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Description of document: General Services Administration (GSA) Office of Inspector General (OIG) Cross-Indexing Guidance, 2015 and Staff Memorandum No. 15-JA-02: Standard Report Language for Attestation Engagements Performed at the Examination Level, 2014

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Source of document: General Services Administration
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U.S. General Services Administration
Office of Inspector General

JUL 23 2019

Re: Freedom of Information Act Request (OIG Tracking Number 19-042)

This letter is in response to your Freedom of Information Act (FOIA) request submitted June 22, 2019, in which you requested

“a copy of the GSA OIG Cross Indexing Guidance (Jan 15 2015). I also request a copy of Stan Engagements Performed at the Examination Level, Memorandum 15-JA-02 (Dec. 30, 2014).”

Upon review of the responsive material, I determined you are entitled to portions of the requested material under the FOIA. The bases for any redacted or withheld information are Exemption 7(E) of the FOIA.

Exemption 7(E) protects law enforcement records if their release would disclose techniques and procedures for law enforcement investigation or prosecutions, or would disclose guidelines for law enforcement investigations or prosecutions if the disclosure could reasonably be expected to risk circumvention of the law.

For your information, Congress excluded three discrete categories of law enforcement and national security records from the requirement 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 requirement of the FOIA. This is a standard notification that this office provides to all our requesters. You should not take it as an indication that excluded records do, or do not exist.

As we have redacted information referenced in the above paragraph(s) with the aforementioned FOIA exemptions, this technically constitutes a partial denial of your FOIA request. You have the right to file an administrative appeal within 120 days of the date of this letter. The appeal must be in writing, include the GSA OIG FOIA Case Number (19-042), and contain a statement of reasons for the appeal. In addition, please enclose copies of the initial request and the responsive documents under appeal. The envelope and letter should be clearly marked as a "Freedom of Information Act Appeal" and addressed as follows:

Freedom of Information Act Officer
Office of the Inspector General, General Services Administration
1800 F Street, NW, Room 5332
Washington, D.C. 20405

This completes our action on this request. Should you have any questions, please contact Christopher Pehrson, GSA OIG's FOIA Public Liaison at (202) 501-1932 or via email at oigfoia-privacyact@gsaig.gov.

Additionally, you may contact the Office of Government Information Services (OGIS) at the National Archives and Records Administration to inquire about the FOIA mediation services they offer. The contact information for OGIS is as follows: Office of Government Information Services, National Archives and Records Administration, 8601 Adelphi Road-OGIS, College Park, Maryland 20740-6001, e-mail at ogis@nara.gov; telephone at (202) 741-5770; toll free at (877) 684-6448; or facsimile at (202) 741-5769.

Sincerely,

A handwritten signature in dark ink, appearing to read "Edward J. Martin", with a stylized flourish at the end.

Edward J. Martin
Counsel to the Inspector General
(FOIA Officer)

Enclosure

CROSS-INDEXING GUIDANCE

This document provides guidance on appropriate indexing of statements, facts, and figures included in reports. It is intended solely as a guide and is not meant to be entirely prescriptive, as circumstances of each report may differ. However, all workpapers used to support assertions in the report must be in a Reviewed status within TeamMate (TM).

***** REMINDER – FINAL INDEXING AND REFERENCING SHOULD NOT BE CONDUCTED UNTIL A FINAL APPROVED ***
VERSION OF THE SOF OR REPORT IS RECEIVED FROM BOTH APR AND THE PDAIGA/COGNIZANT DAIGA.
ANY CHANGES MADE AFTER INDEXING AND REFERENCING REQUIRE THAT THE
ENTIRE SOF OR REPORT BE RE-INDEXED AND RE-REFERENCED.**

Report Body Element:	Appropriate Index:
Statements of Fact	Index to source documents. The source of the fact (a document, a statement, an analysis, an observation, etc.) will impact what the best index is. It is important to choose the source that provides the BEST evidence to support the fact or index to multiple sources, if necessary.
Dates, Contract Numbers, Contract/Order/Claim Values, etc.	Index to source documents (dated letters, contracts, task orders, etc.).
Formal Criteria (FAR, GSAM, Agency policy, etc.)	Index to excerpts of relevant criteria extracted from the source and imported as a TM workpaper. When referencing specific criteria titles, be sure to use the official title at the first occurrence and define the shortened title used in the report, if applicable.
Quotations, Interpretations, and Paraphrasing	Index to source document from which the quote is taken and summary statements located within the PSSC and/or TM procedure steps for interpretations or paraphrasing.
Comments Extracted From Interviews and Memos	<p>Index to the record of discussion for the interview or the actual source memo. Interviews are generally located in the Conferences and Correspondence folder in TM.</p> <p>Ensure that testimonial evidence is qualified in the report by a phrase such as “Management informed us that...” or “According to management....” Declarative statements such as “We found...” or “We determined...” should be supported by direct evidence (other than testimonial).</p>

