Attachment 1

 **USAID/WBG PARTNER CONTRACTED AUDIT PROCESS**

1. USAID/WBG develops the audit universes for its prime partners and sub-partners, and prepares the annual audit plans for the prime partners and significant sub-partners.
2. USAID/WBG notifies the partner that it is subject to an audit or an examination (depending on the type of award) through an audit notification letter, and instructs the partner to prepare the appropriate Scope of Work (SOW), solicit and award an audit contract with a RIG/Cairo-approved audit firm. Sub-partners who are subject to audit are notified through their prime partners.
3. The partner completes the applicable audit Scope(s) of Work (SOW) and submits it/them to USAID/WBG for approval. The partner completes the title and background paragraphs, dates, terms of performance, and payment terms.
4. USAID/WBG provides the partner with a matrix to assist it with selecting the appropriate SOW which is based on the type of award being audited (Attachment 3), and the three standard SOWs used the USAID/WBG audit program (Attachments 4, 5, and 6).
5. USAID/WBG reviews and approves the SOW. USAID/WBG reviews the SOW to ensure that it is the appropriate scope for the type of award/sub-award being audited, and that it contains and meets all of the requirements of USAID/WBG Audit Guidelines.

If the SOW received by the Mission is unacceptable, the Mission will ask the partner to make the required changes, and to re-submit it to the Mission for approval. Once approved, USAID/WBG notifies the partner of its approval of the SOW.

1. Partner uses the approved SOW to solicit quotes/proposals from all of the RIG/C-approved audit firms to perform the audit, and later as the basis of the audit contract between it and the selected and approved audit firm.
2. USAID/WBG provides the partner with list of all RIG/C-approved audit firms with their contact information (Attachment 2). The list includes the RIG/C-approved audit firms in the West Bank & Gaza, Jordan, and Egypt. The partner must solicit all of the firms under the West Bank and Gaza list. It is optional for the partner to solicit firms on the Jordan and Egypt lists.
3. The selection may be based on factors such as the: 1) firm’s past performance in terms of quality and timeliness (including preparing audit reports in English), 2) the firm’s past experience, 3) experience and credentials of the firm’s staff proposed to participate in the audit, 4) proposed timeline or completion schedule, and 5) cost, and any other relevant and applicable factors. However, audit cost cannot be the only or controlling factor in the selection.
4. The partner selects an audit firm and submits for USAID/WBG Mission’s review and approval the overall selection memorandum along with each technical committee member’s evaluation and a draft audit contract.
5. If USAID/WBG approves the partner’s selection process and choice of an audit firm, the partner signs the approved audit contract including the approved SOW with the selected audit firm.
6. Selected audit firm schedules an Entrance Conference with the auditee(s) and notifies USAID/WBG of the date, time and venue.
7. Entrance Conference is held. USAID/WBG representatives may attend the Entrance Conference.
8. Auditors begin their audit fieldwork. During field work, matters or issues identified are discussed with management and staff of the partner. Auditors should discuss during field work any missing support and documentation and management should provide missing information during field work.

If the auditors have questions on audit matters, they should contact the RIG/C. If the auditors have questions concerning the program(s) under audit, or need to confirm the amounts obligated or disbursed to the partner by USAID, they should contact the USAID/WBG Financial Management Office.

1. When the field work is completed, the auditors hold a closing meeting with the partner’s management to discuss findings. Then the auditors issue the draft audit report and submit it to the partner. The partner, in turn, submits the draft audit report to the USAID/WBG at WBGPCA@usaid.gov.
2. The Exit Conference is the right of the partner, and as such, the partner has the right to waive the Exit Conference in writing to the auditor copying the USAID/WBG. Since this is a Partner Contracted Audit, USAID/WBG does not waive the exit conference as it used to under the Agency Contracted Audit program managed by RIG/Cairo.
3. Upon issuing the draft audit report, the audit firm schedules an Exit Conference and notifies the USAID/WBG of the date, time and venue. The audit firm should provide at least five working days between the date they issue the draft audit report and the date of the exit conference allowing the partner and USAID/WBG time to review the draft audit report.
4. USAID/WBG representatives may attend the exit conference if deemed necessary. USAID/WBG representatives typically attend exit conferences when there are audit findings.
5. Exit Conference is held to: 1) discuss the PCA process from date of Exit Conference to date of submission of final signed audit report, 2) to discuss the results of and any findings from the audit, and 3) to provide the Auditee’s/Examinee’s management opportunity to nullify findings or provide explanations.

USAID/West Bank and Gaza may also provide written comments on the draft audit report concerning the facts and conclusions contained in the report in order to obtain the best possible end product. USAID representatives may also attend the exit conference for the same purpose. However, the USAID comments on the draft report and at the exit conference will not be binding on the public accounting firm.

1. If based on the discussion in the exit conference, the partner has any additional comments or responses to the findings, the auditors shall allow the partner reasonable time (typically, 10 working days) to provide written comments/responses to each of the findings in the audit report.
2. Any findings not resolved during the exit conference or by the additional comments or responses submitted by the partner after the exit conference must be included in the audit report.
3. The audit firm evaluates and incorporates the partner’s management comments or responses verbatim in the draft audit report.
4. The audit firm finalizes the report (sign and date it) and submit copies to the partner.

If partner management does not provide comments to the findings within the time frame stipulated by the auditors, the report must still be finalized and issued to partner without management comments.

1. The partner submits the final draft audit report to the USAID/WBG at WBGPCA@usaid.gov. The USAID/WBG Financial Management Office will conduct a general review of the report before submitting to RIG/C. If there are any issues, the USAID/WBG sends the audit report to the audit firm copying the partner to have it fixed by the auditors before it is submitted to the RIG/C.
2. The USAID/WBG submits signed electronic copy of the finalized draft report to RIG/Cairo for technical review and issuance of the final report including recommendations, if any.

NOTE: Final draft reports must be received by USAID/WBG no later than seven months after the end of the audited period or the date of the audit notification letter, whichever is later.

All of the steps above are applicable to sub-partners as well, but they are all done with the USAID/WBG through the prime partner.

The prime partner is responsible for ensuring that its sub-partners comply with the USAID/WBG Partner Contracted Audit guidelines and process.