



OLG Audit Resolution Training

Audit Cycle Overview



Who are the players?

- Office of Inspector General
- Auditee
- Audit Liaison/Assigned Audit Resolution Manager
- Audit Liaison Specialists
- Grants Officer
- Program Officer

Have you ever
seen a general
ledger like that
before?



Who does what?



Overview on Phases of OIG Audits

Participants	Preparing for the Audit	During the Audit	Preparing the Report	Resolving the Audit
Auditor and OIG	<ul style="list-style-type: none"> Send notification letter Conduct entrance conference 	<ul style="list-style-type: none"> Audit firm conducts field work at auditee site Conduct exit conference 	<ul style="list-style-type: none"> Issue final report for comment to auditee and CNCS Incorporate auditee and CNCS comments and issue draft report 	<ul style="list-style-type: none"> Review Management Decision.
Auditee/Grantee	<ul style="list-style-type: none"> Respond to notification letter and invite appropriate staff, board members and sub-grantees to entrance conference 	<ul style="list-style-type: none"> Provide auditors with access to systems, files and documents as requested 	<ul style="list-style-type: none"> Invite appropriate people to exit conference Provide any final document needed to resolve issues Review draft and prepare response to draft Review final report and note IG additions based on grantee and CNCS comments draft 	<ul style="list-style-type: none"> Provide information and clarification as needed to CNCS to support questioned costs Develop and implement any corrective action as needed
CNCS Audit Liaison and Audit Liaison Manager	<ul style="list-style-type: none"> Issue letter to auditee explaining the audit and audit resolution process Participate entrance conference 	<ul style="list-style-type: none"> Respond to questions and provide clarification, if needed, to auditors and auditee Work with auditee to begin corrective action as needed 	<ul style="list-style-type: none"> Participate in exit conference Assist auditee with response to draft as needed and prepare CNCS response to draft 	<ul style="list-style-type: none"> Review working papers Review auditee corrective action plan, resolve any questioned costs and issue management decision Confirm auditee has completed all corrective action
CNCS Grants Officer/Program Officer	<ul style="list-style-type: none"> Attend entrance conference 	<ul style="list-style-type: none"> Respond to questions and provide clarification, if needed, to auditors and auditee 	<ul style="list-style-type: none"> Attend exit conference Participate in conference call to auditee to discuss findings and questioned costs Work with the audit staff to identify corrective action that must take place on financial findings and develop timetable for resolution 	<ul style="list-style-type: none"> Respond to questions and provide clarification, if needed, to Audit Liaison/Manager or auditee Work with the audit staff to review documentation and determine whether auditee action to correct program findings is adequate Participate in and/or conduct site visits, as necessary

Exit Conference

The auditors have rolled up their sleeves, poked around in the dark corners of the general ledgers, grantee records and SOP's and now they have something to say about what they found... drum roll please... the results are....



At The Exit Conference

The following should happen at the exit conference:

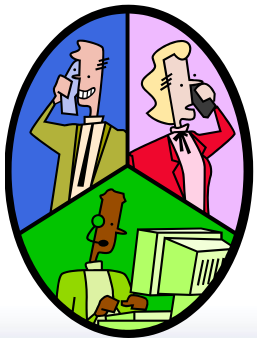
- The auditors should provide a summary of their preliminary findings;
- The auditors should provide an estimated date that the draft audit report will be issued;
- Grantee can provide additional information that should be considered in drafting the findings; and
- CNCS Audit Liaison/Audit Liaison Manager summarizes next steps and what is expected in resolution.

OIG Draft & Final Reports

- Once the OIG issues a draft audit report both CNCS and the auditee(s) have the opportunity to respond within 30 days. The OIG summarizes the response in the body of the report and the actual responses are attached when the report is published.
- A final audit report is published on the CNCS OIG's website and copies are sent to the auditee, CNCS CEO and Congress. An OIG audit report is addressed to the federal agency to act upon.

Meeting With CNCS

- Once the exit conference has been held and the OIG has provided a list of preliminary findings, CNCS will schedule a time to talk to the auditee to go over the findings and discuss their response
- Sometimes an auditee concurs with a finding without having the knowledge or background on why that finding may not apply or be supported. CNCS can help to advise auditees on those types of issues
- CNCS cannot tell an auditee how to respond, we can only educate based on our experience.



CNCS will advise the auditee on:

- Steps in the resolution process;
- Guidance on developing a corrective action plan using SMART criteria;
- Documentation requirements and formats; and
- Time requirements.

What is a Corrective Action Plan (CAP)

- 2 C.F.R. §200.26 defines corrective action as:
 - *Corrective action* means action taken by the auditee that:
 - (a) Corrects identified deficiencies;
 - (b) Produces recommended improvements; or
 - (c) Demonstrates that audit findings are either invalid or do not warrant auditee action.
- A corrective action plan is the vehicle used to outline and implement the corrective actions taken to address the identified deficiencies and recommended improvements.