CROSS-INDEXING GUIDANCE

Report Body Element:	Appropriate Index:
<i>Computations Shown in the Report (Manually Prepared and Computer-Generated)</i>	<p><u>Computations based on audit analysis</u> – Index report figures to the matching spreadsheet (Excel) or supporting documentation. Index conclusions based on the computations to the PSSC of the workpaper/spreadsheet or to the procedure step that includes and is cross-indexed to the workpaper with the computation. For IDEA analyses, index to field statistics (control totals) and individual analyses (exported from IDEA as Excel or PDF documents), as applicable.</p> <p><u>Computations from other sources</u> – Index to the source document and verified computation, or qualify the computation in the report that it could not be verified, if necessary.</p> <p><i>NOTE – Changes to analyses that support various versions of the report (SOF, draft, final) should be tracked/documented in a separate spreadsheet or other supporting documentation. Any changes to analyses based on referencer comments that change the indexed figure, should be adjusted at all occurrences in the related report.</i></p>
<i>Reconciliation of Computer-Processed Data</i>	<p>Index reconciliation of computer-processed data to the reconciliation step and supporting workpapers.</p> <p>If the data cannot be reconciled, our ability to rely on any computer-processed data is impacted and may result in a report qualification (normally a section in Appendix A) and appropriate reference in the body of the report. Depending on the extent of reliance on data to accomplish the audit objectives, the extent of audit procedures to evaluate the reliability of data may be limited or extensive. Additional indexing to the internal control assessment may be necessary, depending on our ability to rely on computer-processed data.</p>

CROSS-INDEXING GUIDANCE

Report Body Element:	Appropriate Index:
Objectives	<p><u>For Attestation Engagements</u> – Index to the audit guide. The TM audit guides are pre-loaded with the standard objectives for each type of engagement. Also, import and index to Staff Memo 15-JA-02 for the standard objective language and standard opinion statements.</p> <p><u>For Internal Audits</u> – Index to the audit guide and approved Strategic Audit Plan.</p> <p><i>Note: If the objectives change, document the reason for the change and update the audit guide. Using the final audit guide as the index for the report will ensure any edits to the objectives over the audit period are reflected in the report.</i></p>
Audit Findings and Conclusions/Recommendations	<p><u>For Attestation Engagements</u> – Index to the Issue¹ or procedure step where overall finding and conclusion statements are documented. Each objective program group contains a summary step for this purpose. However, this is a summary workpaper so it must be properly cross-indexed to the individual step(s) that support the audit team's overall conclusion.</p> <p><u>For Internal Audits</u> – Index to the Issue or procedure step where overall findings, conclusions, and recommendations are documented.</p> <p><i>Note: Ensure that various repetitive information (findings statements, figures, conclusions, etc.) in several spots within the report are indexed to the same workpapers to ensure that any changes in the supporting workpapers are consistent in all referenced locations. You can also copy/paste index links in TM to save time when you are citing the same source in multiple places.</i></p>

¹ TM "Issues" are a useful way to flag and develop audit findings for reporting.

CROSS-INDEXING GUIDANCE

<i>Report Body Element:</i>	<i>Appropriate Index:</i>
Opinion Statements	<u>For Attestation Engagements</u> – Index to the standard opinion statements in Staff Memo 15-JA-02.
Views of Responsible Officials	Index to the official correspondence relaying the Responsible Official's response, if provided, or the write-up of the discussion or the actual email if the views were provided by other means (discussions or email).
Evaluation of Management Comments	Index to the audit team's evaluation of management comments such as a PSSC added directly to the letter/email from management, summary log of emails, actual discussion record, etc.
Reason for the Audit (see Appendix A – Purpose)	<p><u>For Attestation Engagements</u> – Index to the audit plan, audit guide, contracting officer's request, follow-up audit support, or other discussions located in the Audit Guidance or Conferences and Correspondence folders in TM.</p> <p><u>For Internal Audits</u> – Index to the Assignment Record/Annual Audit Plan, audit guide, management request, follow-up audit support, or other discussions located in the Audit Guidance or Conferences and Correspondence folders in TM.</p>
Scope and Methodology (Appendix A)	Index to the audit guide as well as to audit steps and to audit team discussions or other analyses that reflect the scope decisions and audit methodology.
Appendixes	When indexing an entire table in an appendix to a workpaper, make certain that line-item indexing is present within the workpaper. Also, notes to an appendix explaining the calculation, should also be in the workpaper that supports the appendix and indexed as appropriate.

CROSS-INDEXING GUIDANCE

Report Template Element:	Appropriate Index:
<i>“FOR OFFICIAL USE ONLY”</i>	Ensure this is present in the header/footer, as prescribed by the Report Document Matrix. No index necessary.
<i>Report Title</i>	<p><u>For Attestation Engagements</u> - Index to the AIS sheet and contract documents supporting the contractor name and contract number.</p> <p><u>For Internal Audits</u> – Index to the AIS sheet.</p>
<i>Dissemination/Restrictive Notice</i>	Index to the proper restriction notice downloaded from the Report Document Matrix and imported to TM. Specify in the PSSC when the notice was downloaded.
<i>Report Abstract</i>	Index to appropriate support, consistent with the indexes in the body of the report.
<i>Table of Contents</i>	No indexing necessary but ensure that it matches the Abstract and report body and that page numbers are accurate in the clean version of the indexed report.
<i>Introduction</i>	<p><u>For Attestation Engagements</u> – Index to contract documents and the proposal package (current contract: date of award, company name, for what SINs, at what discount, with what basis of award; and proposal: date of proposal, type of proposal, what pricing/terms offered, for what SINs).</p> <p><u>For Internal Audits</u> – Index to the Strategic Audit Plan, audit guide, records of discussion/conferences and other supporting documentation, as appropriate.</p>
<i>Results and Recommendations</i>	See “Report Body Element” section.
<i>Conclusion (Including opinion statements)</i>	<p>See “Report Body Element” section.</p> <p><i>Note: A statement indexed to “auditor’s conclusion” or “auditor’s opinion” should be supported by text presented prior to, or immediately following, the indexed statement. The PREFERRED indexing method is to direct the referencer to the specific step and/or audit documentation or analyses supporting the statement. Avoid drawing conclusions solely within the report body with “Auditor conclusion” or “Auditor opinion” as the support.</i></p>

