Responsible Office: Office of Internal Controls and Management Systems
Subject: Audit Management Process

Office of Internal Controls and Management Systems

Office Work Instruction

Audit Management Process

Original Approved by: _____/S/_____

Lou Becker

Assistant Administrator for Internal Controls and Management Systems

Responsible Office: Office of Internal Controls and Management Systems
Subject: Audit Management Process

DOCUMENT HISTORY LOG

Status (Baseline/ Revision/ Canceled)	Document Revision	Effective Date	Description
Baseline		12/06/99	
Revision	A	04/26/00	Incorporate minor modifications responsive to the NASA HQ ISO 9001 pre-assessment audit of Feb. 7 – 11, 2000.
Revision	B	10/31/00	Incorporate filing changes consistent with NPG 1441.1, Records Retention Schedule 9.
Revision	C	1/22/08	Revised to reflect organizational change of Management Systems Division to Office of Internal Controls and Management System.
Revision	D	9/8/10	Revised to reflect the renaming of the web-based Corrective Action Tracking System (CATS II) to the Audit and Assurance Information Reporting System (AAIRS).

Responsible Office: Office of Internal Controls and Management Systems
Subject: Audit Management Process

1. Purpose

The purpose of this OWI is to describe the procedure followed by the Office of Internal Controls and Management Systems (OICMS) in ensuring management responsiveness to Government Accountability Office (GAO) and Office of Inspector General (OIG) audit activity, reaching management decisions on audit recommendations, and completing implementation of agreed-upon recommendations.

2. Scope and Applicability

This OWI covers OICMS audit management procedures for ensuring appropriate management response to GAO and OIG audit activity and recommendations.

3. Definitions

3.1 <u>AA</u>   Associate Administrator
3.2 <u>ADA</u>   Associate Deputy Administrator
3.3 <u>ADS</u>   Action Document Summary
3.4 <u>AFO</u>   Audit Follow-up Official – Assistant Administrator for Internal Controls and Management Systems makes final management decisions when concurrence with OIG is unresolved at lower levels.
3.5 <u>AAIRS</u>   Audit and Assurance Information Reporting System
3.6 <u>Audit Team</u>   OICMS staff members assigned to work on audit activities
3.7 <u>ALR</u>   Audit Liaison Representative
3.8 <u>OICMS</u>   Office of Internal Controls and Management Systems
3.9 <u>GAO</u>   Government Accountability Office
3.10 <u>OIG</u>   Office of the Inspector General
3.11 <u>POC</u>   Point of Contact; Auditee

4. References

4.1 NPD 9910.1   Government Accountability Office/NASA Office of Inspector General Audit Liaison, Resolution, and Follow-up
4.2 OIG/GAO checklists used to monitor audit progress and disseminate information (Current versions available from ALR Homepage)

Responsible Office: Office of Internal Controls and Management Systems
Subject: Audit Management Process

5.   Flowchart

```
                                    ┌──────────────┐
                                    │    Start     │
                                    └──────┬───────┘
                                           │
   ┌──────────────┐            ┌───────────▼───────────┐
   │  OIG/GAO     │            │         6.1           │
   │ Start Letter │───────────▶│ Receive Announcement  │
   │              │            │ Letter & Identify and │
   └──────────────┘            │     Assign ALR        │
                               └───────────┬───────────┘
                                           │
                               ┌───────────▼───────────┐       ┌──────────────┐
                               │         6.2           │       │              │
                               │   Create AAIRS File   │──────▶│  AAIRS File  │
                               └───────────┬───────────┘       └──────────────┘
                                           │
   ┌──────────────┐               ◆────────▼────────◆          ┌──────────────┐
   │              │              ╱        6.3        ╲          │       1      │
   │ Draft Report │─────────────▶   Originator of Report  ──GAO─▶ (go to step │
   │              │              ╲   GAO or OIG?     ╱          │    6.5.1)    │
   └──────────────┘               ◆────────┬────────◆          └──────────────┘
                                           │OIG
                               ┌───────────▼───────────┐
                               │         6.4           │
                               │  Determine ALR for    │
                               │ Response to Draft, if │
                               │      Different        │
                               └───────────┬───────────┘
                                           │
                               ┌───────────▼───────────┐       ┌──────────────┐
                               │         6.5           │       │              │
                               │   Update AAIRS File   │──────▶│  AAIRS File  │
                               └───────────┬───────────┘       └──────────────┘
                                           │
                                    ┌──────▼───────┐
                                    │      2       │
                                    └──────────────┘
```

