Office of the D.C. Auditor
Policies and Procedures Manual

June 2020

Low-Ranked Projects Secure Affordable Housing Funds

Certification of Fiscal Year 2018 Total Local Source, General Fund Revenue Estimate (Net of Dedicated Taxes) in Support of General Obligation Commercial Paper Bond Anticipation Notes, (Series 2019)

D.C. Schools Shortchange At-Risk Students

Panel Meets Most Requirements for Domestic Violence Fatality Review

Elected Officials Create Special Funds But “Sweep” Dollars for Other Purposes

D.C. Department of Health Has Systems to Monitor Nursing Homes But Some Risks Remain

DEGA Mishandled Whistleblower Complaint on Housing Procurement

Residents Give District High Marks for City Services

2008 Clean Energy Law Spurs Progress But District Can Do More To Cut Emissions

COVID-19 Federal Funding Streams Available to the District of Columbia

Earmark Review: DIMPED Can Improve Grant Management

Are ANCs Given Great Weight?
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Introduction

The audit policies and procedures of the Office of the District of Columbia Auditor (ODCA) promote objectivity, consistency, professionalism, and the proper implementation of the United States Government Accountability Office's (GAO) Generally Accepted Government Auditing Standards (GAGAS), effective July 1, 2019.

These policies and procedures present a set of quality controls and techniques designed to help ODCA meet its primary objective of making sound recommendations that improve the effectiveness, efficiency, and accountability of the District of Columbia government. Furthermore, they provide a framework for producing high-quality work products including, but not limited to, audit (GAGAS and non-GAGAS) and non-audit reviews consistent with professional and statutory standards.

Adherence to these prescribed audit policies and procedures and all associated appendices is mandatory for all ODCA staff.
I. Guiding Principles of the Office of the D.C. Auditor

A. Mission
The mission of the Office of the District of Columbia Auditor (ODCA) is to support the Council of the District of Columbia (D.C. Council) by making sound recommendations that improve the effectiveness, efficiency, and accountability of the District government.

To fulfill our mission, we conduct performance audits and non-audit engagements (e.g. revenue certifications). The residents of the District of Columbia are among our primary stakeholders and we strive to keep the residents of the District of Columbia informed on how their government is operating and how their tax money is being spent.

B. Statutory Authority
ODCA was authorized by Section 455 of the District of Columbia Home Rule Act, D.C. Code § 1-204.55(b), which states: “The District of Columbia Auditor shall each year conduct a thorough audit of the accounts and operations of the government of the District in accordance with such principles and procedures and under such rules and regulations as he/she may prescribe.” The D.C. Auditor is appointed by the Chairman of the D.C. Council, subject to the approval of a majority of the D.C. Council, to a six-year term.

In determining the auditing practices and procedures to be followed, the D.C. Auditor “shall give due regard to generally accepted auditing principles, including the overall effectiveness of the accounting organization and systems, internal audit and control, and related administrative practices.” In addition, “the Auditor shall have access to all books, accounts, records, reports, findings and all other papers, things, or property belonging to or in use by any department, agency, or other instrumentality of the District government and necessary to facilitate the audit.” The D.C. Auditor shall submit audit reports to the Mayor, D.C. Council, and the U.S. Congress.

District of Columbia Auditor Subpoena and Oath Authority Act of 2003

C. Strategic Goals
ODCA’s strategic goals are to:

- Support the D.C. Council in its legislative and oversight roles with timely and comprehensive audits and special reports that help the Council make sound policy and protect the District’s financial health.
- Attain the highest level of professional competence through continuing education, professional affiliations, and continuous improvement in the management and performance of audits and other critical services.
- Provide best-value audit, accountability, and financial analyses through continuous evaluation, improvement, and enhancement of audit techniques, methodologies, activities, and administrative processes.
- Foster a quality work-life environment that promotes trust, teamwork, mutual respect, superior job performance, and high morale.
D. Work Plan

The ODCA work plan includes audits mandated by the D.C. Code, requests from D.C. Councilmembers and others, including members of the public, and audits initiated at the discretion of the Auditor. Priorities include programs that involve a high risk of fraud, large dollar value, and known or suspected misuse of resources. In addition, strategic priorities may change as new issues emerge. Any pertinent changes to the work plan will be reflected in quarterly status reports to the D.C. Council. ODCA audits may follow GAGAS or ODCA’s own policies and procedures. ODCA staff are encouraged to suggest audits either at the annual work plan meeting initiated by the D.C. Auditor or throughout the year.

Below is a matrix helpful in evaluating potential audits to ensure that the topics we select have a high dollar cost or a high risk of harm, and are caused by accident, negligence, or intentionality.¹

![Matrix](image)

Source: ODCA

E. Overview of Audit Process (GAGAS and non-GAGAS)

The decision to initiate an engagement² is determined by a combination of factors, including legislative requirements and priorities, the vulnerability of a program or agency to fraud, waste and abuse, and suggestions from residents, members of the D.C. Council, and ODCA staff.

It is our goal to keep the audited agency/agencies apprised of the status of the audit during each phase of the audit through meetings, informal discussions, and briefings. The audit team also will advise the agency of critical issues that may require immediate resolution by issuing a Management Alert Report (MAR). An audit can be a time-consuming process for agencies and their staff. We make a concerted effort to minimize both the impact on agency operations and the additional burdens on agency staff during our audit process.

¹ This is adapted from a matrix shared by ODCA’s first journalist-in-residence, Charles A. Babcock.
² Under GAGAS, engagements can cover a broad range of audit and non-audit objectives. Within these policies and procedures, “audits” and “engagements” are used interchangeably.
When we refer to audits, we encompass both GAGAS and non-GAGAS audits. The ODCA management team\(^3\) determines whether an audit will be a GAGAS or non-GAGAS audit based on a combination of factors. Non-GAGAS audits follow ODCA’s audit policies and procedures, which are detailed in this document; optional procedure steps are indicated with an asterisk (*).

While each audit is unique, most audits follow four basic phases: Planning, Survey, Fieldwork, and Reporting. The purpose of each phase is described below and the procedures for each phase are detailed in Part II.

**Planning**
This phase is when the topic or program to be audited is selected and when the responsible agency is identified. It is also when the audit team is selected based on their Independence and Competence. The audit team conducts research to create a preliminary audit objective, scope, and researchable questions. The agency is formally engaged with an Engagement Letter and an Entrance Conference is held.

**Survey**
This phase is when the audit team conducts a risk assessment by reviewing information provided by the auditee (e.g. data reports and program policies) and conducts interviews to understand how the program operates and its relevant risks and controls. Audit objectives are finalized at the end of this process and communicated to the auditee.

**Fieldwork**
This phase is when the audit team gathers evidence and engages in testing based on the audit objectives. This will result in determining findings and identifying all five elements of each finding, which requires discussions with the auditee to help identify root causes and potential recommendations. In addition, the audit team and management may begin identifying the report’s overall message.

**Reporting**
This phase is when the findings, researchable questions, and background are crafted into a succinct, engaging, and informative written report. This entails focusing on visuals, developing a report message, and writing for the reader. It is also when the draft report is fact-checked and shared internally for feedback and with the auditee for comment, resulting in a final published report.

**F. Non-audits**
ODCA’s work plan also includes some statutorily required projects that are neither GAGAS nor non-GAGAS audits. These non-audit engagements typically involve revenue certifications and sufficiency reviews. (i.e. Events DC Sufficiency Review and Certification of OCFO Revenue Estimates). While non-audit engagements are not subject to the requirements of GAGAS, we nevertheless endeavor to follow ODCA audit policies and procedures to guide the work of our non-audit engagements and ensure that the non-audits will not compromise ODCA’s independence with respect to future GAGAS and non-GAGAS audits.

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\(^3\) The ODCA management team includes the D.C. Auditor, Deputy Auditor, General Counsel, Chief of Staff, Communications Director, and Audit Supervisor(s).
To ensure that non-audits do not threaten ODCA independence, and to follow GAGAS guidance related to non-audits, a Non-audit Workpaper must be completed for each of these engagements. Additionally, ODCA auditors must not perform any of the following non-audit services for other District agencies or entities:

- Management responsibilities.
- Preparing accounting records and financial statements.
- Assisting a District agency or entity in the performance of its own internal audit activities.
- Designing, implementing, or maintaining internal controls, including ongoing monitoring procedures performed on behalf of management.
- Designing or implementing hardware or software systems.
- Valuation services comprising the making of assumptions with regard to future developments, the application of appropriate methodologies and techniques, and the combination of both to compute a certain value, or range of values, for an asset, a liability, or an entity as a whole.
- Disbursing funds.
- Administering benefit plans.
- Advisory or management of investment activities.
- Consulting or advisory corporate financial services.
- Executive or employee personnel matters.

**G. ODCA’s Ethical Principles (Ethical Principles, The Public Interest, Integrity, Objectivity, Proper Use of Government Information, Resources, Positions, and Professional Behavior)**

ODCA’s ethical principles are based on GAGAS Standards and the District’s Code of Ethics. ODCA auditors must:

- Exercise honesty, objectivity, and diligence in the performance of their duties and responsibilities.
- Exhibit loyalty in all matters pertaining to the affairs of the District of Columbia government.
- Not knowingly be part of any illegal or improper activity.
- Refrain from entering into any activity that may conflict with the interests of the D.C. government or that would prejudice their ability to carry out objectively their duties and responsibilities.
- Not accept a gift or payment from a prohibited source, such as a vendor who does business with the D.C. government.
- Report all ethical issues or questions to the ODCA Ethics Counselor.
- Regularly attend ethics training.

Additionally, ODCA auditors must abide by the **GAGAS ethical principles** of:

- Serving the public interest and honoring the public trust.
- Performing their professional responsibilities with integrity.

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4 See GAGAS 3.64–3.72 for more detail on specific non-audit services.
5 The term “auditor” refers to any ODCA staff member who performs audit-related functions, regardless of title or level.
6 GAGAS 3.07 – 3.08
7 GAGAS 3.09 – 3.10
Maintaining objectivity. ODCA auditors must always be independent in all matters related to their audit work. ODCA auditors must exhibit independence of mind and independence in appearance.

Properly using government information, resources, and positions.

Exhibiting professional behavior.

In addition to the GAGAS ethical principles, ODCA auditors must follow:

- The Code of Ethics of the Institute of Internal Auditors (IIA), adopted by the IIA Board of Directors on June 17, 2000. The Code covers basic principles of integrity, objectivity, confidentiality, and competency in the practice of professional internal auditing, and obligates members to “perform their work with honesty, diligence, and responsibility.”


- The Code of Official Conduct of the D.C. Council and relevant sections of the D.C. Code, including §§ 1-618.01 and 618.02 pertaining to standards of conduct.

To adhere to these principles, the following controls have been established:

- All audit team members and the D.C. Auditor, Deputy Auditor, General Counsel, Chief of Staff, and Agency Fiscal Officer complete Independence Statements for each audit.

- Supervision is rigorous.

- All auditors complete annual Financial Disclosure Statements.

- Audit staff can seek ethics guidance from the agency Ethics Counselor or BEGA.

- Audit staff have access to on and off-site EEO Counselors and Sexual Harassment Counselors. For discrimination investigations, an individual may report to their agency’s designated EEO Counselor, an EEO Counselor from another agency, or directly to the federal Equal Employment Opportunity Commission (EEOC). For sexual harassment claims, an individual may report incidents to their agency’s Sexual Harassment Officer (SHO), General Counsel, or EEO Counselor, or request assistance from DCHR and/or the Office of Human Rights (OHR) for assignment of a SHO from an external agency. Individuals also may file an administrative complaint of sexual harassment directly with OHR and/or file a civil action with the D.C. Superior Court.

- ODCA staff receives periodic training related to these topics.

Failure of an ODCA auditor to abide by any of these principles, including the failure to report any personal impairment to independence, may result in disciplinary action, including termination.

