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ADS Chapter 593

GAO Audit Support and Followup

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ADS 593 – GAO Audit Support and Followup
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ADS 593 – GAO Audit Support and Followup

593.1 OVERVIEW

Effective Date: 08/03/2015

This chapter provides the policy directives and required procedures for USAID support and followup activities relating to Government Accountability Office (GAO) audits. This chapter uses the term “audits” generally to include the full range of GAO engagements with USAID, including audits, evaluations, inspections, reviews, and surveys.

593.2 PRIMARY RESPONSIBILITIES

Effective Date: 08/03/2015

a. USAID Administrator

- Appoints the Agency Audit Followup Official per the guidelines of [OMB Circular A-50, Audit Followup](#).

b. The Assistant Administrator, Bureau for Management (AA/M)

- Serves as the Agency's Audit Followup Official for all types of audits, including those conducted by GAO; and
- In coordination with the Chief Financial Officer (M/CFO), ensures that (1) systems of audit followup, resolution, and corrective action are documented and in place, (2) timely responses are made to all audit reports, (3) disagreements within the Agency with respect to audit matters are resolved, (4) corrective actions are taken and (5) semiannual reports are sent to the USAID Administrator, and (6) assigns a high priority to following up on audit recommendations.

c. The Bureau for Management, Chief Financial Officer (M/CFO)

- Has overall responsibility for implementing the Agency's audit management and followup program per the guidelines of [OMB Circular A-50, Audit Followup](#).

d. The Agency's GAO Liaison (M/CFO/ICFO)

- Facilitates communication between the Agency and GAO with the goal of enabling GAO to effectively and efficiently fulfill its responsibilities while enabling the Agency to conduct its operations with the least disruption possible;
- Initially receives, on behalf of the Agency, written communications and reports from GAO;

- Assists in understanding and evaluating the scope of the GAO request;
- Assigns each GAO audit to an Agency GAO Audit Analyst and ensures that appropriate Agency staff are informed of GAO activities;
- Attends and facilitates entrance and exit conferences, and oversees the Agency GAO Audit Analyst's scheduling and coordination of entrance and exit conferences;
- Interacts with GAO staff as necessary to ensure adequate and timely responses to GAO reports and inquiries;
- Provides support to the Agency's Audit Followup Official on matters related to GAO activities;
- Advises senior Agency officials on GAO matters and advises GAO management and staff on Agency policy, procedural regulations, and constraints, including policy for the provision of information to GAO;
- Prepares or reviews for, and on behalf of, M/CFO all replies to GAO and Congressional inquiries on GAO matters, other than those routinely handled by the Agency GAO Audit Analyst, to ensure appropriate substance and responsiveness. May delegate preparation of some replies if warranted, but will retain the right to review replies;
- Resolves any issues between GAO and Agency managers on the form, timing, and content of Agency responses to GAO;
- Releases Agency information directly to GAO, unless the task is otherwise delegated, i.e., to the Agency GAO Audit Analyst;
- Serves as the Agency's focal point for the analysis and tracking of GAO reports and inquiries, as well as outgoing correspondence related to GAO activities and, therefore, requires all GAO and USAID staff to copy the GAO Mailbox in all incoming, internal, and outgoing email correspondence;
- Develops and administers a system and internal controls for informing Agency Bureaus and Independent Offices (B/IOs) and overseas Missions of GAO activities as well as a system for tracking Agency GAO workload to provide information to management on Agency-wide and B/IO specific issues;
- Takes the lead in obtaining clearances from M/CFO, GC, LPA, and the Audit Followup Official (AA/M) for USAID comments on GAO draft reports, and for USAID's formal response (statement of action) to GAO final reports;

- Monitors and maintains accurate records on the status of recommendations and informs action officials of GAO's acceptance of final action on such recommendations;
 - Monitors all aspects of the CACS database on GAO activities;
 - Conducts or provides for periodic analysis of audit recommendations, resolution, and corrective action, to determine trends and system-wide problems, and to recommend solutions;
 - Coordinates all GAO audit tracking and followup activities as necessary;
 - Develops and implements Agency-wide audit-related policies and procedures in coordination with the Office of Inspector General; and
 - Follows the guidance in section **593.3.4** for protecting classified information and nonpublic information identified by the Audit Action Official (AAO) as sensitive.
- e. The Bureau for Legislative and Public Affairs (LPA)**
- Clears all Agency formal comments on GAO draft and final reports with recommendations;
 - May attend entrance conferences and exit conferences and other significant meetings with GAO; and
 - Signs and delivers congressional transmittals of Agency responses to final reports containing recommendations.
- f. The Office of Inspector General (OIG)**
- Maintains its own independent liaison with GAO;
 - May attend entrance and exit conferences for GAO audits and reviews;
 - Provides GAO with OIG audit reports on activities that GAO plans to audit; and
 - Reviews the Agency's management of GAO recommendations in the Consolidated Audit and Compliance System (CACS).
- g. The Agency GAO Audit Analyst**

