROPOSALS

All OA staff should participate in identifying possible audit topics and preparing audit proposals. The objective of the audit proposal is to set forth the importance and risks, objective(s), potential impacts, and resource requirements for proposed audits and reviews. Audit proposals should be generally no more than 2 pages in length but should contain enough information to permit OIG management to make decisions about whether to announce the proposed audit. Using the audit proposal, the assigned team should be able to prepare the audit announcement letter and initiate the assignment without extensive additional research (see Appendix I – Sample Audit Proposal).

To prepare audit proposals, potential topics will be actively solicited from available sources including but not limited to:

- The IG and other Ex-Im Bank OIG components.
- Ongoing or prior audits or reviews.
- External stakeholders including members of Congress and congressional staff, GAO, and other U.S. Government agencies, as appropriate.
- Internal stakeholders, such as the Ex-Im Bank Chairman, Chief Operating Officer, CFO, Senior Vice Presidents, Directors, Audit Committee, Advisory Committees, and staff.
- Research conducted by OA staff and approved by the AIGA.
- Complaints and allegations received by the OIG Hotline.

Consideration should also be given to how proposed audits align with the President's Management Agenda, Ex-Im Bank's Major Management Challenges, and Ex-Im Bank and OIG strategic plans.

Audit proposals should be provided to the AIGA and DAIGA who will evaluate each proposal and provide feedback to the originator. Based on staff's proposals and considering relevant resources and requirements, the AIGA and DAIGA will prepare the annual workplan for the IG's approval.



CHAPTER 3: PERFORMANCE AUDIT PLANNING AND COORDINATION

3.0 PURPOSE

This chapter establishes OA policy and general responsibilities for planning performance audits in accordance with GAGAS. Effective planning enhances the likelihood that stated objectives will be realized and that the audit will be completed within planned timelines and resource commitments. It also helps to provide clear direction and purpose for preparing a well-supported, well-written audit report.

3.1 APPLICABLE GAGAS

General Standards

- Independence 3.02–3.59
- Competence 3.69–3.81
- Quality Control and Assurance 3.82–3.107

Field Work Standard for Performance Audits

- Planning 6.06–6.52

3.2 PLANNING REQUIREMENTS

The AIGA in consultation with the DAIGA will assign audits to a Project Manager, Lead Auditor, and/or team member(s).

In order to provide OIG and Ex-Im Bank management officials and other stakeholders with relevant and useful audit reports, auditors will properly plan for all projects to be completed within agreed upon timelines and in accordance with GAGAS. In addition, auditors will document in the project files the key decisions made during planning, the reasons for these decisions, and other pertinent planning issues.

3.3 PROJECT PHASES

Once an audit project has been sufficiently developed, it generally includes six phases:

- (1) Preliminary planning and coordination, notification, and entrance conference;
- (2) Survey phase and Go/No Go briefing,
- (3) Verification (or detailed audit) phase and message agreement;
- (4) Draft report, exit conference, and independent referencing;
- (5) Management's comments and final report issuance; and
- (6) Recommendation tracking and follow-up.



To ensure that all requirements are met during each phase of the audit, the audit team must complete Appendix X– Audit Standards Certification and Quality Control Checklist prior to issuance of the final report (see Volume 2, Chapter 3 for additional information).

PHASE 1: Preliminary Planning and Coordination, Notification, and Entrance Conference.

Preliminary Planning Activities. Tasks typically performed during the preliminary planning phase include:

- Gathering background information.
- Validating key assumptions from original project proposals relating to potential changes in legislation or organizational changes.
- Reviewing prior reports.
- Identifying and reviewing relevant criteria including best practices.
- Assigning team members with appropriate skill sets and competence (see Volume 2, Chapter 2).
- Assessing and documenting each team members' independence (see Volume 2, Chapter 1)

Coordination. An important element of preliminary planning is the internal coordination of issue areas with OI and OIE to assist in establishing audit or review objectives and to avoid hindering investigations or duplicating inspection and evaluation activities. During this stage, OA staff will also coordinate with the OIG Counsel, when necessary, to assist in interpreting laws, statutes, and legislative history. The audit proposal should be used to brief OIG components on the planned audit activities, objectives, scope, methodology, and possible outcomes. For additional guidance on coordination with OI and OIE, see Volume 2, Chapter 6.

OA should also coordinate with external entities responsible for performing audits and reviews of Ex-Im Bank activities. Before starting audit or review work, OA staff should determine whether an external audit entity has performed audit or review work in the proposed area. Specifically, the AIGA and DAIGA are responsible for initial coordination of all audits or reviews with GAO and the Audit Committee. Audit Project Managers and team members are responsible for continuous coordination with these entities throughout each assignment.

Once the preliminary planning and internal and external coordination is complete, the audit team will finalize the objectives, scope, methodology, and milestones for the audit and will establish the Assignment Number and prepare the audit announcement.

Establishment of Assignment Number. Each audit will have a unique Assignment Number that is sequential, by fiscal year, and in chronological order of all audits and “spin-off”



assignments announced within that year.⁴ Each Assignment Number will adhere to the following format:

A-FY-XXX-XX

For example, A-12-002-00 is the second audit announced in fiscal year 2012 and is not a spin-off of any other audit. Whereas A-13-006-01 is the first spin-off audit of the sixth audit announced in fiscal year 2013.

Assignment Numbers will be used on audit announcement letters and in recommendation tracking reports, TeamMate, auditor timesheets and elsewhere as appropriate to track and report data associated with each audit.

Audit Announcement Letter (Notification). Once the Assignment Number has been established, the audit team should prepare the audit announcement letter (see Appendix II – Sample Announcement Letter). The announcement letter, signed by the AIGA or his/her designee, will be sent to the Ex-Im Bank Chairman, Audit Committee, cognizant program managers, the Audit Liaison, and other key stakeholders to formally announce the audit.

Entrance Conference. The first phase of the audit will conclude with an entrance conference. The entrance conference will be held by the Project Manager, team members, and (as necessary) DAIGA or AIGA with the management points of contact designated by the addressee(s) of the announcement correspondence. A memorandum summarizing the entrance conference and its attendees (name, title, and telephone number) should be included in the project workpapers.

An effective entrance conference requires a clear and well-organized presentation and should:

- Provide an overview of the purpose, objectives, scope, methodology and timing of the assignment.
- Ensure that management representatives understand the audit/review process, including the reporting process.
- Solicit management comments on any additions or revisions to the objectives that should be considered during the audit.

See Appendix III for a standard Entrance Conference Agenda.

PHASE 2: Survey Phase and Go/No Go Briefing. A survey is a process for gathering and assessing information on an organization, program, activity, or function, and the corresponding system of controls in an effort to determine the need for performing detailed audit verification.

⁴ A “spin-off” assignment is (1) an audit in a planned series of audits, or (2) a follow-on audit initiated as a direct result of concerns identified during a previous audit on the same or very similar topic.



During this phase, the audit team will:

- develop the preliminary audit program including all required survey steps,
- establish the end of survey milestone date,
- set up the project in Teammate,
- continue to obtain complete background information,
- perform preliminary risk assessments,
- conduct limited testing,
- analyze results from the risk assessment and testing,
- validate the audit objectives,
- develop preliminary findings, and
- determine the need for substantive audit work.

At the end of this phase, the team will prepare a Go/No Go briefing and meet with DAIGA and AIGA to discuss the results of survey and reach consensus on the need for further audit work. In general, survey work may be more extensive for first time audits than for previously performed audits. See Volume 1, Chapter 4, for additional information on this phase.

PHASE 3: Verification (or Detailed Audit) Phase and Message Agreement. The verification phase includes in-depth audit work and substantive testing. During this phase, the audit program will be finalized including all required audit steps. All remaining audit milestone dates will be established. This phase focuses on analyzing information and data to solidify conditions, determine causes, and quantify the effects of conditions or preliminary findings identified during the survey. At the end of this phase, the audit team will prepare a Message outline and will conduct a Message Agreement meeting to obtain concurrence by the DAIGA and AIGA on the message to be reported. See Volume 1, Chapter 5, for additional information on this phase.

PHASE 4: Draft Report, Exit Conference, and Independent Referencing.. During this phase, the audit team finalizes all project workpapers and prepares a working draft report. After review by the AIGA, Counsel to the IG, DIG and IG (if determined to be necessary by the DIG), the audit team provides a discussion draft report to the auditee no later than two days prior to the exit conference. The discussion draft will include a notation that the report has not cleared the OIG's internal quality control review. After submission to the auditee, the report is then indexed and referenced to ensure all facts and conclusions presented are adequately supported by the project workpapers. With the exception of the checklist items relating to the final report, the audit team and Project Manager also complete the Auditing Standards Certification and Quality Control Checklist (see Appendix X), which is reviewed for completeness by the Referencer. After the exit conference is held and independent referencing is completed, the AIGA or his/her designee then issues the official draft report and the auditee is given time (usually 30 calendar days) to provide a formal written response to the draft report. See Volume 1, Chapter 6, for additional information on this phase. See also Volume 2, Chapter 4 for additional information on indexing and referencing.

PHASE 5: Management's Comments and Final Report Issuance. During this phase, agency management's written comments in response to the official draft report are received and incorporated into the final report, along with the auditor's evaluation of management's



comments. Any factual changes between the official draft report and the final report are independently referenced. The audit team and Project Manager finalize the Auditing Standards Certification and Quality Control Checklist (see Appendix X), which is again reviewed for completeness by the Referencer. The audit is complete with the issuance of the final report to the auditee and other stakeholders, the posting of the final report on the OIG’s public website, in accordance with the IG Act, and the migration of the report recommendations and management’s comment from the TeamMate Electronic Workpaper Package to the Issue Tracking portion of the software. See Volume 1, Chapter 7, for additional information on this phase.

PHASE 6: Recommendation Tracking and Follow-up. Though not a part of audit planning or fieldwork, recommendation tracking and follow-up is a critical part of the audit process to ensure that agreed-to recommendations for corrective action are effectively and timely implemented. OA staff will use TeamMate to track recommendations, evidence of corrective action, and corrective action completion dates. Once agreed-to corrective action completion dates are achieved, staff will work with the Audit Liaison to obtain, evaluate, and document evidence of corrective action taken and either (1) close the recommendation(s), (2) extend corrective action completion dates when justified, or (3) elevate to the DAIGA and AIGA, Ex-Im Bank management’s failure to take timely or responsive corrective action. Recommendation tracking and follow-up activities must comply with OMB A-50, “Audit Followup.” See Volume 1, Chapter 7, for additional information on these activities.

3.4 PROJECT TIMELINES

The OIG standard is that performance audits will generally be completed within 255 calendar days from the date of the entrance conference to the issuance of the final report as follows:

60 days	Survey Phase
150 days	Detailed Fieldwork Phase, Draft Report Writing, Exit Conference, Independent Referencing, , and Official Draft Report Issuance
30 days	Management’s Comments
15 days	Final Report Processing and Issuance

Specific timelines for each phase of the audit will depend on various factors, including the audit scope and objectives, complexity of the audit topic, experience of the audit team, availability of data, and other work demands of the OIG. Therefore, all project timelines should be discussed with and approved by the DAIGA and AIGA to ensure efficient use of OA resources. Specific agreed-to milestones, deliverable dates, and any necessary changes to agreed-to dates must be documented in the audit workpapers. The end of survey milestone date will be established at the beginning of the survey phase and all other milestone dates will be established upon the finalization of the audit program.



3.5 PLANNING CONSIDERATIONS - to be completed during the Survey phase

To ensure proper steps are taken in planning an audit, the team must plan the audit before and during the early stages of the survey phase by considering and documenting the following:⁵

Understanding of the Program To Be Audited. This area includes the purpose and goals of the area or program under review, historical information, resources dedicated to the program, overall operations, organizational roles and responsibilities, and outputs or outcomes of the program. The audit team should consider the significance of the program and the needs of potential users of the audit report.

Internal Controls. This area requires a sufficient understanding of the auditee's internal controls relevant to the audit objectives in order to determine the nature, timing, and extent of tests to be performed. Assessments should include a review of management policies, procedures, practices, and other internal controls applicable to the audit objectives. Auditors should consider using the following GAO publications for assessing the internal control structures: *Standards for Internal Control in the Federal Government* (<http://www.gao.gov/archive/2000/ai00021p.pdf>) and *Internal Control Management and Evaluation Tool* (<http://www.gao.gov/new.items/d01131g.pdf>).

Information Systems Controls. This area requires a sufficient understanding of the design and operating effectiveness of the auditee's information systems controls when the controls are significant to the audit objectives in obtaining sufficient, appropriate evidence. The auditors should obtain a sufficient understanding of information systems controls necessary to assess audit risk and plan the audit within the context of the audit objectives. In developing audit procedures, the auditors should consider the reliability of the information processed and generated, the availability of evidence outside of the information system, and the relationship of the information systems controls to data reliability. The auditors will determine which audit procedures related to information systems controls are needed to obtain sufficient, appropriate evidence to support audit findings and conclusions.

Applicable Criteria. Criteria are the standards, measures, and expectations of what should exist, best practices, and benchmarks against which performance is compared or evaluated. In planning a project, the audit team must identify the relevant and reasonable criteria. Examples of criteria include:

- Applicable laws, regulations and guidance.
- Ex-Im Bank policies.
- Performance of similar entities.

⁵ Documentation may be in the form of narrative workpapers, spreadsheets, matrixes, contact logs, or as part of the audit program.



- Industry best practices.

Valid Sources of Evidence. The audit team must identify possible sources of information and data that could be used as audit evidence. In identifying sources, the auditors should consider the validity and reliability of the data as well as the sufficiency and relevance of the evidence. See Volume 1, Chapter 5 for additional information on audit evidence.

Results from Previous OIG Audits, Evaluations, Investigations and Inspections. The audit team should identify and follow up on prior significant findings and recommendations relating to the audit objectives.

Work Performed by Others. The audit team should consider audits, studies, evaluations, and other reviews related to the audit objectives that were performed by others. If the auditors intend to rely on the work of other auditors, they must perform procedures regarding the specific work to be relied on that provide a sufficient basis for that reliance. That is, the auditors will obtain evidence concerning the other auditors' qualifications and independence through prior experience, inquiry, and/or review of the other auditors' external quality control review report. Similar considerations should be addressed when using the work of specialists.

Detection of Fraud, Waste, Violations, and Abuse. The audit team must determine which laws, regulations, and provisions are significant to the audit objectives and assess the risk that fraud, waste, violations of legal and regulatory requirements or contract provisions, or abuse could occur. Based on the results of this assessment, the auditors should design specific audit steps to provide reasonable assurance of detecting significant risks or instances of fraud, waste, violations or abuse.

Audits may disclose indicators of potential violations of laws and regulations that warrant the attention of investigators. These indicators must be discussed with OI to determine whether OI will conduct an investigation.

Further, audits may disclose that the auditee failed to satisfy legal or regulatory requirements to report known or likely fraud, noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse directly to parties outside the audited entity. Audits may also disclose that the auditee failed to take timely and appropriate steps to respond to known or likely fraud, noncompliance with provisions of laws, regulations, contracts, grant agreements, or abuse that is likely to have a material effect on the financial statements and involves funding received directly or indirectly from a government agency. In such instances, the audit team will notify the DAIGA or AIGA so the information can be reported to auditee officials charged with governance. If the auditee still does not report the information to the external parties as soon as practicable, the information will be reported directly to the external parties or funding agencies.



CHAPTER 4: SURVEY PHASE

4.0 PURPOSE

This chapter establishes OA policies and procedures for completing survey work in accordance with GAGAS.

4.1 APPLICABLE GAGAS

General Standards

- Independence 3.02–3.59
- Competence 3.69–3.81
- Quality Control and Assurance 3.82–3.107

Field Work Standards for Performance Audits

- Planning 6.06–6.52

4.2 SURVEY PHASE REQUIREMENTS

A survey is a process for gathering and assessing information on an organization, program, activity, or function and the corresponding system of controls in an effort to determine the need for performing detailed audit verification. During this phase, the audit team will:

- develop the preliminary audit program including the survey steps;
- obtain, review, and document all relevant criteria;
- continue to obtain complete background information, ,
- set up the project in TeamMate,
- perform preliminary risk assessments;
- conduct limited testing;
- analyze results from the risk assessment and testing;
- validate the audit objectives;
- develop preliminary findings; and
- determine the need for substantive audit work in the detailed audit phase.

During survey, the audit team identifies audit conditions and issues, but does not necessarily fully determine their causes or effects. In general, survey work may be more extensive for first time audits than for previously performed audits; thus a survey could take as much as 60 days from the date the audit is announced to the end of the survey phase.

During this phase, the emphasis should be on validating the audit objectives and designing and performing the planning and administration procedures, the internal controls and risk assessment procedures and the survey steps in the preliminary audit program to begin addressing those objectives. Significant changes in audit scope, objectives, and methodology should be discussed and approved by the AIGA. At the end of this phase, the team will prepare a Go/No Go (or



midpoint) briefing and meet with the DAIGA and AIGA to discuss the results of survey and reach consensus on further audit work.

The audit team will prepare and finalize workpapers during this phase to document work that has been completed, including preliminary and administrative audit steps, and support for the audit conditions and issues identified. Lead Auditors, Project Managers, and (as necessary) the DAIGA and AIGA will review the workpapers and provide appropriate coaching notes. See Volume 1, Chapter 5, for additional information on audit evidence, documentation, and supervision.

4.3 DEVELOPING THE AUDIT PROGRAM

An effective audit program provides a systematic basis for planning and assigning work to meet OA policy and GAGAS; allows work to be segmented so it can be accomplished more efficiently; and ensures that a common approach is followed throughout the audit. The audit program will be a continuous document that is updated throughout the audit and approved by the Project Manager, DAIGA, and AIGA at the beginning of the Survey phase (preliminary audit program) and at the beginning of the Detailed Audit phase (final audit program). The DAIGA and/or AIGA will review and approve the audit program to ensure that it complies with OA policy and GAGAS and that the work steps will effectively address the objectives. The audit program will be included in the administrative files of the audit. The TeamMate file for the project will be organized in a manner that aligns with the approved audit program.

Contents of the Audit Program. As shown in the sample audit program included in Appendix IV, audit programs will contain the following information:

Background. Provide basic background information on the organization, program, or function to be audited. Background information should include descriptive information such as organizational roles and responsibilities, goals and objectives of area under review, budget information, program statistics, and significant legislation or other requirements.

Objectives. The objectives state what the audit is to accomplish – typically they are presented as either “to determine whether” statements or as questions. Setting clear objectives is key to conducting high quality and timely audits.

Scope. The scope is the boundary of the audit. It addresses such things as the functions or organizations, time periods, dollar values, or the number of locations to be covered. The scope also identifies the audit subjects and performance aspects under review and identifies the population to be covered. The scope of the audit has an important relationship to the resources and time required to complete it. Every effort should be made to set a well-targeted scope for an audit to increase its timeliness and cost effectiveness.

Methodology. The audit methodology includes the data-gathering and analytical methods and the extent of work planned to address the objectives. It should describe the type and extent of data gathering and analytical procedures to be performed, survey questionnaires, record review



procedures, use of experts or consultants, or coordination with other OIG offices. The audit team should design the methodology to ensure that sufficient, competent, and relevant evidence is obtained to achieve the objectives of the audit. In designing the methodology, the audit team should not only consider the objectives they want to address, but also what the overall result of the audit will be. When statistical sampling is necessary, desired, or anticipated, the audit team should work with a contracted statistician to develop the appropriate sampling plan and methodology.

Resources and Milestones. Describe the anticipated number and level of staff needed to complete the audit and any planned use of contractors, as well as estimated number of staff days and anticipated costs, including travel costs. During the survey phase, milestone dates will be established through the Survey debrief. Once the audit program is finalized, milestone dates will be established for the remainder of the audit.

General Instructions. Provide general instructions to the audit team regarding being alert to indicators of fraud or illegal acts; overall use of the audit program; and responsibilities for documenting work, participating in meetings, contributing to the writing of the draft report, and compliance with the IG Act, GAGAS, and the OA Policy Manual.