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8 GAGAS 3.11
9 GAGAS 3.17-3.25
10 GAGAS 3.12 – 3.15
11 GAGAS 3.16
12 D.C. Code § 1-1161 et seq.
13 6B DCMR Chapter 18 (District Personnel Manual)
H. ODCA’s Commitment to Competence and Continuing Professional Education (CPE)

In accordance with GAGAS,\textsuperscript{14} ODCA auditors must maintain their professional competence through continuing professional education (CPE). Specifically, each auditor shall complete \textit{every two years}:

- \textbf{At least 24 hours of CPE} that directly relates to government auditing, the government environment, or the specific or unique environment in which the audited entity operates (e.g. how the D.C. government budget process works, or the requirements for a particular government program, such as unemployment insurance).
- \textbf{At least an additional 56 hours of CPE} (for a total of 80 hours of CPE in every two-year period) that directly enhances auditors’ professional expertise to conduct engagements (e.g. how to analyze/fill-out the Internal Controls workpaper, message development, using analytical tools/technical applications such as Excel and ACL, training in leading an audit).
- \textbf{At least 20 hours of the total of 80 hours of CPEs should be completed in each year} of the 2-year periods.

\textit{It is each auditor’s responsibility to fulfill this requirement} and failure to do so may reflect negatively on their performance assessment. In addition, the auditor will not be permitted to continue to work on GAGAS audits, including any current GAGAS audits, if they do not meet the training requirements. ODCA sends each auditor their quarterly CPE totals to assist with planning and compliance. ODCA created a training guide to assist auditors in selecting the appropriate training based on their experience (see ODCA Employee Handbook [Appendix X]).

I. Quality Control and Assurance

ODCA has a seven-tier system of quality control for audits:

1. These \textbf{ODCA Policies and Procedures}, which describe, in great detail, the policies and procedures that govern every audit performed by ODCA.
2. \textbf{Supervisory review} by Audit Supervisors throughout every audit, including documentation to support the independence and competence of the audit team. This also includes the supervisory review of ODCA auditors’ workpapers to verify compliance, accuracy, and completeness, as well as mandatory weekly audit team meetings.
3. \textbf{Audit Debriefs} are required for audit teams to update the management team at the end of survey and fieldwork. Audit Supervisors must review and approve all workpapers and procedure steps prior to Survey and Fieldwork Debriefs.
4. \textbf{Independent Reference and Review (IRR)} for every audit in which an independent reviewer ensures that the audit report is factually accurate and adequately supported by audit documentation. During the IRR, the audit team and the independent reviewer must complete the IRR sheet to acknowledge issues, how they are addressed, and consensus that they have been addressed.
5. \textbf{Management review} of every audit report by the D.C. Auditor, Deputy Auditor, and General Counsel.
6. ODCA must obtain an external \textbf{peer review} at least once every 3 years.\textsuperscript{15} The D.C. Auditor must work with an organization experienced with local or state government peer reviews, such as the Association of Local Government Auditors, to obtain a qualified and independent peer review team.\textsuperscript{16} The D.C. Auditor must make

\textsuperscript{14} GAGAS 4.16-4.17
\textsuperscript{15} GAGAS 5.84
\textsuperscript{16} GAGAS 5.60 - 5.61
ODCA’s most recent peer review report available on the ODCA website.\footnote{17}

7. **Internal quality control reviews** during which auditors test whether ODCA is maintaining consistent quality from audit to audit and throughout the office. This control review is done on the years when there is not an external peer review (ODCA’s Internal Quality Control Review Procedures is described in greater detail in Appendix A).

J. **Communicating with the D.C. Council**

The D.C. Council Chairman and members who request an audit generally are copied on the Engagement Letter and the audit team also may want to discuss with the D.C. Auditor if it would be beneficial to set up an introductory meeting with Committee staff or members who have expressed a strong interest in the audit topic. While we maintain our independence while engaging in such conversations, Council colleagues can help identify risk, researchable questions, and valuable contacts, as well as maintain Council interest in the audit and possibly lead to a briefing or hearing when the audit is issued. The D.C. Auditor and General Counsel will assist in setting up these meetings.
II. Audit Procedures

A. Audit Team Roles and Responsibilities

ODCA uses the following terminology to describe the roles and associated responsibilities of the audit team. Audit roles are broken down into three levels:

- **Audit Supervisor**: As the overall supervisor for the audit, the Audit Supervisor approves all workpapers and directs the work of the Auditor-in-Charge;

- **Auditor-in-Charge (AIC)**: As the day-to-day manager of the audit, the Auditor-in-Charge oversees the work of team members; and

- **Audit Team Members**: report to the Auditor-in-Charge for day-to-day matters related to their audit, under the supervision of the Audit Supervisor, and to their supervisor for all other matters.

ODCA auditors should follow this chain of command, unless otherwise authorized by the D.C. Auditor or Deputy Auditor. In addition, auditors should remember that the team has the same goal – to create a strong work product that complies with ODCA procedures. Ideally, within the team, all members are both sharing their knowledge and improving their own skills.

Auditors are encouraged to identify ways to innovate and improve upon ODCA processes, seek to gain new experience and knowledge that can be used to move up the chain of command in future audits, and constantly improve upon ODCA work products.

Each audit team is created to ensure there is sufficient **Professional Judgment**, which “represents the application of the collective knowledge, skills, and experiences of all the personnel involved with an audit, as well as the professional judgment of individual auditors.”

18 GAGAS 3.112 and 8.35

19 GAGAS 3.110

Professional judgment includes **exercising reasonable care and professional skepticism** and also is supported through regular team meetings and debriefs with ODCA management.

20 GAGAS 3.112 and 8.35

In addition to the audit team, the following roles are filled by other ODCA staff on each audit, specifically:

- The **Auditor** may sit in on audit team meetings; often provides background information and context to the audit team; may connect audit team to Council staff.

- The **Deputy Auditor** provides guidance on audit procedures, specific audit tasks, and the exercise of professional judgment.

- The **General Counsel**, in addition to providing the legal review of the draft report, assists the audit teams in developing sound criteria, reaches out to the auditee for ongoing investigations and legal proceedings.

- The **Director of Communications** helps develop communication goals, edits audit reports, sends the report in draft to the auditee for comment, disseminates the final report, and fields press inquiries.

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18 GAGAS 3.112 and 8.35
19 GAGAS 3.110
20 GAGAS 3.112 and 8.35
Supervision
ODCA Audit Supervisors and Auditors-in-Charge (AICs) must provide regular supervision to audit team members.\(^{21}\) Regular supervision is demonstrated through mandatory weekly audit team meetings and review/approval of workpapers in ODCA's audit workpaper management system (hereinafter referred to as TeamMate). Specifically, workpapers must be reviewed promptly after they have been prepared. Audit Supervisors should use coaching notes or email correspondence to show documentation of feedback and review of workpapers.

Audit Supervisors must review and approve all workpapers and procedure steps prior to Survey and Fieldwork Debriefs.

In addition, experienced AICs should continually look for opportunities to build the skills of audit team members so that they will be better equipped to serve as AICs. The Auditor-in-Charge may delegate portions of the audit (e.g. workpapers, populating procedure steps, preparing agendas, etc.) to other audit team members and/or may consult with/seek assistance from other team members, including the Audit Supervisor, but retains ultimate responsibility for its appropriate and timely completion.

As the ultimate goal is to produce work of high quality, the team should seek ways to ensure accuracy and clarity, such as double-checking each other's work and filling different roles, regardless of title or tenure.

Additional supervision from management is provided during the Survey Debrief and the Fieldwork Debrief.

B. Audit Workpaper Management and Audit Documentation
ODCA uses TeamMate to maintain all audit documentation in electronic form. TeamMate allows for the creation of standard audit processes to ensure consistent application of ODCA policies and GAGAS and provides a common platform for documenting, reviewing, and sharing work during and after an audit, as well as enhancing communication and productivity. All ODCA staff-written projects, GAGAS audits, non-GAGAS audits, and non-audits, are recorded and maintained in TeamMate.

Templates of all ODCA Workpapers are stored in TeamMate. For samples of completed Workpapers, please ask your Audit Supervisor to guide you to a recent, well-done, audit workpaper of the type you are seeking.

ODCA auditors must maintain evidence of supervisory review and sufficient and appropriate evidence to support the findings and recommendations for every audit in electronic workpapers stored in TeamMate for at least seven (7) years.

Audit Procedure Step Management
When an audit is opened in the TeamMate, ODCA's required audit procedures are automatically populated. For non-GAGAS audits, some procedures may be eliminated with approval of the Audit Supervisor. These are indicated with an asterisk (*). For the Fieldwork Phase, the Audit team is required to add additional procedure steps for each audit objective from the approved Audit Plan.

\(^{21}\) GAGAS 8.87 – 8.89
The audit team is responsible for ensuring that each procedure steps is:

- Correctly numbered (if steps are deleted or reordered).
- Descriptively titled (e.g. To determine if DCPS complied with its SOPs related to overtime).
- Additionally, the audit team must complete the following tabs in each Fieldwork procedure step:
  - **Details**: Describes in simple terms what is going to happen to complete this step (e.g. Of 16 repealed funds, 14 appeared to collect revenue more than one year after the repeal date. We will obtain explanations from the Agency Fiscal Officers and identify a solution to address this problem).
  - **Purpose**: States why this step is being conducted (e.g. To determine why most repealed funds continued to collect revenue and how this can be corrected).
  - **Record of Work Done**: Describes the specific work of the audit team and links to the supporting workpaper (e.g. Analyzed repealed funds [Repealed analysis] and reached out to agencies [DGS response to repealed testing, DCRA response to repealed]).
  - **Conclusion**: Describes the results of the work done, including any findings that emerged (e.g. Our review of the 16 Funds that the OCFO identified as repealed or partially repealed found that 14 Funds continued to show revenue deposits long after the date given for their repeal. [Repealed Funds were handled inconsistently]).

**Audit Documentation: Source, Purpose, and Conclusion (SPC), and Occasionally, Methodology**

ODCA auditors must prepare audit documentation related to all audit phases (Planning, Survey, Fieldwork, and Reporting). The audit documentation must be prepared in sufficient detail to enable an experienced auditor, having no previous connection to the audit, to understand from the audit documentation the nature, timing, extent, and results of audit procedures performed, the audit evidence obtained, and its sources and the conclusions reached, including evidence that supports the auditors’ significant judgments and conclusions.

SPCs are required for most workpapers that contribute information to the audit, such as data, analysis, interview notes, preliminary research (D.C. Code criteria, news articles, etc.). Some of the documents are standard and self-explanatory, and, therefore, do not need SPCs (e.g. Planning and Scoping Memo, Engagement Letter, versions of the draft report, IRR sheet). In addition, some workpapers in the Survey and Fieldwork Phases need a Methodology, as described below.

The **Source** states the source(s) of the information contained in the workpaper, including what the document is, who provided the information, and when.

*Example*: Overtime Policy provided to AIC Donald Duck by the OCFO’s Deputy Administrator Mickey Mouse on July 31, 2019, during an interview.

*Example*: February 28, 2019, Quarterly Revenue Estimates obtained by Audit Team Member Paddington Bear from OCFO’s website on June 1, 2019.

The **Purpose** states the objective of the workpaper, i.e. why is the workpaper necessary to the audit?

*Example*: To determine if the OCFO had policies related to overtime during the audit scope.
*Example*: To obtain the estimated amount of dedicated taxes to be transferred to Events DC in 2020.

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22 For more unusual types of documentation, such as a legal analysis memo, consult with the Audit Supervisor about what information should be contained in the SPC.
The **Conclusion** should answer the purpose and briefly summarizes the relevant information contained in the workpaper, including page numbers where the information can be found.

*Example:* The Overtime Policy is very detailed as it relates to supervision of staff overtime, but the policy has not been signed or dated and has a “Draft” watermark. Page 18 shows a detailed flowchart of payroll processing. Page 65 outlines the supervisory duties of the program manager.

*Example:* The FY 2020 estimated dedicated taxes to be transferred to Events DC is $155 million.

The **Methodology** (for workpapers involving testing only) describes the process used to conduct the analysis so that another auditor could follow the methodology and recreate the results obtained.

*Example:* AIC Donald Duck compiled all of DPW’s FY 2017 staff in the sheet below. Excel’s Vlookup was used to populate Column B with data from PeopleSoft of how many hours each staff member logged for overtime in FY 2017. ODCA calculated the percentage of hours that were overtime in Column C. ODCA sorted the data to show the highest overtime earners at DPW in FY 2017.

When supervisors and the D.C. Auditor or Deputy Auditor determine that there is an instance in which ODCA auditors **do not comply with applicable GAGAS** requirements due to law, regulation, scope limitations, restrictions on access to records, or other issues impacting the audit, ODCA auditors must document the departure from the GAGAS requirements and the impact on the audit and on the auditors’ conclusions in the Noncompliance with GAGAS workpaper (see Appendix B).