CROSS-INDEXING GUIDANCE

<i>Report Template Element:</i>	<i>Appropriate Index:</i>
Appendix A	See <i>Reasons for the Audit</i> and <i>Scope and Methodology</i> under “Report Body Element” for specifics.
GAGAS Statement	Index to the audit guide, Staff Memo 15-JA-02, and Statement of Conformance. <i>Note: Compliance with GAGAS must be stated in the report or include an explanation as to why it was not applicable/complied with.</i>
Internal Controls	<u>For Attestation Engagements</u> - Index to the assessment of internal controls procedure step or other steps relating to the audit team’s assessment of internal controls along with Staff Memo 15-JA-02. <u>For Internal Audits</u> - Index to the assessment of internal controls procedure step or other steps relating to the audit team’s assessment of internal controls.
Report Distribution	Index to the proper report distribution downloaded from the Report Document Matrix and imported to TM with a PSSC. For additional recipients not included in the Matrix, index to documents containing official name, title, and correspondence.

CROSS-INDEXING GUIDANCE

INDEXING TO:	
Issues	Index to the applicable numbered issue that summarizes the elements of a finding, conclusions, and recommendations along with the audit team's recommendation(s).
Section summaries (for overall conclusions)	Index to the supporting procedure steps, which should be indexed to the supporting documentation (generally, any supporting documents should be indexed to a procedure step to show its relevance to the project).
Word documents	Select the referenced text, copy for hyperlink, and insert a one-way hyperlink in the report. The text will remain selected when the link is opened (unless the document is already open).
Excel workbooks	For overall analysis conclusions, hyperlink to the PSSC that is indexed to the supporting worksheet. The PSSC should contain an explanation of the relationship between the worksheets and conclusions drawn from the analysis. For the results of specific calculations, select the cell with the supporting figure, copy for hyperlink, and insert a one-way hyperlink in the report.
PDF documents	<p>Edit hyperlinks to provide more specific index citations, such as page numbers and paragraphs. Add highlighting and bookmarks within the PDF as necessary.</p> <p><i>Note: Index the source to the associated workpaper if referring to another workpaper (e.g., if you used a pricelist to verify rates in an Excel file, when adding the pricelist to your Source, you need to cross-index to the pricelist.)</i></p>

CROSS-INDEXING GUIDANCE

QUICK STEPS TO HYPERLINKING

Cross Referencing Mode

Cross-Referencing Mode can be used to maintain the current state of the Program Group steps, issues, or workpapers. In order to activate Cross-Referencing Mode, the Project Owner must give the auditor permission as follows:

- Select **Profile | Team**
- Select the appropriate name from the **Team** list, and click **Edit**.
- In the **Permissions** section, select **Allow Cross-Referencing Mode** to place a checkmark in the box.
- Click **Save**

When you are ready to start the indexing process, activate the Cross-Referencing Mode in the project. To active the Cross-Referencing Mode:

- Select **Tools | Cross-Referencing Mode**
- You will receive the following message:
You are about to close all the schedules. Do you wish to continue?
- Select **Yes**

You are now in Cross-Referencing Mode. Any editing or indexing to workpapers, program steps/summaries or issues will **NOT** remove the “Reviewed” status. Turn off the Cross-Referencing Mode (Select **Tools | Cross-Referencing Mode**) once the indexing process is complete.

Point-to-Document Hyperlinking

This process creates one-way links that take you to the beginning of a workpaper or the first step of a Program Summary. You can only use Point-to-Document hyperlinking when linking to Adobe Acrobat files or other non-native applications.

To create a *Point-to-Document* hyperlink:

- Place your cursor where you want to add a hyperlink. Click on the **Hyperlink** button on the TeamMate Toolbar.
- Click on the **Link to ARC** tab.
- Select the workpaper you want to hyperlink to and click on **Insert**.
- TeamMate then adds a hyperlink to the step or workpaper at the cursor location.

CROSS-INDEXING GUIDANCE

QUICK STEPS TO HYPERLINKING (cont.)

Point-to-Point Hyperlinking

This process will take you to the Program Summary step or the exact location in a Word, TeamImage, HTML, PowerPoint document, or cell of an Excel spreadsheet where the link is located.

To create a *Point-to-Point* hyperlink:

- Place your cursor where you want to add a hyperlink. Click on the **Hyperlink** button on the TeamMate Toolbar.
- Click on **Copy for Hyperlink** this will close the hyperlink window.
- Open the step or workpaper you want to hyperlink to and click on **Hyperlink**, either on the TeamMate Toolbar if in a step or the TeamMate floating toolbar if in an actual workpaper. Click on **Paste as Hyperlink**. **Note: Use a one-way hyperlink (inserts link in the current step/workpaper but not in the supporting step/workpaper) rather a two-way hyperlink (inserts link in both the current step/workpaper and in the supporting step/workpaper) for indexing purposes to avoid confusion.**
- Click on **Insert**. TeamMate then adds a hyperlink to the step or workpaper at the cursor location.



U.S. General Services Administration
Office of Inspector General

DEC 30 2014

STAFF MEMORANDUM NO. 15-JA-02

STANDARD REPORT LANGUAGE FOR ATTESTATION ENGAGEMENTS PERFORMED AT THE EXAMINATION LEVEL

Purpose: This staff memorandum establishes revised standard report language for JA attestation engagements conducted at the examination level.