Audit Risk. Provide instructions for evaluating, mitigating, and documenting audit risk throughout the audit process.

Planning and Administration Procedures. This section includes procedures to be completed from the start of the audit through to the entrance conference that must be fully documented in TeamMate during the survey phase of the audit.

Internal Control and Risk Assessment Procedures: This section includes procedures to assess internal controls, fraud risk and audit risk that must be completed and documented in TeamMate during the survey phase of the audit.

Survey Steps. The survey steps should be designed to gather and assess information on the organization, program, activity, or function being audited and the corresponding system of controls. Survey steps should be developed to obtain, review, and document all relevant criteria and background information; conduct limited testing; analyze results from the risk assessments and testing; validate the audit objectives; develop preliminary findings; and determine the need for substantive audit work in the detailed audit phase. The steps should be designed to identify conditions and issues, but not necessarily to fully determine their causes or effects.

Audit Steps. After completion of the survey debrief (discussed in detail below), the audit steps will be developed to analyze information and data and perform detailed or substantive testing to solidify conditions, determine causes, and quantify the effects of the conditions.

Each survey and audit step will clearly set forth the work to be completed, the reason for doing it, and potential sources of information. Steps will be as specific as possible and start with concrete action words such as “interview,” “analyze,” “compare,” or “review” for the purpose of



determining something. With the exception of administrative workpapers, rarely should the purpose of an audit step be “to document,” as simply documenting facts and information does not lead to the analysis or review necessary to draw reasonable conclusions or answer audit objectives.

The approved audit program centralizes the information described above; however, the TeamMate file generally represents the living version of the complete work planned and performed during the audit. The teammate file should be organized in a manner that aligns with the approved audit program. Substantive changes to the file including new or major revisions to planned audit procedures or the assignment objectives should be reflected in a revised audit program and approved by the DAIGA and/or AIGA.

4.4 SURVEY DEBRIEF

Purpose. Before proceeding into the detailed fieldwork or verification phase, the audit team will brief the DAIGA and AIGA to discuss the results of the survey and reach consensus on further audit work, including whether to “go” (continue the audit) or “no go” (discontinue the audit and close the project). The DAIGA and AIGA will brief the IG.

In order to approve a go/no go decision, OA management must have sufficient information on what was found during survey. The audit team should brief the DAIGA and AIGA on the items described below.

Audit Objectives. List the audit objectives as stated in the audit program, as well as subsequent revisions to the objectives.

Survey Work Completed and Results. Briefly summarize the work that has been completed and what was found.

Finding Attribute Lead Sheets. Finding Attribute Lead Sheets are detailed descriptions of the potential audit findings addressing the finding attributes – condition, criteria, cause, and effect – as well as possible recommendations. Although findings most likely will not be fully developed during this phase, especially finding causes and effects, the audit team should provide as much information as they can on the Finding Attribute Lead Sheets so that OA management has a thorough understanding of the potential findings to determine whether and what additional work will be necessary or worthwhile in the detailed fieldwork phase to fully develop the findings.

Revised Audit Objectives, Scope, and/or Methodology. Identify any changes that are needed in the audit objectives, scope, and/or methodology and the reasons why.

Reassessment of Staff and Resource Needs. State if additional staff, hours, or other resources such as travel are needed and the reasons why.

Additional Audit Work To Be Completed and Projected Milestone Dates. Briefly describe what additional audit work is needed through issuance of the final report and provide projected



milestone dates through the completion of the audit.

Go/No Go Decision. Based on the information provided during the survey debrief, the team will reach consensus on whether to continue or close the project. If a “go” decision is made, meeting participants will discuss refinements to the audit objectives and any revisions to the scope or work and audit methodology and milestones, and the audit will move into the verification phase. If a “no go” decision is made, the AIGA will instruct the audit team to write a short memorandum documenting the survey issues and close the project.

After the Survey Debrief, the audit team will update the audit program to reflect decisions made during the survey debrief, such as changes to the audit scope, methodology, or objectives. The team will finalize the audit program by adding the audit steps needed to fully address the audit objectives and complete the audit. The Project Manager must review the final audit program and obtain the DAIGA’s and AIGA’s approval.. The final audit program will be filed in the audit workpapers. The TeamMate file will be organized in a manner that aligns with the approved final audit program.



CHAPTER 5: DETAILED AUDIT PHASE AND MESSAGE AGREEMENT

5.0 PURPOSE

This chapter establishes OA policy and general responsibilities for conducting detailed audit work during the verification and message agreement phase of an audit. Specifically, this chapter addresses requirements for audit evidence, developing findings, and audit documentation.

5.1 APPLICABLE GAGAS

Field Work Standards for Performance Audits

- Supervision 6.53–6.55
- Obtaining Sufficient, Appropriate Evidence 6.56–6.72
- Developing Elements of a Finding 6.73–6.77
- Audit Documentation 6.79–6.85

Supplemental Guidance

- Types of Evidence A6.04

5.2 DETAILED AUDIT PHASE REQUIREMENTS

Often referred to as the detailed audit phase, the verification and message agreement phase is when the audit team performs substantive testing of internal controls and focuses on collecting and analyzing the evidence needed to fully develop and support audit findings, conclusions, and recommendations. Whereas the survey phase focused on identifying potential conditions or issues, the verification phase focuses more on solidifying the conditions or issues, identifying the causes and effects of these conditions, finalizing the findings, and developing recommendations for corrective action.

To ensure high quality, well-supported audit reports, the audit team will follow GAGAS Field Work Standards for Performance Audits when conducting performance audits. When conducting reviews and evaluations, the audit team will follow CIGIE’s “Quality Standards for Inspection and Evaluation.”

5.3 AUDIT EVIDENCE

Types of Evidence. GAGAS requires that the audit team obtain “sufficient and appropriate” evidence to provide a reasonable basis for findings and conclusions. Evidence provides a factual basis for opinions, conclusions, and recommendations. Auditors frequently use analytical processes including computations, comparisons, separation of information into components, and rational arguments to analyze any evidence gathered to determine whether it is sufficient and appropriate. GAGAS identifies three categories of evidence:



Physical. Auditors obtain physical evidence when they directly inspect or observe people, property, or events. This type of evidence may be documented in the workpapers using summary memos, photographs, video, drawings, charts, maps, or physical samples.

Documentary. Auditors obtain documentary evidence by reviewing already existing information, such as letters, contracts, accounting records, invoices, policies, procedures, electronic mail, spreadsheets, database extracts, electronically stored information, and management information on performance.

Testimonial. Auditors obtain testimonial evidence when they interview auditees, make inquiries, and obtain information from focus groups, public forums, or questionnaires. Testimonial evidence may be documented in the workpapers using memorandums, letters, electronic mail messages, or reports of contact or interviews. For audits of a sensitive nature or where potential fraud has been identified, auditors should consider obtaining testimonial evidence under oath and discuss this option with the Project Manager, DAIGA, and AIGA. Coordination with OI must occur to obtain testimonial evidence under oath.

Overall Assessment of Evidence. The audit team should determine the overall sufficiency and appropriateness of evidence to provide a reasonable basis for the findings and conclusions, within the context of the audit objectives. They should perform and document in a summary workpaper an overall assessment of the collective evidence used to support findings and conclusions to determine its sufficiency and appropriateness, including the results of any specific assessments conducted to conclude on the validity and reliability of specific evidence. If the team identifies limitations or uncertainties in evidence that are significant to the report, they should apply additional procedures as appropriate to identify corroborating evidence from other sources, or refine objectives or limit assignment scope to eliminate the need to use the evidence. If the evidence is used when additional procedures are not adequate, the limitations and uncertainties should be described in the report to avoid misleading the report users and the GAGAS statement should be modified to indicate the requirements that were not followed. GAGAS requires evidence to be sufficient and appropriate to support a sound basis for audit findings, conclusions, and recommendations.

Sufficient. Sufficiency is a measure of the quantity of evidence used to support the findings and conclusions related to the audit objectives. In assessing the sufficiency of evidence, auditors should determine whether enough evidence has been obtained to persuade a knowledgeable person that the findings are reasonable. When appropriate, statistical methods will be used to support sufficiency.

Appropriate. Appropriateness is the measure of the quality of evidence that encompasses its relevance, validity, and reliability in providing support for findings and conclusions related to the audit objectives. In assessing the overall appropriateness of evidence, auditors should assess whether the evidence is relevant, valid, and reliable:



- **Relevance.** Evidence is relevant if it has a logical relationship with, and importance to, the issue being addressed.
- **Validity.** Evidence is valid if it is based on sound reasoning or accurate information.
- **Reliability.** Reliability of evidence refers to the consistency of results when information is measured or tested and includes the concepts of being verifiable or supported. The following presumptions are useful in judging the reliability of evidence:
 - Evidence obtained from a credible third party (such as a bank confirmation of account balances) is more reliable than evidence obtained from the organization being audited, reviewed, or inspected.
 - Evidence developed under an effective system of management controls is more reliable than evidence obtained where controls are weak or nonexistent.
 - Evidence obtained through direct physical examination, observation, computation, or inspection is more reliable than evidence obtained indirectly.
 - Original documents provide more reliable evidence than do copies.
 - Testimonial evidence obtained under conditions where persons may speak freely is more reliable than testimonial evidence obtained under compromising conditions.
 - Testimonial evidence obtained from an individual who is not biased or who has complete knowledge of the area is more reliable than testimonial evidence obtained from an individual who is biased or has only partial knowledge of the area.

Potential Weaknesses in Evidence. Potential weaknesses in evidence should be considered when assessing its acceptability. The following conditions signify potential weaknesses in physical, documentary, and testimonial evidence.

Physical: (1) An isolated instance, (2) lack of a clear chain of custody, or (3) collected or viewed by an unqualified individual or entity.

Documentary: (1) Taken out of context, (2) taken from a newspaper, magazine article, or e-mail, (3) received from a secondary source, (4) outdated or superseded, (5) not official, preliminary, or in draft, or (6) incomplete or containing errors.

Testimonial: (1) From a questionable source, (2) containing inconsistent or contradictory information, or (3) not corroborated by documents, physical evidence, or other testimony.

Evidence Gathered by Other Parties. Evidence used to support results, conclusions, and recommendations may be gathered by other parties. Appropriate inquiries and tests should be made to determine the acceptability of evidence obtained by other parties and whether it can be



relied on as the primary support for findings, conclusions, and recommendations. Evidence gathered by other parties should not be relied on if it is unacceptable. The following factors should be considered in determining the acceptability of evidence gathered by other parties.

- The professional reputation, qualifications, and independence of those who performed the work.
- The sensitivity and complexity of the issues, the soundness of the methodology used, and the reasonableness of work results.
- Is additional testing needed to determine the acceptability of others' work? Additional testing may include reviewing procedures followed and the results of work performed; performing supplemental tests of work performed; and corroborating information with other persons having personal or expert knowledge.

The Project Manager should ensure that the team's assessment of these factors and related support is documented in the project workpapers. Reliance on the work of other parties must be based on specific knowledge of the actual work performed and the results obtained. The team should obtain documentation from the other party that describes the scope of work performed, the period of performance, the costs and review area covered, the nature and extent of review procedures applied, the evidence obtained and analyzed, and the review results.

Assessing the Validity and Reliability of Computer-Processed Data. If the audit team uses computer-processed data – such as data from financial databases or other types of program-specific databases – and this data is *significant* to the auditor's findings, then the audit team must obtain sufficient and appropriate evidence that the data is valid and reliable.

Definition. The IG community does not have a uniform definition of computer-processed data, nor does GAGAS define this term. Therefore, for OA purposes, computer-processed data is defined as factual information that has been entered into a computer system (mainframe, microcomputer, minicomputer or personal computer) and that has been adapted, altered, organized, manipulated, summarized, or tabulated to achieve a desired format or result.

Tests. The audit team may determine the validity and reliability of computer-processed data by direct tests of the data. When these tests disclose errors in the data, or when they do not result in sufficient, competent, and relevant evidence about the validity and reliability of the data, the Appendix A of the audit report must clearly state the limitations of the data and must refrain from drawing conclusions or making recommendations based on such data. The audit team may find it necessary to seek evidence from other sources or redefine the audit objectives and audit program to eliminate the need for the data.

Additional Resources. For additional information on determining what types of computer-processed data must be tested and how to go about determining the validity and reliability of such data, the audit team may consult GAO's, *Assessing the Reliability of Computer-Processed*



Data, October 2002, External Version 1 (Publication Number GAO-03-273G) at
<http://www.gao.gov/new.items/d03273g.pdf>

5.4 DEVELOPING AUDIT FINDINGS

A finding describes in specific terms a problem that exists, why the problem exists, what the situation should be, the effect or result of the problem, and a recommendation for correcting the problem. In TeamMate, findings are referred to as “exceptions” and should be documented using the software’s exception function. To create exceptions in TeamMate, click on the Exceptions icon and complete the finding attributes.

Attributes of a Finding. The elements needed to support a well-developed audit finding address four attributes: condition, criteria, cause, and effect. As the audit team performs detailed audit work and collects evidence, they will determine which of the four attributes the evidence supports. Each attribute is described below.

Condition. The “what is.” The condition is information describing a situation that exists, typically a problem or an opportunity for improvement. The condition is a statement of fact and describes what the review found. The condition will clearly explain the nature, extent or magnitude, and frequency of the deficiencies or errors and will state to what extent (quantity, percentage, etc.) management deviated from the established criteria that resulted in the condition. The condition should also include examples to show specifically what occurred. .

Criteria. The “what should be.” Criteria are the standards, measures, expectations of what should exist, best practices, and benchmarks against which performance is compared or evaluated. Some types of criteria are:

- Written requirements such as laws, regulations, policies, procedures, instructions, manuals, and directives.
- Mission, goals, and objectives of the agency or organization.
- Opinions of experts.
- Generally accepted accounting principles and standards.
- Technically developed standards or norms.
- Prudent business practices.
- Performance of similar entities.
- Best practices of leading organizations.
- Prior periods’ performance.



Cause. The “why.” The cause is the reason for the problem or the reason for the difference between the expected and actual conditions. Knowing why or how a condition occurred at the most basic level, or identification of the root cause, is essential to developing meaningful recommendations. Each condition may have more than one cause. Some types of causes are:

- Directives, policies, procedures, regulations, or standards that are conflicting, faulty, obsolete, impractical, or nonexistent.
- Failure to follow prescribed policies and procedures.
- Lack of resources.
- Weak or missing internal controls.
- Lack of planning.
- Negligence or carelessness.
- Conscious decision to deviate.
- Fraud or illegal acts. (Note: If the cause is suspected or determined to be fraud or illegal acts, immediately notify the AIGA, who will discuss a course of action with the Assistant Inspector General for Investigations.)

Identification of the root cause is a prerequisite to making meaningful recommendations for corrective actions. Use great care to assure that the root cause, not a superficial cause, is identified. For example, if management is not following directives, determine why not. Noncompliance with a deficient directive only compounds the problem.

Effect. The “so what.” The effect is the result or impact or potential impact of the condition. After identifying the difference between “what is” (condition) and “what should be” (criteria), the audit team needs to determine the impact or potential impact of this difference on the program, activity, or function being audited. Auditors will develop the effect to the point that it convinces a reader that the reported condition warrants timely corrective action. Some types of effect are:

- Dollar loss or recovery.
- Uneconomical or inefficient use of resources.
- Loss of potential income.
- Violation of law.



- Funds improperly spent.
- Inadequate control or loss of control over resources.
- Failure to accomplish program or organizational goals and objectives.

When possible, quantify the effect so it is readily visible and presents the true significance of the problem. In this manner, management can answer the “so what” question.

In addition, as the audit team is developing findings, they should also begin considering what recommendations they will make to “fix” identified problems. A recommendation is the action needed to correct or eliminate recurrence of the cause. A recommendation will address the underlying or root cause and be specific. A recommendation will be:

- Constructive and encourage improvements.
- Directed at resolving the root cause(s) of identified problems.
- Feasible and cost-effective.
- Action-oriented, specific, measurable (such that it can be closed when corrective actions are implemented), and addressed to the parties that have the authority to take action.

5.5 AUDIT DOCUMENTATION

Workpaper Requirements. GAGAS requires that the audit team prepare and maintain audit documentation – generally referred to as workpapers – that constitute the principal record of the work performed in accordance with applicable standards and the conclusions that the auditors have reached. Workpapers include documents, papers, electronic files, other records, and media prepared or collected by the audit team to document the objectives, scope, methodology, and work performed to plan and manage the assignment and support findings, opinions, conclusions, and recommendations. All workpapers, to the extent practicable and unless authorized by the AIGA, will be automated, prepared, and maintained using the TeamMate software and may include write-ups or schedules prepared using Microsoft Word, Excel, and PowerPoint; Adobe Acrobat documents; or any other software program compatible with TeamMate as long as required elements are included. In addition, the TeamMate Procedure Summary sections contain tabs for each required element of a workpaper and may be used as workpapers themselves.

Assignment workpapers must provide sufficient information to enable an experienced auditor, having no previous connection with the assignment, to ascertain from the workpapers how the audit was planned and managed; key decisions that guided the planning and performance of the audit; and the evidence that supports the team’s findings, opinions, conclusions, and recommendations. Workpapers must be thorough, complete, and appropriately detailed to provide a clear understanding of their purposes, sources, work performed, and conclusions reached. Workpapers must also be timely prepared and reviewed as discussed further below.



Finally, workpapers must be appropriately organized to provide clear links to the findings, conclusions, and recommendations contained in the audit report.

Workpaper Format and Required Elements. Workpapers can take many forms as long as all required information is presented. Workpapers must contain sufficient, relevant, and competent evidence to support the team’s findings, opinions, conclusions, and recommendations. As discussed earlier in this chapter, evidence includes physical evidence, testimonial evidence, and documentary evidence, and includes descriptions of transactions and records examined. Required workpaper elements include:

- *Purpose* – The purpose of the work performed. The purpose will be as specific as possible and start with concrete action words such as “to interview,” “to analyze,” “to compare,” or “to review” **for the purpose of determining something**. With the exception of administrative workpapers, rarely should the purpose of an audit step or workpaper be “to document,” as simply documenting facts and information does not lead to the analysis or review necessary to draw reasonable conclusions or answer audit objectives.
- *Source* – The source of the data or information requested or obtained (may be an individual, group of individuals, and/or website, database, or document). Source information must include sufficient detail such as names of individuals who provided information or were present during interviews and meetings, contact information, title, document name/number, or web address to allow another auditor to perform followup work if necessary.
- *Scope* – The scope of the work performed, including methodology, and sufficient explanation of analytical methods and formulas used, including statistical sampling methods and results; time periods reviewed; descriptions of transactions or records examined; and possible data limitations.
- *Results* – Details or explanation of the work performed and the information obtained or results achieved. For a workpaper associated with a meeting or interview, the Results section should **fully and specifically** describe and transcribe the discussion, who said what, and the key decisions or outcomes of the meeting. Auditors should not simply record what they perceive are the highlights of the meeting or interview as information or statements made during the meeting or interview may not seem relevant at the time but will inevitably become relevant and important as additional audit work is performed.
- *Conclusion(s)* – The conclusion(s) drawn from the Results section of the workpaper, including planned forward work based on the work just completed.

Each workpaper must also include the name (or initials) of the preparer, the date prepared, and the workpaper index number (these are automatically included when the workpaper is prepared and reviewed in TeamMate). Hard copy workpapers, when necessary, must also contain the title of the assignment, the assignment number, and the workpaper title, and they must be properly



annotated, indexed, and cross-referenced to the TeamMate file (see Volume 2, Chapter 4 for additional guidance).

In addition to individual workpapers, audit teams and Project Managers are responsible for maintaining each assignment's Project Administration section within TeamMate. The purpose of this section is to maintain copies of key workpaper documents that will be needed for future reference or planning on a particular program or project area, such as the assignment's announcement letter, approved audit program, official draft report, and issued final report.