Developing An Effective Corrective Action Plan

To develop an effective corrective action plan, the following elements should be considered:

- Clearly identify the area of non-compliance or improvement;
- Cite the requirements for the action such as federal/state/organizational regulations, internal policies, terms and conditions, etc.;
- Identify who will be responsible for the implementation of the corrective action;
- Identify who the stakeholders are (if any) associated with the actions;
- Identify what resources are needed to develop and implement corrective action such as legal advice, communications methods, IT improvements, etc.;
- Identify what constraints you may have in the implementation of the corrective action; and
- Develop metrics for the progress and completion of the corrective action.

SMART Criteria

Using SMART criteria ensures that the grantee is providing complete and thorough accounting of the corrective actions that are being taken.

Specific – what action is being taken?

Measurable – How can the outcome of the action be measured?

Assignable – Who will take the action?

Realistic – State what results can realistically be achieved, given available resources.

Time-related – Specify when the result(s) can be achieved.



SMART - Specific



- **Specific:** A specific corrective action has a much greater chance of being accepted than a general corrective action. To support a specific corrective action, answer the following “W” questions:

What: What do you need to correct?	Why: Specific reasons, purpose or benefits of completing the corrective action.
Who: Who is involved?	Which: What are your requirements and constraints?
When: When will action occur & if applicable, how often?	

Example: OIG finds that sub-grantees are unaware of the requirement to ensure time cards are signed by both the member & supervisor.

- What: Correct sub-grantee training of time card requirements.
- Why: To ensure compliance with CNCS program requirements and prevent disallowed member costs.
- Who: Sub-grantees.
- Which: Not every sub-grantee attends semi-annual meetings or is monitored annually.
- When: Training which emphasizes time card requirements will be incorporated at semi-annual meetings, through mass email to all sub-grantees, and in the quarterly newsletter for 3rd quarter 2014. Additionally procedures will be incorporated into monitoring protocols to check signatures for both the member & supervisor.

SMART - Measureable



- **Measurable** - Establish concrete criteria for measuring progress toward the attainment of each corrective action needed. To determine if your corrective action is measurable, ask questions such as:
 - How much?
 - How many?
 - How will I know when it is accomplished?

***Example:** OIG finds that sub-grantees are unaware of the requirement to ensure time cards are signed by both the member & supervisor.*

- **How much:** training provided to all sub-grantees via semi-annual meeting, mass email, & quarterly newsletter.
- **How many:** quality control requirements should be established to ensure that all time cards are signed by both the member & supervisor.
- **How will I know when it is accomplished:** Through regular monitoring & reduction in OIG/A-133 findings.

SMART - Attainable



- **Attainable** – In order to be implemented, a corrective action must be attainable. If the corrective action is not attainable, the odds of findings and subsequent disallowed costs continue. In order to implement an effective corrective action you must plan your steps wisely and establish a time frame that allows you to carry out those steps.

Example: OIG finds that sub-grantees are unaware of the requirement to ensure time cards are signed by both the member & supervisor.

- *A plan to monitor 100% of time cards from all sub-grantees is likely not attainable due to limited resources. Ensuring that sub-grantees are trained and aware of time card requirements and that they have incorporated procedures into their processes to ensure that time cards are meeting the requirements, in addition to selective monitoring is attainable.*

SMART - Realistic



- **Realistic-** To be realistic, a corrective action must represent an objective toward which you are both *willing* and *able* to work. But be sure that every corrective action represents substantial progress towards addressing the audit findings.

Example: OIG finds that sub-grantees are unaware of the requirement to ensure time cards are signed by both the member & supervisor.

- *Saying that all training will be complete and new procedures implemented within 30 days is not realistic. Saying that a mass email will be sent to all sub-grantees within 30 days outlining the time card requirements which will be followed by an article in the next quarterly newsletter scheduled to be sent in 60 days, followed by training at the next semi-annual meeting held in 5 months, is realistic.*

SMART - Timely



- **Timely** – A corrective action should be grounded within a time frame. With no time frame tied to it there's no sense of urgency.

Example: OIG finds that sub-grantees are unaware of the requirement to ensure time cards are signed by both the member & supervisor.

- *Mass email will be sent to all sub-grantees outlining the time card requirements: **Est. completion** - July 1, 2014;*
- *Article in the next quarterly newsletter outlining the time card requirements and notifying sub-grantees to develop procedures to ensure compliance: **Est. completion** - Aug 1, 2014;*
- *Update monitoring protocols to include checking time cards for signatures: **Est. completion** -Sept, 1, 2014;*
- *Training at the next semi-annual meeting: **Est. completion** - Nov 1, 2014.*

Questions?



OIG Audit Questions?



Audit Resolution Contact Info

Rhonda Honegger
Senior Grants Officer
Audit Resolution
Corporation for National & Community Service
250 E St SW
Washington DC 20525
rhonegger@cns.gov
Office: 202-606-6966