Cancellation: Staff Memorandum No. 14-JA-01, Standard Report Language for Attestation Engagements Performed at the Examination Level, issued July 23, 2014, is cancelled.

Authority: Inspector General Act of 1978, 5 U.S.C. App. 3.

Effective Date: This staff memorandum is effective upon issuance for all attestation engagements, including those already in progress, conducted at the examination level.

Policy: JA generally conducts attestation engagements at the examination level. When reporting the results of attestation engagements conducted at the examination level, auditors must adhere to the standard language in **Attachment 1**. Additional justification and examples are included in **Attachments 2 and 3**. Deviations from the use of this standard report language require the approval of the cognizant Deputy Assistant Inspector General for Auditing (DAIGA) or the Principal Deputy Assistant Inspector General for Auditing (PDAIGA). If a deviation is authorized, the audit team must notify JAO.

Expiration Date: This memorandum will expire upon incorporation into Chapter 800, Audit Policies and Procedures, of the OIG Manual.

A handwritten signature in black ink, reading "Theodore R. Stehney".

Theodore R. Stehney
Assistant Inspector General for Auditing

Attachments

I. MAS Preawards

Examination Objectives

Our objectives were to determine whether the contractor: (1) disclosed and submitted accurate, current, and complete information in the Commercial Sales Practices (CSP); (2) maintains sales monitoring and billing systems that ensure proper administration of the price reduction and billing provisions of the GSA contract; and (3) adequately accumulates and reports schedule sales for Industrial Funding Fee payment purposes.

Add these objectives for services, if applicable: (4) assigns employees to work on GSA schedule task orders that are qualified for their billable positions; and (5) adequately segregates and accumulates labor hours, material costs and other direct costs on time and material task orders.

GAGAS Compliance

We conducted our examination in accordance with generally accepted government auditing standards for attestation engagements. Accordingly, our examination included conducting tests and other auditing procedures that we considered necessary to accomplish our objectives. It is the contractor's responsibility to disclose and submit the information contained in the CSP and to administer its GSA contract. Our responsibility is to express an opinion on the contractor's submitted information and contract administration practices based upon our examination. We believe that our examination provides a reasonable basis for our opinion.

We performed our examination site work at the contractor's office [*insert the location*], during [*insert date of the onsite fieldwork*]. In accordance with restrictions imposed by the Federal Acquisition Regulation, we did not discuss specific examination findings with contractor officials. However, we did discuss statements of facts and other matters to the extent necessary to address the examination objectives.

Internal Controls

We evaluated the contractor's internal controls related to our examination objectives.

Conclusion (Opinion):

The revised standard opinion statements for preaward examinations are included below. While organized by unqualified, qualified, and adverse statements, auditors are required to choose the type of opinion statement that, in their professional judgment, is most appropriate to the audit findings related to each audit objective. As a result, opinion statements could include a blend of unqualified, qualified, and adverse opinions. See Attachment 3 for examples.

Additionally, auditors must continue to include the following standard disclaimer after the opinion statement:

Our opinion relates to the contractor's assertions as of our fieldwork completion date; however, subsequent events or a postaward evaluation may disclose relevant information not now discernible.

UNQUALIFIED

The standard unqualified opinion statements for each Preaward MAS audit objective are included below.

In our opinion:

1. *[Insert contractor name]* disclosed and submitted accurate, current, and complete information in the CSP.
2. *[Insert contractor name]* maintains sales monitoring and billing systems that ensure proper administration of the price reduction and billing provisions of the GSA contract.
3. *[Insert contractor name]* adequately accumulates and reports schedule sales for IFF payment purposes.
4. *[Insert contractor name]* assigns employees to work on GSA schedule task orders who are qualified for their billable positions.
5. *[Insert contractor name]* adequately segregates and accumulates labor hours, material costs, and other direct costs on T&M task orders.

QUALIFIED

The standard qualified opinion statements for each Preaward MAS audit objective are included below.

In our opinion:

1. The *[insert contractor's name]* CSP is *[(insert all that apply) inaccurate, not current (and) incomplete]*, in part, because of the *[include succinct description of related finding(s)]* as described in *[insert Finding number(s)]* of this report and summarized above. However, except for *[this/these] [issue/issues]*, *[insert contractor name]* disclosed and submitted accurate, current, and complete information in the CSP.
2. Except for the *[include succinct description of related finding(s)]* as described in *[insert Finding number(s)]* of this report and summarized above, *[insert contractor name]* maintains sales and billing systems that ensure the proper administration of the price reduction and billing provisions of the GSA contract.
3. Except for the *[include succinct description of related finding(s)]* as described in *[insert Finding number(s)]* of this report and summarized above, *[insert contractor name]* adequately accumulates and reports schedule sales for IFF payment purposes.
4. Except for the *[include succinct description of related finding(s)]* as described in *[insert Finding number(s)]* of this report and summarized above, *[insert contractor name]* assigns employees to work on GSA schedule task orders who are qualified for their billable positions.
5. Except for the *[include succinct description of related finding(s)]* as described in *[insert Finding number(s)]* of this report and summarized above, *[insert contractor name]*

adequately segregates and accumulates labor hours, material costs, and other direct costs on T&M task orders.