TeamMate Responsibilities. The Project Manager is responsible for ensuring the TeamMate file is maintained and for monitoring the execution of the assignment. The Project Manager may assign the duties of maintaining the file or sections of the file and reviewing staff workpapers to the Lead Auditor.

The assignment staff will prepare workpapers and disposition all coaching notes. The Project Manager and/or Lead Auditor will review and approve the workpapers electronically.

Workpaper Preparation. Workpapers must be completed and prepared (that is, signed-off by an auditor) in TeamMate in a timely manner, generally within 30 days of performance of the work. OA staff should not maintain hard copy workpapers unless they contain relevant evidence and it is impractical to scan them into TeamMate. As previously described, workpapers are created in the following two ways.

1. In the Procedure Summary sections of TeamMate.
2. In Microsoft Word, Excel, PowerPoint, or other compatible software. These workpapers can be created directly in TeamMate or imported into TeamMate.

For a workpaper created in the Procedure Summary section, the purpose, source, scope/methodology, results/discussion, and conclusion are identified in tabs or automatically generated for the TeamMate file. All tabs in the Procedure Summary steps should be completed. Workpapers (such as a memorandum of an interview in Microsoft Word or a spreadsheet analysis in Microsoft Excel) that are created directly or imported into TeamMate should include the workpaper elements. However, documents (such as a management report or analysis, or criteria) linked to the Procedure Summary or other workpapers do not need to contain the workpaper elements unless a reviewer could not readily discern the purpose, source, scope, results, or conclusions from the individual workpaper. In most cases, such documents need only contain a reference to the purpose, source, scope, and conclusion contained in the related Procedure Summary step or other workpaper.

Information obtained from the Internet (such as laws, regulations, and agency directives) and used in the assignment must be downloaded and imported into TeamMate or printed and scanned into TeamMate. Auditors must not simply include a link to such information as those links may not work or be active in the future.



Administrative workpapers (including most documents in the Project Administration section) do not require a purpose, source, scope, explanation of work performed, or conclusion. For example, documents in the Project Administration section, such as announcement letters, audit proposals, versions of reports, certifications, checklists, e-mail correspondence between OIG personnel, etc., do not need the workpaper elements. However, memorandums of meetings with management or other persons, whether internal or external to the OIG, need these elements.

Deleted Workpapers. TeamMate automatically indexes workpapers using Audit Reference Codes (ARCs). If workpapers are subsequently deleted from the file, the ARC is not reused. Workpapers may be deleted for various reasons. For example, two members of the team may insert the same document into the file. The duplicate document should be deleted after all hyperlinks have been transferred to the retained copy. Also, due to a software error, a workpaper may become corrupted or unusable. The corrupted file should be deleted and replaced. Whatever the reason, the audit team must provide a brief summary explanation for all deleted workpapers in the file.

Retention of Audit Documentation. Project Managers will maintain project workpapers in TeamMate until the final report is issued, and which time the file will be frozen and archived. Hard copy workpapers will be securely stored at the OA location for at least 3 years before being transferred to the OIG's designated records center, which should keep them until at least 8 full years have passed since the project was closed. If an assignment is subject to triennial peer review, any related hard copy files should not be sent to the Federal Records Center until after the peer review cycle is completed.

5.6 SUPERVISION

Supervision is an important aspect of ensuring assignment quality. Under the general direction of the DAIGA and AIGA, the assigned Project Manager is responsible for directing the efforts of the audit team to ensure that the audit objectives are accomplished. The level and intensity of supervision provided will be at the discretion of the AIGA, DAIGA, and Project Manager and based on the grades and experience levels of the audit team members. Project Managers should be involved in every phase of the assignment and should make sure that the staff understands, without ambiguity, the nature, scope, content, and timing of the work assigned to them and the expected end product. The Project Manager will further ensure that the audit team clearly understands how assigned work relates to accomplishing the audit objectives. The Project Manager will properly and timely supervise work to ensure that evidence and findings are adequately documented and the steps in the audit program are completed as the audit progresses. For less experienced staff, the Project Manager may need to specify audit techniques and procedures for gathering and analyzing evidence. The audit team will keep the Project Manager apprised of significant issues or problems encountered while performing the work.

Workpaper Reviews. OA staff will conduct timely, periodic reviews of workpapers to ensure that the project is progressing satisfactorily and the workpapers adequately support the findings, opinions, conclusions and recommendations. Supervisory reviews will ensure that the audit team:

- Prepared workpapers in accordance with GAGAS and OA policy.



- Fully addressed project objectives.
- Obtained sufficient and appropriate evidence.
- Fully supported conclusions and judgments in the workpapers.
- Appropriately and accurately indexed all workpapers.

Workpapers should be reviewed as soon as possible, but generally not later than 30 days after preparation unless there are extenuating circumstances. These circumstances should be documented in the workpapers.

Generally, the Lead Auditor should review the work of the team members, the Project Manager should review the work of the Lead Auditor, and the DAIGA or, when necessary, AIGA should review the work of the Project Manager. If there is no Project Manager on the assignment, the DAIGA or AIGA should review the work of the Lead Auditor. Supervisory workpaper reviews must be documented and maintained in the workpapers. The coaching notes feature of TeamMate should be used for documenting both supervisory comments and actions taken in response to the comments. Workpaper review comments (coaching notes) should be in a positive tone, constructive, and add value to the assignment. The reviewer must initial (electronic sign-off function of TeamMate) each workpaper reviewed. If some workpapers are in hard copy, a workpaper review sheet should be used that documents the supervisory comments and action taken in response to the comments. The reviewer must sign or initial each hard copy workpaper reviewed.

Addressing Review Comments. The preparer of the workpaper will document and date under the “Response” section of the coaching note, or “Action Taken” section of the review sheet (if applicable), how each comment was resolved. The workpaper reviewer must ensure that the action taken is adequate by clearing the coaching note or by providing additional comments about why the action taken was insufficient. If the workpapers and review sheets are hard copy, the reviewer should annotate acceptance (initials and date) or make additional comments under the action taken section. All coaching notes must be retained as part of the TeamMate file.

Note: All workpapers except administrative workpapers relating to the issuance of the report must be completed and prepared (that is, electronically signed by an auditor) and appropriately reviewed (that is electronically signed by the appropriate reviewer), and all coaching notes cleared, before independent referencing of the draft report begins. Additionally, all assignment workpapers (including administrative documents), except the final report itself and workpapers related to recommendation followup, should be completed/prepared and reviewed, coaching notes cleared, and independent referencing comments cleared or waived by the AIGA before the issuance of the final report. See Volume 2, Chapter 4 for additional information.



5.7 INTERIM AUDIT AND ALERT MEMORANDUM

Interim Audit Memorandums. During the audit, if the audit team identifies a serious or urgent issue within the scope of the audit objectives, they should not wait until the end of the audit to report the issue when there is a strong likelihood that waiting until the audit report's issuance would result in the loss of an opportunity to prevent or curtail significant harm (for example, harm to employees or significant losses to Ex-Im Bank). Instead, the audit team should discuss the issue with the DAIGA and AIGA and prepare an interim audit memorandum to notify Ex-Im Bank management of the issue.

An interim audit memorandum focuses on only one or two issues and generally will not exceed 5 pages in length. The memorandum should include sufficient information to provide perspective and demonstrate the seriousness of the issue; however, the memorandum does not have to contain all the elements of a finding (such as, condition, criteria, cause, and effect). An interim audit memorandum should include one or more recommendations or indicate that the issue is being brought to management for their attention and response. The memorandum will request that management report corrective action(s) to the OIG within a specified period of time.

The draft and final audit reports (or audit closeout memorandum) will note that the interim audit memorandum was issued, the recommendations made, and the status of any action planned or taken by Ex-Im Bank management. Before issuing the memorandum, the Project Manager should notify Ex-Im Bank management and the Audit Liaison, as appropriate, that the memorandum is forthcoming.

Alert Memorandum. If the audit team identifies a serious condition outside the scope of the audit that requires immediate management action, the audit team should discuss the issue with the DAIGA and AIGA and prepare an alert memorandum.

Alert memorandums focus mainly on one or two issues and generally do not exceed 5 pages in length. Although the memorandum does not have to contain all the elements of a finding, it should provide sufficient information to provide perspective and demonstrate the seriousness of the condition. An alert memorandum may contain suggestions for addressing the conditions identified.

Alert memorandums are stand-alone documents issued in both draft and final form. Depending on the significance of the reported conditions, action officials will be allowed 10 – 15 workdays to respond to the draft alert memorandum. The Project Manager will include the action officials' comments and implementation plans in the final alert memorandum. The AIGA will determine the distribution of the final alert memorandum.

5.8 AUDIT CLOSEOUT MEMORANDUM

As required by GAGAS 6.50, when a decision is made to terminate an audit or otherwise close an audit without issuing a report or other written document, the Project Manager will hold an exit conference with appropriate Ex-Im Bank managers to close the audit, discuss the reasons for the



closure, describe any observations arising from the work performed to date, answer questions, and determine if the auditee has any objections to the closure. In addition, the OIG will provide the recipients of the original activity announcement letter with a written closeout memorandum signed by the AIGA or his/her designee.

Terminated *Prior to Completing the Survey*. For audits terminated during the survey, the closeout memorandum will state the survey/audit objectives and the reason for terminating the review. The memorandum will state that the termination does not preclude the OIG from conducting a review of the area at a later date.

Terminated *After Completing the Survey*. For audits terminated after the survey, the closeout memorandum will state the survey objectives, scope, and methodology. The memorandum will disclose any issues that were identified but were not deemed significant enough to warrant further work. The memorandum should also include a GAGAS compliance statement.

Documentation Requirements. Copies of closeout memorandums will be retained in the audit workpaper files. In addition, all workpapers will be retained in accordance with OIG retention requirements discussed in Section 5.5 of this chapter.

5.9 MESSAGE AGREEMENT

During the verification phase, and as audit findings are more fully developed, the audit team should begin preparing the message agreement or draft report outline. See Appendix V for a Sample Message Agreement Outline. This outline will be used to organize and present the “message” that resulted from the accumulation of the findings identified during the audit. It is the initial step in writing the draft report. The message should be informative and convincing so management will implement the recommendations presented in the report. It should be clear, concise, factual and impactful and not just a regurgitation of the audit findings. The “report findings” may be different than the “audit findings” in that more than one “audit finding” may be used to create an over-arching “report finding”. The “audit findings”, evidence obtained during the audit, specific examples, and conclusions should be presented in a manner that supports the overall message. The message agreement outline must include the following details:

- Audit objective(s).
- Scope of coverage and description of methodology.
- Background on the program and the audit project.
- Charge Paragraph
- Summary of each “report finding.”
- Evidence used to support each finding.



- Conclusion.
- Potential recommendations for corrective action(s).

The completed outline will be reviewed and approved by the Project Manager to ensure that the message is communicated clearly and concisely, audit objectives are sufficiently addressed, report findings are adequately supported, conclusions are logical, and recommendations address the causes. The Project Manager will then submit the completed outline to the DAIGA and AIGA, and the audit team will brief the DAIGA and AIGA in a message agreement meeting. The outline should generally be submitted to the AIGA at least 2 days before the message agreement meeting. The purpose of the message agreement meeting is to reach consensus on the message to be reported to the auditee. The draft report will not be written until full consensus on the message is reached. The IG will also be briefed on the message when required.



CHAPTER 6: DRAFT REPORT AND EXIT CONFERENCE

6.0 PURPOSE

An OA report should be used to present the results of an assignment that has one or more findings. An OA report should:

- Provide a clear, balanced, and objective presentation of the matters reviewed and have a tone that fosters management acceptance of the findings and recommendations.
- Contain details and examples needed to convince the reader that a problem exists, to fully describe the problem and its magnitude, to describe why it occurred, and to explain how to correct it.
- Disclose significant facts relevant to the objectives and known to the auditors, which if not disclosed could mislead knowledgeable users, misrepresent the results, or conceal significant improper or illegal practices.
- Disclose deficiencies in internal control, instances of fraud, noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse that have occurred or are likely to have occurred and are significant within the context of the audit objectives.
- Have specific and practical recommendations.
- Report on the auditors' compliance with GAGAS. When auditors comply with all applicable GAGAS requirements, the report will include an unmodified GAGAS compliance statement of: "We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable bases for our findings and conclusions based on our audit objectives." When the auditors do not comply with all applicable GAGAS requirements, the report will include a modified GAGAS compliance statement that modified the standard statement to indicate the requirements that were not followed.

This chapter establishes OA policy and general responsibilities for reporting findings, conclusions, and recommendations to auditees in accordance with GAGAS. Specifically, this chapter addresses all requirements for communicating audit results to auditees through written draft audit reports and during project exit conferences.

The "Report Template and Writing Guide" for an OA report, including draft and final report, is maintained on the OA shared drive. Unless waived by the AIGA because of unique reporting requirements, all reports (except those prepared by the financial statement IPA), should comply



with the “Report Template and Writing Guide” and guidance in this chapter and in Volume 1, Chapter 7.

Reporting Findings Directly to Parties Outside the Audited Entity. Audits may disclose that the auditee failed to satisfy legal or regulatory requirements to report known or likely fraud, noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse directly to parties outside the audited entity. Audits may also disclose that the auditee failed to take timely and appropriate steps to respond to known or likely fraud, noncompliance with provisions of laws, regulations, contracts, grant agreements, or abuse that is likely to have a material effect on the financial statements and involves funding received directly or indirectly from a government agency. In such instances, the audit team will notify the DAIGA or AIGA so the information can be reported to auditee officials charged with governance. If based on sufficient, appropriate evidence obtained such as confirmation from outside parties, the auditee still does not report the information to the external parties as soon as practicable, the information will be reported directly to the external parties or funding agencies.

6.1 APPLICABLE GAGAS

Reporting Standards for Performance Audits

- Reporting 7.03–7.07
- Report Contents 7.08–7.43
- Distributing Report 7.44

Supplemental Guidance

- Information to Accompany Chapter 7

6.2 DRAFT REPORT PROCESSING

Draft reports are preliminary write-ups that communicate audit results. The draft reporting process generally consists of the working draft, exit conference (discussion draft), and official draft.

All draft reports will have the watermark “Draft” superimposed on all pages. The cover page of the working and official drafts shall contain the following statement:

NOTICE – THIS DRAFT IS RESTRICTED TO OFFICIAL USE ONLY

THIS IS A DRAFT AUDIT REPORT PREPARED BY THE EXPORT-IMPORT BANK OF THE U.S. – OFFICE OF INSPECTOR GENERAL AND IS SUBJECT TO FURTHER REVISIONS BEFORE IT IS RELEASED IN ITS FINAL FORM. THIS DRAFT IS PROVIDED TO PROGRAM OFFICIALS SOLELY FOR THEIR REVIEW AND COMMENTS ON THE SUBJECTS REPORTED. RECIPIENTS OF THIS DRAFT ARE NOT AUTHORIZED TO MAKE ANY FURTHER DISTRIBUTION OR RELEASE OF THIS INFORMATION EXCEPT FOR OFFICIAL REVIEW AND COMMENTS.



6.3 WORKING DRAFT REPORT

The working draft is prepared by the audit team to reflect the agreed-upon message and is submitted to the DAIGA and AIGA for review.

When the audit team has completed the working draft report, the Project Manager will review the report for flow, completeness, technical accuracy, tone, format, punctuation, and grammar. Specifically, the Project Manager should ensure that the findings directly and fully address the stated objectives and are fully developed and supported by the evidence presented and the assignment workpapers. Findings should be presented in order of significance and risk. After the DAIGA and AIGA reviews, the working draft will be provided to the Counsel to the IG for a legal sufficiency review and to the Deputy Inspector General (DIG) for review. The DIG will determine if the Inspector General needs to review the report before the exit conference is held.

6.4 EXIT CONFERENCE

Once the AIGA has approved the working draft report, the Project Manager will schedule an exit conference with the auditee and the Audit Liaison. OA will make every effort to transmit the working draft to the Ex-Im Bank officials attending the exit conference no later than two days prior to the exit conference. The email transmitting the report will clearly notify the auditee that the report has not completed the OIG's quality control process, is for discussion purposes only, and should not be released or distributed to others.

The exit conference provides an opportunity to ensure the accuracy of the draft report and to resolve matters that are in dispute before the official draft is issued. The exit conference also provides added assurance that all aspects of a finding have been considered and that management's and the auditor's positions are clearly established before the report is finalized. OA staff is required to conduct exit conferences unless it is waived by Ex-Im Bank management.

The objectives of the exit conference are to:

- Discuss the results, including working draft report findings and recommendations.
- Reach, where feasible, agreement on issues of fact (not interpretation).
- Obtain the Ex-Im Bank management representative's position on the draft report's findings and recommendations.
- Obtain the Ex-Im Bank's management representative's position on reported monetary benefits, if applicable.
- Assure that the Ex-Im Bank management representatives understand the reporting process, including procedures for obtaining management comments and procedures for resolving disagreements and non-concurrences with findings and recommendations.



Exit conferences are held with the senior Ex-Im Bank management officials or their designated representatives to whom draft report recommendations are directed and those officials who had significant participation in the audit or whose organizations are discussed prominently in the audit report. Exit conferences should also be held with the management points of contact designated by the addressees of the announcement correspondence. A memorandum listing attendees (name, title, and telephone number) and summarizing the exit conference including management's response and reaction to the working draft report must be included in the project workpapers. Specifically, the record of the exit conference must state whether management identified significant concerns or factual errors with the findings, conclusions, and recommendations presented in the working draft report.

6.5 OFFICIAL DRAFT REPORT

After the exit conference, the audit team makes any necessary changes to the working draft. With the exception of the checklist items relating to the final report, the audit team and Project Manager also complete the Auditing Standards Certification and Quality Control Checklist (see Appendix X). The report contents should then be thoroughly indexed to the supporting evidence contained in the workpapers. The report conclusions should be tied to the audit objectives. Information in the report should be relevant, complete, logically organized, and fairly presented.

The indexed version of the working draft will be provided to an experienced auditor who is independent of the audit (i.e., the independent referencer) for quality control and referencing purposes. For additional information on indexing and referencing, see Volume 2, Chapter 4.

Once all referencing comments have been cleared and the DAIGA, AIGA, DIG and IG have cleared the report, OA will transmit the official draft report to Ex-Im Bank. The draft report will be addressed to the Ex-Im Bank officials responsible for implementing the recommendations, with a courtesy copy provided to the Ex-Im Bank Chairman, Chief Operating Officer, Audit Liaison, and any other Ex-Im Bank officials who played a major role in the assignment. The report will be transmitted via e-mail and the transmittal letter must (1) request management's written comments by a certain date (usually within 30 days), and (2) describe for management the expected form and content of the comments (see Appendix VI – Sample Draft Report Transmittal Letter).



CHAPTER 7: MANAGEMENT’S COMMENTS AND FINAL REPORT

7.0 PURPOSE

This chapter establishes OA policy for handling management’s comments to official draft reports, issuing final audit reports in accordance with GAGAS, and following up on audit recommendations in accordance with OMB A-50, “Audit Followup.”

The “Report Template and Writing Guide” for an OA report, including draft and final report, is maintained on the OA shared drive. Unless waived by the AIGA because of unique reporting requirements, all assignment reports (except those prepared by the financial statement IPA), should comply with the “Report Template and Writing Guide” and guidance in this chapter and in Volume 1, Chapter 6.

7.1 APPLICABLE GAGAS

Reporting Standards for Performance Audits

- Report Contents 7.08–7.43
- Distributing Reports 7.44

7.2 PROCESSING MANAGEMENT’S COMMENTS

Once the official draft report is issued, the Project Manager or Lead Auditor will follow up with the auditee during the comment period to ensure timely and quality comments are received. This will also ensure a timely and quality final report.

Request for Comments. As stated in Volume 1, Chapter 6, the auditee will be requested to provide written comments to the official draft report generally within 30 days of draft report issuance (although, at the AIGA’s discretion, the response time may be shortened to meet operational requirements or when management indicates that the customary 30 days is not needed). As shown in Appendix VI, the transmittal letter to the official draft report will request that Ex-Im Bank management:

- Indicate whether they concur or nonconcur with each finding, monetary benefit, and recommendation in the report.
- Submit details on planned corrective action(s) if they concur.
- Submit the reason(s) for disagreement if they nonconcur.
- Provide corrective action completion dates.