**C. Management Alert Report (MAR)**

**If Early Significant Deficiencies are Detected, Issue a MAR to Auditee**

Sometimes the audit team will come across noncompliance with requirements or a significant internal control weakness (e.g. unprotected sensitive data, potential fraudulent activity, noncompliance with Code requirements). Pending the approval of the Audit Supervisor and discussion with the ODCA management team, the audit team will draft a MAR to the agency director or other responsible party. The audit team must then add a procedure step to the audit phase in which the MAR is issued. The MAR and the agency response should be linked to the newly created procedure step. In addition, the MAR and the Agency’s response should be combined into one pdf document and included as an appendix to the final report. The appendix/pdf document with the combined MAR and agency response must be added to the reporting phase in TeamMate. Depending on the circumstances, the management team may decide to publish the MAR on its own, or await publication of the final audit to also publish the MAR.

In addition, a MAR may be issued independently of an audit. In this event, a TeamMate file should be opened for document management purposes and approvals (such as an IRR, if warranted). The workpapers required for a MAR are the Management Alert Report and the Response from the agency regarding the Management Alert Report.
D. Audit Phases and Procedure Steps

I. PLANNING PHASE

Eight procedure steps and all steps are mandatory for GAGAS and non-GAGAS audits.

1. Conduct preliminary research, develop preliminary objectives, and researchable questions

When the Audit Supervisor has given the auditor the green light, the audit can begin conducting research on the audit topic assigned. These are some of the questions to answer and possible sources for the information:

- How did this audit originate? Gather any information ODCA already has on the subject (the D.C. Auditor notes from Council meeting, request email from Council member, whistleblower submission, etc.).
- So what? Why would the Council, public, stakeholders care about this audit? What would they like to know? (agency website, internet research, legislative committee oversight reports, performance reporting).
- Why is the audit necessary? What are the existing problems/risks with the program? How are they not currently being addressed? What is the preliminary scope for the audit?
- Are there any big changes underway with the program or agency? (e.g. proposed reorganization of the agency, potential loss of federal funding due to budget cuts, new laws).
- What do we know about what other people are concerned about, and what problems face other similar programs?
- What performance aspect(s) are we most concerned about for the program (e.g. timeliness, accuracy, efficiency)? (research D.C. Municipal Regulations and D.C. Code to determine relevant criteria).
- What are the criteria? What is supposed to happen? What agency or entity has responsibility for it?
- How does this issue relate to a national context, e.g. lead in the water in Flint, Michigan (audits on the topic from the Government Accountability Office, other jurisdictions, other District agencies, or past ODCA audits; research on best practices).

Following are some additional sources for this information:

- Agency budget.
- Council oversight (performance and budget hearing questions and responses, other submitted testimony, hearings, committee reports).
- Agency website.
- Performance metrics, mission (Office of City Administrator’s Office of Budget and Performance Management).
- Previous audits (ODCA website).
- Previous audits by other agencies.
- Web info: news, general background.
- Criteria (e.g. LIMS, D.C.M.R., D.C. Code, federal regulations, the Green Book, Best Practices).

GAGAS 8.36
Contacts, especially for a topic that has an advocacy community; who routinely testifies on the subject before the Council; what contacts do ODCA colleagues have? The question to ask in these interviews is: what are ongoing concerns we should consider? Contacts may point you to criteria, too.

Experts (academia, think tanks, within D.C. government, etc.).

SOAR reports of expenditures and revenue.

Data analysis.

Based on this research, the audit team should develop **preliminary audit objectives**, as well as **researchable questions** that you plan to answer as part of the audit.  

The **objectives** should be measurable and based on criteria, as well as succinct and clear.

“*A well written audit objective helps the auditor remain focused.*” – Management Concepts

“*Good objectives ask a question about performance. That is, how does whatever-is being-examined compare to some specific criteria.*” – Management Concepts

**Example of a focused objective:** What percentage of the estimated Tuition Assistance Program (TAP) target population, as defined in the program’s legislation, is participating in the program?

The **researchable questions** should be specific, answerable, and of public interest.

**Examples of researchable questions** that can be answered with the sample objective above include:

- What is the targeted population?
- What outreach is done to inform the targeted population of the program?
- Is the TAP process user-friendly and/or is help/guidance easily available and free?
- In which wards do these targeted students reside?
- What are the household incomes of these students?

“*Researchable questions drive the data to be gathered. The data to be gathered drive what the team can say.*”

– GAO’s Center for Audit Excellence

The information gathered from the research, the preliminary objective(s), and proposed researchable questions should be summarized in the **Planning and Scoping Workpaper** to be presented to ODCA management at the **Planning and Scoping Meeting**. When putting this document together, try to focus on the larger themes and note that not all of the detailed research needs to be presented.

Make sure to keep in mind the following:

- What basic facts does the reader and ODCA staff want to know, such as:
  - Where did this audit come from?
  - Audit subject: agency and program. Define what they do if necessary. Present criteria.
  - Indicators of significance: program size, cost, problems, harm that has resulted or risk of harm that could result from program failure.
  - What you know so far about sources for condition and criteria.

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24 GAGAS 1.22 and 8.08
What questions need to be addressed by ODCA management in order to send out the engagement letter? Include all info needed to address those, for example:

- Information needed to decide what the objectives should be.
- Ask if management has additional researchable questions that they want answered.

Possible workpapers

- Workpapers containing information obtained from the program website; newspaper articles; legislation, regulations, and/or Mayor’s orders; D.C. Council testimony and performance oversight responses, committee reports, and/or studies; similar programs in other jurisdictions; audit reports on similar programs in other jurisdictions (obtained through internet research and searches on audit websites such as ALGA); etc.

2. Conduct Planning and Scoping Meeting

When the audit team has finalized the Planning and Scoping Meeting Workpaper which contains the preliminary objective(s), researchable questions, proposed scope, and key information about the audit topic, the audit team should schedule a Planning and Scoping Meeting with the ODCA management team. The entire ODCA staff should be invited to the meeting via Outlook and the invitation should specify that staff should ask for approval from their supervisor to attend the meeting. If possible, the team should email the Planning and Scoping Meeting Workpaper to all staff prior to the meeting.

The purpose of this meeting is to obtain management input and consensus of the preliminary objectives, proposed scope, and researchable questions based on the audit team's analysis of preliminary research of the topic/program. In addition, the meeting will seek to obtain management consensus and feedback on the following:

- Preliminary audit timeline.
- Agencies that will be engaged.
- Whether it will be a GAGAS audit.
- Whether there is an opportunity and/or need for best practices review.
- Goals and potential impact of the audit (financial, operational, human, etc.).
- Target audience for report (parents, industry, agency, Council, program recipients, etc.).
- Current events/sensitivities surrounding the audit.
- If there is a need to deviate from GAGAS presumptively mandatory requirements.
- Plans for presentations to the Council or testimony at Council hearings.
- Other resourced needed, such as if the project requires external specialists.

Management agreement must be documented in a workpaper, such as meeting notes.25

25 GAGAS 8.03, 8.05-8.07, 8.32, and 8.87.
3. If Necessary, Complete Non-audit Workpaper

As discussed above, ODCA’s work plan includes statutorily required projects that are neither GAGAS audits or non-GAGAS audits. These engagements typically involve revenue certifications and sufficiency reviews (i.e. Events DC Sufficiency Review and Certification of OCFO Revenue Estimates). Although these engagements are not subject to the requirements of GAGAS, we endeavor to follow ODCA audit policies and procedures to guide the work of our all of our engagements and ensure that these projects will not compromise ODCA’s independence with respect to future GAGAS and non-GAGAS audits.

In these engagements, the audit team must complete the Non-audit Workpaper. This helps ensure that the project does not represent a threat to ODCA independence and documents what effects the project will have on the auditor’s independence in any planned, ongoing, and future audits. The start date indicated on the Engagement Letter, if applicable, and/or noted in the Non-audit Workpaper will serve as the formal start date of the project for purposes of the ODCA Key Performance Indicator (KPI) related to project duration.

4. Assess Independence

The first assessment of independence occurs during the Planning Phase and involves the completion of Independence Statements by the audit team and management as detailed below. If applicable, document the development and implementation of safeguards in response to identified threats to independence.26

The following steps must be completed for every audit:

- The D.C. Auditor, Deputy Auditor, General Counsel, Chief of Staff, Agency Fiscal Officer, Audit Supervisor, Auditor-in-Charge, and all audit team members must prepare Independence Statements within 5 business days of the Planning and Scoping Meeting. If an additional team member is added after this meeting, this step must be completed within 5 business days of that decision.
- The Audit Supervisor must review and approve the Independence Statements of the Deputy Auditor, Auditor-in-Charge, and all audit team members in TeamMate within 10 business days of the Planning and Scoping Meeting.

26 GAGAS 3.18 – 3.20, 3.27 – 3.33
The Audit Supervisor and Deputy Auditor must review and approve the Independence Statements of the D.C. Auditor, General Counsel, Chief of Staff, Agency Fiscal Officer, and Audit Supervisor within 10 business days of the Planning and Scoping Meeting.

After the above steps have been completed, the Audit Supervisor will mark the procedure step in TeamMate as prepared. The D.C. Auditor or Deputy Auditor must review and approve the Assess Independence procedure step in TeamMate. Completion of this task indicates that the D.C. Auditor or Deputy Auditor has evaluated threats to independence.

- NOTE: When the Deputy Auditor is serving as the Audit Supervisor, another Audit Supervisor must review and approve the Deputy Auditor’s Independence Statement and review and approve the procedure step in TeamMate.

If threats have been identified, the auditor and the Audit Supervisor will complete the application of the GAGAS Conceptual Framework for Independence, which documents the development and implementation of safeguards in response to identified threats to independence.

**Required workpapers**
- Fully reviewed Independence Statements for the D.C. Auditor, Deputy Auditor, General Counsel, Chief of Staff, Agency Fiscal Officer, Audit Supervisor, Auditor-in-Charge, and all audit team members.

**Possible workpapers**
- Documentation of the application of the GAGAS Conceptual Framework for Independence.
- Documentation of the development and implementation of safeguards in response to identified threats to independence deemed to be significant.

### 5. Assess Competence

The Audit Supervisor must assess the competence of all audit team members, including external and/or internal specialists and does this by preparing a Competence Statement. This statement reflects the competence of the team as a whole not on an individual team member basis. For example, if three team members are new to auditing but are supervised by an experienced Auditor-in-Charge, the team is Competent.

The following two steps must be completed for every audit:

- The Audit Supervisor must prepare the Competence Statement in TeamMate within 5 business days of the Planning and Scoping Meeting.
- The Deputy Auditor must review and approve the form in TeamMate within 10 business days of the Planning and Scoping Meeting.
- After the above steps are complete, the Audit Supervisor will mark the procedure step in TeamMate as prepared and the Deputy Auditor must review and approve the Competence Statement procedure step in TeamMate.

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27 GAGAS 3.26 –3.33, 3.35-3.51
28 GAGAS 4.02 – 4.03
NOTE: When the Deputy Auditor is serving as the Audit Supervisor, another Audit Supervisor must review and approve the Competence Statement and review the procedure step in TeamMate.

If a team member is later added to the audit, the Audit Supervisor must complete an additional Competence Statement which reflects the addition of a team member.

If there are external and/or internal specialists working on the audit, the Audit Supervisor must document their qualifications and competencies.

**Required workpapers**
- Fully reviewed Competence Statement for the Audit Supervisor, Auditor-in-Charge, and audit team members.
- Additional Competence Statement for team member(s) added after the audit has started.

**Possible workpapers**
- Documentation of qualifications and competencies of external and/or internal specialists who are working on the audit.

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6. Develop Preliminary Audit Plan

The audit team must meet to discuss the expected timeline for the Planning and Survey Phases of the audit. All team members are expected to discuss the expectations for each procedure and participate in the update of project milestones that were established at the Planning and Scoping Meeting. The Auditor-in-Charge must prepare the planning and survey sections of the Audit Plan and the Audit Supervisor must review the planning and survey sections of the Audit Plan prior to the start of the Survey Phase.