- Provides support to the GAO Liaison as necessary, including with scheduling, coordinating, attending and facilitating entrance and exit conferences; with tracking GAO information requests and responses to those requests; with packaging of materials for clearance; and with obtaining required clearances; and
 - Has primary responsibility for entering into CACS all relevant emails and documents, including those in USAID's GAO Mailbox, for audits assigned to them.
- h.** The **Audit Management Officer (AMO)** is a representative designated within each Bureau/Independent Office (B/IO) who
- Serves as the GAO Liaison's and the Agency GAO Audit Analyst's point of contact for GAO work processing;
 - Assists the GAO Liaison and Agency GAO Audit Analyst with scheduling and coordinating entrance and exit conferences;
 - In coordination with the Audit Action Official, ensures that materials and correspondence are expeditiously reviewed and cleared as appropriate for the audit;
 - Raises non-routine issues to the GAO Liaison, when appropriate;
 - In coordination with the Audit Action Official, ensures that data retrieved from Agency information systems, e.g., Phoenix, GLAAS, E2, and webTA, are cleared by the Systems Owner in addition to M/MPBP and M/CIO.
 - Ensures that action officers coordinate with the GAO Liaison, Agency GAO Audit Analyst, and other cognizant personnel;
 - Tracks the status of GAO recommendations and provides periodic reports regarding status of such recommendations to the Agency GAO Liaison; and
 - Coordinates GAO issues with the GAO Liaison as appropriate.
- i.** The **Audit Action Official (AAO)** is an official designated by the lead B/IO with technical knowledge of, or substantial familiarity with, the program being reviewed by the GAO and who
- Assists the GAO Liaison and Agency GAO Audit Analyst with coordination, where necessary, and attends entrance and exit conferences;
 - Organizes, when appropriate, an internal USAID meeting prior to the GAO entrance conference with Agency representatives who will be involved in the

- GAO audit engagement or audit, including representatives from the Office of the General Counsel (GC) and LPA;
- Replies to routine GAO inquiries and correspondence, copying the Agency GAO Audit Analyst and GAO Mailbox;
 - Raises non-routine issues to the GAO Liaison, when appropriate;
 - Releases documents requested by GAO, after reviewing and determining whether the documents are classified, SBU, or potentially SBU. Where appropriate, coordinates such review and determination with designated U.S. Mission personnel, the Regional or B/IO Legal Advisor, and the Office of Security (SEC);
 - Has demonstrated, through training or otherwise, a knowledge and understanding of the four Special Categories of documents described in section **593.3.4d**;
 - Sends a copy of all released documents to the Agency GAO Liaison, copying the GAO mailbox;
 - Follows the guidance in section **593.3.4** for protecting classified, SBU, and potentially SBU documents including, for the latter, preparation of the “potentially SBU” GAO cover letter (see [ADS 593saa](#)).
 - For potentially SBU documents provided to GAO: Marks each page, to the greatest extent practicable, of each document provided to GAO – on the top and bottom – with the marking prescribed in the cover letter; lists each document as an enclosure on the cover letter; signs the cover letter; and sends the GAO Liaison an email with “Potentially SBU” in the subject line, and the cover letter and enclosed documents as attachments, copying the GAO mailbox;
 - Ensures that the Office of Security clears GAO personnel access to classified information, in coordination with the GAO Liaison, per section **593.3.4c**;
 - Ensures that materials and correspondence are reviewed as soon as practicable and cleared as appropriate for the audit;
 - Ensures that data retrieved from Agency information systems, e.g., Phoenix, GLAAS, E2, and webTA, are cleared by the Systems Owner in addition to M/MPBP and M/CIO;
 - Ensures that any budget information – including Performance Plan and Reports, Operational Plans, Mission Resource Requests, Bureau Resource

Requests, and other related documentation – is cleared by M/MPBP for operating expense (OE) funds, and BRM and F for program funds;

- Keeps the GAO Liaison informed of the status of ongoing reviews; and
- Coordinates with the AMO to track the action/status of recommendations.

j. The Office of the General Counsel (GC)

- Provides advice to the GAO Liaison on sensitive non-public, SBU or classified information as needed;
- Clears all Agency comments to draft GAO reports as well as any Agency comments or responses to GAO reports with recommendations; and
- The Designated Agency Ethics Official (DAEO) in GC clears the release of all USAID internal records relating to ethics training or financial disclosure as well as all Agency responses to the GAO in respect of such information.

k. The Bureau for Management, Office of Acquisition and Assistance (M/OAA)

- M/OAA provides guidance on and identifies what is considered procurement or business sensitive information, such as confidential commercial and financial information; and
- Provides clearance on draft reports and Agency comments on audits relating to Acquisition and Assistance.

l. The Office of Security (SEC)

- Clears GAO personnel access to classified information, in coordination with the GAO Liaison, per section **593.3.4c**; and
- Ensures appropriate security clearances of GAO personnel prior to providing GAO personnel access to classified information.