Comments such as “concur in principle” or “concur with comments” or those that do not adequately indicate planned corrective action will not be accepted.



Ensuring Timely Response. The Project Manager or Lead Auditor will follow up aggressively to obtain a response within the draft report comment period, will contact the auditee and Audit Liaison if comments are not received by the established due date, and will notify the DAIGA and AIGA of the delay. In extenuating circumstances, the AIGA may authorize an extension to the response period or may issue the final report without receiving management comments. In such cases, the audit report will indicate that the audited entity did not provide comments.

Evaluation of Management’s Comments. Once management’s comments have been received, the audit team will review them for completeness and adequacy.

A recommendation is considered “resolved but open” when the proposed corrective action is responsive to the recommendation but has not yet been completed or verified by the OIG. The OIG will close the recommendation when corrective action is both complete and has been verified by the OIG.

A recommendation is considered “resolved and closed” when proposed corrective action is both complete and verified by the OIG. If this occurs before final report issuance, the recommendation will still be included in the final report but will be presented as “resolved and closed for reporting purposes” upon issuance of the final report.

A recommendation is considered “unresolved” either when (1) management non-concurs with the recommendation, or (2) proposes alternative corrective action(s) that is “nonresponsive” or does not adequately address the intent of the recommendation in the judgment of the audit team. In such situations, the AIGA will decide how to proceed according to the OIG’s Policy No. 202, “Audit Follow-Up” and OMB A-50, “Audit Followup.”

7.3 PRESENTATION IN FINAL REPORT

Once management’s comments are received and evaluated, the audit team will *briefly summarize* the comments in the final report executive summary. The audit team will also *summarize* the comments for each recommendation in the body of the final report and add the OIG’s “Evaluation of Management’s Response” after the applicable summarized comments. In addition, the entire, original response will be scanned and included as the last appendix in the final report.

The format for including management’s response is as follows:

In the Executive Summary “What We Recommended” section, the audit team will briefly summarize the report recommendations, management’s response, and the OIG’s evaluation of the response.

After the “Results” section of the final report, the audit team will add the headings “Management’s Response” and “Evaluation of Management’s Response” and summarize the



applicable information.

After management's comments (including the timeframe of planned corrective action) and the OIG's evaluation of those comments are added to the report, the audit team will ensure that all substantive changes between the draft and final reports, including the inclusion of management's comments, are indexed and referenced in accordance with Volume 2, Chapter 4. The final report package will then be submitted to the DAIGA, AIGA, Counsel (if any significant changes requiring legal review), DIG and IG for approval and issuance.

7.4 FINAL REPORT DISTRIBUTION

Report Distribution. OA reports will be issued to the appropriate Ex-Im Bank officials responsible for management and oversight of the audited programs. In accordance with the IG Act, such reports or versions of such reports that have been redacted in accordance with the results of the OIG Counsel review (discussed below) will be available for public inspection on the OIG's Internet site within 3 days of issuance to the public. The posted report should be in a searchable format and compliant with section 508 of the Rehabilitation Act of 1973.

OIG Counsel Review. Certain information may be classified or may be otherwise prohibited from general disclosure by federal, state, or local laws or regulations. OIG Counsel will review final audit reports to determine if certain information is prohibited from public disclosure or should be excluded from public disclosure due to the confidential or sensitive nature of the information. For example, certain information may be required to be withheld from public disclosure pursuant to the Trade Secrets Act or Privacy Act, and certain information may be withheld from public disclosure at the discretion of the OIG pursuant to the Freedom of Information Act and its exemptions. Exclusion of certain information from a report made available to the public may also be justified due to circumstances associated with public safety, privacy, or security concerns. For example, detailed information related to computer security may be excluded because of the potential damage that could be caused by the misuse of the information.

If OIG Counsel determines that information is prohibited from public disclosure or should be excluded, auditors may issue a report containing such information and distribute the report only to persons authorized by law or regulation to receive it, and also prepare a redacted version of the report for public release that omits certain information. The redacted report for public release will disclose in the report that certain information has been omitted and the reasons for the omission. For example, the report could apply redaction marks to the information that has been omitted and indicate the reason for the redaction, such as a FOIA exemption number. When information is redacted by OIG Counsel, the auditors will ensure the redactions do not distort the audit results or conceal improper or illegal practices.

In considering public records laws and the impact on the availability of classified or limited use reports, OIG Counsel will advise on whether other means of communicating with management and those charged with governance would be more appropriate. For example, the auditors may communicate general information in a written report and more detailed information orally.



Audit Follow-up. Once the report is distributed, the Project Manager or Lead Auditor should enter all applicable information about each recommendation into the tracking portion of TeamMate to facilitate recommendation tracking and follow-up.

7.5 FOLLOWUP ON RECOMMENDATIONS

Audit follow-up is an integral part of good management and is a shared responsibility of agency management officials and auditors. Corrective action taken by management on resolved findings and recommendations is essential to improving the effectiveness and efficiency of Government operations. In accordance with OMB A-50, "Audit Followup," each agency shall establish systems and an Audit Follow-up Official to assure the prompt and proper resolution and implementation of audit recommendations.

Recommendation tracking and follow-up is a critical part of the audit process to ensure that agreed-to recommendations for corrective action are effectively and timely implemented. OA staff will use TeamMate to track recommendations, evidence of corrective action, and corrective action completion dates. Once agreed-to corrective action completion dates are achieved, staff will work with the Audit Liaison to obtain, evaluate, and document evidence of corrective action taken and either (1) close the recommendation(s), (2) extend corrective action completion dates when justified, or (3) elevate to the DAIGA and AIGA Ex-Im Bank management's failure to take timely or responsive corrective action. Recommendation tracking and follow-up activities must comply with OMB A-50, "Audit Followup."

OA staff is responsible for tracking and monitoring auditee actions to ensure timely responses, resolution, and closure of report recommendations. If staff determines that appropriate actions are not being taken, the AIGA will determine if issues should be elevated to the IG and/or Ex-Im Bank Audit Followup Official.

7.6 REISSUANCE OF REPORT DUE TO INSUFFICIENT EVIDENCE

If, after the report is issued, the auditors discover that they did not have sufficient, appropriate evidence to support the reported findings or conclusions, the AIGA will assess the impact on the assignment and GAGAS compliance and advise the IG. If the IG concludes that the auditors did not have sufficient and appropriate evidence to comply with GAGAS and that sufficient and appropriate evidence would have resulted in the auditor's report being different than the report issued, the impact should be communicated in writing to Ex-Im Bank management, requestors, or regulatory agencies, if applicable, so they do not continue to rely on the findings or conclusions that were impacted by the threat to independence. If the report was previously posted on the publicly accessible website, the report will be removed and a public notification that the report was removed will be posted. The IG will determine whether to conduct additional



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audit work necessary to reissue the report or repost the original report if the findings and conclusions are unchanged based on the additional audit work.



VOLUME 2 – OTHER AUDIT REQUIREMENTS



CHAPTER 1: INDEPENDENCE

1.0 PURPOSE

This chapter provides OA policies and procedures for ensuring that OA staff members maintain their independence in all matters relating to audits or attestation engagements. In order for OA work to be accepted by Ex-Im Bank management, Congress, and other stakeholders, OIG staff must be independent in fact and appearance.

1.1 APPLICABLE GAGAS

- Government Auditing: Foundation and Ethical Principles 1.01–1.24
- General Standards 3.01–3.107

The independence standard as stated in GAGAS 3.02 is:

In all matters relating to the audit work, the audit organization and the individual auditor, whether government or public, must be independent.

The standard applies to financial audits, attestation engagements, and performance audits.

1.2 RESPONSIBILITIES

Auditors must serve the public interest and meet the highest standards of integrity, objectivity, and independence. When subjected to conflicting pressures during audit assignments, auditors must make decisions that are consistent with the public interest in the program or activity under review. They should observe both the form and spirit of technical and ethical standards.

Auditors need to be professional, objective, factual, honest, non-partisan, and non-ideological in their relationships with audited entities. They should be prudent in the use of information and should not use it for personal gain or in a way that would be detrimental to the legitimate and ethical objectives of the audited entity. Auditors are also responsible for using professional judgment when establishing scope and methodologies, conducting their work, and reporting results.

The AIGA is responsible for ensuring that OA maintains its organizational independence through a variety of activities such as strategic planning, providing guidance on independence issues, and ensuring that OA staff members submit an annual Statement of Independence (see Appendix VII – Statement of Independence). OA staff as well as the audit organization as a whole are responsible for maintaining independence so that the opinions, conclusions, judgments, and recommendations resulting from the work performed will be impartial and will be viewed as impartial by knowledgeable third parties. OA staff members must consider not only whether they are independent and whether their attitudes and beliefs permit them to be independent, but also whether there is anything about their personal or professional situation that might lead others to question their independence. All situations should be considered. Even an appearance of a threat to independence should be assessed to determine if the staff member should be recused from certain assignments.



If a threat to independence is identified prior to beginning fieldwork and the individual is recused from the assignment, there is no need to document the recusal. If a threat to independence is identified after the beginning of fieldwork and the application of safeguards cannot eliminate or reduce the threat to an acceptable level, the individual must be recused as soon as the independence issue is identified, and the action taken must be documented in a memorandum to the AIGA with a copy placed in the TeamMate file. The AIGA will maintain a record of reported threats to independence and the safeguards applied to resolve the independence issue. In situations where the government auditor, because of legislative requirements or for other reasons, cannot decline to perform the work, the threats to independence will be reported in the scope section of the report.

If a threat to independence is identified after the final audit report is issued, the AIGA will assess the impact on the assignment and GAGAS compliance and advise the IG. If the IG concludes that the auditors did not conduct the assignment independently, and determines that the impact on the audit would have resulted in the auditor's report being different than the report issued had the auditors been aware of the threat, the impact should be communicated in writing to Ex-Im Bank management, requestors, or regulatory agencies, if applicable, so they do not continue to rely on the findings or conclusions that were impacted by the threat to independence. If the report was previously posted on the publicly accessible website, the report will be removed and a public notification that the report was removed will be posted. The IG will determine whether to conduct additional audit work necessary to reissue the report or repost the original report if the findings and conclusions are unchanged based on the additional audit work.

1.3 ENSURING INDEPENDENCE

At the beginning of each project, and throughout the course of the project, the AIGA will ensure that all staff involved with the project are in compliance with GAGAS independence requirements. The AIGA must be cognizant of both real and perceived impairments to independence. Independence includes independence of mind and independence in appearance.

Conceptual Framework Approach to Independence. Many different circumstances, or combinations of circumstances, are relevant in evaluating threats to independence. Therefore, GAGAS establishes a conceptual framework that auditors use to identify, evaluate, and apply safeguards to address threats to independence. The GAGAS conceptual framework assists auditors in maintaining both independence of mind and independence in appearance. It can be applied to many variations in circumstances that create threats to independence and allows auditors to address threats to independence that result from activities that are not specifically prohibited by GAGAS.

Auditors should apply the conceptual framework at the audit organization, audit, and individual auditor levels to:

- identify threats to independence;
- evaluate the significance of the threats identified, both individually and in the aggregate; and



- apply safeguards as necessary to eliminate the threats or reduce them to an acceptable level. If no safeguards are available to eliminate an unacceptable threat or reduce it to an acceptable level, independence would be considered impaired.

Auditors should evaluate threats to independence using the conceptual framework when the facts and circumstances under which the auditors perform their work may create or augment threats to independence. Auditors should evaluate threats both individually and in the aggregate because threats can have a cumulative effect on an auditor's independence.

Auditors should determine whether identified threats to independence are at an acceptable level or have been eliminated or reduced to an acceptable level. A threat to independence is not acceptable if it either (a) could impact the auditor's ability to perform an audit without being affected by influences that compromise professional judgment or (b) could expose the auditor or audit organization to circumstances that would cause a reasonable and informed third party to conclude that the integrity, objectivity, or professional skepticism of the audit organization, or a member of the audit team, had been compromised.

In cases where threats to independence are not at an acceptable level, thereby requiring the application of safeguards, the auditors should document the threats identified and the safeguards applied to eliminate the threats or reduce them to an acceptable level. Certain conditions may lead to threats that are so significant that they cannot be eliminated or reduced to an acceptable level through the application of safeguards, resulting in impaired independence. Under such conditions, auditors should decline to perform a prospective audit or terminate an audit in progress.

Threats. Threats to independence are circumstances that could impair independence. Whether independence is impaired depends on the nature of the threat and whether the threat is of such significance that it would compromise an auditor's professional judgment or create the appearance that the auditor's professional judgment may be compromised. Threats are conditions to be evaluated using the conceptual framework. Threats do not necessarily impair independence.

Threats to independence may be created by a wide range of relationships and circumstances. Auditors should evaluate the following broad categories of threats to independence when threats are being identified and evaluated:

- Self-interest threat – The threat that a financial or other interest will inappropriately influence an auditor's judgment or behavior.
- Self-review threat – The threat that an auditor or audit organization that has provided non-audit services will not appropriately evaluate the results of previous judgments made or services performed as part of the non-audit services when forming a judgment significant to an audit.
- Bias threat – The threat that an auditor will, as a result of political, ideological, social, or other convictions, take a position that is not objective.



- Familiarity threat – The threat that aspects of a relationship with management or personnel of an audited entity, such as a close or long relationship or an immediate or close family member, will lead an auditor to take a position that is not objective.
- Undue influence threat – The threat that external influences or pressures will impact an auditor’s ability to make independent and objective judgments.
- Management participation threat – The threat that results from an auditor’s taking on the role of management or otherwise performing management functions on behalf of the entity undergoing an audit.
- Structural threat – The threat that an audit organization’s placement within a government entity, in combination with the structure of the government entity being audited, will impact the audit organization’s ability to perform work and report results objectively.

Circumstances that result in a threat to independence in one of the above categories may result in other threats as well. For example, a circumstance resulting in a structural threat to independence may also expose auditors to undue influence and management participation threats. The auditor should evaluate both qualitative and quantitative factors when determining the significance of a threat.

Safeguards. Safeguards are controls designed to eliminate or reduce to an acceptable level threats to independence. Under the conceptual framework, the auditor applies safeguards that address the specific facts and circumstances under which threats to independence exist. In some cases, multiple safeguards may be necessary to address a threat. The specific safeguards applied to eliminate the threat or reduce it to an acceptable level will determine whether or not independence is impaired. The auditor should exercise professional judgment in making that determination, and should take into account whether both independence of mind and independence in appearance are maintained.

GAGAS provides a list of safeguards that may be effective under certain circumstances in addressing threats to independence. The list cannot provide safeguards for all circumstances. It may, however, provide a starting point for auditors who have identified threats to independence and are considering what safeguards could eliminate those threats or reduce them to an acceptable level. Examples of safeguards include:

- consulting an independent third party, such as a professional organization, a professional regulatory body, or another auditor;
- involving another audit organization to perform or reperform part of the audit;
- having a professional staff member who was not a member of the audit team review the work performed; and
- removing an individual from an audit team when that individual’s financial or other interests or relationships pose a threat to independence.



1.4 ORGANIZATIONAL THREATS TO INDEPENDENCE

Organizational threats to independence exist when the audit organization's ability to perform work and report results objectively is adversely impacted by its placement within government or the structure of the entity that the audit organization is assigned to audit. GAGAS paragraphs 3.27 through 3.32 specify various ways that an audit organization can meet the requirement for organizational independence. As a Federal OIG, the Ex-Im Bank OIG meets the requirement; therefore, Ex-Im Bank OIG auditors are presumed to be free from organizational impairments to independence.

Special considerations apply to non-audit services to ensure that OA does not create an impairment either in fact or appearance. For additional guidance on non-audit services, see Volume 2, Chapter 9.

1.5 STATEMENT OF INDEPENDENCE

All staff who will be working directly on a project must complete a Statement of Independence at the start of each project (see Appendix VII – Statement of Independence). The Statement of Independence will be maintained in the project workpapers. In cases where it is unclear that an auditor can be considered independent, the Project Manager will work with the AIGA, as necessary, to make a determination. The Statement of Independence will be annotated, as appropriate, if the auditor remains on the project. Throughout the project, the Project Manager should ensure that any team member added to the assignment (including the independent referencer, specialist, and Administrative Assistants if they are assisting in audit analysis and research) has a signed Statement of Independence documented in the workpaper files.

During the course of the project, the Project Manager must remain cognizant of possible impairments to auditors' independence and immediately address these issues. If any potential threat arises subsequent to signing Statements of Independence, employees should notify their supervisor immediately. In the event an impairment is identified after the audit report is issued, the AIGA will promptly notify Ex-Im Bank's Audit Committee of the impairment and its impact on the reported results.

See also Volume 2, Chapters 8 and 9 for more information on independence and contract audit monitoring and non-audit services.



CHAPTER 2: TRAINING AND PROFESSIONAL DEVELOPMENT

2.0 PURPOSE

This chapter establishes OA policy to ensure that all OA staff assigned to audit projects possess the technical knowledge and skills necessary to be competent and meet GAGAS requirements for Continuing Professional Education (CPE).

2.1 APPLICABLE GAGAS

General Standards

- Competence 3.69–3.81

In addition to GAGAS, the GAO publication “Government Auditing Standards, Guidance on GAGAS Requirements for Continuing Professional Education,” issued in April 2005 provides guidance on CPE requirements. The publication is available on the GAO web site at <http://www.gao.gov/govaud/ybcpe2005.pdf>.

2.2 POLICY

The Office of Audits should assess skill needs to consider whether its workforce has the essential skills that match those necessary to perform audits of Ex-Im Bank. To ensure the recruitment and hiring of individuals with the appropriate skills and knowledge, the AIGA will work with the Office of Personnel Management to ensure recruitment efforts, job announcements, position descriptions, and hiring practices ensure we attain individuals with the essential skills to perform complex audits of the Bank. The below policy explains the process for ensuring continuous development, assignment and evaluation of staff to ensure we maintain a competent workforce.

Every member of OA staff should receive sufficient formal and on-the-job training needed to achieve and maintain professional proficiency. This includes meeting the continuing education requirements set forth in GAGAS and other applicable guidelines. OA staff is also encouraged to pursue individual development through outside study, participate in professional activities and organizations, and otherwise keep abreast of current professional trends and developments. However, in no way should OA’s policy be construed as circumventing or superseding OIG or Government-wide policies on training and use of training funds.

OA’s training policy gives first priority to compliance with GAGAS and any other statutory or regulatory training requirements. GAGAS provides standards for audit organizations to follow when conducting audits of U.S. Government organizations and programs. The third general standard for Government auditing is “competence,” which requires that the staff assigned to conduct audit engagements collectively possess adequate professional competence for the tasks required. The standard establishes CPE requirements for auditors working on audits performed in accordance with GAGAS. The staff should also have a thorough knowledge of the Government environment and Government auditing or of the specific or unique environment in



which they are auditing.

To the extent possible, OA staff should be provided with a diversity of assignments and should maximize the use of no-cost and Ex-Im Bank-sponsored training.

2.3 CPE GENERAL REQUIREMENTS

The GAGAS competence standard establishes CPE requirements for auditors. Every 2 years, all auditors who plan, direct, conduct, report, or review audits in accordance with GAGAS are required to meet the following core and non-core CPE requirements:

- At least 80 hours of CPE obtained must directly enhance the auditor's professional proficiency to perform audit engagements.
- At least 24 of the 80 hours must be in subjects directly relating to Government auditing, the Government environment, or the specific or unique environment in which the audited entity operates.
- At least 20 hours of CPE must be completed in any 1 year of the 2-year CPE period.