ADVERSE

The standard adverse opinion statements for each Preaward MAS audit objective are included below.¹

1. The CSP information disclosed and submitted by *[insert contractor name]* was not accurate, current, or complete, as described in *[insert Finding number(s)]* of this report and summarized above. Consequently, we caution the contracting officer that the CSP information cannot be relied upon.
2. *[Insert contractor name]* does not maintain sales monitoring and billing systems that ensure the proper administration of the price reduction and billing provisions of the GSA contract, as described in *[insert Finding number(s)]* of this report and summarized above. Consequently, the contracting officer should require *[insert contractor name]* to *[institute/strengthen its]* controls to prevent a recurrence of this issue.
3. *[Insert contractor name]* does not adequately accumulate and report GSA schedule sales for IFF payment purposes as described in *[insert Finding number(s)]* of this report and summarized above. Consequently, the contracting officer should require *[insert contractor name]* to *[institute/strengthen its]* controls to prevent a recurrence of this issue.
4. *[Insert contractor name]* does not assign employees to work on GSA schedule task orders who are qualified for their billable positions as described in *[insert Finding number(s)]* of this report and summarized above. Consequently, the contracting officer should require *[insert contractor name]* to *[institute/strengthen its]* controls to prevent a recurrence of this issue.
5. *[Insert contractor name]* does not adequately segregate and accumulate labor hours, material costs, and ODCs on T&M task orders as described in *[insert Finding number(s)]* of this report and summarized above. Consequently, the contracting officer should require *[insert contractor name]* to *[institute/strengthen its]* controls to prevent a recurrence of this issue.

II. MAS Postawards

Examination Objectives

NOTE: The postaward audit objectives listed below include more commonly cited examples. The listing is not comprehensive. Audit teams should consult with their RIGA/Associate DAIGA, and cognizant DAIGA² or PDAIGA, as necessary, to select and/or develop the objective(s) that is/are relevant to the postaward that is being conducted.

¹ For the adverse opinion statements included in items 2 through 5, the auditor should select the language appropriate to their determination of whether: (1) the controls exist, but need to be strengthened; or (2) are nonexistent and need to be implemented.

² The DAIGAs were formerly referred to as "SES DAIGAs" in previous JA Staff Memorandums and other policy and guidance releases.

Our examination objectives were to determine whether the contractor: (1) complied with the Price Reductions clause; (2) accurately billed GSA contract orders; (3) accurately reported Industrial Funding Fees; (4) adequately supported hours billed to GSA contract customers on time and material task orders; and (5) ensured contractor employees met the contractual qualification requirements of the labor disciplines offered and billed on GSA schedule task orders.

GAGAS Compliance

We conducted our examination in accordance with generally accepted government auditing standards for attestation engagements. Accordingly, our examination included conducting tests and other auditing procedures that we considered necessary to accomplish our objective(s). It is the contractor's responsibility to *(insert subject matter)*. Our responsibility is to express an opinion based on our examination. We believe that our examination provides a reasonable basis for our opinion.

We performed our examination site work at the contractor's office *(insert the location)*, during *(insert date(s) of the onsite fieldwork)*. **We provided a summary of our examination findings to the contractor for review and comment. The contractor's views are incorporated in the report as appropriate. The entire written response is included as an Appendix.**

-- OR --

We provided a summary of our examination findings to the contractor for review and comment. The contractor did not respond.

Internal Controls

We evaluated the contractor's internal controls related to our examination objectives.

Conclusion (Opinion)

In our opinion, the contractor complied *(or did not comply)* with the *(state criteria)* for the period *(Month Day, Year), through (Month Day, Year)*. Subsequent events may disclose relevant information not now discernible.

III. Cost or Pricing – Proposals

Examination Objectives

Proposals:

Our examination objectives were to determine whether the contractor's cost or pricing data submitted in the proposal are allowable, allocable, and reasonable; supported by accurate and complete information; and prepared in accordance with the cost principles set forth in Federal Acquisition Regulation (FAR) Part 31 and GSA contract provisions.

GAGAS Compliance

We conducted our examination in accordance with generally accepted government auditing standards for attestation engagements. Accordingly, our examination included conducting tests

and other auditing procedures that we considered necessary in the circumstances. It is the contractor's responsibility to submit cost or pricing data to support its proposal and to ensure that the data complies with applicable procurement and contractual provisions. Our responsibility is to express an opinion on the contractor's submitted cost or pricing data and its compliance with the cost principles set forth in the FAR and GSA contract provisions. We believe our examination provides a reasonable basis for our opinion.

We performed our examination site work at the contractor's office [*insert the location*], during [*insert date(s) of the onsite fieldwork*]. In accordance with restrictions imposed by the FAR, we did not discuss specific audit examination findings with contractor officials. However, we did discuss statements of facts and other matters to the extent necessary to meet the examination objectives.

Internal Controls

We evaluated the contractor's internal controls related to our examination objectives.

Conclusion (Opinion)

Unqualified

In our opinion, the submitted cost or pricing data was allowable, allocable, and reasonable; supported by accurate and complete information; and prepared in accordance with FAR Part 31 cost principles and GSA contract provisions. Our opinion relates to the contractor's assertions relative to the subject matter contained in the proposal as of our fieldwork completion date; however, subsequent events or a postaward evaluation may disclose relevant information not now discernible.

Qualified

In our opinion, except for the findings cited in this report, the submitted cost or pricing data was allowable, allocable, and reasonable; supported by accurate and complete information; and prepared in accordance with FAR Part 31 cost principles and GSA contract provisions. Our opinion relates to the contractor's assertions relative to the subject matter contained in the proposal as of our fieldwork completion date; however, subsequent events or a postaward evaluation may disclose relevant information not now discernible.