m. The Bureau for Management, Office of Management, Policy, Budget and Performance, Performance Division (M/MPBP/PERF)

- In coordination with M/CIO, clears all information retrieved from Agency information systems, e.g., Phoenix, GLAAS, E2, and webTA, before the AAO releases it to GAO.

n. The Bureau for Management, Office of the Chief Information Officer (M/CIO)

- In coordination with Systems Owners, clears all information retrieved from Agency information systems, e.g., Phoenix, GLAAS, E2, and webTA, before the AAO releases it to GAO.
- o. The Bureau for Management, Office of Management, Policy, Budget and Performance, Policy Division (M/MPBP/POL)**
- Clears all information related to operating expense (OE) funds.
- p. The Bureau for Resources Management (BRM)**
- In coordination with State/F, clears all information related to program funds, including Performance Plan and Report (PPR), Operational Plans (OP), Mission resource Requests (MRR), and Bureau Resource Requests (BRR).
- q. Office of U.S. Foreign Assistance Resources (State/F)**
- In coordination with BRM, clears all information related to program funds, including Performance Plan and Report (PPR), Operational Plans (OP), Mission resource Requests (MRR), and Bureau Resource Requests (BRR).

593.3 POLICY DIRECTIVES AND REQUIRED PROCEDURES

593.3.1 GAO Authority

Effective Date: 08/03/2015

The Government Accountability Office (GAO), headed by the Comptroller General, is an independent, nonpartisan investigative agency of the Legislative Branch. The GAO is generally authorized and directed by [31 U.S.C. § 712](#) to audit and review “matters relating to the receipt, disbursement and use of public money” in order to determine if programs are run effectively and economically. Per [31 U.S.C. § 717](#), the Comptroller General “shall evaluate the results of a program or activity the Government carries out under existing law (1) on the initiative of the Comptroller General; (2) when either House of Congress orders an evaluation; or (3) when a committee of Congress with jurisdiction over the program or activity requests the evaluation.”

593.3.2 Notification Letter

Effective Date: 08/03/2015

The GAO initiates all audits regarding Agency activities by sending a formal notification letter to the GAO Mailbox, copying the GAO Liaison, addressed to the USAID Administrator and to the attention of the Chief Financial Officer.

Upon receipt, the GAO Liaison logs notification letters into the Consolidated Audit and Compliance System (CACCS), assigns the audit to an Agency GAO Audit Analyst, identifies a lead Mission or B/IO based on the subject matter of the GAO review,

forwards the notification letter to the appropriate AMO and AAO in the Mission or B/IO, and copies other interested offices.

593.3.3 Entrance Conference

Effective Date: 08/03/2015

GAO's notification letter typically contains GAO's requested time frame for the entrance conference. In some cases, an entrance conference is not required, e.g., surveys, a "spin-off" from a previous GAO review.

The Agency GAO Audit Analyst, in consultation with the cognizant AAO, makes every effort to schedule the entrance conference within GAO's requested time frame, in coordination with GAO, the AAO, and key invitees. The Agency GAO Audit Analyst notifies all interested agencies, Missions and B/IOs – including GC, LPA and the OIG-- of the date, time, and location of the conference. The GAO Liaison attends and facilitates the conference.

The Agency GAO Audit Analyst enters all relevant emails and documents related to the entrance conference into CACS, the Agency's repository for official GAO files.

During the entrance conference, the GAO should provide the Agency with the following information: (1) the origin of the information request; (2) the roles and responsibilities of the GAO employees staffed on the matter; (3) the preliminary scope of the information requested per the audit; (4) the key objectives of the audit; and (5) the sites where GAO expects to conduct its work, if known. GAO should also provide the Agency with an estimate of the timeframe associated with completing its audit, when it is known. Participants at the entrance conference should also discuss USAID's policy regarding GAO access to information as well as any relevant GAO jurisdictional and scope of review issues.

The attendance at the entrance conference of key Agency officials involved in the GAO audit enhances the opportunity for a substantive exchange of information. If the review includes work at separate field locations, or if requested by the Agency, GAO may consider holding additional entrance conferences when work is commenced at such field locations.

In certain cases, GAO's work involves government-wide reviews on issues pertaining to more than one agency (e.g., reviews on government-wide issues such as performance management and budgeting). For such reviews, an entrance conference will typically be held with applicable central agencies, such as OMB or OPM, and may involve a single entrance conference that includes all of the agencies involved or separate entrance conferences with the relevant agencies.

593.3.4 USAID Policy Regarding GAO Audit Requests and Access to Information

Effective Date: 08/03/2015

a. GAO Access and Cooperation

GAO staff, upon providing verification of identity and security clearance, have access to all relevant Agency files and records, classified or unclassified following the entrance conference and in connection with an ongoing review, subject to the terms of [31 U.S.C. Section 716](#). USAID employees must provide full cooperation and support in order to facilitate the timely accomplishment of GAO reviews.