Exempt Individuals. The following individuals should be qualified to perform their assigned tasks but are not required to meet GAGAS CPE requirements:

- Auditors who are only involved in field work but not involved in planning, directing, or reporting on the audit and who charge less than 20 percent of their time annually to GAGAS audits (must meet the 24-hour core requirement).
- External consultants and internal experts and specialists such as actuaries, attorneys, and statisticians.
- Auditors performing non-audit activities within the audit organization, such as individuals assigned to staff positions in budgeting, policy, personnel, and training.
- Auditors performing services not considered to be audits, such as gathering information about a program without analyses, conclusions, and recommendations.
- Staff who assist in the audit by performing non-audit tasks, such as performing literature searches and editing reports.
- Students employed on a temporary basis for a limited time or enrolled in a formal program sponsored by a college or university for a specific period of employment.

2.4 CPE PERIOD

Based on guidance issued by GAO, CPE for OA staff is tracked on a calendar year basis. The OA 2-calendar-year cycle for tracking training starts at the beginning of every odd-numbered



year and concludes at the end of every even-numbered year. An example of a 2-year cycle would be from January 1, 2013 through December 31, 2014. Excess CPE hours may not be carried over to the next 2-year period.

New audit staff who have not conducted audits before and who are assigned to a GAGAS audit after the beginning of the 2-year CPE period will complete a prorated number of CPE hours. Prorated hours are based on the number of full 6-month intervals remaining in the CPE period. Each CPE period contains four 6-month intervals: (1) January–June/Year 1, (2) July–December/Year 1, (3) January–June/Year 2, and (4) July–December/Year 2.

Example: A new auditor is assigned to an audit in May 2009 (CPE period is January 1, 2009, through December 31, 2010). The prorated CPE requirement is calculated as follows:

- Remaining number of 6-month intervals in the CPE period = 3.
- Total number of 6-month intervals in the full 2-year period = 4.
- Newly assigned auditor's CPE requirement: $(3 \div 4) \times 80 \text{ hours} = 60 \text{ hours}$.

The number of core hours required is calculated in a similar manner (for example, $(3 \div 4) \times 24 = 18 \text{ hours}$).

Making Up CPE. In extenuating circumstances, such as extended illness, audit staff that have not completed the required number of CPE hours for any 2-year period will have the 2 months immediately following the 2-year period to make up the deficiency. Any CPE hours completed toward a deficiency in one period will be documented in the CPE records and may not be counted toward the requirements for the next 2-year period. Auditors who still have not satisfied the CPE requirements after the 2-month grace period will not participate in GAGAS audits until those requirements are satisfied.

2.5 CALCULATING CPE

The number of CPE hours earned is based on the actual number of hours audit staff participated in qualifying programs or activities.

- One CPE hour may be granted for each 50 minutes of participation in qualifying programs and activities.
- One-half CPE hour increments (equal to 25 minutes) may also be granted after the first CPE hour has been earned.
- At conferences and conventions where individual presentations are other than 50 minutes, the sum of the presentations should be considered as one total program. For example, two 90-minute, two 50-minute, and three 40-minute presentations equal 400 minutes or 8 CPE hours $((90 + 90 + 50 + 50 + 40 + 40 + 40) \div 50 = 8)$.



- When the total minutes of a presentation are more than 50, but not equally divisible by 50, the CPE hours should be rounded down to the nearest one-half hour. For example, if the presentation was 70 minutes, the CPE hours would be 1 ($70 \div 50 = 1.4$ hours; rounded down = 1).

2.6 QUALIFYING CPE PROGRAMS AND ACTIVITIES

CPE that satisfies the 80-hour requirement must include topics that maintain or directly enhance auditors' knowledge and skills in areas related to their work. Training that meets various licensing bodies, such as state boards of public accountancy, or professional organizations, such as the Institute of Internal Auditors, may or may not be acceptable for CPE under GAGAS depending on the subject.

Programs and professional education activities that qualify as acceptable for 24-hour core CPE requirements directly relate to Government auditing, the Government environment, or the specific or unique environment in which the audited entity operates. Some courses, such as those provided by the Federal Executive Institute or Office of Personnel Management, will not qualify in their entirety for core CPE credit. However, some hours within these courses may qualify for core CPE credit if they meet the 24-hour requirement.

Determining what subjects are appropriate for individual staff members to satisfy both the 80-hour requirement and the 24-hour requirement is a matter of professional judgment to be exercised by staff members in consultation with supervisors. If questions arise or additional guidance is needed, contact the DAIGA or AIGA.

2.7 TYPES OF TRAINING

Training programs and learning activities can qualify for CPE hours provided they are structured with objectives designed to maintain or enhance audit knowledge and skills. Categories of eligible programs and activities are discussed below.

Group Programs. This category includes university and college courses; training programs presented by other audit organizations, educational organizations, and associations; education and development programs presented at conferences, conventions, meetings, seminars and workshops of professional organizations; and internal training programs and meetings.

Individual Study Programs. This category includes correspondence courses, self-study guides, and courses given through audio and video media, computers, and the Internet (for example, E-learning courses).

Other Professional Activities. This category includes serving as a speaker, instructor, or discussion leader at group programs that qualify for CPE hours or publishing articles or developing CPE courses on topics that qualify for CPE hours.

Internal Training Programs. Most training is obtained from external sources, such as the U.S. Department of Agriculture or Association of Government Accountants. However, OIGs may



also provide training. Internal training programs and meetings will be considered as appropriate CPE programs if they meet the following criteria:

- An agenda or outline is prepared in advance and retained that indicates the name of the instructor, subject covered, the date and length of the program, and program objectives.
- The program is developed and presented by individuals experienced in the subject matter.
- Program materials are reviewed and approved by the AIGA or his/her designee to ensure the program is technically accurate, current, and sufficient to meet the learning objectives.
- Attendance records are maintained.

2.8 MANAGEMENT CONTROLS AND DOCUMENTATION

Documentation Requirements. OA staff is responsible for ensuring that they meet GAGAS CPE requirements and that documentation of CPE is properly maintained on the OA shared drive. For all training completed, whether provided in-house or by an outside organization, OA staff must maintain on the shared drive the following documentation:

- The sponsoring organization.
- The location at which the training was given.
- The title of the training program, including the subject matter or field of study.
- The date(s) the training was attended and completed.
- The number of CPE hours earned toward the 80-hour and 24-hour requirements.
- Evidence of completion of the training or documentation of CPE courses presented and/or developed by OA auditors, along with a written statement supporting the number of CPE hours claimed.

For formal training programs, training certificates or other documentary evidence of training completion should be provided to support the CPEs claimed. For training that does not provide a certificate of completion, documentation should include:

- the contents of the training;

an agenda or outline of the program that shows the subjects and topics covered and the length of the training;
- when appropriate, the learning objective(s); and



- a signed certification that the employee completed the training and AIGA or his/her designee certified the CPE calculation (the certification form to be used is shown in Appendix VIII).

Employee CPE documents must be maintained for 3 years after the CPE period in order to ensure its availability to a peer review team.

2.9 INDIVIDUAL DEVELOPMENT PLANS

All OA staff will complete an annual Individual Development Plan (IDP) to assist in guiding their professional development and developing plans to meet their CPE requirements. IDPs should be developed jointly by employees and their supervisors and reviewed as necessary.

When preparing IDPs, employees must ensure the training listed on the IDPs will allow them to meet CPE requirements and help them achieve the elements and accomplish the assigned projects in their performance plans. Before signing IDPs, supervisors must review the developmental objectives and activities and the estimated dates and costs of the listed activities. Supervisors will also determine the approximate number of hours that will result from the plans to ensure GAGAS CPE compliance. IDPs are then provided to the approving official. The approval official will decide if activities are approved, disapproved, or deferred.

The IDP form to be used is shown in Appendix IX

Purpose. IDPs are the basic instruments used by OA employees and supervisors to discuss employees' career goals and professional development needs. IDPs should not be viewed as binding contracts or as "wish lists" and should reflect realistic assessments of training and professional development needs that can be provided in light of budget constraints.

Core Competencies. IDPs should reflect the competencies OA employees are expected to demonstrate at their current grade and their current and planned job assignments. If employees have the knowledge, skills, and abilities necessary for their current grade, they can then consider obtaining the knowledge, skills, and abilities necessary to advance to the next grade.

Supervisory Review and Approval. OA supervisors should work closely with employees in developing IDPs to ensure the proper training and developmental assignments. In approving the IDPs, supervisors will consider employees' career goals, CPE requirements, developmental needs, and previous performance issues, as well as organizational needs.



CHAPTER 3: QUALITY CONTROL

3.0 PURPOSE

This chapter provides OA policy and guidance on OA's system to ensure the quality of services and administrative operations meet the quality control guidance outlined in GAGAS as well as the quality assurance guidance developed by CIGIE.⁶

3.1 APPLICABLE GAGAS

General Standards

- Quality Control and Assurance 3.82–3.107

Supplemental Guidance

- Report Quality Elements A7.02
- System of Quality Control A3.10

3.2 OA QUALITY CONTROL ELEMENTS AND RESPONSIBILITIES

A balanced program of internal quality control elements will be performed to help ensure that:

- OA work is timely, relevant, and effective.
- All assignments are performed economically and effectively in accordance with GAGAS and the OA Policy Manual.
- We support the other activities and components of the Ex-Im Bank OIG.
- OA staff adheres to the highest ethical standards by conducting their work with integrity, objectivity, independence, professional judgment, competence, diligence, and (where appropriate) confidentiality.

OA staff is responsible for the proper execution of audits through an understanding and use of applicable standards and OA procedures provided through the OA Policy Manual. Below is a summary of quality control requirements all OA staff must complete as part of their execution of audit engagements.

Supervisory Reviews. The first and primary element for ensuring the quality of audits is proper supervisory review of audit documentation throughout the project. The degree of supervisory review required will vary depending on the skill level of the staff assigned to the audit team and the complexity of the project. Project Managers and Lead Auditors will regularly review audit workpapers of subordinate staff, provide coaching notes, and sign off on workpapers that meet evidence and documentation standards and OA policy. (See Volume 1, Chapter 5 for additional information on supervision.)

⁶ The terms “quality control” and “quality assurance” are used interchangeably in this policy.



Indexing Requirement. The audit team must index all draft and final reports to completed supporting documentation. Before the report is provided to the independent referencer, the audit team must complete all workpapers, all workpapers must be reviewed, and all coaching notes must be cleared. The audit team must also review the report for accuracy, including the accuracy of all mathematical computations (See Volume 2, Chapter 4, for additional information on indexing). With the exception of the checklist items relating to the final report, the audit team and Project Manager also complete the Auditing Standards Certification and Quality Control Checklist (see Appendix X), which is reviewed for completeness by the Referencer.

Quality Control Checklist and Auditing Standards Certification. Project Managers, the DAIGA and AIGA must complete and approve Appendix X – Auditing Standards Certification and Quality Control Checklist to indicate that the audit was conducted in accordance with GAGAS and OA policy. The checklist should be fully completed and the certification must be signed before the draft report is issued and finalized before the final report is issued. The checklist and certification will be maintained in the assignment workpapers.

Referencing Requirement. Project Managers are required to ensure that draft and final reports are referenced by an experienced auditor independent of the audit team. At the conclusion of the referencing review, a referencing checklist and certification will be completed by the referencer and all referencing comments will be cleared prior to official draft report and final report issuance. (See Volume 2, Chapter 4, for additional information on referencing.) The referencer will also review the Auditing Standards Certification and Quality Control Checklist for completeness.

Internal Quality Assurance Reviews (QARs). At the direction of the AIGA, completed assignments may undergo an internal end-of-job QAR to identify lessons learned and areas for needed improvement. The QAR must be performed by an experienced staff member independent of the audit, including referencing activities. The objective of the review is to monitor the quality of work in the audit organization and assess the audit team's compliance with applicable policies and procedures, including GAGAS and OA policy.⁷ The review should include verification of answers provided on the completed "Auditing Standards Certification and Quality Control Checklist." The CIGIE "Guide for Conducting External Quality Control Reviews of the Audit Operations of Offices of Inspector General" may also be used to guide and document the results of the QAR. The DAIGA and AIGA are responsible for ensuring that recommendations resulting from internal QARs and quality control monitoring activities are appropriately addressed, and that, where systemic issues are observed, a plan for corrective action is promptly implemented.

Oversight of Audit Contracts. Additional information intended to ensure quality control of audit services obtained by IPAs is provided in Volume 2, Chapter 8.

⁷ Additional policy regarding monitoring of quality is included in OIG Policy No. 203, "Internal Quality Control."



3.3 EXTERNAL QUALITY CONTROL REVIEWS

OA participates in the CIGIE program to obtain external quality control reviews of its operations at least once every 3 years as required by GAGAS. Auditors from another agency's OIG will perform this external quality assurance or "peer" review. The objective of the CIGIE external quality review program is to foster quality audits by IGs. The objective is accomplished through an independent assessment of the effectiveness of the internal quality assurance system in providing reasonable assurance that the applicable audit standards and requirements are being followed. The CIGIE "Guide for Conducting External Quality Control Reviews of the Audit Operations of Offices of Inspector General" provides the policies and procedures for conducting these reviews.

The AIGA or his/her designee will act as the liaison between the CIGIE selected external peer review team and OA staff involved in this external review. Project Managers are responsible for ensuring that prompt responses are provided to the CIGIE peer review team's requests for data, information, and interviews of personnel. The AIGA will coordinate the staffing of draft and final CIGIE peer review reports within the Ex-Im Bank OIG. This coordination will include the preparation of responses and implementation plans for recommendations when the Ex-Im Bank OIG concurs and agrees to implement corrective actions.

OA staff is responsible for following up on external quality reviews. As part of that follow-up process, the AIGA will determine what corrective actions have been implemented to address recommendations. In addition, in accordance with the IG Act, peer review information, including the status of recommendations for corrective action, must be reported in the OIG's semiannual reports to Congress. Each final peer review report will be posted to the OIG public website within 3 working days.



CHAPTER 4: INDEXING AND REFERENCING

4.0 PURPOSE

This chapter establishes OA policy and general guidance for indexing audit programs and workpapers, and referencing reports and other documents issued by the OIG.

4.1 APPLICABLE GAGAS

Field Work Standards for Performance Audits

- Audit Documentation 6.79

Supplemental Guidance

- Report Quality Elements A7.02

4.2 POLICY

Project Managers will ensure that project audit programs, workpapers, and reports are sufficiently indexed and that all reports are independently referenced prior to issuance. GAGAS requires that auditors appropriately organize workpapers to provide a clear link to the findings, conclusions, and recommendations found in the report. GAGAS further requires that findings be adequately supported by audit documentation and that the conclusions and recommendations flow logically from the support.

4.3 INDEXING

Indexing is the process of annotating an audit report, summary, or other documentation to identify specific sources of information used to support the content of the report. Indexing facilitates the cross-referencing (also referred to as cross-indexing) of workpapers to the assignment program, other workpapers, and the report. Indexing consists of connecting figures or statements of fact made in reports, workpapers, or other supporting documentation to related information at another place. An index may refer to a document, a page of a document, line or column of a schedule, a specific figure, a paragraph of a narrative document, or any other unique data in the workpapers. The TeamMate software automatically assigns a number to all workpapers, which serves as the workpaper index. It may be necessary, however, to revise the index to ensure it points to a specific fact, line, or figure in the document.

Workpaper summaries must be cross-referenced to the supporting workpapers. Also, to facilitate the review of workpapers, related workpapers should be cross-referenced to each other. If TeamMate will not allow a hyperlink to the exact location of the document that supports the related workpaper, statement, fact, or figure, OA staff must provide as much descriptive information as possible (that is, the workpaper number, specific page number, and paragraph number(s)) to assist workpaper reviewers and independent referencers in locating the support.



Dos and Don'ts for Indexing Reports. Factual data in reports must be accurate, and conclusions and recommendations must logically flow from the factual data. To help ensure accuracy, all statements of fact including personnel position titles, document titles and revision/release information, figures, dates, years, dollar amounts, and other significant statements in both draft and final reports should be indexed to supporting evidence in the workpapers. Each instance of such facts must be separately indexed.

To the extent practical, reports should be indexed directly to supporting workpapers, including both to original source documents and to records of auditors' analysis of such source documents, rather than to summaries. If the report is indexed to a summary workpaper, that portion of the summary workpaper must be indexed to the corroborating supporting documentation including source documents and records of auditors' analysis of such source documents. Auditors should not make independent referencers search for support and indexed workpapers should allow reviewers and referencers to easily determine how calculations were determined.

Workpapers should clearly support reported information and lead the independent referencer to the same conclusion. However, it is not anticipated that reports will be replicas of supporting workpapers or use the same exact language (unless the report contains a quote). Auditors should use professional judgment and it is anticipated that wording changes that do not change the meaning of supported information will occur in the report writing process.

If there are no significant changes between the indexed draft and final reports, the auditors may index the final report to the indexed draft report. Management's comments should be referenced to the workpaper documentation showing receipt of management's comments. Significant changes between draft and final reports include changes in scope such as the audit universe or sample size; changes in condition such as differences in number, location, or amounts of deficiencies; and any new or changed examples. All significant changes must be indexed and referenced. Significant changes do not include replacing one word with another of the same meaning or moving paragraphs, sentences, or words.

4.4 REFERENCING

Referencing is the process of comparing the indexed draft or final report to the source documents to ensure accuracy. Once a report is fully indexed, an independent referencer (GS-13 or above who is independent of the audit) will evaluate evidence and verify that the report is accurate and adequately supported, and that conclusions and recommendations flow logically from the facts. The entire draft report must be referenced and all referencing comments must be resolved or waived by the AIGA before the official draft is issued for management's comment. Only significant changes between the draft and final reports must be referenced and any referencing comments resolved or waived by the AIGA prior to issuing the final report.

Independent referencing of reports must be done in TeamMate. All workpapers except administrative workpapers relating to the issuance of the report must be completed and prepared (that is, electronically signed by an auditor) and appropriately reviewed, and all coaching notes cleared, before independent referencing begins. If workpapers are not completed and reviewed



and coaching notes are not cleared, the referencer should immediately notify the Project Manager and/or OA management (DAIGA or AIGA).

Note: Inserting in supporting workpapers indexes to the draft and final report through a hyperlink changes the workpaper status to “edited after review.” In such cases, workpapers must be signed off again by the preparer and reviewer.

As previously discussed, team members should use TeamMate’s hyperlink function to expedite location of supporting evidence by independent referencers. If TeamMate will not allow a hyperlink to the exact location of the document that supports the report, team members should provide as much descriptive information as possible (that is, specific page number and paragraph number(s)) to assist the independent referencer. Conclusions and opinions should be indexed to workpapers supporting auditor analyses and conclusions and identified with the phrase “Auditor’s Conclusion” or “Auditor’s Opinion.” Recommendations, report titles, headings/subheadings, header and footer information, acronym lists, and front and back cover boilerplate language do not need to be indexed and referenced. The Executive Summary should be indexed and referenced to the supporting sections of the report body.

Independent referencers should be granted preparer and reviewer roles in TeamMate to enable them to perform all independent referencing responsibilities.

Specific Responsibilities of Referencers. To ensure that audit reports are adequately supported and contain no errors in fact, logic, or reasoning, the referencer will:

- Verify the accuracy and that appropriate support exists for all statements of fact – including personnel position titles, document titles and revision/release information, figures, dates, years, dollar amounts, and other significant statements in both draft and final reports —and criteria, condition, cause, effect, conclusions, and recommendations.
- Verify that all workpapers except administrative workpapers associate with issuance of the report are completed and reviewed and all coaching notes are cleared before beginning referencing.
- Verify that the Auditing Standards Certification and Quality Control Checklist was completed and signed by the Program Manager, DAIGA and AIGA.
- Use tick marks on the indexed versions of the draft and final report to indicate that each fact and index in the report was verified.
- Use coaching notes in TeamMate to document all questions or comments relating to the draft and final reports.
- Verify that the audit team has sufficiently addressed all questions and comments of the referencer prior to issuance of the draft and final reports.