Responsible Office: Office of Internal Controls and Management Systems
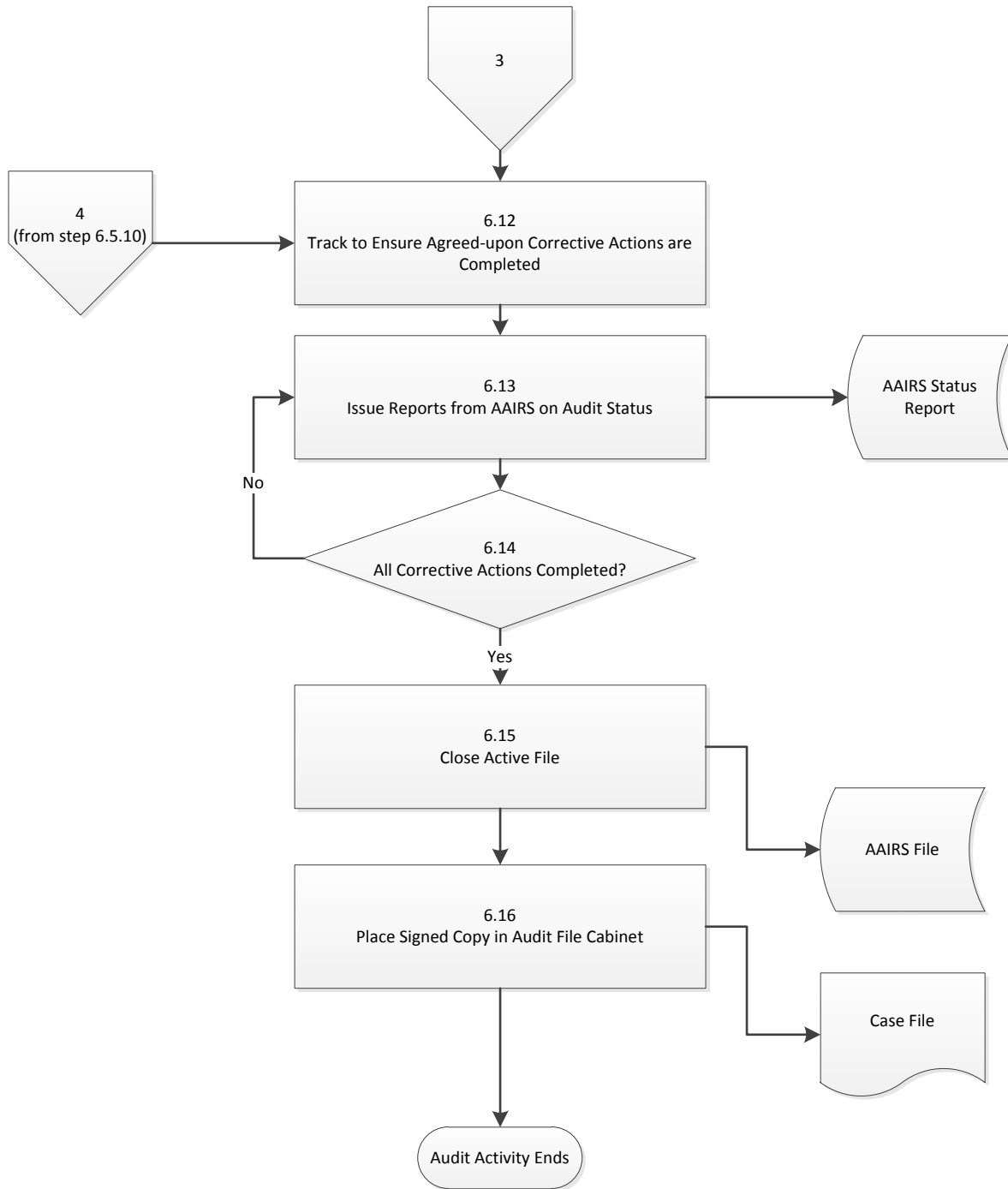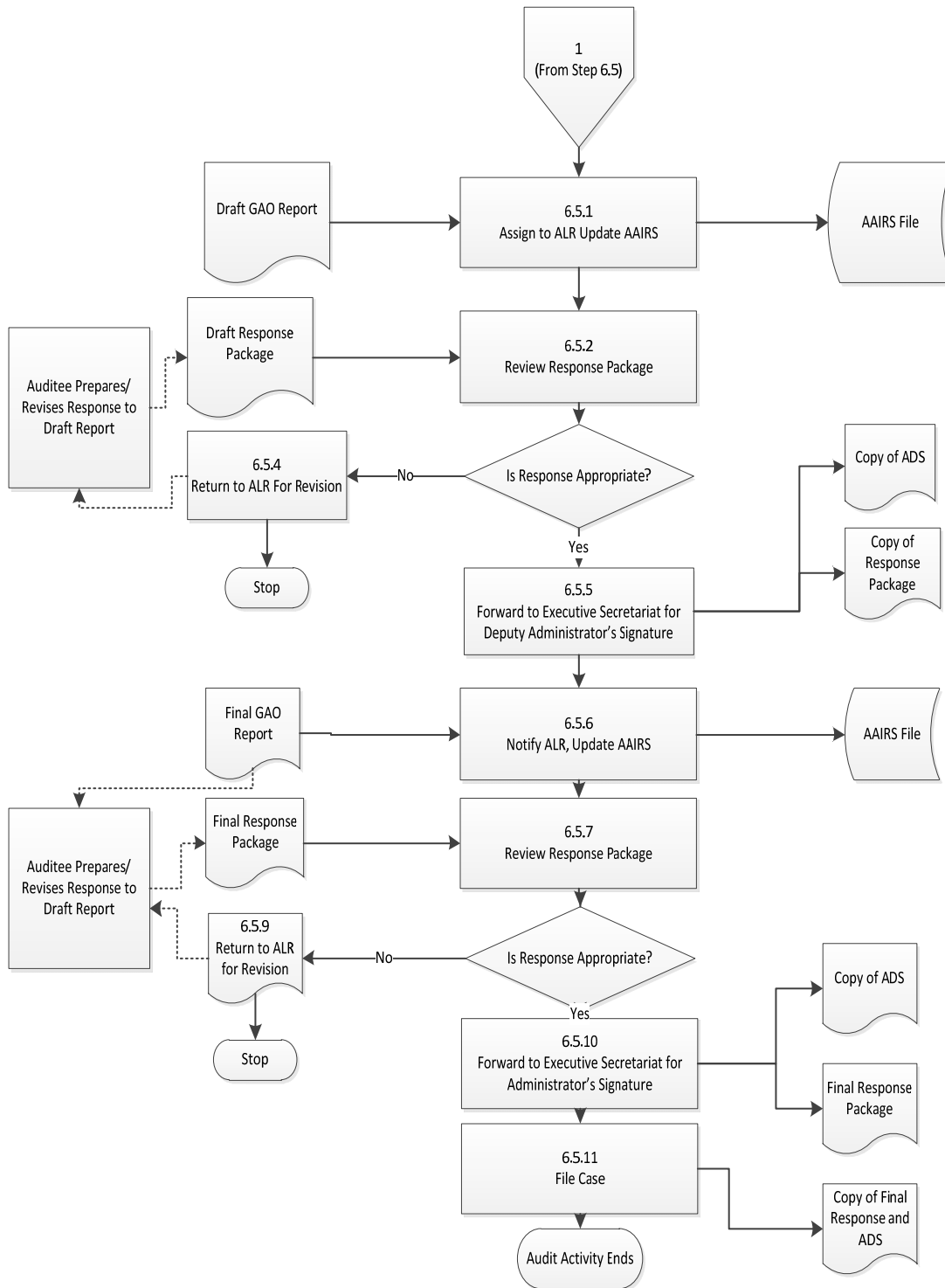**Subject: Audit Management Process**

```
                              ┌──────────┐
                              │    2     │
                              └────┬─────┘
                                   │
                                   ▼
                            ╱─────────────╲
                           ╱      6.6       ╲
                          ╱  Report to More   ╲─────────── No
                          ╲  than 1 Addressee? ╱
                           ╲─────────────────╱
                                   │
                                  Yes
                                   │
  ┌──────────────┐      ┌──────────────────────────────┐      ┌──────────────┐
  │Draft Response│─────▶│            6.7                │      │  AAIRS File  │
  │              │      │ Review Draft Response and     │─────▶│              │
  └──────────────┘      │ Provide Comments              │      └──────────────┘
                        └──────────────────────────────┘
                                   │
                                   ▼
                            ╱─────────────╲
                           ╱      6.8       ╲
           No ────────────╱ Is There a Likely ╲◀─────────
                          ╲  Non-concurrence? ╱
                           ╲─────────────────╱
                                   │
                                  Yes
                                   │
                        ┌──────────────────────────────┐
                        │            6.9                │
                        │  Support Resolution Process   │
                        └──────────────────────────────┘
                                   │
                                   ▼
  ┌──────────────┐      ┌──────────────────────────────┐      ┌──────────────┐
  │ Final Report │─────▶│            6.10               │─────▶│  AAIRS File  │
  │              │      │        Update AAIRS           │      │              │
  └──────────────┘      └──────────────────────────────┘      └──────────────┘
                                   │                                   │
                                   ▼                                   ▼
                        ┌──────────────────────────────┐      ┌──────────────┐
                        │            6.11               │      │ AAIRS Status │
                        │ Track to Ensure Management    │─────▶│    Report    │
                        │ Decisions on All Recommen-    │      └──────────────┘
                        │ dations & Issue Status Reports│
                        └──────────────────────────────┘
                                   │
                                   ▼
                              ┌──────────┐
                              │    2     │
                              └──────────┘
```