The AAO cooperates with the GAO (through the GAO Liaison) by providing GAO with the information necessary for its review. The AAO will release documents requested by GAO only after reviewing and determining: 1) whether the documents are classified, SBU, or potentially SBU; and 2) following the guidance in this section for protecting classified, SBU, and potentially SBU documents including, for the latter, preparation of the “potentially SBU” GAO cover letter ([ADS 593saa](#)). Where appropriate, the AAO will coordinate such review and determination with designated U.S. Mission personnel, the Regional or Bureau/IO Legal Advisor, and the Office of Security (SEC).

The AAO sends a copy of all released documents to the Agency GAO Liaison, copying the GAO mailbox. For “potentially SBU” documents provided to GAO, the AAO marks each page, to the greatest extent practicable, of each document provided to GAO – on the top and bottom – with the marking prescribed in the cover letter; lists each document as an enclosure on the cover letter; signs the cover letter; and sends the Agency GAO Liaison an email with “Potentially SBU” in the subject line, and the cover letter and enclosed documents as attachments, copying the GAO mailbox.

The AMO or AAO also cooperates with GAO by providing (through the GAO Liaison) comments on draft reports, recommendations and formal responses to final reports. The responsible B/IO assists the GAO with travel and other arrangements when GAO personnel travel to U.S. Missions overseas.

It is the policy of USAID to provide the GAO with the information it needs to fulfill its statutory responsibilities in an expeditious manner. It is the policy of GAO to make its requests for information specific and relevant to the questions posed in its notification letter. If it appears that the requests are broader than what is included in the notification letter, a discussion should take place between the GAO Liaison and the GAO staff regarding how the information requests relate to the audit scope (recognizing, however, that GAO has access to all Agency files and records, subject to the terms of [31 U.S.C. Section 716](#)). In certain cases that discussion may be documented. The GAO is not authorized to independently search for documents and information in USAID files and databases. In addition, under [31 U.S.C. § 716\(e\)](#), for records made available to GAO, the GAO is obligated to maintain the same level of confidentiality for the record as is required of the head of the agency that provided the record. GAO must be advised of

any restrictions on the disclosure of information in writing by the lead AAO when such information is made available.

b. Information Regarding Grantees and Contractors

When the GAO requests documents including procurement/business sensitive information, such as commercial, confidential or financial information, the AAO must consider such documents to be either:

- SBU, if properly marked SBU on each page, or
- “potentially SBU”.

The AAO must inform the cognizant Contracting Officer or Agreement Officer that documents or information will be provided to the GAO on a particular award. For “potentially SBU” documents provided to GAO, the AAO must, to the greatest extent practicable, mark each page of each document provided to GAO – on the top and bottom – with the marking prescribed in the cover letter (e.g., “Potentially SBU; provided to GAO per the terms of the cover memo for this document.”); list each document as an enclosure on the cover letter; sign the cover letter; and send the Agency GAO Liaison an email with “Potentially SBU” in the subject line, and the cover letter and enclosed documents as attachments, copying the GAO mailbox.

The marking of voluminous documents can be greatly eased and facilitated by technology. Both word processing and scanning software feature header and footer insertion capability that automatically label documents with minimal additional effort. If questions exist on the use or implementation of such tools, please contact the cognizant CIO Help-Desk for assistance.

A cover memo template is provided in the Additional Help section of this chapter. On select SBU documents, GAO may request that USAID clarify what information in the document is SBU so that GAO may use the remaining information in a publicly releasable report. The GAO Liaison will work with GAO to complete these requests as soon as practicable.

In addition, the AMO/AAO must identify to the GAO Liaison any document requested by GAO that identifies grantees, contractors or other third parties performing or involved with U.S. Government assistance programs if the release of such information could endanger the security of the grantees or contractors or third parties associated with such assistance, such as beneficiaries of U.S. Government assistance programs. The GAO Liaison will then consult with GC and M/CFO to determine the best way to provide the information without jeopardizing the safety of the individuals. The GAO Liaison will communicate the determination to GAO and the relevant AMO/AAO. If, in certain cases, redaction is required, it will be done in coordination with GC, SEC, and the AAO on a case-by-case basis, and GAO may review unredacted versions of this information upon written request at USAID premises or at another mutually agreeable location.

c. Classified Information

Classified information is material officially classified as Confidential, Secret, or Top Secret per the criteria established by [Executive Order 13526, Classified National Security Information](#). Access will be granted to relevant classified documents after the GAO makes a formal written request, citing the job code, concerning a matter within its statutory authority. In addition, before the responsible B/IO may make classified information available to the GAO, the B/IO must obtain approval, via Action Memorandum, from the cognizant Assistant Administrator or his/her designee. The Action Memorandum must also be cleared by the AAO, GC, and the Director of SEC.