**Required workpapers**
- Fully reviewed Audit Plan with finalized planning and survey sections

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7. Develop and Issue Engagement Letter

In the Engagement Letter, the D.C. Auditor must communicate to the management of the audited agency an overview of the objectives, scope, and methodology, and the timing of the audit. The date on the engagement letter will serve as the formal start date of the audit for purposes of the ODCA KPI related to project duration. This letter also generally includes an Audit Information Request Form, which is the team’s first request for documentation/information. The team should provide a detailed list of the documents needed. (See Appendix C for details on ODCA’s Information Request Procedure).

29 GAGAS 8.03 and 8.33
30 GAGAS 8.20
The template for the engagement letter can be found on the ODCA Shared drive in S:/Reports. The audit team is responsible for drafting the Engagement Letter for each agency engaged based on the standard template and filling in the following:

- Date (e.g. February 10, 2020).
- Recipient, including name, title, agency name, address, city, state, ZIP.
- Scope.
- Preliminary objectives.
- Audit start date and estimated end date.
- AIC contact information.
- A proposed entrance conference date.
- A deadline for submitting requested information.
- If applicable, information about the engagement of an additional agency.
- At the bottom of the letter, the AIC also should add the names of parties who should be copied on the letter, including:
  - The Councilmember who requested the audit (if applicable).
  - The agency Chief of Staff or General Counsel.
  - The point-of-contact for agencies under the Mayor (but not for audits of independent agencies).
  - If engagement of DCPS, the DCPS compliance officer.
  - If engagement of the OCFO, the OCFO Internal Auditor.

**Required workpaper**
- Fully reviewed Engagement Letter.

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**8. Conduct Entrance Conference**

The Entrance Conference is a meeting between the ODCA Audit Team, including the D.C. Auditor or Deputy Auditor, and the agency/agencies to be audited and sets the tone of openness, candor, cooperation, and professionalism for the audit to follow. It also provides an opportunity for key management personnel to meet the audit team.

The meeting should take place at the auditee agency and include:

- Auditee agency management and the agency POC, as well as anyone else the auditee agency would like to have present.
- An agenda, provided to the auditee in advance
- An Entrance Conference sign-in sheet to document who was in attendance.

Items to be discussed at the meeting include:

- A description of the audit process, as well as the topic, scope, and timeline for the audit.
- The Audit Information Request Form and information/documentation requested, as needed
- Any questions or concerns the auditee may have.

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31 GAGAS 8.20, 8.23 – 8.25
To prepare for the Entrance Conference, the audit team should:

- Manage communication with the agency liaison on meeting location and agency invitees.
- Secure a meeting time that ensures that the D.C. Auditor or Deputy Auditor, all audit team members, and all agency invitees can attend.
- Send an Outlook invite to attending personnel and the D.C. Auditor and Deputy Auditor (even if not attending) that builds in time for travel.
- Prepare the Entrance Conference Agenda.
- Assign note-taking responsibilities to specific audit team members. These notes will be necessary for Entrance Conference Meeting Notes workpapers.

- **Bring an Entrance Conference Sign-In Sheet. This is a required workpaper.**
  - Prepare copies of the Entrance Conference Agenda based on the number of attendees.
  - If possible, email the audit liaison the Entrance Conference Agenda prior to the meeting.

- **Required workpapers**
  - Fully reviewed Entrance Conference Agenda
  - Fully reviewed Entrance Conference Meeting Notes
  - Entrance Conference Sign-In Sheet
II. SURVEY PHASE – 14 PROCEDURE STEPS

Steps marked with an asterisk* are optional for non-GAGAS audits with Supervisor’s approval

1. Gather Information on the Program

Building upon its preliminary research, the audit team must deepen its understanding of the nature of the program or program component under audit and the potential use that will be made of the audit results or report. Specifically, ODCA auditors must consider:

- The program’s purpose, strategic plan, and objectives/goals.
- The age of the program and changes in program leadership and program conditions.
- The size of the program in terms of total dollars, number of citizens affected, or other measures.
- The visibility, sensitivity, and general risks associated with the program.
- The level and extent of review or other forms of independent oversight of the program.
- External factors or conditions that could directly affect the program.
- Program inputs, outputs, and outcomes.
- Provisions of laws, regulations, contracts, and grant agreements that impact the program.
- Who may have an interest in the audit results, what influence those people have over the program, and what actions those people may take as a result of the audit report?
- Other items that the team and ODCA management deem relevant.

This information is to be gathered from interviews with program management and ground level program staff, as well as review of the information requested in the Engagement Letter. In addition, the audit team should review the internal control (and other Survey Phase) workpapers to ensure that draft interview questions include these topics to assist the audit team with filling out the workpaper(s).

The results of interviews and review of program procedures and plans are essential to accomplish the upcoming step of assessing internal controls. 32

![Required workpaper]

- Gather Information on Nature and Profile of the Program and User Needs of the Audit Results/Report

2. Identify Ongoing Investigations and Legal Proceedings Related to the Program*

ODCA auditors must identify any ongoing investigations and legal proceedings that impact the current audit. The General Counsel must draft a formal letter to the agency under audit requesting information on ongoing investigations and legal proceedings. The audit team also should inquire about ongoing investigations and legal proceedings during interviews. If any ongoing investigations and legal proceedings are identified, ODCA auditors must evaluate the impact that they have on the current audit and ensure that the work of ODCA does not interfere. 33

32 GAGAS 8.36 and 8.38
33 GAGAS 8.27
Required workpapers
- Letter to agency under audit requesting information on ongoing investigations and legal proceedings.
- Response from agency (if available).

Possible workpapers
- Workpaper(s) detailing the impact that ongoing investigations and legal proceedings have on the current audit

3. Identify Previous Audits Related to the Program*
ODCA auditors must identify previous audits related to the current engagement. If previous audits are identified, ODCA auditors must evaluate whether the audited entity has taken appropriate corrective action to address previous findings and recommendations that are significant within the context of the audit objectives.

This step is accomplished in at least three ways: 1) Previous internal and external audits or reviews are requested with the Engagement Letter; 2) The question can be repeated during interviews with program management or any internal auditors that the agency has; 3) During preliminary research the audit team may have identified other audit reports.

Required workpapers
- Identify Previous Audits and/or Engagements

4. Document the Program’s Processes
ODCA auditors must obtain an understanding of the operations of the program under audit by documenting the processes that program personnel use to perform their work. This is accomplished by combining multiple techniques:
- Reviewing program SOPs.
- Interviewing program-level staff, including staff members suggested by auditee management and those identified independently by ODCA.
- Interviewing beneficiaries/participants.
- Observations of program.

The audit team should detail or flowchart the program processes. This can be shared with the program staff to determine if it is complete. 34

Required workpaper
- Workpaper(s) detailing the operations of the audited program, possibly in the form of flowcharts or process diagrams

34  GAGAS 8.36 and 8.38.
5. Assess the Program’s Internal Controls, Including Information Systems Controls*

ODCA auditors must assess whether internal controls are relevant to the audit objectives. If so, ODCA auditors must obtain an understanding of the internal controls that the agency has or does not have to address the significant risks related to the audit objectives. If the program under audit relies heavily on information systems, ODCA auditors also must obtain an understanding of the information systems controls that are or are not in place to mitigate risks. Information systems controls include general controls, application controls, and user controls.35

**Required workpapers**
- Internal Control Evaluation Tool.

**Possible workpaper**
- Information System Internal Control Evaluation Tool.

6. Assess Risks Facing the Program, Including Risk of Fraud, Abuse, and Noncompliance with Laws, Regulations, Contracts, and Grant Agreements*

ODCA auditors must assess the risks facing the program under audit. In addition to assessing general risks, ODCA auditors must assess the risk that fraud, abuse, and noncompliance with provisions of laws, regulations, contracts, and grant agreements could occur. ODCA auditors must **evaluate risks in terms of their impact and likelihood** and identify those that have the greatest significance to the program. A key purpose of this is to give the audit team a reasonable assurance that fieldwork steps can be designed to detect instances of noncompliance, fraud, or abuse that are significant to the objectives.36

This step must be conducted by the entire audit team and an invitation to participate extended to others on the management team. A best practice is to do it in a brainstorm fashion using the Fraud, Abuse, and Noncompliance Risk Assessment workpaper after all of the interviews have been conducted and previous audits and program policies have been reviewed. Each answer should be linked to support.

**Required workpapers**
- Fraud, Abuse, and Noncompliance Risk Assessment workpaper

7. Conduct Team Meeting to Discuss Preliminary Objectives and Fieldwork Procedures and Scope

The Audit Supervisor, Auditor-in-Charge, and audit team members must meet to determine what changes, if any, are needed to the preliminary objectives of the audit as announced in the engagement letter. They also should address scope. The team should review the results of the previous steps in the Survey Phase and come to agreement on the preliminary objectives before proceeding to the next survey steps. This meeting also should include discussion of preliminary fieldwork procedures designed to detect the impact of risks and associated breakdowns in internal control, such as fraud, abuse, and noncompliance.37

35 GAGAS 8.49, 8.54, 8.59-8.62
36 GAGAS 8.36, 8.38, 8.68, 8.71 – 8.75
37 GAGAS 8.03
8. Identify Criteria
ODCA auditors, with assistance from the ODCA General Counsel, as needed, must identify criteria that are relevant to the audit objectives and permit consistent assessment of the subject matter. If the audit team identifies legal or regulatory criteria, the audit team may ask the General Counsel to review the criteria for completeness and accuracy.  

9. Identify Sources of Evidence
ODCA auditors must identify all potential sources of information relevant to the preliminary objectives that could be used as evidence. ODCA auditors must use a standard Identify Source of Evidence workpaper to determine the amount and type of evidence needed to obtain sufficient, appropriate evidence to address the audit objectives and adequately plan audit fieldwork.

10. Assess the Reliability of Data Systems*
ODCA auditors must assess the sufficiency and appropriateness of data systems, both electronic and manual, that will be used to meet the objectives of the audit, regardless of whether this information is provided to auditors or auditors independently extract it. ODCA auditors must complete a Data Reliability Assessment workpaper for each data system noted in the Identify Sources of Evidence workpaper.

The purpose of assessing data reliability is best summed up in the concept of garbage in, garbage out. Essentially, you cannot get good audit results if you do not use good data or find ways to mitigate the data limitation. For example, if the data is full of duplicates, the size of the program is inaccurate and you cannot determine how significant your testing results are compared to the population. In this case, you need to ask the agency what other sources of data are available for that field.

38 GAGAS 8.07
39 GAGAS 8.77-8.79
The reason **we test data reliability in the Survey Phase** is so we can design our fieldwork steps and adjust to data limitations (i.e. find other data sources, conduct reconciliations). Through early data testing, we learn what data attributes are available (vendor name, invoice number, etc.) and which are not (no field, or rarely completed field).

For example, if we learn in the Survey Phase that the auditee’s data does not contain a field for “Date of supervisor approval,” we cannot rely on that data system for our testing of the quality of staff supervision and we will need to identify another data source prior to beginning fieldwork. While it takes more up-front investment of time, this step will enhance efficiency for the rest of the audit.40

The following is an example of how an ODCA audit team conducted this step:

*The auditee provided an “Out-of-School Time Award Grant Payment Table” that listed all subgrantee payments and payment dates.*

*The audit team assessed the reliability of this table by comparing that data to:*  
*“Check Register Reports” generated by the auditee’s invoice and payment system, that show subgrantee payment amounts and dates and bank Statements showing when lump sum payments were made to subgrantees*

*When reviewing the bank statements, we observed the payment amounts did not reconcile, so the team will conduct further testing during fieldwork to determine why they did not reconcile, as this could point to problems with how the vendor keeps the grant funds separate from its other funding sources.*

Here is another example from an ODCA audit team:

*The agency produced a data report of the number of vacant properties in FY 2015 using their data system. We interviewed multiple agency staff and they warned us about the data system’s reliability. The other agency we engaged also spoke about the unreliability of the data system’s data.*

*We had some addresses of properties that community members shared with us, as the properties were reported to the agency, and found that these were not all in the data system. We also had reports that the agency produced for the D.C. Council for the same period, but the data was different. Therefore, we determined that the data was unreliable and that we could not report on the total number of properties.*

*However, because the data system was the only system that agency used to track its action related to the properties, we had to rely on the system to examine case files. We decided that we could only report on the agency actions related to our sample, but not extend our findings to the whole population. We designed the fieldwork to not select our sample from the unreliable data system, but on the community-identified properties. These issues were described in the report’s methodology section and we had a finding on data reliability.*

This step may not be necessary in the rare case that an audit does not rely on data systems. Also, this step is not necessary if the primary data system is SOAR as that is regularly audited as part of the CAFR. However, if the auditee runs a SOAR report for us, we ask the ODCA Agency Fiscal Officer to verify the information.