- Sign a Statement of Independence indicating that the referencer is independent in both fact and appearance (see Volume 2, Chapter 1 for additional guidance).
- Sign the Referencing Checklist and Referencing Certification contained in Appendix XI to indicate compliance with OA policy and certify that all key information in the indexed draft and final reports has been verified and is accurate prior to report issuance. A Referencing Certification is required for both the official draft and final reports; however, only one Referencing Checklist is required for each project.

Dos and Don'ts for Referencers. Referencers should begin the referencing process by reading the entire report and gaining an overall understanding of the issues and conclusions. Independent referencing does not have to begin on page one of the report. It may be more helpful to start elsewhere (i.e., with a finding). Referencers should be aware that initial comments may be answered as independent referencing is accomplished. In such cases, referencers should address the coaching note to show that they answered their own comments. Referencers should also suggest a better index if one is found during the referencing.

Resolution of Referencer Comments. All referencer comments will be resolved between the referencer and the audit team. The audit team will describe the actions taken to resolve each comment and the referencer will indicate that each comment is resolved in the coaching notes. The Project Manager is responsible for ensuring that any changes made to the report to respond to the independent referencer's comments are incorporated into the draft and final reports before issuance. If the referencer's comments cannot be resolved, the issues will be elevated to the DAIGA and AIGA.

Referencing Checklist. Completion of the Referencing Checklist (See Appendix XI) will help ensure that the indexing and independent referencing process is thorough and complete. The Project Manager must complete the Pre-Referencing checklist section and sign off as preparer before referencing begins. The independent referencer must complete his/her respective checklist section and sign off as preparer. After the independent referencer has completed his/her work, the Project Manager must complete the Project Manager Post-Referencing checklist section and sign off as reviewer. Although only the latest preparer signature shows up in the TeamMate summary schedules, the other preparer signature will appear in the signature history.

Referencing Certification. Referencing is not complete until the referencer signs the Referencing Certification (see Appendix XI). Because TeamMate may in certain circumstances indicate that the independent referencer edited a document when using tickmarks or because an independent referencer may inadvertently click the wrong button when closing a workpaper that was examined, the following statement should be included on the Referencing Certification:

With the exception of indexed copies of the independently referenced draft and final reports, the Referencing Checklist, and this Referencing Certification, the independent referencer acted solely as a reviewer and did not alter or create any of the workpapers contained in this TeamMate project file.



CHAPTER 5: POTENTIAL MONETARY BENEFITS

5.0 PURPOSE

This chapter establishes OA policy and procedures for identifying, classifying, and reporting potential monetary benefits in accordance with the semiannual reporting requirements cited in the IG Act, as amended.

5.1 POLICY

Draft and final OA reports will identify any potential monetary benefits that may be achieved through implementation of OA recommendations. Monetary benefits give the reader a perspective in judging the significance of the deficiencies or problems found and the related recommendations. The report should fully explain the rationale and calculations used to determine the potential monetary benefits identified during the audit or review.

5.2 TYPES OF MONETARY BENEFITS

In each Semiannual Report to Congress, the OIG is required to report monetary benefits as either “Questioned Costs” (with unsupported costs being listed separately) or “Funds Put to Better Use.” As a result, draft and final reports must identify potential monetary benefits as one of these two types. The types of monetary benefits are described below:

Questioned Costs. A recommendation questioning a cost tells agency management that the expenditure is questionable because it allegedly violated a law, regulation, contract, or agreement; was not adequately documented; or was unnecessary or unreasonable. Examples of costs questioned by OA are:

- An alleged violation of a provision of a law, regulation, contract, agreement, or document governing the expenditure of funds (e.g., Ex-Im Bank procurement office paid for expenses not specified in a contract or a delegated lender approved a loan that did not have repayment ability and it resulted in a loss to the bank).
- A finding that the expenditure of funds was unallowable, unnecessary, or unreasonable (e.g., Ex-Im Bank spent \$300,000 purchasing 100 new laptop computers for employees who only had a need for 50 computers).
- A finding that the cost was not supported by adequate documentation (e.g., Ex-Im Bank has a \$600,000 loan specialist contract, but the contract file has no documented price basis and no cost or pricing data or Ex-Im Bank disbursed a loan that did not contain a credit report or current financial statements).

“Unsupported” costs must be included in the total questioned cost but also listed separately from questioned costs in the Semiannual Report, report summary table, and report final transmittal table.



Funds Put to Better Use. Funds put to better use cover the majority of potential monetary benefits resulting from an OA project. The term “funds put to better use” means that funds could be used more efficiently if management takes action to implement and complete the recommendations made by the project. Such actions could include reducing outlays, deobligating funds, and avoiding unnecessary expenditures by improving internal controls in a program.

The monetary benefits related to a finding and recommendation will generally take one of the following two forms:

1. The actual dollar amounts based on a past occurrence where a violation occurred that resulted in unallowable, unsupported, or unreasonable costs. These dollar amounts would be reported as questioned costs.
2. The estimated dollar amounts that cannot be tied to particular items or specifically calculated, but which can be reasonably estimated using generally acceptable methodologies. Estimates should be reasonably accurate and based on credible assumptions.

5.3 CALCULATING MONETARY BENEFITS

Potential monetary benefits must be reasonable and prudently calculated. The methodology used to calculate the monetary benefits will provide the most credible, supportable, and defensible estimate. Offset costs should be part of the calculation and include all direct and indirect costs that will be incurred in implementing the recommended action, which will result in the monetary benefit. When determining methodology to calculate potential monetary benefits, the audit team should consider the following:

- Audit objectives.
- Nature and significance of findings.
- Risks and vulnerabilities involved in the reviewed entities.
- Possible arguments to be raised against the methodologies and/or amounts.
- Time and effort required by the method selected.
- Availability of current Ex-Im Bank cost data.
- Anticipated benefits of recommendations versus the cost of implementation.

Estimating Monetary Benefits. When estimating monetary benefits based on audit results, the audit team should consider the following:



Sample Results to the Universe. Only extrapolate sample results to “like” items in the audit universe. For example, the audit results from a sample of supplies that cost under \$500 can only be applied to supplies that cost under \$500 in the universe.

Site Results to Nationwide. If audit results are based on only one site, the monetary benefits will be limited to that facility and not estimated nationwide.

Estimates to Future Years. Although many recommendations only produce a one-time benefit, there are instances where a one-time management action will result in benefits that can affect several identifiable fiscal years (e.g., the life of the contract including option years).

Based on a Nonstatistical Sample. If monetary benefits for the sample cannot be statistically projected, the sample results from nonstatistical samples may only be applied to the sample items reviewed.

Use quantitative and statistical techniques whenever practicable. Seek assistance from the OIG’s contracted statistician when developing a methodology. The methodology and quantification efforts should be refined and validated as soon as potential findings begin to develop.

5.4 REPORTING MONETARY BENEFITS

All OA reports should clearly identify and fully explain all estimated monetary benefits because they are often the source of disagreement with management. Accordingly, reports will discuss the monetary impact in several locations, and in varying detail, as shown below.

Main Body of the Report. All recommended monetary benefits amounts and calculations must be discussed in the report and included in the recommendation. The level of detail must be sufficient to explain the basis of the estimated amount(s) of funds put to better use or questioned costs (including data sources, methods, and assumptions used) and to convince the reader the amount and conclusions are reasonable.

Appendix. When the report contains several monetary benefits calculations or when the calculations are complex, an appendix should be used to explain and document the methodology, assumptions, and calculations. The appendix format and level of detail may vary with the type of audit, report, and/or nature of the subject matter. Regardless of how it is structured, the appendix should provide the reader with enough information to clearly understand how the monetary benefits amounts were developed.

Management’s Comments. If an auditee disagrees with the reported monetary benefits, the audit team will evaluate the auditee’s concerns and any alternative estimates provided and try to reach agreement with the auditee. Report revisions can be made to reflect agreement on facts, clarify points that may be misinterpreted, or adjust estimates, if appropriate.

If an agreement cannot be reached, the issue will be elevated to the DAIGA and AIGA for



resolution. At the AIGA's discretion, the OIG's evaluation of management's comments in the report may include a rebuttal that supports the retention of the monetary benefits and reaffirms the OIG position that the estimates are reasonable.

5.5 SUPPORTING MONETARY BENEFITS

Monetary benefits identified in OA reports must be adequately documented and cross-referenced in and to the audit workpapers. Any discussions with OIG or Ex-Im Bank management regarding monetary benefits will be documented in the audit workpapers.



CHAPTER 6: COORDINATION WITH OTHER OIG COMPONENTS AND OTHER AUDITORS

6.0 PURPOSE

This chapter establishes OA policy and guidelines for coordination between OA and the Counsel to the IG, OI, and OIE, and other auditors.

6.1 BACKGROUND

The IG is responsible for establishing internal controls to provide reasonable assurance that OIG operations are efficient, effective, and in compliance with applicable laws, regulations, and professional standards. Timely and reliable coordination among all OIG components will help to ensure agency success in achieving the standards required for efficient and effective OIG management. In addition, cooperation amongst audit organizations conducting GAGAS audits allows auditors to avoid duplication of efforts.

6.2 POLICY

Auditors will coordinate with other OIG components to ensure resources are used efficiently, efforts are not duplicated, investigations are not compromised, and projects comply with applicable laws, regulations, and professional standards. To accomplish this, auditors must communicate clearly and timely with other OIG staff. Coordination will begin as early in a project as practical. In addition, coordination must be included in the project plans and documented in project workpapers.

Auditors must always be aware of circumstances when other OIG staff should be consulted for their expertise or resources. Listed below are the other OIG offices and their significant responsibilities.

Further, the Office of Audits will cooperate with other audit organizations in federal, state, and local governments and public accounting firms who conduct audits in accordance with GAGAS. The AIGA will make appropriate individuals and audit documentation available upon request and in a timely manner to other auditors or reviewers so that auditors may use the work of the Office of Audit to avoid duplication and efforts.

6.3 OFFICE OF THE COUNSEL TO THE IG

The Office of the Counsel to the IG is the primary OIG resource for legal services. Auditors will consult with Office of the Counsel to the IG staff on all matters requiring legal advice and assistance.

Auditors will coordinate with the Office of the Counsel to the IG when:

- Legal assistance is needed to prepare draft reports, audit programs, or other products.



- An auditee provides a legal opinion, analysis, or interpretation of laws or regulations that is contrary to the auditor's opinion or understanding.
- Assistance is needed to identify or interpret statutes, regulations, legal documents, or opinions.
- Circumstances require testimony or information from an auditee's legal counsel.
- It is necessary to issue a subpoena or threat of subpoena to compel third parties to produce records.
- Project work requires confirmation that reports or other products are legally competent, to include recommendations for administrative actions by auditees such as disciplinary action, suspension, or debarment.
- Auditors are named as defendants in litigation associated with their employment, or audit staff or their records are sought by demands or subpoenas.
- Legal representatives from entities such as the Ex-Im Bank Office of General Counsel or the Department of Justice contact audit staff regarding a legal matter related to an OA project.

6.4 OFFICE OF INVESTIGATIONS AND OFFICE OF INSPECTIONS AND EVALUATIONS

As described in Volume 1, Chapter 3, when planning new audit projects, the audit team will contact OI and OIE to inquire about any ongoing work related to the audit issue. When work is ongoing, the audit team will coordinate with the applicable OIG component, DAIGA, and AIGA to determine if audit work can still be performed or if the audit should be postponed or modified.

The audit team must refer all instances of potential or suspected fraud to the DAIGA and AIGA, who will refer them to OI, if appropriate. If instances of suspected fraud come to the attention of auditors, they must:

- immediately report the information to the DAIGA and AIGA;
- not question parties about a suspected illegal activity or accuse anyone of wrongdoing; and
- safeguard evidence, particularly original documents and computer files.

Before preparing a draft report that discloses or involves fraud or other illegal acts, auditors will consult with the assigned investigators. The auditors will document the coordination results in the project workpapers and keep the DAIGA and AIGA fully informed.



CHAPTER 7: MAINTAINING EFFECTIVE RELATIONS WITH MANAGEMENT

7.0 PURPOSE

Maintaining effective relations with management officials is essential to conducting independent, but responsive, audits and reviews that will assist management in improving the effectiveness, efficiency, economy, and integrity of Ex-Im Bank operations. This chapter presents OA policies and procedures for accomplishing this objective.

7.1 BACKGROUND

Effective relationships with Ex-Im Bank management officials should be maintained by:

- Providing management reasonable advance notice of fieldwork requirements.
- Continually advising management of the progress of the assignment and its results.
- Soliciting feedback periodically from key management officials via personal visits, telephone calls, and e-mails on improving the value and usefulness of audits and reviews.
- Providing positive feedback on operations to management when warranted.

Project Managers are responsible for ensuring that the Audit Liaison and organizational points of contact designated by the addressees of the announcement letter are kept advised of fieldwork requirements. At the direction of the AIGA, some activities may not be announced in advance due to the sensitivity of the project or other considerations. For such assignments, the OIG may provide limited or no advance notice of fieldwork.

7.2 KEEPING MANAGEMENT ADVISED OF AUDIT PROGRESS

Entrance Conferences. An entrance conference will be held by the Project Manager, team members, and (as necessary) DAIGA and/or AIGA with the management points of contact designated by the addressee(s) of the announcement correspondence. A memorandum summarizing the entrance conference and its attendees (name, title, and telephone number) should be included in the project workpapers (see Volume 1, Chapter 3. for additional guidance).

Interim Briefings. The team should have periodic discussions with Ex-Im Bank management representatives regarding the team's observations, conclusions, concerns, and potential findings throughout the assignment to ensure an accurate understanding of the issues and positions, to ensure the draft report is factually accurate, and to resolve or minimize any disagreements on the findings, conclusions, recommendations, and potential monetary benefits. The Project Manager is responsible for ensuring that the contents of the draft report are discussed with management officials (or their designated representatives) to whom the recommendations are



directed, as well as the auditee's designated points of contact. Specifically, as soon as is practicable and appropriate, Project Managers should provide approved working copies of findings, conclusions, and possible recommendations to the appropriate management officials for discussion prior to finalizing and releasing the draft report. ***These documents must be clearly labeled that they are drafts and in the review process and future distribution is not authorized.*** Management should be advised that working copies of findings and other documents are subject to revision as evidence is reviewed and analyzed. Working copies of findings and other documents furnished to management for discussion purposes should be retained in the workpapers along with the names (including titles and telephone numbers) of the officials to whom the information was provided and the date. In addition, the DAIGA and/or AIGA should attend, to the extent possible, any meeting with senior-level officials where significant or sensitive findings and recommendations are discussed. All significant discussions with management should be documented in the appropriate sections of the TeamMate file.

Exit Conferences. The exit conference provides an opportunity to ensure the accuracy of the draft report and to resolve matters that are in dispute before the final report is issued. The exit conference also provides added assurance that all aspects of a finding have been considered and that management's and the auditor's positions are clearly established before the report is finalized. Supervisors are required to conduct exit conferences unless it is waived by Ex-Im Bank management (see Volume 1, Chapter 6 for additional guidance).

7.3 SOLICITING AUDIT/REVIEW SUGGESTIONS

An integral part of the process is obtaining Ex-Im Bank management officials' suggestions on how our products and services can better help to improve Ex-Im Bank operations. Throughout the audit process, suggestions should be sought from management officials for future audits, improving the value and usefulness of the ongoing audit, and improving the overall process.

Suggestions received from management officials should be promptly sent to the DAIGA and AIGA, who will maintain the suggestions for consideration within the overall OA planning process.

Announcements. To facilitate constructive initial dialogue with Ex-Im Bank management officials, project announcement letters should include the statement, "*We will consider management suggestions for revising the objectives.*" (See Appendix I – Sample Announcement Letter.)

E-mail Signature. To (1) create a sense of consistency and professionalism, (2) ensure that e-mail recipients have all pertinent information needed to access the OIG website or contact OA staff and inquire about ongoing projects or suggest new ones, and (3) provide notice that OA e-mails may contain sensitive information that is intended for authorized recipients only, all OA staff should establish and use an e-mail signature that conforms to the following example:



(b) (6)



EXPORT-IMPORT BANK
of the UNITED STATES

! WARNING ! This email including any attachments is intended only for authorized recipients. Recipients may only forward this information as authorized. This email may contain non-public Confidential Business Information or information that is "Law Enforcement Sensitive," "Sensitive But Unclassified," or otherwise subject to the Privacy Act and/or legal and other applicable privileges that restrict release without appropriate legal authority and clearance. Accordingly, the use, dissemination, distribution, or reproduction of this information to or by unauthorized or unintended recipients, including but not limited to non-Ex-Im Bank recipients, may be unlawful.

Reports. To help solicit audit suggestions, the draft and final reports should include on the last page the statement, *"If you wish to comment on the quality or usefulness of this report or suggest ideas for future audits, please contact [Name], Assistant Inspector General for Audits, at [e-mail address] or call [phone number]. Comments, suggestions, and requests can also be mailed to the attention of the Assistant Inspector General for Audits at [OIG address]."*



CHAPTER 8: AUDIT CONTRACT MONITORING

8.0 PURPOSE

This chapter establishes OA policy and general responsibilities for monitoring the contract audit work performed by IPAs and other contractors. It establishes the general guidance, delegations of authority, and responsibilities related to the following aspects of monitoring contract audit work:

- Assigning a COR.
- Assessing contractor qualifications and independence.
- Approving contract objectives, scope, and methodology.
- Monitoring contractor performance.
- Determining the method of reporting contractor audit results

It applies to all OIG audit work performed under contract with auditors and specialists including, but not limited to, IPAs, information systems auditors or specialists, report editors, statisticians, and actuaries and provides specific policies and procedures for OA's review and oversight of the IPA conducting the annual audit of Ex-Im Bank's financial statements. Finally, this chapter implements OA's quality control program to ensure the guidance contained in the Financial Audit Manual (FAM), Section 650, "Using the Work of Others," and the guidance for audits of Federal financial statements developed by OMB are met.

8.1 APPLICABLE GAGAS

General Standards

- Independence 3.02–3.59
- Professional Judgment 3.60–3.68
- Competence 3.69–3.81
- Quality Control and Assurance 3.82–3.107

Standards for Financial Audits 4.01–4.48

Field Work Standards for Performance Audits

- Using the Work of Others 6.40–6.44
- Audit Documentation 6.79–6.85

8.2 BACKGROUND

Under certain circumstances, the OIG may establish contracts with IPAs for the performance of audits or evaluations. For example, the CFO Act of 1990 requires the Ex-Im Bank IG or an independent external auditor (as determined by the IG) to audit the Agency's financial



statements.⁸ To fulfill audit responsibilities under the CFO Act, Ex-Im Bank contracts with an IPA to conduct Ex-Im Bank's financial statements audits and OA reviews the IPA's audit work to ensure that Ex-Im Bank's annual financial statement audits are performed in accordance with the contractual requirements, including:

- GAGAS standards for financial audits, and
- requirements of OMB Bulletin, "Audit Requirements for Federal Financial Statements," as amended.

GAGAS for financial audits are based on the standards developed by the AICPA. In addition, auditors are required to follow the requirements of the GAO FAM.

In addition to annual financial statement audits, the OIG may contract with an IPA for annual audits of Ex-Im Bank's compliance with the Federal Information Security Management Act of 2002. The OIG may also establish contracts for statistical support or other audit support. When performing audit work under contract, IPAs and other contractors are required to comply with GAGAS. When performing nonaudit work under contract, IPAs and other contractors should comply with GAGAS when feasible.

8.3 ASSIGNING A COR

The AIGA will assign a properly trained COR for every contract. The COR must ensure that audit work performed by contractors complies with GAGAS, AICPA, and FAM requirements and that there is a sufficient basis for relying on the contractor's audit work. The COR must have adequate knowledge of the contracted audit subject matter, GAGAS, FAM 650, and COR contract administration requirements.

The assigned COR is responsible for all aspects of contract administration. Specifically, the COR will:

- Prepare the Statement of Work and obtain approval from the AIGA.
- Participate in contract pre-award actions.
- Provide technical guidance as needed.
- Evaluate bid proposals and propose selection of the contractor.