Adverse

In our opinion, the submitted cost or pricing data was not allowable, allocable, and reasonable; not supported by accurate and complete information; and not prepared in accordance with FAR Part 31 cost principles and GSA contract provisions. Consequently, we caution the contracting officer that the information contained in the submitted cost or pricing data cannot be relied upon. Our opinion relates to the contractor's assertions relative to the subject matter contained in the proposal as of our fieldwork completion date; however, subsequent events or a postaward evaluation may disclose relevant information not now discernible.

IV. Cost or Pricing – Claims

Examination Objectives

Our examination objectives were to determine whether the contractor's cost or pricing data submitted in support of the claim are allowable, allocable, and reasonable; supported by accurate and complete information; and prepared in accordance with the cost principles set forth in Federal Acquisition Regulation (FAR) Part 31 and GSA contract provisions.

GAGAS Compliance

We conducted our examination in accordance with generally accepted government auditing standards for attestation engagements. Accordingly, our examination included conducting tests and other auditing procedures that we considered necessary in the circumstances. It is the contractor's responsibility to submit cost or pricing data to support its claimed costs and to ensure that the data complies with applicable procurement and contractual provisions. Our responsibility is to express an opinion on the contractor's submitted cost or pricing data and its compliance with the cost principles set forth in the FAR and GSA contract provisions. We believe our examination provides a reasonable basis for our opinion.

We performed our examination site work at the contractor's office [*insert the location*], during [*insert date(s) of the onsite fieldwork*]. In accordance with restrictions imposed by the FAR, we did not discuss specific audit examination findings with contractor officials. However, we did discuss statements of facts and other matters to the extent necessary to meet the examination objectives.

Internal Controls

We evaluated the contractor's internal controls related to our examination objectives.

Conclusion (Opinion)

Unqualified

In our opinion, the submitted cost or pricing data was allowable, allocable, and reasonable; supported by accurate and complete information; and prepared in accordance with FAR Part 31 cost principles and GSA contract provisions. Our opinion relates to the contractor's assertions relative to the subject matter contained in the claim as of our fieldwork completion date; however, subsequent events or a technical and/or legal evaluation may disclose relevant information not now discernible.

Qualified

In our opinion, except for the findings cited in this report, the submitted cost or pricing data was allowable, allocable, and reasonable; supported by accurate and complete information; and prepared in accordance with FAR Part 31 cost principles and GSA contract provisions. Our opinion relates to the contractor's assertions relative to the subject matter contained in the claim as of our fieldwork completion date; however, subsequent events or a technical and/or legal evaluation may disclose relevant information not now discernible.

Adverse

In our opinion, the submitted cost or pricing data was not allowable, allocable, and reasonable; not supported by accurate and complete information; and not prepared in accordance with FAR Part 31 cost principles and GSA contract provisions. Consequently, we caution the contracting officer that the information contained in the submitted cost or pricing data cannot be relied upon. Our opinion relates to the contractor's assertions relative to the subject matter contained in the claim as of our fieldwork completion date; however, subsequent events or a technical and/or legal evaluation may disclose relevant information not now discernible.

JA ATTESTATION GROUP REPORT ON EVALUATION OF STANDARD REPORT LANGUAGE

Introduction

JA Management established an Attestation Group (Group) to evaluate the language contained in audit reports for attestation engagements performed at the examination level in light of the new U.S. Government Accountability Office's Government Auditing Standards (Yellow Book) requirements, effective December 15, 2012. The new version of the Yellow Book (2011 Yellow Book) devotes Chapter 5 to Attestation Engagements and includes several changes in the areas of Internal Controls and Fraud detection requirements. The JA work products affected by the changes are: MAS Preawards, MAS Postawards, and all Cost or Pricing (preaward) examinations (Claims, Change Orders, Architect Engineering Proposals, Terminations, CAS Reviews, Accounting System Surveys, GMP Conversion Proposals, and GMP Final Settlement Proposals).

The Group also addressed the policy for communicating audit findings to the contractor for both preaward and postaward examinations, as required by the Yellow Book.

To accomplish the evaluation, the Group: (1) reviewed the requirements of the 2011 Yellow Book, (2) prepared and circulated draft report language to JA Audit Offices and Central Office Management for comment, (3) vetted the suggested language with GAO, (4) reviewed pertinent pronouncements of the AICPA affecting Attestation Engagements (Statements on Standards for Attestation Engagements), (5) provided assignment status updates to JA and JAO, and (6) solicited input from the Office of Counsel (JC).

Results of Evaluation

Examination Report Language

The audit report language required to fully meet the requirements of the 2011 Yellow Book is included in Attachment 1. Our suggested changes are relatively minor but necessary to ensure that our attestation engagements fully comply with generally accepted government auditing standards (GAGAS). We unanimously agree that JA's contract audits are correctly classified as attestation engagements and are subject to all aspects of Chapter 5 - Attestation Engagements of the 2011 Yellow Book. All examination level reports should contain the language in Attachment 1. Any deviation from this language must be discussed with, and approved by, the appropriate cognizant DAIGA or PDAIGA **prior to the issuance of any examination level report.**

We therefore suggest that the AIGA establish the Attestation Group as a standing committee within the JA organizational structure. The Attestation Group should be comprised of staff from both field audit offices and central office. In light of its operational responsibilities, a JAO representative should also be a permanent member of the Attestation Group with the remaining members assigned on a rotational basis. We suggest the initial composition of the Attestation Group be as follows:

Steven Jurysta, JA-2 (Chair)
Adam Gooch, JA-5
Franklin Moy, JA-5
Brian Gibson, JA-R

Communicating Examination Findings to the Contractor

All JA preaward attestation engagements are subject to the requirements of Chapter 5 of the Yellow Book as well as FAR Part 15.4, "Contracting by Negotiation." These sources differ significantly on communicating audit findings to the contractor. Additionally, FAR Part 15.4 does not apply to JA's postaward examinations. Accordingly, our suggested guidance is summarized by the type of examination: preaward or postaward.