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40 GAGAS 8.90, 8.91, 8.93 and 8.102(c)
11. Develop Fieldwork and Reporting Steps in the Audit Plan

The audit team must meet to discuss the expected timeline for the Fieldwork and Reporting Phases of the audit. All team members are expected to discuss the expectations for each procedure and participate in the establishment of project milestones in the Audit Plan.

- The Auditor-in-Charge must make a copy of the Audit Plan from the Planning Phase and add it to the Survey Phase in TeamMate.
- The Auditor-in-Charge must prepare the fieldwork and reporting sections in TeamMate of the Survey Phase Audit Plan.
- The Audit Supervisor must review and approve the Audit Plan in TeamMate prior to the start of the Fieldwork Phase.\(^{41}\)

A written Audit Plan provides an opportunity for audit organization management to supervise audit planning and to determine whether:

- The proposed audit objectives are likely to result in a useful report.
- The Audit Plan adequately addresses relevant risks.
- The proposed audit scope and methodology are adequate to address the audit objectives.
- Available evidence is likely to be sufficient and appropriate for purposes of the audit.
- Sufficient staff, supervisors, and specialists with adequate collective professional competence and other resources are available to conduct the audit and to meet expected time frames for completing the work.\(^{42}\)

**Note:** Fieldwork steps should be very detailed and should describe precisely what fieldwork activities are planned and how they will be executed.

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12. Complete Audit Risk Assessment*

ODCA auditors must assess audit risk and determine whether identified risks represent a risk to the findings, conclusions, or recommendations of the audit. Audit risk is the possibility that the auditors’ findings, conclusions, recommendations, and/or methodologies may be improper or incomplete, as a result of factors such as evidence that is not sufficient or appropriate, an inadequate audit process, or intentional omissions or misleading information due to misrepresentation or fraud. Audit risk also includes the risk that auditors will not detect a mistake, inconsistency, significant error, or fraud in the evidence supporting the audit’s conclusion.\(^{43}\)

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\(^{41}\) GAGAS 8.03 and 8.05

\(^{42}\) GAGAS 8.35(e)

\(^{43}\) GAGAS 8.06, 8.16
Audit risk can be reduced by taking actions such as increasing or modifying the scope of work, adding specialists or additional reviewers, and other resources to perform the audit. In addition, altering the methodology to obtain additional evidence or more appropriate or alternative forms of corroborating evidence, or proportionally aligning the findings and/or conclusions to reflect the evidence obtained.

**Required workpapers**
- Fully reviewed Audit Risk Assessment workpaper

**Possible workpapers**
- Documentation of identified audit risks and steps taken to mitigate them

### 13. Conduct Survey Debrief

Once all of the workpapers and procedures steps have been reviewed in TeamMate, the team can hold a Survey Debrief.

The audit team must present to the ODCA management team:
- An overview of the information gathered and analyses performed during the Survey Phase.
- Any proposed updates to audit objectives and scope.
- Any updates to the audit timeline.
- Planned fieldwork procedure steps.

The entire ODCA staff should be invited to the Survey Debrief via Outlook and the invitation should specify that staff should ask for approval from their supervisor to attend the meeting.

**Required workpapers**
- Survey Debrief workpaper
- Survey Debrief Meeting Notes

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GAGAS 8.87, 8.88
14. Notify Audited Entity of Audit Objective and Scope Changes (if necessary)
ODCA auditors must communicate any material changes to the preliminary audit objectives or scope as announced in the Engagement Letter to those charged with governance and/or management of the audited entity within 15 business days following the Survey Debrief. This communication must be in the form of a letter from the D.C. Auditor to the Director with the audit liaison copied. The audit team should provide the Communications Director the email addresses of the recipients. The audit team drafts the letter, provides it to the AIC, Audit Supervisor, and Deputy Auditor for review and approval.

Possible workpapers
- Letter sent from the D.C. Auditor to the Agency Director with the audit liaison copied regarding changes to the audit objectives and/or scope.

Before moving on to the Survey Phase, the Audit Supervisor must ensure that all the workpapers and procedures steps are reviewed and signed-off on in TeamMate.

45 GAGAS 8.20, 8.23
III. FIELDWORK PHASE

Procedure steps vary by audit and all steps are mandatory for GAGAS and non-GAGAS audits

1. Incorporate Audit Plan Fieldwork Steps into TeamMate

The audit team should use the Audit Plan that was finalized during the Survey Phase to organize the objectives and procedures steps in TeamMate. Specifically:

- The finalized objectives should be copied into the Objectives fields in the Fieldwork Phase of TeamMate.
- Under each objective, procedures should be created and copied from the Audit Plan under the specific fieldwork steps planned for reaching the objective in TeamMate.

For example, TeamMate has Objective #1: To determine if the District’s special purpose revenue funds met their statutory purpose. There are seven procedure steps to reach that objective, such as “Identify why repealed funds continued to collect revenue” and “Review all five swept semi-lapsing Funds to determine if legal requirements were met.”

If the specific fieldwork steps are changed during fieldwork, or if additional steps are added, the procedures steps must be updated in TeamMate prior to the Fieldwork Debrief.

2. Conduct Fieldwork

Fieldwork includes gathering evidence about the efficiency of operations, accomplishment of objectives, and effects of risks.

Complete the steps detailed in the Audit Plan to meet the objectives of the audit and detect the impact of breakdowns in internal control. Many of these procedures should be completed on-site at the audited agency where auditors can establish a presence, be approachable for informal conversations with staff members, make personal observations, and conduct interviews. In each procedure step’s “Record of Work Done” tab, auditors must link to the testing workpaper and summarize the testing results in the “Conclusion” tab in TeamMate.

Professional Judgment is important during the Fieldwork Phase as it requires the “auditor’s consideration of the risk level of each engagement, including the risk of arriving at improper conclusions.”

Professional skepticism is important during the Fieldwork Phase as it requires the “auditor’s consideration of the risk level of each engagement, including the risk of arriving at improper conclusions.”

In addition, auditors conducting fieldwork must exercise professional skepticism. This means that auditors must have a questioning mind, awareness of conditions that may indicate possible misstatement owing to error or fraud, and a critical assessment of evidence. GAGAS states: “Professional skepticism includes being alert to, for example, evidence that contradicts other evidence obtained or information that brings into question the reliability of documents or response to inquiries to be used as evidence.”

46 GAGAS 3.116
47 GAGAS 3.110
3. Develop Strong Findings

Audit findings should be created in TeamMate within the testing workpapers and linked to the conclusion tab of the procedure step for that issue or finding. In TeamMate and in the report, all ODCA findings need to address the five elements:

- **Criteria**: What should be?
- **Condition**: What is? Includes details that are engaging to the reader.
- **Cause**: Why the difference?
- **Effect**: So what?
- **Recommendation(s)**: Clearly linked to finding, addresses cause, measurable, specific but not prescriptive, cost effective.

How are these elements identified?

- Criteria are usually straightforward and determined in Survey Phase, though additional criteria can be identified during fieldwork.
- Condition is essentially the results of your testing and fieldwork.
- Cause is more complex. Interviews with key staff can be helpful. ODCA analysis of organizational documents (SOPs) can identify gaps, inconsistencies, etc. Team members should use the 5 Whys? This means, they should keep repeating the question “why” something happened until the root cause has been identified. The root cause is not an excuse for why something happened but identified by the audit team through analysis and using professional skepticism to figure out the underlying problem that initiated the problem we found.
  - Examples of causes: lack of training, lack of communication, negligence or carelessness, SOPs are incomplete or wrong, dishonesty, lack of sufficient supervision, unwillingness to change, lack of planning, faulty delegation of authority, organizational culture of speed over quality.  
- The effect may be actual or potential consequences, to the government, the customer or both. Some examples of effects are mission not being accomplished, ineffectiveness, dollar loss, bodily injury/death, theft, lack of safety and security, inaccurate information.  
- Recommendations are key to the audit having an impact. The Recommendations need to be effective, doable, and practical—most importantly, they need to address the cause(s). They are specific and helpful, not just instructing an agency to follow the law. They need to be feasible. They need to be directed to the officials who can take the action. The benefits should outweigh the costs. This is especially important as benefits may be non-monetary and costs are monetary. For example, while a recommendation generates only $2,000 more in infractions annually, it also registers the names of the vendors, which can have an impact on their future bidding.

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48 Basic Government Auditing, Graduate School, page 3-8
49 Basic Government Auditing, Graduate School, page 3-7
50 Basic Government Auditing, Graduate School, page 3-9
4. Communicating with the Auditee
Our findings should not be a surprise to the auditee. The audit team should strive to keep the audit liaison and/or agency staff and management informed of the progress of the audit, issues, and preliminary findings during fieldwork. In fact, being transparent and communicative can lead to greater auditee agreement on recommendations.

This communication can be accomplished in multiple ways: have a regularly scheduled meeting with the audit liaison, sending a periodic summary of testing results, having phone or in-person meetings to share preliminary findings and discuss the cause and potential recommendations from both management and program-level staff.

5. Additional Fieldwork Procedures
(Contains five procedure steps and all steps are mandatory for all audits GAGAS and non-GAGAS)

1. Reassess Independence
The second assessment of independence occurs at the end of the Fieldwork Phase. If threats are identified, documentation of the development and implementation of safeguards in response to identified threats to independence.\(^{51}\) For example, if when reviewing invoices, an audit team member sees her friend as a payee, the audit team can ensure that this member will not review this invoice.

\(\text{Possible workpapers}\)
- Documentation of the development and implementation of safeguards in response to identified threats to independence

2. Conduct Overall Assessment of Evidence
ODCA auditors must perform and document an Overall Assessment of Evidence workpaper used to support findings and conclusions.\(^{52}\) The purpose is to ensure that the evidence is both:

- \textbf{Sufficient}\(^{53}\): in an appropriate quantity for the finding and is enough to be persuasive.
- \textbf{Appropriate}\(^{54}\): Quality evidence is relevant, valid, and reliable.

\(\text{Required workpapers}\)
- Overall Assessment of Evidence workpaper

3. Conduct a pre-Fieldwork Debrief with the D.C. Auditor or Deputy Auditor
As part of the preparation for the Fieldwork Debrief, the audit team must conduct a pre-Fieldwork Debrief with the D.C. Auditor or Deputy Auditor. The audit team will present the Overall Assessment of Evidence Workpaper including, all five elements of the findings. The meeting is designed to poke holes at findings and
recommendations with the goal of having an efficient fieldwork debrief with the management team.\(^{55}\)

**Possible workpapers**
- Pre-Fieldwork Debrief Meeting Notes

**4. Conduct the Fieldwork Debrief**

Only after all of the fieldwork procedure steps and workpapers have been reviewed and signed-off on can the audit team present its preliminary findings and recommendations to the ODCA management team and staff. The Fieldwork Debrief also should provide the answers to the researchable questions presented at the planning and scoping meeting or address how these questions have changed.\(^{56}\)

The Fieldwork Debrief is open to all staff, who are encouraged to provide input on topics such as the clarity of the findings and whether the effect/impact is clear, etc.

**Required workpapers**
- Fieldwork Debrief Workpaper
- Fieldwork Debrief Meeting Notes

**Preparation and Message Development**

The team should take care to write the findings in the way it expects to write them in the report, i.e. simple and impactful. This is to allow ODCA management to begin to identify and prepare the auditee for the report’s message. Here are some best practices to keep in mind when presenting findings:

**What is the harm/cost/impact?** Using the high-harm/high-cost matrix below, how can we present our finding to best highlight its impact?

<table>
<thead>
<tr>
<th></th>
<th>Low INTENT</th>
<th>High INTENT</th>
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<tbody>
<tr>
<td>Low HARM</td>
<td>Low HARM</td>
<td>High HARM</td>
</tr>
<tr>
<td>High HARM</td>
<td>High HARM</td>
<td>High HARM</td>
</tr>
</tbody>
</table>

- What is the **main point** of the finding? Often it is the condition, but sometimes the effect is more powerful. How would you sum up the finding to a cold reader?