B/IOs must coordinate classified documents that are approved for review by the GAO through the GAO Liaison before such information is made available to the GAO. Such information cannot be removed from the USAID secure workspace facility or photocopied. The AAO, in coordination with SEC, must provide the GAO team with a secure workspace, or other mutually agreeable location, to view the material. A cover memo also will be included with the documents to alert GAO that the documents include classified information.

The lead bureau, through SEC, must ensure appropriate security clearances of GAO personnel prior to providing GAO personnel access to classified information (as set forth in Section 593.3.4b). It is the responsibility of USAID personnel to ensure that all e-mail and sensitive communication are appropriately classified and marked.

d. Special Categories

In general, as described in section **593.3.4a**, the Audit Action Official must use the cover letter ([ADS 593saa](#)) when providing documents that could potentially contain sensitive but unclassified information to GAO. However, if an Audit Action Official receives a GAO request for a document that falls under one of the four “special categories” listed below, the AAO must forward the requests to GC Washington, copying the GAO Liaison and the GAO Mailbox. GC Washington will send release approvals for such information to the GAO Liaison with a cover memo for the GAO Liaison to use in releasing the information, to alert GAO that the documents include one or more of the following special categories of SBU, non-public or classified information:

- Internal materials concerning budget plans and requests, other than the official budget data submitted to the Congress (see [OMB Circular A-11](#)).
- Non-public documents concerning ongoing negotiations or foreign policy initiatives.
- Other internal deliberative information, the disclosure of which reasonably could be expected to impair substantially the operations of government. (This may include, for example, certain action memoranda or informal email deliberations.)

- Law enforcement information pursuant to [5 USC § 552 \(b\) \(7\)](#), the disclosure of which reasonably could be expected to impair substantially the operations of government.

However, it should be noted that because USAID is not a law enforcement agency, this exemption typically would not apply in the context of a request by the GAO for information relating to USAID programs.

e. Third Party Documents

Documents originated by or containing information originated by other agencies cannot be released to the GAO without the consent of the originating agency (ies). Information that would generally fall into this category includes:

- Documents to and/or from the White House or National Security Council;
- Documents addressing Policy Coordination Committees (PCC), National Security Council (NSC), or White House led initiatives in relation to ongoing criminal investigations or prosecutions; or
- Documents related to intelligence or counter-intelligence information.

Documents received from foreign governments and public international organizations (e.g., the United Nations) may be provided to GAO. However, in certain cases where the documents were: (i) provided in confidence, and (ii) disclosure would be harmful to foreign relations, the GAO will have access to such documents on site at USAID. In addition, GAO will accord the same level of confidentiality for such information in the document as is accorded to that information by USAID.

f. Information Regarding Ethics Training or Financial Disclosure Documents

The AAO should consult directly with the Agency's DAEO with respect to any request from the GAO for access to USAID internal records relating to ethics training or financial disclosure.

If GAO requests information in this category, release should be coordinated with the DAEO.

593.3.5 Security Clearances and Overseas Visits

Effective Date: 08/03/2015

a. GAO Fieldwork and Foreign Contacts and Travel

The GAO review may involve foreign travel and fieldwork to gather relevant information. Country clearances will be processed through the relevant country desk and post. As authorized by USAID, U.S. Mission personnel may be directly engaged in GAO

activities by assisting in the arrangement of the GAO team visit, facilitating access, and providing information through interviews. GAO may request copies of documents on site at post. If GAO auditors do so, then the posts should inform the AAO and ask GAO to send a written email request to the AAO, copying the GAO Mailbox. The AAO will then determine to what extent the information can be adequately reviewed, as described under section **593.3.4**, without excessive burden to the post, prior to providing copies to the auditors on site.

Though GAO does not audit foreign governments, they regularly require meetings with foreign government officials as part of their reviews. Accordingly, the AAO should ask the GAO audit lead to coordinate with the AAO on meetings or other contacts, and should keep the Agency GAO Audit Analyst and GAO Liaison informed of which countries and foreign government officials the audit team is meeting with.

The AAO, in coordination with the Regional Bureau and Mission, should determine whether contacts with foreign officials would raise sensitivities that warrant consideration for another approach to obtaining information. Generally, when the fieldwork is complete and prior to returning to the United States, the GAO team will conduct a closeout meeting. The purpose of this meeting is to ensure that the GAO team has a full understanding of the information gathered and to consummate its activities with the relevant Mission. The closeout meeting is not intended to discuss conclusions or recommendations.

b. Classified Information

Access may be granted to review relevant classified documents subject to the conditions set forth in section **593.3.4c**, but only after the verification of proper security clearances.

593.3.6 Exit Conference

Effective Date: 08/03/2015

Exit conferences are requested at the discretion of either the Agency or GAO. The GAO notifies the Agency Administrator and the GAO Liaison (via the GAO Mailbox) of any requests for an exit conference. The Agency GAO Audit Analyst, in consultation with the AAO, schedules, coordinates, attends the exit conference. The GAO Liaison also attends and facilitates the exit conference.