Preaward Examinations

The Yellow Book §5.33 states:

Providing a draft report with findings for review and comment by responsible officials of the audited entity and others helps the auditors develop a report that is fair, complete, and objective. Including the views of responsible officials' results in a report that presents not only the auditors' findings, conclusions, and recommendations, but also the perspectives of the responsible officials of the audited entity and the corrective actions they plan to take. Obtaining the comments in writing is preferred, but oral comments are acceptable.

FAR §15.404-2(c)(1)(i) states:

The auditor shall not reveal the audit conclusions or recommendations to the offeror/contractor without obtaining the concurrence of the contracting officer. However, the auditor may discuss statements of fact with the contractor.

The rationale for not discussing audit conclusions with the contractor is premised upon the nature of negotiations which requires that only the contracting officer "negotiate" on behalf of the Government. The auditors, in their advisory role, cannot bind or commit the Government to a final position. The nature of negotiations requires the contracting officer to consider all aspects of the proposal (price, engineering estimates, socio-economic factors, etc.) in determining the Government's final position and to decide what information should be shared with the contractor. Consequently, it is our position that the FAR restriction supersedes the Yellow Book requirement to communicate findings on preaward examinations. Accordingly, auditors will not provide a draft report to the contractor or discuss audit conclusions in terms of specific dollar impact with the contractor. Rather, in accordance with the FAR, discussions with the contractor should be limited to statements of facts in order to adequately address the audit objectives. Therefore, the following language will be used in JA's preaward examinations:

In accordance with restrictions imposed by the FAR, we did not discuss specific examination findings with contractor officials. However, we did discuss statements of facts and other matters to the extent necessary to address the examination objectives.

Postaward Examinations

Postaward examinations are not subject to FAR §15.404 as there is no pricing proposal involved but rather the post contract evaluation of contractor compliance with contractual terms. While there is no statutory prohibition to preclude us from communicating the examination conclusions to the contractor, we believe the integrity of the resolution process should be maintained to the extent practical. In this regard, the contracting officer, as the sole authority to

resolve the matter on behalf of the Government, should be advised of our conclusions prior to us providing them in writing to the contractor. (b) (7)(E)

(b) (7)(E)

Ideally, this would represent the findings section of the draft report and any applicable appendixes. We do not advocate releasing the complete formal draft audit report for the purpose of soliciting the contractor's response to examination conclusions. The standard examination report language is included in **Attachment 1**.

**JA ATTESTATION GROUP REPORT ON EVALUATION OF STANDARD PREAWARD
OPINION STATEMENTS**

Introduction

With the release of JA Staff Memorandum No. 13-JA-03³, *Standard Report Language for Attestation Engagements Performed at the Examination Level*, March 28, 2013, standard report language developed by the JA Attestation Group (Group) was officially incorporated into all contract audits.

Since the release of this policy, however, JA has noted inconsistent usage of the standard language in Preaward MAS audit reports. Specifically, audit offices are not opining on each of the standard Preaward MAS audit objectives or are otherwise modifying the standard opinion statements required under JA Staff Memorandum No. 13-JA-03. As a result, the Deputy Assistant Inspector General for Acquisition Program Audits tasked the Group with evaluating Preaward MAS audit reports that exhibited these usage issues to assess the reasons for the inconsistencies and recommend solutions.

To accomplish the evaluation, the Group: (1) reviewed five draft and final Preaward MAS audit reports; (2) reviewed the requirements of the 2011 Yellow Book, the American Institute of Certified Public Accountants' (AICPA's) Statements on Standards for Attestation Engagements, and other applicable guidance; (3) vetted the proposed language with the Government Accountability Office and the AICPA; and (4) circulated a draft of the Group's proposed opinion statements to JA Audit Offices and obtained their comments during a nationwide videoconference.

The Group provided assignment status updates to JA and JAO throughout the process.

Results of Evaluation

The Group concluded that inconsistent usage of the standard Preaward MAS audit report language often stemmed from instances in which the standard opinion statements seemed to contradict the audit's findings. For instance, if an audit team found that the contractor's CSP submission was current, but not accurate or complete, they frequently omitted the CSP objective from their opinion. Such departures undermine the intent of the standard report language to ensure compliance with generally accepted government auditing standards, facilitate clarity, and promote a JA "brand."

To address this issue, the Group recommended an adjustment to the form and content of the Preaward MAS opinion statements to allow for unqualified, qualified, or adverse opinions for each audit objective, as appropriate. Instead of mandating a single, generic paragraph to address all objectives in one statement, the opinion statement is now divided into separate opinions to address each audit objective specifically and separately. This change will provide audit teams with the flexibility necessary to ensure that their opinions appropriately correlate to their audit findings.

³ JA Staff Memorandum No. 13-JA-03 was superseded by JA Staff Memorandum No. 14-JA-01.