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\(^{55}\) GAGAS 8.87-8.89

\(^{56}\) GAGAS 3.110, 8.108 and 8.112
What is the right level of detail? If a finding resulted in a small dollar value, maybe that amount should not be included in the finding. Use a critical eye if a finding has a lot of numbers to determine what is the most important number to emphasize, or if the impact can be communicated without numbers.

Order and flow of the findings: Which ones need to be discussed first to understand the others? Which are most significant? Which ones need to be presented next to each other or in what particular order? Generally, the most impactful findings should go first and related findings should follow each other. The audit team should lay out different options and discuss which makes the most sense.

What graphics would enhance understanding?

Think like a reader, not like an auditor – even though it is an internal meeting, the audit team should try to avoid jargon and overly complex sentences

Engage a writer-editor. A colleague who is not on the team can be asked to review the handout and provide feedback on whether it is clear to a cold reader and if the significance of the findings is apparent.

The results of this messaging should be reflected in the Fieldwork Debrief Agenda so that feedback can be gathered.

Professional Skepticism

Not just the audit team, but ODCA management and any ODCA staff who attend should show up to the Fieldwork Debrief armed with professional skepticism, meaning they should probe to ensure that each of the findings has sufficient and appropriate evidence, etc. They also can ensure the recommendations are realistic, practical, and doable.

Professional Skepticism is an attitude that includes “a questioning mind . . . and a critical assessment of evidence.” – GAGAS

Significance

One of the things to accomplish during the Fieldwork Debrief is to collectively assess the significance of the findings and conclusions. Only those findings and conclusions deemed “significant” by the Audit Supervisor, Deputy Auditor, and the D.C. Auditor may be included in ODCA audit reports. Audit team members may discuss with ODCA management whether other findings and conclusions may be reported verbally at the close-out meeting. If they are to be discussed at the close-out meeting, they must be included on the agenda.

Required workpapers
- Fully reviewed Overall Assessment of Evidence workpaper
- Fieldwork Debrief Meeting Notes

5. Conduct Closeout Meeting with Agency Officials
The audit team must present preliminary findings and recommendations to the audited entity at a
Closeout Meeting. These results should not be surprises for the audited agency, as the audit team has been communicating with the auditee about possible causes and solutions during fieldwork. The Closeout Meeting is also an opportunity for the audit team to build consensus with the audited entity on proposed recommendations and establish a preliminary timeline for implementation. 60

To prepare for the Closeout Meeting, the audit team should:

- Prior to scheduling the meeting, ensure that the D.C. Auditor and/or Deputy Auditor, and all audit team members can attend.
- Send calendar invite to attending personnel including D.C. Auditor (even if not attending) that builds in time for travel.
- Manage communication with the agency liaison on meeting location and agency invitees.
- Decide what to include on the Closeout Meeting Agenda distributed during the Closeout Meeting. It may be appropriate to share cause or detailed conditions if the team wants the auditee's feedback on the cause or to provide support for the finding. If a contentious meeting is expected, the agenda should include criteria.
- Bring an internal copy of the Overall Assessment of Evidence workpaper, which contains all five elements.
- Consider whether to submit the Agenda to the attendees prior to the meeting so that issues of substance can be more efficiently discussed.
- Prepare copies of the Agenda based on the number of attendees.
- Assign notetaking to audit team members.
- Bring Closeout Sign-in Sheet.

**Required workpapers**

- Closeout Meeting Agenda
- Closeout Meeting Notes
- Closeout Meeting Sign-In Sheet

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60 GAGAS 8.20, 8.23, 8.25 and 8.116
IV. REPORTING PHASE
Contains 23 procedure steps and all steps are mandatory for GAGAS and non-GAGAS audits

1. Complete Audit Risk Assessment Workpaper*
The audit team must assess audit risk for a second time during the audit and determine whether identified risks represent a risk to the findings, conclusions, or recommendations of the audit. The Auditor-in-Charge may hyperlink to the previous Audit Risk Assessment workpaper if there are no changes since the first audit risk assessment during the Survey Phase. Again, the purpose of this is to have reasonable assurance that the evidence is sufficient and appropriate to support the auditors’ findings and conclusions. The audit team should consider, in its collective professional judgment, the risk level of each audit, including the risk of arriving at improper conclusions.

- Required workpapers
  - Fully reviewed Audit Risk Assessment workpaper

- Possible workpapers
  - Documentation of identified audit risks and steps taken to mitigate them

2. Develop and Cross-Reference Draft Report*
To build the skills of audit team members and to help with workload, the Auditor-in-Charge may assign sections of the report to audit team members to write and cross-reference. For this step, you should put on your writer’s hat. Your goal is to make all your hard work accessible while maintaining the integrity of the audit work and without a focus on the team and its efforts. Here are some key good writing principles to keep in mind:

- Using a deductive structure to the report is the most effective for communicating technical information. Deductive structure is when the main idea is up front, then the support follows. Here is an example of a paragraph that uses a deductive style:

  **Fridays are wonderful. The work week ends. There are special deals for pizza on Fridays. New movies are released on Fridays. My spouse brings me flowers.**

- Topic sentences at the start of each paragraph create focus for the details that follow.
- An effective paragraph has unity (one main point) and coherence (all sentences link logically to that point).
- Headers and sub-headers can help guide the reader by offering a summary/main point of the information that follows. This is especially necessary in long sections where there are multiple issues, which can get lost.

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61 GAGAS 3.116, 8.16, 8.99 – 8.103
63 Message Development and Report Writing, Center for Audit Excellence, GAO
Busy readers, such as legislators or Council staff, may just read a report’s findings, headings, and subheadings. Therefore, these items should tell the story you want to tell.

Avoid jargon and replace with more common themes/concepts.

For example:

“The aquatic program’s risk identification processes did not include supervisor review procedures.”

...is improved by replacing with...

“The aquatic program did not have a process to let managers know when there were problems or potential problems at the pool.”

Footnotes – When information is accessible to the reader from a public source, the audit team should include a footnote to the source. Examples of such citations for the following sources are provided in the footnotes below:

D.C. Code, DCMR, budget documents, agency website, research, and previous audits.

For citations to an authority that supports the proposition with which the citation is associated either implicitly or in the form of an excerpt from a court opinion (i.e. to indicate that the authority cited clearly supports the proposition of law but does not directly state it), introduce the citation using See.

For citations to an authority that is additional support for the proposition with which the citation is associated (but less direct than that indicated by “see”), introduce the citation using See also. See also is commonly used to refer readers to authorities already cited or discussed. The use of a parenthetical explanation of the source material’s relevance following a citation introduced by See also is encouraged.

Below are the standard sections of ODCA reports that need to be completed for the draft report:

Executive Summary (1 page) – The audit team should compile an Executive Summary by copying and pasting content from the draft report (this also avoids the need for an additional IRR or review). The one-page summary has sections for What ODCA Found, Why ODCA Did This Audit, and What ODCA Recommends. As space is limited, not all recommendations and findings need to be highlighted, only those that are the most impactful.

Table of Contents – No page numbers needed at this stage.

Background (1–3 pages) – This should briefly summarize information that the reader needs to know to understand the audit results (i.e. the program’s relevant history, purpose, size, targeted customers/clients, oversight, any recent or proposed changes, budget information, how the program fits into agency mission). There should be no findings or testing results in this section.

64 D.C. Code § 1–309.13(a)
65 DCMR § 5-A3108.3
69 Office of the DC Auditor, Budgeting and Staffing at Eight DCPS Elementary Schools, October 30, 2017.
Objectives, Scope, and Methodology (1–2 pages) – The final objective(s) and scope should be from the Fieldwork Debrief approved by management. Methodology is how the objective was met, such as procedure steps, and should be included with links to relevant workpapers. If the methodology is very detailed and lengthy, it may be included as an appendix and a brief summarized methodology paragraph should refer the reader to the appendix. The methodology should include a description of the scope of the work performed on internal control. For example, “to determine if District vehicles were properly maintained, we reviewed inspection reports, interviewed staff, reviewed standard operating procedures, and conducted inspections of District-operated vehicle maintenance stations. As part of this process, we assessed DPW’s internal control over the Vehicle Program.”

For GAGAS audits, the methodology should conclude with the standard GAGAS compliance statement:

*We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.*

For non-GAGAS audits, the methodology should conclude with the standard ODCA non-GAGAS compliance statement:

*This report was drafted, reviewed, and approved in accordance with the standards outlined in ODCA’s Policies and Procedures.*

For audits that involved reporting confidential or sensitive information, and if certain information is prohibited from public disclosure or is excluded from a report because of its confidential or sensitive nature, auditors should disclose in the report that certain information has been omitted and the circumstances that make the omission necessary. This should be noted in the methodology section.

Audit Results – This is where the findings should go and should be organized by significance or relationship to each other or theme (i.e. pre-inspection problems, inspection issues, long-term vehicle damage). They do not need to be organized by objective. For example, if the most significant finding relates to Objective 3, it still can be the first finding in the Audit Results.

If appropriate, the Audit Results section can begin with a summary paragraph that ties together the findings or some high-level theme, such as agency culture. For example, the cause of two out of three findings are due to the Director’s lack of attention to internal controls and ethics. This resulted in not just poor performance and likelihood of fraud. These red flags can be discussed at the beginning of Audit Results so the reader has that context as they read more evidence and recommendations.

Each finding should include the five elements. Criteria, condition, cause, and effect should be arranged to communicate as early as possible why the finding deserves the reader’s attention, while preserving clarity, and should be followed by the fifth element, the recommendation. Include any concrete examples or vivid details obtained during fieldwork. For example, if observations were conducted of a facility and it was found to be

70 GAGAS 9.03
71 GAGAS 9.61 – 9.63
inhospitable, these details should be included, if appropriate. These can be included in the report body or highlighted in text boxes/callouts.

**Conclusion** – The purpose of the conclusion is to provide a high-level summary of the audit results. It also seeks to provide the audit results in context. It also may be revised later to address any issues raised by the agency’s response, such as their overall responsiveness to the recommendations or acknowledgement of the problems. Look to recent ODCA report conclusions for examples.

**Recommendation Chart** – This summarizes the report’s recommendations and identifies whether there is a cost to implement each recommendation and whether each recommendation, once implemented, could result in revenue or savings to the agency. Additionally, whenever possible, the audit team also should tie each recommendation to a related agency or District-wide goal. This requires footnoting the text that explains the recommendation’s relationship to a goal, and providing a citation, ideally including the URL which a member of the public can use to access the goal (See Appendix D).

**Appendices** – The team should discuss which appendices it wants to include. Appendices should be lettered, not numbered. Some examples include:

- Data that the team analyzed.
- Any significant correspondence with the agency can be included, such as a letter from the Director refusing to provide information.
- The Councilmember’s written request if the audit was requested by a legislator.
- Case studies.

For appendices that cannot be done in the body of the report in Word format, such as Excel documents and Adobe pdfs, there should be two versions of the appendices in TeamMate:

1. The original workpaper with SPC (likely in the Fieldwork or Survey Phases, i.e. C.1.25); and
2. The publication-ready version of the workpaper in the Reporting Phase of TeamMate.

For this version of the workpaper:

- Remove the SPC, bookmarks/hyperlinks/notes, or any other information that should not be published.
- In the case of appendices that must be in Excel, the workbook should contain only worksheets that are to be appendices to the final report. If the workbook contains multiple worksheets, the tab for each worksheet should be appropriately labeled with appendix letters. The top of each worksheet should contain the title.
- The name of the workpaper should include: a) the appendix letter; b) the title of the appendix; and c) reference to the original workpaper in TeamMate (e.g. Appendix B: ODCA Analysis of Expenditures, FY 2018–SPC and links in C.1.25).

**Cross-Referencing**

ODCA’s Independent Reference and Review (IRR) process is one of our most important mechanisms to ensure quality control and that our work is accurate, that the evidence is both sufficient and appropriate, and that the message is effectively communicated. Therefore, **an IRR is required for every work product.**
The IRR is supplemental and is not a replacement for proper audit supervision. While good supervision corrects many errors, the independent reviewer can detect errors undetected by an audit team. The process also can strengthen the report’s message and flow, as the reviewer is instructed to determine if the findings and recommendations are logically presented and supported by sufficient and appropriate evidence in the form of workpapers.