Responsible Office: Office of Internal Controls and Management Systems
Subject: Audit Management Process

```
                              ┌─────────┐
                              │    3    │
                              └────┬────┘
                                   │
                                   ▼
  ┌──────────────┐       ┌──────────────────────────────┐
  │      4       │       │            6.12              │
  │(from step    │──────▶│ Track to Ensure Agreed-upon   │
  │  6.5.10)     │       │ Corrective Actions are        │
  └──────────────┘       │ Completed                     │
                         └──────────────┬───────────────┘
                                        │
                                        ▼
                 ┌─────────────────────────────────────┐       ┌─────────────────┐
            ┌───▶│              6.13                   │──────▶│  AAIRS Status   │
            │    │ Issue Reports from AAIRS on Audit   │       │     Report      │
            │    │ Status                              │       └─────────────────┘
            │    └─────────────────┬───────────────────┘
          No                       │
            │                      ▼
            │           ╱─────────────────────╲
            └──────────┤         6.14          │
                        ╲ All Corrective Actions╱
                         ╲   Completed?        ╱
                           ╲─────────┬────────╱
                                     │
                                    Yes
                                     ▼
                         ┌───────────────────────┐
                         │        6.15           │────┐
                         │   Close Active File    │    │     ┌─────────────────┐
                         └───────────┬───────────┘    └────▶│   AAIRS File    │
                                     │                       └─────────────────┘
                                     ▼
                         ┌───────────────────────┐
                         │        6.16           │────┐
                         │ Place Signed Copy in   │    │     ┌─────────────────┐
                         │  Audit File Cabinet    │    └────▶│   Case File     │
                         └───────────┬───────────┘          └─────────────────┘
                                     │
                                     ▼
                            ╭──────────────────╮
                            │ Audit Activity Ends │
                            ╰──────────────────╯
```