⁸ The Congress passed the CFO Act of 1990 (Public Law 101-576, November 15, 1990) to address critically needed improvements in the federal government's financial management practices, systems, and reporting. The CFO Act amended the Government Corporation Control Act to strengthen existing audit requirements for government corporations, such as Ex-Im Bank, and requires each to issue an annual management report to the Congress that includes financial statements, management's statement on internal controls, and the auditor's report resulting from the audit of the financial statements.



- Obtain evidence of the contractor's qualifications and independence.
- Approve the planned contract audit work objectives, scope, and methodology.
- Monitor contractor performance to ensure the audit evidence gathered by the contractor is sufficient, reliable, and competent.
- Accept, review, and approve contract deliverables such as plans, summaries, and draft and final reports.
- Review contractor invoices and approve them for payment.
- Ensure that an appropriate method is used to report the results of the contracted work.
- Maintain a contract administration file that documents actions taken, including a completed Auditing Standards Certification and Checklist for OIG Monitoring of Audits Performed by an IPA (See Appendix XII – Auditing Standards Certification and Checklist for OIG Monitoring of Audits Performed by an Independent Public Accountant).

8.4 ASSESSING CONTRACTOR QUALIFICATIONS AND INDEPENDENCE

To carry out his/her responsibilities, the COR should develop a review program that provides for:

- Evaluation of the IPA's independence, objectivity, qualifications, and system of quality control.
- Review of the IPA's audit workpapers.
- Performance of supplemental tests (if required).

The extent of the review of the IPA's workpapers and supplemental testing will be based on (1) any standards or requirements pertaining to the CFO audit, (2) results of prior reviews, and (3) concerns of OIG management.

Before fieldwork begins, the review program should be formally approved in writing by the AIGA or his/her designee. Also, the AIGA or his/her designee should approve any subsequent changes to the program.

The COR must assess contractor qualifications and independence. The assessments must be completed before the contract is awarded and before contract options are exercised.

Assessing Contractor Qualifications. Contractor staff performing the contract work must collectively possess the technical knowledge, skills and experience necessary to be competent for the type of work being performed. Evidence of contractor qualifications include:



- Documentation of prior work experience and products.
- COR inquiries with contractor references concerning the quality of contractor work performed.
- Professional certifications and CPE of contractor staff.
- External quality control reports for contract auditors or other quality reports for contract specialists.
- Review of the contractor's latest peer review results.

Assessing Contractor Independence. Contractor staff performing the contract work must be free both in fact and appearance from personal, external and organizational impairments to independence. Evidence of contractor independence includes: (1) contractor staff certifications that they have no personal impairments, (2) contractor assurances that Ex-Im Bank management has not interfered, or will not be allowed to interfere, with audit procedures, and (3) contractor assurance that the contractor has not, is not, or will not perform nonaudit services for the Ex-Im Bank.

Documenting Assessments of Contractor Qualifications and Independence. Before the contract is awarded, assessments of contractor qualifications and independence must be documented in the contract administration files. After the contract is awarded, documentation of these assessments must be included in the contract oversight files. In addition, if contract options are exercised, documentation of reassessments of contractor qualifications and independence must be included in contract administration files and the contract oversight files.

8.5 APPROVING CONTRACTOR OBJECTIVES, SCOPE AND METHODOLOGY

Before contractors proceed with any audit work, the COR must approve the contractor's audit program which includes clearly defined audit objectives, scope, and methodology. During the audit, if significant changes to the objectives, scope, and methodology become necessary, the COR will obtain the AIGA's approval (or approval of his/her designee).

Objectives. The objectives must describe what the audit is intended to accomplish.

Scope. The scope must be directly tied to the audit objectives. For example, the scope must define parameters of the audit such as the period of time reviewed and the locations at which the fieldwork will be performed.

Methodology. The methodology must describe the data-gathering and analytical methods and the extent of work planned (for example, sample size) to achieve the objectives. The methodology must be designed so that it provides sufficient, competent, and relevant evidence



to achieve the objectives of the audit.

8.6 MONITORING CONTRACTOR PERFORMANCE

Monitoring is an essential part of the contracting process to ensure that the OIG receives both the type and quality of audit services specified in the contract. Monitoring contractor performance also provides the OIG assurance that contractor work is performed according to professional standards and guidance. The COR is responsible for monitoring and managing the contractor's work. Documentation of contract monitoring must include an oversight plan and an oversight audit guide.

Performance of Financial Statement Audit. The oversight of the IPA's performance of the annual financial statement audit is not a financial audit as described in GAGAS 1.19. That paragraph states, "...if the audit objective is to express an opinion on financial statements, the standards for financial audits apply." The objective of OIG's oversight is not to express an opinion on financial statements but to ensure the IPA meets contractual requirements when performing its audit. However, the OA staff follows GAGAS Chapter 2, "Ethical Principles in Government Auditing," and Chapter 3, "General Standards," in performing its review of the IPA's work. Specifically, the OA staff conducting the review will be independent and competent and will use professional judgment. Also, the review will be adequately planned and properly supervised, as described in GAGAS Chapter 4, "Field Work Standards for Financial Audits." Further, OA staff will perform certain procedures and retain certain documentation as described in the FAM Section 650 A, "Summary of Audit Procedures and Documentation for Review of Other Auditors' Work."

To ensure that monitoring of the IPA's work has been properly accomplished, the COR/Project Manager will complete the auditing standards certification and checklist found in Appendix XII.

8.7 REPORTING CONTRACTOR AUDIT RESULTS

There are various types of reporting when using the work of contractors and specialists. The type of reporting depends on the degree of responsibility the OIG accepts and the work performed by the contractor.

Performance audits conducted by a contractor will generally be forwarded to the auditee with an OIG transmittal letter.

Financial statement audits will be provided to the auditee accordance with FAM 650, Types of Reporting. While FAM 650 provides for several types of reporting, the contractor's report will generally be forwarded to the auditee with an OIG transmittal letter in which the OIG states its association with the contractor. This reporting style—OIG Association with Contractor Report—includes two types of transmittal letters: one expressing no assurance and one expressing negative assurance on the contractor's work. For either type, the OIG is considered to be associated with the report.

Factors that the OIG should consider in deciding which type of reporting to use include the amount of assurance the contractor wishes to provide, legal requirements, and cost-benefit



considerations. Details on these factors are contained in FAM 650. Exceptions to the style related to the OIG Association with Contractor Report must be approved by the AIGA or his/her designee, be decided in planning the job, and generally be discussed with the contract auditors or specialists.

Financial Statement Audit Transmittal Memorandum. The COR will prepare a memorandum for the AIGA's signature officially transmitting the IPA's audit reports to the Ex-Im Bank Chairman and the CFO. The memorandum will follow the format shown in the GAO FAM, Section 650 C, "Example Reports When Using the Work of Others." The memorandum will state that because the OIG did not perform an audit, the OIG does not express opinions on Ex-Im Bank's financial statements or internal control, or on whether financial management systems substantially complied with the Federal Financial Management Improvement Act of 1996; or conclusions on compliance with laws and regulations. If the progress of OIG's oversight is incomplete, the memorandum will state that the review is ongoing. If appropriate, negative assurance may be provided by stating that our review disclosed no instances of noncompliance with generally accepted government auditing standards.

Within 3 days of issuance of the final report (i.e., Opinion on the financial statement and Management Letter), the COR/Project Manager is responsible for posting the report intended for public disclosure to the OIG website and alert subscribers to the Ex-Im Bank's OIG distribution list of the posting. The posted report should be in a searchable format and compliant with section 508 of the Rehabilitation Act of 1973.

8.8 CLOSE-OUT AND FOLLOW-UP ON RECOMMENDATIONS

Close-out Memorandum. The COR will notify the AIGA when all contract requirements have been met. If OIG management agrees that the contract requirements have been satisfied, the COR will prepare an OIG Summary Memorandum stating that the requirements have been met. The COR will authorize the contracting officer to make final payment to the contractor. In addition, the COR is responsible for preparing the Past Performance Form and providing it to the Contracting Officer documenting the quality of work performed under the contract.

Followup on Recommendations. OA staff is responsible for tracking and monitoring auditee actions to ensure timely responses, resolution and closure of report recommendations, in accordance with OMB A-50, "Audit Followup." If the OA staff determines that appropriate actions are not being taken, the AIGA will determine if issues should be elevated to the IG and within Ex-Im Bank or if followup audit work is necessary. As part of our oversight responsibilities, OA will monitor and report on management's progress in resolving audit findings identified by the IPA. All IPA's recommendations will be entered and tracked in TeamMate.



CHAPTER 9: NONAUDIT SERVICES

9.0 PURPOSE

This chapter establishes OA policies and procedures for performing nonaudit services.

9.1 APPLICABLE GAGAS

- Nonaudit Services Provided by Audit Organizations 2.12–2.13
- Provision of Nonaudit Services to Audited Entities 3.33–3.58

9.2 BACKGROUND

Under certain circumstances, the OIG may perform nonaudit services. Nonaudit services are professional services provided by OA other than audits or attestation engagements. Nonaudit services are not conducted in accordance with GAGAS and are generally performed (a) for the sole use and benefit of the entity requesting the work or (b) to provide information or data to a requesting party without providing verification, analysis, or evaluation of the information or data. Therefore, nonaudit services do not usually provide a basis for conclusions, recommendations, or opinions.

9.3 TYPES OF SERVICES

OA uses the terms “routine” and “other than routine” to differentiate between the types of nonaudit services and to apply the various GAGAS requirements. Even though the term “other than routine” is not found in GAGAS, it is used within the OIG.

Routine Nonaudit Services. The independence standard permits auditors to perform certain routine activities or professional services that are considered to be normal interaction between the auditor and the auditee. Routine nonaudit services may include:

- Participating in management committees, working groups, or task forces in an advisory capacity.
- Offering routine advice to management.
- Providing assistance in activities such as establishing internal controls or implementing audit recommendations.
- Answering technical questions.
- Providing training.
- Providing tools and methodologies, such as best practices and benchmarking studies.
- Gathering and reporting unverified external or third party data to aid decision-making.



- Advising an organization regarding internal control self-assessments.
- Assisting a legislative body or management by developing questions for use at hearings.

Requests for Services. OA will generally accept a verbal request for routine nonaudit services. A written request will be required when OA estimates the resources needed to provide the nonaudit service are more than minimal, when the requestor wants formal documentation, or when requesting OA participation on a task force or working group. OA staff may receive requests for routine nonaudit services; however, the AIGA in consultation with the DAIGA will decide whether to provide the routine nonaudit service.

Documenting Routine Nonaudit Services. Auditors providing routine nonaudit services must still comply with the underlying principles required by the independence standard, and are required to apply the “Requirements for Performing Nonaudit Services” described later in this chapter. When asked to participate on a task force or working group, OA will acknowledge the request by issuing a Memorandum for Participation in an Advisory Capacity. The memorandum explains OA’s role and limitations as an advisor. In addition, the charter for a group should clearly state that OA is participating in an advisory capacity and that involvement in the group will not preclude future work in that area.

Other than Routine Nonaudit Services. Many requested nonaudit services include performing tasks that directly support an agency’s operation or provide information or data without providing verification, analysis, or evaluation of the data. These tasks are considered other than routine nonaudit services. OA staff must evaluate other than routine nonaudit service requests using the criteria established in the independence standard to determine what impact providing the requested service might have on the independence of OA. OA will only provide “other than routine” nonaudit services on an exception basis and for very compelling reasons.

Requests for Services. Other than routine nonaudit services are not considered part of the normal interaction between auditor and auditee; therefore, the auditee must request the service in writing. Because OA must maintain its organizational independence while performing a requested nonaudit service, management of the requesting organization must agree to accept the responsibilities and perform the functions described in GAGAS paragraph 3.37. Evidence of requesting management’s oversight may be in the form of meeting minutes and/or electronic mail traffic.

Documentation of Other Than Routine Nonaudit Services. Other than routine nonaudit services must comply with the underlying principles required by the independence standard and apply the “Requirements for Performing Nonaudit Services” described later in this chapter.

9.4 REQUIREMENTS FOR PERFORMING NONAUDIT SERVICES

In connection with nonaudit services, OA should establish and document the following:

- Objectives of the nonaudit service.



- Services to be performed.
- Audited entity's acceptance of its responsibilities.
- The auditor's responsibilities.
- Any limitations of the nonaudit service.

To maintain independence, OA must not provide nonaudit services that involve performing management functions or making management decisions. In addition, OA cannot audit its own work or provide non-audit services if the nonaudit services are significant or material to the subject matter of current or planned audits.

Before providing nonaudit services, the DAIGA and AIGA will consider the effect of the services on ongoing, planned, and future audits and determine whether providing such services would create a threat to independence, either by itself or in aggregate with other nonaudit services provided, with respect to any GAGAS audit it performs. A critical component of this determination is consideration of management's ability to effectively oversee the nonaudit service to be performed. OA staff will document, with DAIGA and AIGA concurrence, an understanding with management that (1) management is responsible for the substantive outcome of the work and (2) the Agency:

- designates a management-level individual to be responsible and accountable for overseeing the nonaudit service;
- establishes and monitors performance to ensure the nonaudit service meets management's objectives;
- makes any decisions that involve management functions related to the nonaudit service and accepts full responsibility for such decisions;
- evaluates the adequacy of the services performed and any findings that result; and
- assumes all management responsibilities.

In cases where threats to independence are not at an acceptable level, the auditor should apply safeguards to reduce or eliminate the threats to an acceptable level. (see Volume 2, Chapter 1 for additional information)

9.5 PERFORMANCE OF NONAUDIT SERVICES

OA will perform the requested nonaudit services using procedures agreed to by the requester. When OA issues a report on a nonaudit service, the report will clearly indicate that it is not an "audit" or "evaluation" and that the work was not done in accordance with GAGAS. In addition, the report will describe the objectives, scope of work, procedures, and standards that OA used.



The report will contain a disclaimer on the front cover stating the following:

This document contains information provided as a nonaudit service to Export-Import Bank of the United States. **[If the document contains data or information, indicate from where the data/information was obtained and that the data or information was not verified or analyzed, that is, that no audit procedures were performed on it.]** Therefore, any work performed was not done in accordance with GAGAS. However, prior to performing the nonaudit service, we did determine that it would not impair our independence to perform audits, evaluations, or any other future or ongoing reviews of the subject.

9.6 NONAUDIT SERVICES OA WILL NOT PROVIDE

OA will not provide any nonaudit service that it determines will impair its organizational independence. However, under certain circumstances, OA staff may determine that the requestor's objectives or concerns can be addressed by performing an audit engagement. Alternatively, OA may refer the request to another office of the Ex-Im Bank OIG if it will not affect the organizational independence of the other office or the Ex-Im Bank OIG as a whole.

Certain nonaudit services directly support the entity's operations and, by their nature, will impair auditors' ability to maintain independence in mind and appearance. Therefore, OA will not provide nonaudit services including but not limited to the following:

- Staff will not serve as voting members of another Ex-Im Bank organization's management committee.
- Staff will not make policy decisions that affect future direction and operation of an Ex-Im Bank program.
- Staff will not supervise another Ex-Im Bank organization's employees; authorize another Ex-Im Bank organization's transactions; or maintain custody of another Ex-Im Bank organization's assets such as inventories, equipment or other assets owned, leased, or otherwise in the organization's possession.
- Staff will not design, develop, install, implement, or operate any management system to include accounting, internal control, performance measurement, or information technology systems.

When OA declines to provide nonaudit services, the DAIGA or AIGA will inform management of the requesting organization that OA will be unable to provide the nonaudit services by issuing a Memorandum Declining to Perform a Nonaudit Service. The memorandum will explain why the DAIGA or AIGA determined that the requested nonaudit service could not be provided. The memorandum will also provide a point of contact in case the requestor wishes to further discuss the decision.



(b) (5), (b) (6)

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Appendix III – Sample Entrance Conference Agenda

Entrance Conference Agenda

- I. Introduction of Audit Staff Assigned
- II. Purpose and Objectives of the Audit
- III. Scope and Methodology
- IV. Overview of the audit/review process and the reporting process
- V. Estimated timing for survey, fieldwork and reporting
- VI. OIG and Auditee Points of Contact
- VII. Questions, Comments, Concerns



Appendix IV – Sample Audit Program

**EXPORT-IMPORT BANK OF THE UNITED STATES
OFFICE OF INSPECTOR GENERAL
OFFICE OF AUDITS**

Audit Title (Project Number A-15-000-00)

AUDIT PROGRAM



Reviewed by:

Audit Project Manager

Reviewed by:

DAIGA

Approved by:

AIGA



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AUDIT STEPS	



BACKGROUND

OBJECTIVES

SCOPE AND METHODOLOGY

AUDIT RESOURCES AND MILESTONES

Staff assigned to this audit:

TITLE	TEAM MEMBER
Project Manager	
Auditor	
Auditor	

We estimated X calendar days will be necessary to complete this audit. To ensure that we perform the audit on a timely basis, we have established the following milestones.

MILESTONE	DATE
Send Announcement Letter	
Entrance Conference	
Survey Debrief/ Go/No Go Meeting	
Message Agreement Meeting	
Draft Report to AIGA	
Exit Conference	
Official Draft Report for Comment	
Issue Final Report	



GENERAL INSTRUCTIONS

This program provides the necessary background information, instruction, and guidance for conducting the audit. The program should not restrict or hinder an auditor from pursuing, developing, or following up on issues to ensure that:

- The program achieves its intended results;
- Resources are protected against waste, fraud, and mismanagement;
- Laws and regulations are followed; and
- Reliable and timely information is; obtained, maintained, reported and used for decision-making.

The audit steps in this program are not intended to be all encompassing, restrictive, or replace the initiative, imagination or judgment of the individual auditor. However, the program provides a systematic approach to guide the auditor through the process. This approach is essential in order to evaluate the audit results against the established objectives.

Team members are required to understand the audit objectives and are expected to use initiative and expand the audit steps to further develop areas as needed to meet the overall audit objectives. Team members are responsible for documenting the performance of audit steps and for summarizing the work performed, results achieved, and conclusions reached for their area of responsibility. All team members are expected to participate in entrance, status, and exit conferences and contribute to the writing of the draft report.

This audit work will be performed under the authority of the Inspector General Act of 1978, as amended, and in accordance with generally accepted government auditing standards and the Ex-Im OIG Audit Policy Manual.



AUDIT RISK

Auditors will evaluate, mitigate, and document audit risk throughout the audit process. At minimum, auditors will assess audit risk during the pre-survey or planning meeting, post-survey or go/no-go meeting, and post-fieldwork message meeting. As necessary throughout the audit, auditors will adjust audit plans to mitigate identified risks to an acceptable level or document the reasons for not mitigating identified risks. Auditors will document their audit risk evaluation, audit plan adjustments, and qualifying report language in the assignment working papers.

At a minimum, auditors will:

1. Familiarize themselves with Government Auditing Standards for Performance Audits, including identifying and mitigating audit risk;
2. Evaluate the audit risk for the current assignment, considering the objective, program control environment, and quality and quantity of available evidence;
3. Evaluate the risk in terms of potential audit limitations and the expectations for what the audit results may allow us to say at the completion of the assignment.
4. Determine whether the audit risk is high, medium, or low;
5. Identify any necessary procedures to mitigate the risk to an acceptable level or identify any qualifying language to be included in the report; and
6. Document their risk evaluation, including what factors were considered and which audit steps, procedures, or tests were changed or added as a result.