- The Auditor-in-Charge must fully cross-reference the report prior to review by the Audit Supervisor. If the AIC delegated writing report sections to other team members these members also are responsible for cross-referencing, though the AIC needs to review their sections to ensure that the cross-referencing is complete and accurate before the draft is sent to the supervisor. **Note:** You can use TeamMate’s cross-referencing mode to bookmark workpapers that have already been signed off by the AIC/Supervisor without changing the sign-off history (See Appendix E).

- To adequately cross-reference the draft report, you should cross-reference all facts, figures, references, and audit conclusions. You should always link via bookmarks when possible. If you are linking to your analysis, you can link to a workpaper’s conclusion where the analysis is summarized. If you are linking to a fact, you should link directly to where the fact is in a workpaper, not to the conclusion of the workpaper. In addition to linking to exactly where the fact is found in a workpaper, you also can make notes to the reviewer that help guide the reviewer. For example:

  There are 18 nursing homes in the District of Columbia, with capacity for up to 2,598 residents. [2598 total beds] [in the same sheet you can also see that there are 18 facilities currently open.]

  You should add the link directly after the fact, which may be in the middle of a sentence. For example:

  On September 30, 2017, **Sept 30 2017 complaint submission** D.C. Health’s Health Regulation and Licensing Administration (HRLA) received a complaint about a nursing home resident who experienced extensive bouts of vomiting and diarrhea and was at risk of dehydration. **UJ Complaint - risk of dehydration**

- Footnotes also should be linked to sources.
- Appendices also need to go through IRR, and, therefore, need to be sourced.
- Ensure that the report addresses all of the audit objectives, as this is something that the reviewer is instructed to be on the look-out for.
- Similarly, you want to ensure that the findings contain all necessary elements (criteria, condition, cause, effect and recommendation) and that the conclusions and recommendations are logical and practical, and tied to cause.
- Don’t link to a procedure step conclusion tab. Bookmark to the actual testing sheet showing how you came to an amount/figure/total.
- Make sure the information within the document matches what is reported in the workpaper conclusion.

**Required workpapers**

- Cross Referenced Draft Report for Supervisor
3. Submit Draft Report to the Audit Supervisor for Review
When the AIC submits the draft report to the Audit Supervisor, the Audit Supervisor should check to ensure the following:

- The draft report is **COMPLETELY** cross-referenced and adequately supported by audit documentation. This means that every fact cited is supported.
- Links or bookmarks go directly to the fact/support, which is highlighted, if possible.
- The report has logical flow.
- The report is free from grammatical and spelling errors.
- All reported objectives were achieved or there is explanation regarding objectives that were not achieved.
- All findings have ALL finding elements (condition, criteria, cause, effect and recommendation).
- All findings and conclusions are fully supported with sufficient, appropriate, and relevant evidence.
- Supporting workpapers are complete, reviewed and include source, purpose, conclusion, and methodology, where appropriate.
- Recommendations and conclusions were derived from evidentiary support and are logical.
- Periodic and routine supervision is evident in the audit documentation (critical audit documentation is fully signed off in TeamMate).
- All coaching notes have been cleared.

**Required workpapers**
- Draft Report with Audit Supervisor Comments
- Draft Report post-Audit Supervisor

4. Submit Draft Report to the Deputy Auditor for Review
The Deputy Auditor must review the linked version of the draft report. This draft should be reviewed by the Audit Supervisor before it is sent to the Deputy Auditor. The Audit Supervisor should send an email to the Deputy Auditor, copying the audit team, notifying the Deputy Auditor that the draft report is ready for review and providing the project’s name in TeamMate and the workpaper number.

The Audit Supervisor must address the comments of the Deputy Auditor in the draft report and/or meet with the Deputy Auditor to discuss any issues raised to resolve them.

**Required workpapers:**
- Draft Report with Deputy Auditor’s comments (either as emails, a pdf of the report with comments and track changes, etc.)
- Draft Report post-Deputy Auditor

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72 GAGAS 8.87, 8.88, 8.135(c) and 9.18
73 GAGAS 8.87, 8.88, 8.135(c) and 9.18
5. Submit Draft Report to the D.C. Auditor for Preliminary/Discretionary Review

The Audit Supervisor should check with the D.C. Auditor to determine if a preliminary review of the draft report is necessary. This is a discretionary review for organization and direction and not an opportunity for Auditor’s edits, which occurs later and may take place for roughly half of audit reports. The Audit Supervisor should send an email to the D.C. Auditor, copying the audit team, providing the D.C. Auditor with the draft report as an attachment, but also providing the project’s name in TeamMate and the report workpaper number.

The Audit Supervisor must address the comments of the D.C. Auditor in the draft report and/or meet with the D.C. Auditor to discuss any issues raised to resolve them.⁷⁴

Possible workpapers
- Draft Report with D.C. Auditor’s comments (either as emails, a pdf of the report with comments and track changes, etc.)
- Draft Report post-D.C. Auditor

6. Complete Independent Reference and Review (IRR)

Prior to submitting a draft report to IRR, the Audit Supervisor must ensure that all workpapers have been reviewed.

The IRR is an independent assessment of whether all facts, opinions, and conclusions contained in the audit report have been adequately supported by sufficient and appropriate evidence.⁷⁵ The IRR is a component of the quality control system that is designed to provide audit management with an assurance that the facts, opinions, and conclusions contained in the audit report are adequately supported by audit documentation.

Audit reports must undergo an IRR prior to the issuance of the draft report. An additional IRR must be conducted on the final report if: 1) the final report has undergone substantive changes, 2) the draft report underwent substantive changes after the referencing and IRR of the draft report, or 3) on rare occasions, the draft report has not been subjected to an IRR. Waivers to the IRR policy must be requested in writing by the Audit Supervisor and maintained with the audit documentation. If a waiver is granted for the draft report, the Audit Supervisor must ensure that an IRR is completed before the final report is released.

After the Audit Supervisor has ensured that the draft is ready for IRR, they should inform the Deputy Auditor, who will assign a reviewer who is independent, proficient, and experienced. Specifically, the reviewer must: 1) not be directly involved with the audit work; 2) have thorough knowledge of audit methods and standards; 3) have at least 2-years of audit experience; 4) have completed ODCA training on conducting IRRs; and 5) have conducted at least one practice IRR.

The AIC should give the reviewer access to the project in TeamMate and send the reviewer an IRR sheet that includes the name of the project, the Audit Supervisor, and the Auditor-in-Charge. The email also should contain the name of the project in TeamMate, the number of the draft report for IRR in TeamMate, and any other necessary project/team information. The Auditor Supervisor should be copied on this email.

⁷⁴ GAGAS 8.87, 8.88 and 8.135(c)
⁷⁵ GAGAS 8.132, 8.133, 9.17(a) and 9.18.
The Reviewer should make completing the IRR the priority, putting other projects on hold if possible and after consulting with their supervisor. The reviewer’s first step is to conduct a Pre-IRR Evaluation to make sure:

- Cross-referencing is complete: Are there paragraphs or complete sections without references? Are there lots of placeholders?
- Source documentation was reviewed by a supervisor: Check TeamMate to see if the workpapers have been signed off on.
- Facts contained in the report are easily identified in the cross-referenced audit documentation. Open a few links and make sure it takes you to bookmarked locations with highlighted information.

When necessary, return the report to the Audit Supervisor for completion of the required elements.

It is recommended that the reviewer first read the report for flow, content, and to get a sense of the subject matter, report organization, etc. Then, the reviewer should do a second read for sourcing. The first read is to determine whether:

- The report is logically presented.
- The report and workpapers account for all of the announced audit objectives.
- Audit report findings contain all necessary elements (elements generally include condition, criteria, cause, and effect), and whether conclusions and recommendations are logical, practical, and address the root cause.

If any of these items falls short, capture them on the IRR sheet. Also, specific comments can be inserted in a copy of the document that the reviewer exports from TeamMate or can be handwritten and provided to the audit team.

In the second read through, the reviewer should assess whether there is a GAGAS statement for GAGAS audits or Policies and Procedures statement for non-GAGAS audits.

For GAGAS audits, determine whether:

- The Objectives, Scope, and Methodology section includes a description of the scope of the work performed on internal control.
- Facts, figures, references, and audit conclusions in the audit report are adequately supported by the referenced audit documentation and that referenced audit documentation is sufficient and of an appropriate evidentiary type (physical, documentary, or testimonial). For example, evidence gathered based on an interview (testimonial) may not be sufficient or the appropriate type of evidence to support a conclusion that a program is ineffective. In this case, observations and documented testing of program attributes might be more appropriate. The audit report should clearly indicate testimonial evidence and whether it was corroborated or verified during the audit.
- Summary audit documentation is cross-referenced to the original audit documentation.

Other tips and things to watch out for:

- Check for rounding and whether the audit team approximated numbers (i.e. used “approximately”).
- Does the information within the document match what is reported in the WP conclusion?
- Check proper names (agencies, organizations, publications, or documents) against an independent source such as an agency website. (i.e. report refers to the Department on Behavioral Health, but the agency’s website shows that the agency’s name is the Department of Behavioral Health).
Again, note any deficiencies on the IRR sheet and use page numbers and/or quotes to identify specifically which part of the report it is.

Optional: An IRR does not include editorial comments, substituting word choices (unless inaccurate in report), or correcting style, punctuation, etc. Reviewers may provide the audit team with optional comments on word choices, etc., that are editorial in nature, on a separate document rather than the IRR sheet. Accepting them is at the discretion of the audit team.

Examples of optional comments may include:

- Subject/verb agreement.
- Typos and missing/duplicate words.
- Punctuation—periods, semicolons, brackets, quotes.
- Abbreviations and acronyms.
- Are figure numbers in sequential order?
- Is spacing consistent throughout?
- Are footnotes in correct order?
- Do appendices references in the body match the order at back of report?
- Paragraph and bulleted list indentations are consistent.
- Dollar figure decimal points and use of percentages are consistent.
- Font size.

When the reviewer has completed the initial review, they should send the IRR sheet (with all fields for name and date completed) to the Audit Supervisor and AIC, as well as optional comments on the report.

It is the responsibility of the Audit Supervisor to ensure that all identified IRR comments are resolved to the satisfaction of the reviewer. If additional source material is provided in response to the reviewer's comments, the Auditor-in-Charge must ensure that appropriate cross-references are added to the draft or final report. The reviewer shall recheck as necessary to ensure that the Auditor-in-Charge took satisfactory action to resolve the IRR deficiency. The audit team can meet with the reviewer to discuss the comments in more detail in an effort to resolve them. If there are issues that cannot be resolved, they can be noted on the IRR sheet.

Disagreements will be raised to the Audit Supervisor, then to the Deputy Auditor, and ultimately to the D.C. Auditor for final resolution. These decisions should be reflected on the IRR sheet. The Reviewer sends the Audit Supervisor the completed IRR sheet that shows that all issues have been resolved and the dates of resolution. The AIC uploads the document in TeamMate and signs off on it. The Audit Supervisor signs off on the IRR Sheet so that the completed IRR Sheet is maintained with the audit documentation in TeamMate.

**Required workpapers**
- Draft Report submitted for IRR
- IRR Sheet
- Draft Report post-IRR
7. Submit Draft Report to the General Counsel for Legal Review

The General Counsel must review the draft report. After revisions resulting from the IRR, a draft of the report should be saved as “Draft Report for Legal Review.” This draft should include the links/cross-referenced material. The AIC should send an email to the General Counsel, copying the audit team, with the project’s name in TeamMate and the workpaper number as well as the draft report attached to the email.

The Audit team must address the comments of the General Counsel in the draft report and/or meet with the General Counsel to discuss any issues raised to resolve them. All edits and comments made by the General Counsel must be addressed. If the audit team disagrees with an edit or comment, the team should discuss with the General Counsel why they disagree and come to an agreement on how to move forward with the report. The Audit Supervisor must ensure that the General Counsel has completed the Legal Review and any legal issues have been resolved. The AIC then must sign-off on the Legal Review in TeamMate if the General Counsel has not done so.

**Required workpapers**
- Draft report with General Counsel comments (either as emails, a pdf of the report with comments and track changes, etc.)
- Draft report post-General Counsel

8. Submit Draft Report to D.C. Auditor for Review

The D.C. Auditor must review the draft report before it is sent to the agency for review. After revisions resulting from the General Counsel, a draft of the report should be saved “Draft Report for D.C. Auditor Review.” This draft should NOT include the links/cross-referenced material. The Audit Supervisor should send an email to the D.C. Auditor, copying the audit team, with the project’s name in TeamMate and the workpaper number as well as the draft report attached to the email.