The purpose of the exit conference is to confirm that the information used to formulate GAO's analyses and findings are current, correct, and complete. GAO officials responsible for the completion of the engagement will participate in the meeting. Agency officials who have oversight of the issues related to the engagement's objectives are also expected to attend the meeting.

In some cases, GAO may provide a statement of facts and request informal comments or a check for accuracy and completeness before preparing or presenting the draft

report. In such circumstances, the AAO or AMO should seek guidance from the GAO Liaison as to whether there are special requirements for comments.

593.3.7 Draft Report

Effective Date: 08/03/2015

GAO typically issues draft reports to agencies for their review and comment, so that the final reports may incorporate the views of such agency. According to [GAO-05-35G](#) (GAO's Agency Protocols), GAO will generally give an agency from 7 to 30 calendar days to comment on a draft report. The timeframe established by GAO will vary depending on the nature of the engagement. In rare cases, the Comptroller General may grant an extension beyond 30 calendar days if the Agency shows that an extension is necessary and will likely result in a more accurate report. GAO reserves the right to issue the report to the congressional requester(s) if the comments are not received within the time allotted. In such cases, the reason for not including the Agency's comments will be stated in the report.

Upon receipt of a draft report from GAO, the Agency GAO Audit Analyst will package and send notification to the appropriate AMO and AAO, copying the Mission or lead B/IO. The Agency GAO Audit Analyst will advise the AMO and AAO that comments on the draft report must be cleared by the Mission Director or head of the B/IO and GC, and also by M/MPBP/PERF, M/CIO, M/OAA, BRM, State/F, and SEC, as necessary, and provided to the Agency GAO Audit Analyst by the established due date in order to meet GAO's timeframe for receipt of Agency's comments.

GAO expects the Agency to provide (1) a single Agency position on the extent of their agreement or disagreement with key GAO findings, conclusions and recommendations; and (2) if there is Agency disagreement with the GAO's findings, the reasons for such disagreement. The Agency GAO Audit Analyst will provide the AAO/AMO a template for submitting comments on the draft report.

GAO prefers that agencies provide written comments electronically. However, GAO will accept comments provided in hard copy, orally, or in an unsigned email message. If an Agency official provides oral comments, GAO will summarize these comments and provide a copy of the summarized comments to the Agency official in order to verify that the comments are accurately stated before finalizing the report.

The AAO must coordinate all input and obtain the clearances necessary to get the Agency comments to the GAO Liaison for review by the due date established by the Agency GAO Audit Analyst, including clearances from the Mission Director or head of the B/IO and GC, and also by M/MPBP/PERF, M/CIO, M/OAA, BRM, F, and SEC, as necessary, before forwarding the package of comments to the Agency GAO Liaison, copying USAID's GAO Mailbox.

The GAO Liaison will then take the lead in obtaining the necessary clearances from M/CFO, USAID's Audit Followup Official (AA/M), and LPA.

If the comments package is not received from the AAO by the established due date, the GAO Liaison or Agency GAO Audit Analyst will contact the AAO the following day. If the comments package is not received within two days after the established due date, the GAO Liaison sends a delinquent notice to the lead Mission or B/IO for resolution at a higher level than the AAO.

Upon receipt of the comments package, the GAO Liaison will obtain clearance from the M/CFO, LPA and the Audit Followup Official before transmitting the package to GAO.

After receiving the Agency's comments, GAO will consider their substance, revise the draft report as appropriate, and indicate in the issued report whether the Agency agreed or disagreed with GAO's findings, conclusions, and recommendations. If the Agency disagrees with GAO's findings, conclusions, and recommendations, GAO will accept further explanation from Agency officials in support of the Agency's position. However, any available documented evidence supporting this explanation must be provided simultaneously to allow for verification if it materially affects the content of the report.

When the Agency disagrees with a finding, conclusion, or recommendation, GAO identifies the disagreement and states its own position in the issued report. The Agency's electronic or hard-copy written comments are typically reproduced in an appendix to the issued report. An unsigned e-mail message describing the Agency's comments will not be printed in the issued report. However, GAO will identify the disposition of this e-mail message in the Agency Comments section of the report, just as it does for oral comments.

If the draft report contains classified information, the AAO must request GAO to provide the Agency with a copy for a security classification review. In connection with its review, the Agency must ensure that any report that contains classified information has all appropriate and required classification markings.

593.3.8 Final Report

Effective Date: 08/03/2015

GAO issues a final report to the Congress and/or to agency heads (with a copy directly to the OIG). The final reports may or may not have recommendations. The GAO Liaison receives the final reports for processing per the following:

a. Reports With Recommendations

31 U.S.C. § 720 requires the Agency to submit a written statement of the actions taken by the Agency on GAO's recommendations to the Congress no later than **60** days after the date of the report.

Upon receipt of a final report from GAO, the GAO Liaison will notify the cognizant Mission or B/IO that GAO has issued a final report with recommendations and. Concurrently, The GAO Liaison will advise the respective AMO and AAO that a written statement of action must be submitted to Congress no later than 60 days after the date

of the report. In order to meet the due date to Congress, the AMO and AAO must provide the statement of action to the GAO Liaison by the due date established by the GAO Liaison.