Responsible Office: Office of Internal Controls and Management Systems
Subject: Audit Management Process

GAO Sub-processes

```
                    1
              (From Step 6.5)
```

Draft GAO Report → 6.5.1 Assign to ALR Update AAIRS → AAIRS File

Auditee Prepares/ Revises Response to Draft Report

Draft Response Package → 6.5.2 Review Response Package

6.5.4 Return to ALR For Revision ← No ← Is Response Appropriate?

Stop

Yes

Copy of ADS

Copy of Response Package

6.5.5 Forward to Executive Secretariat for Deputy Administrator's Signature

Final GAO Report → 6.5.6 Notify ALR, Update AAIRS → AAIRS File

Auditee Prepares/ Revises Response to Draft Report

Final Response Package → 6.5.7 Review Response Package

6.5.9 Return to ALR for Revision ← No ← Is Response Appropriate?

Stop

Yes

Copy of ADS

6.5.10 Forward to Executive Secretariat for Administrator's Signature

Final Response Package

6.5.11 File Case

Copy of Final Response and ADS

Audit Activity Ends

Responsible Office: Office of Internal Controls and Management Systems
Subject: Audit Management Process

6.   Procedure

The following table describes the process depicted in the preceding flowchart.
The number at the left of the table corresponds to the numbers in the activity
boxes in the flowchart.