PLANNING AND ADMINISTRATION PROCEDURES

<i>Procedure Title</i>	<i>Audit Step</i>
1. Coordination w/ the Office of Investigations	Prior to audit announcement, coordinate with the Office of Investigations (OI). Obtain a listing and categorize relevant investigations from OIG OI staff.
2. Coordination w/ the Office of Inspections & Evaluations	Prior to audit announcement, coordinate with the Office of Inspections and Evaluations (OI&E). Obtain a listing and categorize relevant inspections or evaluations from OIG OI&E staff.
3. Coordination w/ the OIG Counsel	Determine the extent of OIG legal involvement or assistance necessary to complete the assignment and document in Teammate.
4. Announcement Memo	Prepare an announcement for AIGA signature. File final, distributed memo in PA.1, "Announcement/Design Matrix".
5. Independence	Discuss the potential for personal impairments, add certificates to file, and document discussions in TeamMate.
6. GPRA/PART Information	Review any relevant performance information and/or organizational goals and objectives from Annual Financial Reports. Assess issues raised in reports.
7. Prior Audits/Evaluation Reports	Review prior audit reports and reviews. Review and summarize prior audit reports and reviews by GAO, other agencies, and external entities.
8. Search K: Drive	Using keywords, search Ex-Im Bank-wide K: drive for information, documents, memos, emails, etc, relevant to audit topic. NOTE: The K: drive is a Bank-wide repository of random official files, records, memos, etc. Keyword searches of the K: drive should be creative enough to identify information relevant to the audit. However, such searches may not yield significant results. It may be helpful to search the drive multiple times throughout the audit as new terms and information are identified.
9. Significance of Program	Review and summarize relevant sources of information



	to obtain an understanding of the goals, objectives, and overall significance of the area under review.
10. Entrance Conference	Schedule and coordinate an entrance conference with Ex-Im Bank officials. Document in PA.4, "Significant Management Briefings (Ex-Im Bank/External)." Identify audit points of contact and document in PA.9, "Audit Points of Contact."

INTERNAL CONTROL AND RISK ASSESSMENT PROCEDURES:

<i>Procedure Title</i>	<i>Audit Step</i>
1. Internal Control Overview	Review and summarize internal control guidance and environment of area under review, including an assessment of information systems controls if they are significant to the audit objectives.
2. Management Self-Assessment	Determine if Ex-Im Bank management has completed a self-assessment and identified any internal control weaknesses.
3. Illegal Acts, Violations, Fraud and Abuse	Identify areas of potential fraud and abuse.
4. Audit Risk Assessment	Evaluate, mitigate and document audit risk throughout the audit process.

SURVEY STEPS: (Organize by Objective)

Objective 1:

<i>Procedure Title</i>	<i>Audit Step</i>



AUDIT STEPS: (Organize by Objective)

Objective 1:

<i>Procedure Title</i>	<i>Audit Step</i>



Appendix V – Sample Message Outline

Audit Title:

Project Number:

Objective/ Scope and Methodology

Background

- Program Overview
- Audit and Project Background

Charge Paragraph

Management Feedback/Actions Taken

Findings: (Multiple conditions may make up one finding and there may be an overlap of causes and effects)

Condition:

Examples and Evidence that supports the condition

Criteria (Support with specific citations)

Cause

Effect

Overall Conclusion

Recommendations (Specific and Measurable) (High Level)



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Appendix VII – Sample Independence Statement



ASSIGNMENT NO:

- Describe any impairments below (continue on separate page):

- ## Title

Printed Name

Signature

Date




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Appendix IX – Independent Development Plan

 OFFICE OF AUDIT OFFICE OF INSPECTOR GENERAL EXPORT-IMPORT BANK of the United States		INDIVIDUAL DEVELOPMENT PLAN Calendar Year _____					
EMPLOYEE NAME:		POSITION:		SERIES/GRADE:			
SHORT TERM CAREER GOALS (1 year)				LONG-TERM CAREER GOALS (2 – 3 years)			
DEVELOPMENTAL OBJECTIVE	DEVELOPMENTAL ACTIVITIES (include length, source, and location of activities)	CPE HOURS (estimated)	DATE COMPLETED		COST		ACTION A = APPROVED B = DISAPPROVED C = DEFERED
			ESTIMATED	ACTUAL	ESTIMATED	ACTUAL	
SIGNATURE OF EMPLOYEE		DATE	SIGNATURE OF SUPERVISOR		DATE	SIGNATURE OF APPROVING OFFICIAL	



Appendix X – Auditing Standards Certification and Quality Control Checklist

**AUDITING STANDARDS CERTIFICATION AND
QUALITY CONTROL CHECKLIST**

NAME OF ASSIGNMENT: _____

ASSIGNMENT NO.: _____

• **Project Manager**

The Team Leader and I have completed the attached checklist, and I believe that the audit work performed during this assignment was conducted in accordance with generally accepted government auditing standards and OIG policies and procedures, unless otherwise indicated below.

Project Manager/Date

• **Deputy Assistant Inspector General for Audits (AIGA)**

I have reviewed critical workpapers, discussed the audit with assigned auditors, and applied other supervisory methods needed to obtain assurance that the audit work performed during this assignment was conducted in accordance with generally accepted government auditing standards and OIG policies and procedures. I have also reviewed the attached completed checklist. Any exceptions are indicated below.

DAIGA/Date

• **Assistant Inspector General for Audits (AIGA)**

I have discussed the audit with assigned auditors and applied other supervisory methods needed to obtain assurance that the audit work performed during this assignment was conducted in accordance with generally accepted government auditing standards and OIG policies and procedures. I have also reviewed the attached completed checklist. Any exceptions are indicated below.

AIGA/Date



	Yes	No	N/A	Reference (if appropriate)
1. STAFFING AND INDEPENDENCE				
Was appropriate and sufficient staffing and resources assigned to complete the audit?				
Has the potential for personal impairments been discussed with staff and documented in the workpapers?				
2. AUDIT PLANNING				
Did the team obtain background information and an understanding of the organization, program, activity, or function being audited/reviewed?				
Did the team obtain an understanding of internal control as it relates to the specific objectives and scope of the assignment (including information systems controls when significant to the objectives)?				
Did the team assess and document audit risk throughout the project?				
Did the team follow-up on significant concerns, findings, and questioned costs from prior audits and attestation engagements, Congressional hearings, and reports from other agencies that affect the current objectives?				
Did the team consider whether the work of other auditors and experts could be used? If staff intended to rely on the work of others, did the team comply with Government Auditing Standards?				
Did the team send an audit announcement letter and conduct an entrance conference to communicate general information concerning the planning and performance of the assignment to responsible management officials and others as applicable, including an overview of the audit process and reporting process and the estimated timing for survey, fieldwork and reporting?				
3. AUDIT PROGRAM AND SURVEY WORK				
Was an audit or attestation program prepared and approved by the DAIGA and AIGA? Did the program contain background information, objectives and scope, methodology, estimated resources, and milestones?				
Were all survey steps fully performed and documented in the workpapers?				
Did the team conduct and document a Go/No Go briefing?				
If significant changes to objectives, scope, or planned				



work were made during the assignment, were the changes justified, documented, and authorized and the audit or attestation program updated?				
4. EVIDENCE AND WORKPAPERS				
Do the workpapers contain all required elements (Purpose, Source, Scope, Results, and Conclusion)?				
Was each objective or major program section summarized and cross-referenced to supporting working papers and procedure steps?				
Was an “Exception” prepared for each significant deficiency identified?				
If data from computer-based systems was significant to the assignment findings, did the staff obtain evidence about the reliability of the data by either (a) determining that other auditors/evaluators established the validity of the data, or (b) directly testing the data? (The level of direct testing may be reduced by testing the effectiveness of general and application controls in the computer-based systems				
If staff decided that a review of controls over computer-based systems was not necessary or within the scope of the assignment, was the decision documented?				
Did the team prepare a summary workpaper to document an assessment of the collective evidence to determine the sufficiency and appropriateness of the evidence to support the findings and recommendations, including the results of any specific assessments to conclude on the validity and reliability of specific evidence?				
Was a message agreement meeting conducted and documented?				
5. SUPERVISION				
Were supervisory reviews of working papers timely, properly documented, and suggested corrections made and cleared by the reviewer?				
Were all critical workpapers prepared and reviewed prior to the Go/No Go briefing and the message agreement meeting?				
We ALL workpapers prepared and reviewed prior to draft report and final report issuance?				
6. ILLEGAL ACTS, FRAUD, ABUSE AND OTHER NONCOMPLIANCE				
If information came to the staff’s attention that illegal				



acts, abuse or other noncompliance occurred, did the staff: a. Consider whether the assignment results could significantly be affected? b. If so, did the staff perform procedures to determine if the illegal acts, abuse, or noncompliance occurred and the effects on assignment results?				
Did the staff obtain legal counsel to interpret laws and regulations when appropriate?				
Were referrals of potential fraud, illegal acts, or violations of contract/grant provisions properly made to the appropriate authority and documented?				
7. REPORTS				
Did the report clearly explain the audit objectives (why the audit/evaluation was conducted, what the report is to accomplish, and why the subject matter is important)? <i>For attestation engagements, identify the subject matter or assertion.</i>				
Did the report clearly explain the audit? Background Scope and Methodology Significant Assumptions Made Criteria Used Findings and Recommendations.				
Does the report state that the assignment was conducted in accordance with GAGAS? If an applicable standard was not followed, was the GAGAS conformance statement appropriately qualified? Did the report identify the standard that was not followed, the reason(s) why it was not followed, and the effect that not following the standard had on the assignment results?				
Do the findings describe: a. The condition, cause, criteria, effect, conclusion, and recommendation? b. The views of responsible officials? c. Effective (fair and objective) rebuttal of the auditee comments when the staff didn't agree with them?				
Does the report disclose significant facts relevant to the objectives and known to the auditors, which if not disclosed could mislead knowledgeable users, misrepresent the results, or conceal significant				



improper or illegal practices?				
Does the report disclose deficiencies in internal control; instances of fraud, noncompliance with laws and regs, contracts, grants; or abuse that have occurred or are likely to occur within the context of the audit objectives?				
Does the report disclose all questioned costs or funds for better use in the body of the report and in the recommendations and are the calculations of the questioned costs or funds for better use clearly explained?				
Was a discussion draft provided prior to the exit conference?				
Was an exit conference conducted and documented?				
Were management comments obtained and included in the final report?				
8. QUALITY ASSURANCE				
Was the draft report cross indexed and independently referenced and were all the referencer's comments resolved prior to the issuance of the draft report.				
Were changes between the draft and final reports reviewed by an independent referencer and comments fully resolved?				
Were the Referencing Checklist and Independent Referencer's Quality Assurance Review certifications completed?				
Were the draft and final reports approved by the DAIGA, AIGA, Legal Counsel, DIG, IG and Referencer?				



Appendix XI - REFERENCING CHECKLIST AND CERTIFICATION



OFFICE OF AUDITS OFFICE OF INSPECTOR GENERAL REFERENCING CHECKLIST

REPORT TITLE: _____

ASSIGNMENT NO: _____

Project Manager/Date _____

Pre-Referencing

- _____ Is the person selected to reference independent, objective, experienced, and knowledgeable of the rules of evidence and of reporting policies and standards?
- _____ Is the report adequately cross-referenced to the supporting workpapers?
- _____ Have calculations in the workpapers supporting the report been footed and verified?
- _____ Have all workpapers (excluding procedures steps related to the report processing stage) been reviewed and signed off by the Project Manager/Lead Auditor, as appropriate?
- _____ Have all of the coaching notes related to the above workpapers been cleared by the applicable workpaper reviewer?
- _____ Has the Auditing Standards Certification and Quality Control Checklist been completed?

Post-Referencing

- _____ Have all the referencer's comments been addressed fully and properly?
- _____ Have all open comments been adequately resolved?
- _____ Have the reference review sheets been signed as an acknowledgement that all comments have been resolved?



- _____ Have all referencing changes been incorporated in the final report?
- _____ If any comments were not resolved with the referencer, have they been referred to the AIGA for disposition?
- _____ If the report has not been fully referenced, was a waiver obtained from the AIGA and documented in the workpapers?

**Independent
Referencer/Date**

- _____ Have all appropriate workpapers been reviewed by a supervisor and associated coaching notes cleared?
- _____ Has the Auditing Standards Certification and Quality Control Checklist been completed?
- _____ Are the facts and figures in the report adequately supported by evidence and consistently used?
- _____ If applicable, has computer-processed data been tested for validity and reliability, and if not, has the report been appropriately qualified?
- _____ Have all the comments been recorded on the Referencing Worksheet?
- _____ Have all comments on the Referencing Worksheet been adequately addressed? (Disagreements should be elevated to AIGA).
- _____ Have the changes based on the referencer's comments been made to the report?



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OFFICE OF INSPECTOR GENERAL
REFERENCING CERTIFICATION

DRAFT OR FINAL (CIRCLE ONE)

- I have reviewed the report for support and accuracy of the statements of fact and logical flow of conclusions and recommendations from those facts. I have provided a list of any deficiencies found to the Project Manager. For final reports, I limited my review to statements of fact not contained in the draft report.

Signature/Date

- I have reviewed the list of deficiencies provided by the independent referencer and have taken appropriate corrective action to ensure the accuracy of statements of fact in the report.

Note: The independent referencer was assigned to review the report and verify that the evidence in the workpapers fully supports the findings, conclusions, and recommendations. With the exception of the indexed copies of the independently referenced draft and final reports, the Referencing Worksheet, Referencing Checklist, and this Referencing Certification, the independent referencer acted solely as a reviewer and did not alter or create any of the workpapers contained in this TeamMate project file.

Signature/Date



Appendix XII – Auditing Standards Certification and Checklist for OIG Monitoring of Audits Performed By an Independent Public Accountant



OFFICE OF INSPECTOR GENERAL
OFFICE OF AUDIT
AUDITING STANDARDS CERTIFICATION AND CHECKLIST
FOR OIG MONITORING OF AUDITS PERFORMED BY AN IPA

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AUDITING STANDARDS CERTIFICATION FOR OIG MONITORING OF AUDITS PERFORMED BY AN INDEPENDENT PUBLIC ACCOUNTANT

NAME OF ASSIGNMENT: _____

ASSIGNMENT NO.: _____

- **Contracting Officer Representative (COR)/Project Manager**

I have completed the attached checklist, and I certify that monitoring (or quality assurance review) of the audit work performed on this assignment was conducted in accordance with applicable generally accepted government auditing standards, Government Accountability Office and Office of Management and Budget guidance, Ex-Im Bank Office of Inspector General (OIG) policies and procedures, and other applicable regulations unless otherwise indicated below.

COR/Project Manager/Date

- **Assistant Inspector General for Audits (AIGA)**

I have reviewed workpapers, discussed the monitoring (or quality assurance review) of the audit with assigned staff, and applied other supervisory methods needed to obtain assurance that the monitoring of the audit work performed on this assignment was conducted in accordance with applicable generally accepted government auditing standards, Government Accountability Office and Office of Management and Budget guidance, Ex-Im Bank OIG policies and procedures, and other applicable regulations. I have also reviewed the attached checklist. Any exceptions are indicated below.

AIGA/Date



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**CHECKLIST FOR OIG MONITORING OF AUDITS PERFORMED BY AN
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This checklist is appropriate when using the work of other auditors or the work of specialists to perform a full or partial audits, including those of Ex-Im Bank's financial statements. The steps should be tailored to the circumstances and the planned level of review by explaining why certain steps are not applicable, modifying the steps, and adding additional steps.

	Yes	No	N/A	Reference (if appropriate)
1. GENERAL				
1.1 Did the Office of Audits (OA) staff follow Policy Manual Volume 2, Chapter 8, <i>Audit Contract Monitoring</i> , regarding the use of independent public accountants (IPAs) and monitoring of contract performance?				
1.2 Was a review program developed and approved in accordance with the Policy Manual, Volume 2, Chapter 8.				
1.3 Were internal quality assurance procedures (that is, checklist or other documents) followed for monitoring IPAs?				
2. EVALUATING IPA/SPECIALIST INDEPENDENCE, OBJECTIVITY, AND QUALIFICATIONS				
2.1 If Office of Inspector General (OIG) issued a new contract or competitive task order during the review period, did the process address the following items: - Qualifications and experience of the firm. - Qualification and experience of the proposed staff. - Technical approach. - The need for the auditor to use professional judgment. - Independence of the firm to consider any existing, ongoing, or planned non-audit services. - Request an explanation of the firm's internal quality control system to include such items as workpaper review procedures, and continuing professional education requirements. - Request for the firm's latest peer review report, related letter of comment, and the firm's response to those comments.				



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	Yes	No	N/A	Reference (if appropriate)
<p>(Note: If the peer review is more than 1 year old, the OA staff should inquire about the firm's internal inspection program or equivalent and the results of the most recent review. If the firm will not provide specific information to the OA request, the OA staff should perform other procedures to assess the firm's internal quality assurance procedures.)</p> <ul style="list-style-type: none">- Audit scope and objectives.- Requirement to perform the audit in accordance with Government Auditing Standards and other statutory, regulatory, or Office of Management and Budget requirements.- Establishment of milestones for completion of the audit (or major portions) and the submission of deliverables.- Provisions for the review of deliverables and access to the audit workpapers by the OA staff.				
<p>2.2 If OIG did not issue a new contract or competitive task order (that is, OIG exercised a contract option), did OA staff:</p> <ul style="list-style-type: none">- Update their assessment of the firm's independence to consider any existing, ongoing, or planned non-audit services?- Update their understanding of the firm's internal quality control system to consider such items as workpaper review procedures, and continuing professional education requirements?- Request a copy of the firm's latest peer review report, related letter of comment, and the firm's response to those comments? <p>(Note: If the peer review is more than 1 year old, the OA staff should inquire about the firm's internal inspection program or equivalent and the results of the most recent review. If the firm will not provide specific information to the OA request, the OA staff should perform other procedures to assess the firm's internal quality assurance procedures.)</p> <ul style="list-style-type: none">- Update their assessment of the other auditors' qualifications including the qualifications of key staff?				



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	Yes	No	N/A	Reference (if appropriate)
3. MONITORING PERFORMANCE				
3.1 For financial statements audits, did OA staff document in the files the planned level of review (low, medium, or high) at the overall and material line item level in accordance with FAM 650.36, and the reasons for their assessment?				
3.2 Did OA staff document in the files the planned extent of responsibility for reporting the results of the audit and the assessment of the IPA's conclusions?				
3.3 Is the level of planned reporting consistent with the level of planned review?				
3.4 During the performance of the audit did the OA staff: - Meet with the firm to discuss the audit objectives and approach, and determine whether they are consistent with those in the contract and proposal. - Participate in the entrance conference, hold periodic status meetings, and attend other key meetings, especially those discussing high-risk areas, significant judgments, and auditors' conclusions. - Perform site visits (if applicable). - Periodically review deliverables and the progress of the audit, discuss problems encountered, resolve issues, if any, revise milestones as necessary, and discuss other significant audit results. - Perform supplemental tests (if applicable). - Attend key meetings with the auditee to discuss each finding that will be included in the report and obtain the responsible official's concurrence with the finding and the recommendation. - Review audit documentation, as needed, to validate the assertions made to ensure that: Extent of testing by the IPA was adequate. Sufficient, appropriate audit evidence was compiled and analyzed by the IPA to support its audit conclusions.				



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	Yes	No	N/A	Reference (if appropriate)
<p>4. COMPLETION OF THE AUDIT/REPORTING After completion of the audit (may also be performed in whole or part on an ongoing basis during the audit) did the OA staff:</p> <ul style="list-style-type: none">- Review the IPA audit report(s) for compliance with Government Auditing Standards and other applicable requirements and ensure the report(s) contain: (1) the objectives, scope, and methodology of the audit; (2) the audit results, including findings, conclusions, and recommendations, as appropriate; (3) a statement about the auditors' compliance with Government Auditing Standards; and (4) reason for performing the audit.- Provide the approved working draft audit report to the auditee prior to the exit conference.- Attend the exit conference.- Review the draft audit report to ensure the auditee's comments on the working draft audit report are addressed.- Write the draft report's transmittal letter.- Review final audit report to ensure (1) a summary of the views of responsible officials is fairly presented; (2) the formal response is presented as an attachment to the final report; and (3) if applicable, the nature of any confidential or sensitive information omitted.- Write the final report's transmittal letter and ensure that it accurately reflects the extent of assurance of the OIG over the IPA's work.- Post the final report(s) to the OIG website.- Add recommendations to the OIG's audit recommendation tracking system/status report.				