Revised Standard Opinion Statements for Preaward Examinations

The revised standard opinion statements for preaward examinations are included in **Attachment 1**. While organized by unqualified, qualified, and adverse statements, auditors are required to choose the type of opinion statement that, in their professional judgment, is most appropriate to the audit findings related to each audit objective. As a result, opinion statements could include a blend of unqualified, qualified, and adverse opinions.

Additionally, auditors must continue to include the following standard disclaimer at the conclusion of the opinion section of the report as originally required under JA Staff Memorandum No. 13-JA-03:

Our opinion relates to the contractor's assertions as of our fieldwork completion date; however, subsequent events or a postaward evaluation may disclose relevant information not now discernible.

Illustrative Examples

The following examples are provided to assist audit teams in preparing opinion statements. Auditors should exercise professional judgment to select the opinion statements that most appropriately correspond to the audit findings, consulting with their RIGA/Associate DAIGA, and cognizant DAIGA or PDAIGA, as necessary.

EXAMPLE 1 – Qualified Opinion on Contractor's CSP Submission with a Mix of Unqualified and Adverse Opinions on the Objectives Related to Contract Administration

In our opinion:

[The contractor's] CSP is inaccurate and incomplete, in part, because of the undisclosed discounts described in Finding 1 of this report and summarized above. However, except for these issues, [the contractor] disclosed and submitted accurate, current, and complete information in the CSP.

[The contractor] maintains sales monitoring and billing systems that ensure the proper administration of the price reduction and billing provisions of the GSA contract.

[The contractor] does not adequately accumulate and report GSA schedule sales for IFF payment purposes, as described in Finding 2 of this report and summarized above. Consequently, the contracting officer should require [the contractor] to strengthen its controls to prevent a recurrence of this issue.

[The contractor] does not have adequate controls to ensure that employees assigned to work on GSA schedule task orders are qualified for their billable positions as described in Finding 3 of this report and summarized above. Consequently, the contracting officer should require [the contractor] to strengthen its controls to prevent a recurrence of this issue.

[The contractor] adequately segregates and accumulates labor hours, material costs, and ODCs on T&M task orders.

Our opinion relates to the contractor's assertions as of our fieldwork completion date; however, subsequent events or a postaward evaluation may disclose relevant information not now discernible.

EXAMPLE 2 – Adverse Opinion on Contractor's CSP Submission with a Mix of Unqualified and Qualified Opinions on the Objectives Related to Contract Administration

The CSP information disclosed and submitted by [the contractor] was not accurate, current, or complete, as described in Finding 1 of this report and summarized above. Consequently, we caution the contracting officer that the CSP information cannot be relied upon.

Except for the noncompliance with billing and ordering provisions of the GSA contract as described in Finding 2 of this report and summarized above, [the contractor] maintains sales monitoring and billing systems that ensure the proper administration of the price reduction and billing provisions of the GSA contract.

[The contractor] adequately accumulates and reports schedule sales for IFF payment purposes.

[The contractor] assigns employees to work on GSA schedule task orders who are qualified for their billable positions.

Except for the overstatement of labor hours as described in Finding 3 of this report and summarized above, [the contractor] adequately segregates and accumulates labor hours, material costs, and other direct costs on T&M task orders.

Our opinion relates to the contractor's assertions as of our fieldwork completion date; however, subsequent events or a postaward evaluation may disclose relevant information not now discernible.

EXAMPLE 3 – Opinions on Contractor's CSP Submission Involving Cost Buildup Information

Changes in the MAS Program in recent years have led to an increased reliance on the use of cost buildup information to determine whether the contractor's pricing is fair and reasonable. Cost buildup information is necessary when no commercial pricing is available for audit, including instances in which the CSP discloses that there are no commercial sales. Accordingly, the auditor must make mention of the cost buildup information in their opinion related to the CSP objective. Generally, this will lead the auditor to render an adverse opinion on the CSP submission, and include a brief statement on the audit findings related to the cost buildup information.

Example 3-1

In the example below, the auditors determined that the contractor's CSP submission was current, but not accurate or complete, due to inadequacies with the information provided. As a result, the contractor submitted a revised proposal using cost buildup information to support its proposed rates. The auditors subsequently determined that all of the proposed labor rates were overstated.

In our opinion:

[The contractor's] CSP is current, but not accurate or complete. Therefore, the contractor's CSP should not be relied upon for price comparison purposes. As a consequence, [the contractor] submitted cost buildup rates. The cost buildup rates submitted were inaccurate due to the overstatement of labor rates, as described in Finding 1 of this report and summarized above.

Example 3-2

The example below is similar to the one above; however, in this instance, the auditors determined that certain labor rates included in the revised proposal submitted by the contractor were inaccurate. Accordingly, the auditors described their cost buildup findings using language similar to that used for a qualified CSP opinion.

In our opinion:

[The contractor's] CSP is current, but not accurate or complete. Therefore, [the contractor's] CSP should not be relied upon for price comparison purposes. As a consequence, [the contractor] submitted cost buildup rates. The cost buildup rates submitted were inaccurate, in part, due to the overstatement of certain labor rates as described in Finding 1 of this report and summarized above.

Example 3-3

In the example below, cost build-up rates were submitted. The audit team performed tests to verify the accuracy of the cost build-up rates and concluded that the rates were accurate.

In our opinion:

[The contractor's] CSP is current, but not accurate or complete. Therefore, [the contractor's] CSP should not be relied upon for price comparison purposes. As a consequence, [the contractor] submitted cost buildup rates. The cost buildup rates submitted were accurate.