The GAO Liaison reviews and disseminates reports with recommendations to the appropriate AAO for preparation of the Agency's formal response (i.e., statement of action). If the Agency response to a draft GAO report accurately and adequately reflects its current views, a copy of those comments will be sufficient with target dates added, and that can become the basis for the statement of action. When corrective action is incomplete, still under study, or planned, USAID must include a statement of when it expects the action to be completed and must report on corrective action after completion.

The procedures for preparing the Agency's response to GAO audit reports are generally as follows:

- The AAO coordinates all Agency input and obtains the clearances necessary to send the statement of action to the GAO Liaison for review by the due date established by the Agency GAO Audit Analyst, and the GAO Liaison will then take the lead in obtaining the necessary clearances from M/CFO, GC, USAID's Audit Followup Official (AA/M), and LPA.
- If the statement of action is not received from the AAO by the due date established by the Agency GAO Audit Analyst, the GAO Liaison or Agency GAO Audit Analyst will contact the AAO on the following day. If the statement of action is not received within two days after the specified due date, the GAO Liaison sends a delinquent notice to the relevant Mission or B/IO for resolution at a higher level than the AAO.

The GAO Liaison will resolve any issues and obtain clearance from M/CFO, GC, USAID's Audit Followup Official (AA/M), and LPA, using the M/AA tasker to ensure that the statement of action is immediately provided to LPA for review, signature, and transmission to Congress.

The GAO Liaison will closely monitor workflow and progress to ensure that the due date to Congress is met. If the statement of action is not provided to Congress by the due date, the GAO Liaison sends a delinquent notice to LPA for resolution.

- The GAO Liaison will provide a copy of the signed statement of action to OMB and GAO as required by [OMB Circular A-50](#) and [GAO's Agency Protocols](#).

b. Reports With No Recommendations

If the final report contains no recommendations, the GAO Liaison transmits it to all interested Missions and B/IOs, including LPA and GC. The same is required for other GAO products such as letter reports, briefing reports, or testimony.

No further action by the Agency is required.

593.3.9 Statements to OMB

Effective Date: 08/03/2015

USAID will submit a statement to the Director, Office of Management and Budget (OMB) within **60** calendar days after formal transmittal of a final GAO report to the Agency when at least one of the following applies:

- a. The report contains a specific recommendation for the Administrator;
- b. The report contains financial statements accompanied by either a qualified audit opinion or a disclaimer of opinion;
- c. The report indicates that there is a violation of the Antideficiency Act or other laws that has not been reported to the appropriate authorities; or
- d. When requested by OMB.

The Agency statement should inform OMB of the Agency's views on the findings and recommendations by GAO. It should also identify any action taken, or planned, in response to each significant finding or recommendation. The response is prepared per section **593.3.7a** and must be cleared by LPA and GC.

593.3.10 Statements to Congress

Effective Date: 08/03/2015

When a GAO report contains recommendations for the Administrator, LPA must submit a written statement addressing the recommendations within **60** calendar days of the date of the report to the appropriate Senate and House Committees.

The response is prepared per section **593.3.7a** and must be cleared by LPA and GC. The GAO Liaison prepares the transmittal letters for LPA. LPA sends the Agency's response to Congress, copying the GAO Mailbox and the GAO Liaison.

593.3.11 OMB Clearance and/or Coordination Requirements

Effective Date: 08/03/2015

Agency statements to congressional committees, individual members of Congress, or GAO are subject to advance coordination with and/or clearance by OMB when the statement

- a. Expresses views on proposed or pending legislation; or

- b. Deals with other agencies, or with executive branch budget policies.

The Agency's Audit Followup Official must request OMB clearance. The request is sent in duplicate via letter to the Director, OMB. The clearance process must be completed before USAID transmits the statement.

593.3.12 Followup of Audit Recommendations

Effective Date: 08/03/2015

Followup of audit recommendations is an on-going process that entails the following:

- The GAO Liaison enters and tracks all GAO recommendations in the Agency's Consolidated Audit and Compliance System (CACS).
- AAOs must keep the cognizant AMO and the GAO Liaison advised of the status of recommendations. As actions are taken within the Agency to satisfy GAO recommendations, cognizant AMOs and AAOs must document the actions and notify the GAO Liaison.
- When the cognizant AAO believes that final action has been taken to address a recommendation, he or she must provide the GAO Liaison a written request for determination of final action with appropriate supporting documentation. The GAO Liaison will log the request into CACS and submit it to GAO for a determination of final action.
- When GAO accepts the Agency's final action, it eliminates the recommendation from the GAO Report on the Status of Recommendations, which documents GAO's acceptance of the final action.

The OIG periodically reviews the Agency's handling of and the status of GAO recommendations in the CACS.