Step	Actionee	Action
6.1	Audit Team	Receive announcement letter from OIG/GAO. Assign and notify the lead ALR. Request that ALR arrange for the appointment of a POC and notify OICMS of appointment.
6.2	Audit Team	Establish AAIRS file, populate with announcement letter data, and notify others, as appropriate.
6.3	Audit Team	Receive draft report. If a GAO draft audit report, go to step 6.5.1; if an OIG draft audit report, go to step 6.4.
6.4	Audit Team	Review the OIG draft report. Determine if there should be a change of the ALR for purposes of responding to recommendations. Assign new ALR, if required. Provide support, as requested, during the development of management decisions and response to the draft report.
6.5	Audit Team	Update AAIRS with draft report data; provide comments, as appropriate; file hard copy.
6.6	Audit Team	Determine if the OIG draft report is addressed to more than one Official. If yes, go to step 6.7; if not, go to step 6.8.
6.7	Audit Team	Review draft response to determine that all affected parties' views have been considered in preparing response and response has appropriate tone reflecting Agency-level perspective. Provide comments, if any, by phone or e-mail to ALR. Record and update AAIRS.
6.8	Audit Team, ALR	Based on communication with ALR, determine if response will contain a non-concurrence with one or more draft recommendations. If yes, go to step 6.9. If no, go to Step 6.10
6.9	Audit Team	Assist as necessary at the request of the ALR or other parties to the resolution process through liaison efforts.
6.10	Audit Team	After the auditee sends response to the draft report or when the final report is issued, update AAIRS. Update AAIRS when ALR sends response to final report to the OIG.
6.11	Audit Team, ALR	ALR continues to update AAIRS and report on the status of open recommendations based on status of final management decisions and completing corrective actions. Provide the AFO with status on unresolved recommendations open over 6 months.

Responsible Office: Office of Internal Controls and Management Systems
Subject: Audit Management Process

Step	Actionee	Action
6.12	Audit Team, ALR	Track all agreed-upon recommendations through AAIRS until management completes corrective action and necessary follow-up and notifies OIG. OICMS maintains a separate performance measurement on implementing agreed-upon recommendations open over 1 year*. (*There *are exceptions to the requirement that agreed-upon recommendations be closed within 1 year. The critical factor is timeliness of corrective actions agreed upon and management implementation of corrective action with reasonable speed.).*
6.13	Audit Team	Issue reports to ALR's on the status of all open Audits based on data in AAIRS.
6.14	Audit Team	Monitor AAIRS to determine whether all agreed-upon recommendations are fully implemented. If no, continue to track; if yes go to step 6.15.
6.15	Audit Team	Move the AAIRS file from open to closed. Maintain closed audit file in AAIRS. Hard copy placed in reading file cabinet.
6.16	Audit Team	Place signed copy in audit file cabinet.

GAO Sub-process

6.5.1	Audit Team, ALR	Ascertain appropriate HQ-level ALR. ALR identifies POC and ALR notifies GAO and sets up entrance conference. Populate AAIRS with data from start letter.
6.5.2	Audit Team	Review draft response to ensure responsiveness, tone, and Agency-level perspective. Determine that response is ready for signature by Deputy Administrator.
6.5.3	Audit Team	If ready for Deputy Administrator's signature, go to step 6.5.6. If not, go to step 6.5.4.
6.5.4	Audit Team	If further development of draft response is needed, return to ALR with suggestions for change and work with ALR until letter is acceptable.
6.5.5	Audit Team	Provide draft response to Executive Secretariat. Exec. Sec will obtain concurrences from "Principals" and obtain signature by Deputy Administrator.
6.5.6	Audit Team	After GAO issues final report, update AAIRS. Notify ALR if response to final report is required. Provide instructions for response.
6.5.7	Audit Team	Review response to final report to ensure responsiveness, tone, and Agency-level perspective. Determine if response to the final report is ready for Administrator's signature.
6.5.8	Audit Team	If response is appropriate, forward to Executive Secretariat. Exec. Sec. will obtain concurrences from "Principals" and obtain signature by Administrator. If changes/modifications to response are required return to ALR with comments at step 6.5.9.

Responsible Office: Office of Internal Controls and Management Systems
Subject: Audit Management Process

6.5.9	Audit Team	Return to responsible ALR to improve response until acceptable.
6.5.10	Audit Team	If response is appropriate, forward to Executive Secretariat. Exec. Sec. will obtain concurrences from "Principals" and obtain signature by Administrator. Further tracking and reporting continues in AAIRS at step 6.15.
6.5.11	Audit Team	File hard copy in OICMS filing cabinet.

7. Quality Records

Record Identification	Owner	Location	Record Media: Electronic or Hard Copy	Schedule Number & Item Number (NPR 1441.1D)	Retention/Disposition
AAIRS file	OICMS	OICMS	Electronic	AFS 9920 Item 28	Destroy/delete after the recordkeeping Copy has been Produced.
OICMS Case File	OICMS	OICMS	Hard Copy	AFS 9920 Item 28	Retire to FRC 2 years after date of audit report. Destroy 8 years after subject date.