593.3.13 GAO Followup

Effective Date: 08/03/2015

In order to provide information to GAO on the status of GAO's recommendations, the Agency must provide GAO with a copy of the Agency's statement of action. GAO monitors the Agency's progress in implementing these recommendations by:

- Discussing the status of recommendations with cognizant Agency officials;
- Obtaining copies of Agency documents supporting implementation of such recommendations;
- Verifying that the recommended actions are being taken and, to the extent possible, that the desired results are being achieved; and

- Maintaining a database of recommendations which is available to the public on GAO's Web site at <http://www.gao.gov>.

GAO's goal is to remove all closed recommendations on an ongoing basis. However, close to the end of each fiscal year, special attention is directed to this effort. GAO changes the status of a recommendation from open to closed in its database after determining that:

- The Agency has implemented the recommendation or has taken action that in substance meets the intent of the recommendation, or
- Circumstances have changed and the recommendation is no longer relevant.

593.4 MANDATORY REFERENCES

593.4.1 External Mandatory References

Effective Date: 08/03/2015

- a. [5 U.S.C. 552](#)
- b. [31 U.S.C. 712](#)
- c. [31 U.S.C. 716](#)
- d. [31 U.S.C. 717](#)
- e. [31 U.S.C. 718](#)
- f. [31 U.S.C. 720](#)
- g. [Executive Order 13526, Classified National Security Information](#)
- h. [GAO-05-35G, GAO's Agency Protocols](#)
- i. [Office of Management and Budget \(OMB\) Circular A-11, Preparation, Submission, and Execution of the Budget](#)
- j. [Office of Management and Budget \(OMB\) Circular A-50, Audit Followup \(authority for the designated Audit Followup Official\)](#)

593.4.2 Internal Mandatory References

Effective Date: 08/03/2015

There are no Internal Mandatory References for this chapter.

593.5 ADDITIONAL HELP
Effective Date: 08/03/2015

- a. [ADS 593saa, Sample Cover Letter Responding to GAO Request for Sensitive Information](#)

593.6 DEFINITIONS
Effective Date: 08/03/2015

The following terms and definitions have been incorporated into the ADS Glossary. See the [ADS Glossary](#) for all ADS terms and definitions.

Agency audit followup official

The senior management official designated by the Administrator per OMB Circular A-50 to oversee audit followup. The Assistant Administrator for Management is USAID's Audit Followup Official. (**Chapter 593** and [595](#))

Agency GAO audit analyst

Provides support to the GAO Liaison as necessary, including with scheduling, coordinating, attending and facilitating entrance and exit conferences; with tracking GAO information requests and responses to those requests; with packaging of materials for clearance; and with obtaining required clearances. Has primary responsibility for entering into CACS all relevant emails and documents, including those in USAID's GAO Mailbox, for audits assigned to them. (**Chapter 593**)

audit action official (AAO)

The USAID employee in the lead Mission, Bureau or Independent Office assigned specific responsibility for overseeing the production of information to the GAO, responding to recommendations from audits and ensuring that corrective action is completed. (**Chapter 593** and [595](#))

audit followup

The process used to ensure that prompt and responsive action is taken on findings and recommendations contained in final audit reports. (**Chapter 593** and [595](#))

audit management officer (AMO)

The individual designated to coordinate and monitor the overall audit program at the Mission, Bureau, or Independent Office level. (**Chapters 591, 592, 593, 595**)

Consolidated Audit and Compliance System (CACS)

A worldwide Web-based management information system which 1) provides for a repository of information, including Federal Managers Financial Integrity Act certifications, validity of obligations and review of unexpended balances certifications, and audit-related documentation that can be accessed and/or updated worldwide and 2) is used to track actions, the status of FMFIA material weaknesses and deficiencies, OIG management and performance challenges, audit recommendations (issued by OIG, GAO, SIGIR, SIGAR, and A-123 assessments), and corrective action plans; submit

requests for final action (closure); upload supporting documentation; and print reports. (Chapters [591](#), [593](#), [596](#))

entrance conference

A meeting that the auditor holds with agency officials at the start of an engagement to discuss the planned review, including time constraints, preliminary scope and contacts, issues, sensitivities, points of contact, referrals for information, and preliminary requests for information/documents. (Chapters [590](#), [592](#), [593](#))

exit conference

A meeting upon completion of an audit to discuss findings. (Chapters [590](#), [592](#), [593](#))

GAO products

Briefing reports, letter reports, fact sheets, reports with or without recommendations, and testimony. (Chapter [593](#))

Government Accountability Office (GAO)

The legislative branch agency responsible for auditing and evaluating programs, activities, and financial operations of the executive branch. (Chapter [593](#))

job code

A six-digit code included in GAO notification letters that identifies and tracks a review in progress. This number is used until issuance of a final report number by GAO. (Chapter [593](#))

notification letter

A letter from GAO that announces a new review. The letter normally includes a brief description of the review intent and scope, the Congressional origin, GAO contact information, the job code, and fieldwork destinations if known. (Chapter [593](#))

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