The Audit team must address the comments of the D.C. Auditor in the draft report and/or meet with the D.C. Auditor to discuss any issues raised to resolve them. All edits and comments made by the D.C. Auditor must be addressed. If the audit team disagrees with an edit or comment, the team should discuss with the D.C. Auditor why they disagree and come to an agreement on how to move forward with the report. The Audit Supervisor must ensure that the D.C. Auditor has completed the review and any comments/issues have been resolved. The AIC then must sign-off on the D.C. Auditor review workpapers and procedure steps in TeamMate if the D.C. Auditor has not done so.

**Required workpapers**
- Draft report with D.C. Auditor comments (either as emails, a pdf of the report with comments and track changes, etc.)
- Draft report post-D.C. Auditor

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76 GAGAS 8.166, 8.124 and 9.35
77 GAGAS 8.87, 8.88, 8.135(c) and 9.06.
9. Submit Draft Report and Draft Report Checklist to the Communications Director for Review and Preparation to be Sent to Auditee

The Communications Director must review the draft report, format the report, and add the cover letter to the report. The audit team must review the changes made by the Communications Director prior to issuance to the audited entity. The Draft Report Checklist provides all the necessary information the Communications Director needs to issue the draft report. The Audit Supervisor must send the Communications Director the draft report, the completed Draft Report Checklist, and any attachments.78

A copy of the Communication Director’s comments must be retained in TeamMate (either as emails, a pdf of the report with comments and track changes, etc.).

- **Required workpapers**
  - Draft Report with Communications Director comments
  - Checklist of Items to Send with Draft Report to the ODCA Director of Communications

- **Possible workpapers**
  - Any attachments that are not word documents which can be included in draft report (e.g. Excel and pdfs).

10. Issue Draft Report for Agency Comment

The draft report must be issued to the audited entity for comment.79 The Communications Director distributes the draft report via email. In addition, the Communications Director should copy the Audit Supervisor and the AIC and copy (or blind copy, if appropriate) all the audit team members. A cover letter is sent along with the draft to the audited entity that includes when comments are due (generally two weeks), who to contact to schedule an exit conference and by when an entrance conference must be held.

- **Required workpaper**
  - Draft report that was issued to the audited entity (if issued to more than one agency, a copy of the draft report that was issued to each agency/audited entity)

11. Conduct Exit Conference (if requested)

If requested by agency management, the audit team and the D.C. Auditor and/or the Deputy Auditor must meet with agency management to discuss their comments on the draft.80 As communicated in the letter accompanying the draft report, the agency may request an exit conference to be held no later than **one week prior to the deadline for comments.** In addition, 24 hours prior to the exit conference, the agency must provide ODCA with a detailed agenda. ODCA hosts exit conferences.

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78 GAGAS 9.17 and 9.50
79 GAGAS 9.50 and 9.54
80 GAGAS 9.18
To prepare for the Exit Conference, the audit team should:

- Prior to scheduling the meeting, ensure that the D.C. Auditor or Deputy Auditor, all audit team members, and agency contacts can attend.
- Send an invite via Outlook to agency attendees, the Deputy Auditor, and D.C. Auditor (even if not attending).
- Discuss agenda provided by the agency with the audit team and share with the D.C. Auditor and/or Deputy Auditor.
- Assign notetaking to audit team members.
- Bring Exit Conference Sign-In Sheet.
- Prepare copies of the Exit Conference Agenda based on the number of attendees (unless agency states they will).

Possible workpapers
- Exit Conference Presentation/Agenda (prepared by audited entity)
- Exit Conference Meeting Notes
- Exit Conference Sign-in Sheet

12. AIC Prepares ODCA’s Response to Agency Comments, and Any Resulting Edits to the Report

Once the agency comments have been received, the audit team should determine if the report needs to be revised to reflect any necessary changes. Care must be taken to identify how any revisions are reflected throughout the report. For example, if recommendation language is changed, it also may need to be changed in the Summary of Report Recommendations and the Executive Summary. The Conclusion also may need to be updated to address any comments raised by the agency. These changes, along with any corrections (e.g. typographical error corrections) should be listed and numbered in one document or email. Each change should clearly identify the portion of the report to which it refers, which may require including a quote from the current version. The change to be made should be stated very specifically, perhaps by including the entire re-written portion.

The AIC must also complete a separate workpaper with two separate sections “Agency Comments” and “ODCA Response to Agency Comments”, examples of which are pasted below.

Agency Comments

On March 18, 2019, we sent a draft copy of this report to the Office of the Chief Financial Officer (OCFO) and the Office of the City Administrator (OCA) for review and written comment. The OCFO responded with comments on April 15, 2019, and OCA responded with comments on April 17, 2019. Agency comments are included here in their entirety, followed by ODCA’s response.

81 GAGAS 9.51-9.53
ODCA Response to Agency Comments

We appreciate the responses to the draft report provided by the Office of the City Administrator (OCA) and the Office of the Chief Financial Officer (OCFO) including the comment by City Administrator Rashad Young that, “we share many of the sentiments in the report about ensuring funds are transparent, do not collect more revenues than are needed, and do not create more funds than are necessary for operations.”

The OCFO takes exception with our Recommendation 3 concerning the actions by the OCFO to create Special Funds without statutory authorization. The OCFO notes that Funds have been created in the financial system “to track revenues and expenditures” and argues that the Council gave “implicit authorization” to create Funds while conceding that “the Code did not establish a Fund to hold these revenues or track their spending.” We stand by our recommendation that the OCFO seek explicit statutory authority for the creation of SPRFs consistent with the Code.

The OCFO also notes that some of the Funds created administratively were repealed in the FY2012 Budget Support Act of 2011 and we added a reference to this to our discussion on OCFO-created Funds on page 11. We also note that despite the repeal of some of the OCFO-created Funds in 2011 legislation, activity continued in some of the Funds during the scope of this audit which was FY2013 through FY2017.

Both the OCA and OCFO commented on Recommendation 4 and we have amended this recommendation consistent with a point made by the OCFO that the determination on whether to repeal an SPRF is a decision best left to the District’s elected officials. We retain the more significant part of the recommendation, however, which asks the OCFO to add information on the percent of spending per revenue received and previous sweep amounts when issuing its reports on SPRFs so that elected officials have this additional information on which to base decisions on retaining Special Funds.

We appreciate the OCFO’s concurrence with Recommendations 6 and 9.

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**Required workpaper**

- Agency Comments and ODCA Response to Agency Comments

**Possible workpaper**

- List of Revisions to the Draft Report
13. Supervisor Review of Agency Comments and ODCA Response to Agency Comments, and Any Resulting Edits to the Report
The Supervisor must review the Agency Comments and ODCA Response to Agency Comments workpaper, as well as any proposed revisions. The AIC must incorporate these edits in a draft to be sent to the Deputy Auditor.

- **Required workpaper**
  - Agency Comments and ODCA Response to Agency Comments with Supervisor comments

- **Possible workpapers**
  - List of Revisions to the Draft Report with Supervisor comments

The Deputy Auditor must review the Agency Comments and ODCA Response to Agency Comments workpaper, as well as any proposed revisions. The AIC must incorporate these edits in a draft to be sent to the D.C. Auditor.

- **Required workpaper**
  - Agency Comments and ODCA Response to Agency Comments with Deputy Auditor comments

- **Possible workpapers**
  - List of Revisions to the Draft Report with Deputy Auditor comments

15. D.C. Auditor Review of Agency Comments and ODCA Response to Agency Comments, and Any Resulting Edits to the Report
The D.C. Auditor must review the Agency Comments and ODCA Response to Agency Comments workpaper, as well as any proposed revisions. The AIC must incorporate these edits in a draft to be sent to the Director of Communications (or to the reviewer if significant edits were made).

- **Required workpaper**
  - Agency Comments and ODCA Response to Agency Comments with D.C. Auditor comments

- **Possible workpapers**
  - List of Revisions to the Draft Report with D.C. Auditor comments

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82 GAGAS 8.87, 8.88, 8.135(c), and 9.51-9.53
83 GAGAS 8.87, 8.88, 8.135(c), and 9.51-9.53
84 GAGAS 8.87, 8.88, 8.135(c), and 9.51-9.53
16. If Significant Edits Were Made to the Draft Report, Conduct a Second IRR and Legal Review of the Edits

If there are significant changes to the report since it was first IRRed, the Revisions to the Draft Report workpaper incorporating the D.C. Auditor’s edits must be submitted for a second IRR and Legal Review. This decision of additional review should be made by the Audit Supervisor in consultation with the D.C. Auditor and Deputy Auditor. The Audit Supervisor must address the comments of the IRR and General Counsel in the final report.

Possible workpapers
- Second IRR Sheet
- Revisions to the Draft Report workpaper with IRR comments addressed
- Revisions to the Draft Report workpaper with General Counsel comments addressed

17. Submit Agency Comments and ODCA Response to Agency Comments, and Any Resulting Edits to the Report to the Communications Director for Finalizing and Release

The Audit Supervisor will submit to the Communications Director the Agency Comments and ODCA Response to Agency Comments, and the List of Revisions to the Draft Report (if applicable). The Communications Director must incorporate these sections, as well as any proposed revisions to the report.

Required workpapers
- Agency Comments and ODCA Response to Agency Comments

Possible workpapers
- List of Revisions to the Draft Report

18. Communications Director Provides the D.C. Auditor, Deputy Auditor, and all Audit Team Members with the Final Report

The Communications Director will provide the D.C. Auditor, Deputy Auditor, and all audit team members with a copy of the Final Report for final review prior to issuance.

Required workpaper
- Final Report provided by the Communications Director prior to release

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85 GAGAS 8.132-8.133, 9.17(a) and 9.18.
86 GAGAS 9.06, 9.07, 9.10 and 9.52
87 GAGAS 8.132, 8.133, 9.10 and 9.18
19. Audit Supervisor Ensures that the D.C. Auditor, Deputy Auditor, and Audit Team Signs-Off on the Final Report

Each audit team member must read the final report to ensure that it accurately represents the work that they performed and conclusions that they drew during the audit. Generally, this process should not include an editorial review. All audit team members must approve the final report prior to release and should confirm this in an email to the Communications Director (and cc the audit team). The Audit Supervisor must ensure that each audit team member conducts this step.  

**Required workpaper**
- Email correspondence

20. Issue the Final Report

The AIC should provide the names and email addresses to the Communications Director of the engaged entity staff to whom the report should be directed. The final report must be issued to the audited entities, Councilmembers, members of Congress, executive branch officials, and any other recipients as the D.C. Auditor may require. The Communications Director distributes the report via email. The Communications Director also may forward the report to the Receptionist, who is responsible for binding and packaging the report for hand delivery and/or mail distribution, if necessary.

When the report is released, the Communications Director will email the AIC, Audit Supervisor, Team Members and Deputy Auditor the final version of the report, so that the audit team can put it into TeamMate.

**Required workpapers**
- Final Report sent to each agency with accompanying cover letter

21. Match TeamMate Recommendations to Final Report

In the recommendation tracking portion of TeamMate, the audit team must populate every recommendation with the exact language of the recommendation in the final audit report. Similarly, the other four elements of a finding should be populated with the exact language from the final report. Note that the purpose of findings and recommendations in this portion of TeamMate is recommendation implementation tracking, and hyperlinks to evidence are not needed.

An example of the exact language from a final report in the appropriate finding element within the recommendation implementation tracking module in TeamMate is below.

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88 GAGAS 8.87, 8.132-8.133, 9.10 and 9.18
89 GAGAS 9.06, 9.56 and 9.58
90 GAGAS 3.72 (j)(2) and 9.23
The audit team also is responsible for preparing each recommendation for follow-up. For detailed steps of how to do this in TeamMate, see Appendix F.

22. Conduct Post-Audit Meeting

Within two weeks of the report release, the ODCA management team and the audit team must meet to discuss the audit to identify what they did well and what could be improved. The audit team should meet beforehand to identify lessons learned and best practices and complete the Post-Audit Meeting Agenda. The Post-Audit Meeting is open to all staff.

**Required workpapers**
- Post-Audit Meeting Agenda
- Post-Audit Meeting Notes

23. Complete Project Performance Assessments

The Audit Supervisor must complete a Project Performance Assessment for the Auditor-in-Charge. The Audit Supervisor, with significant input from the Auditor-in-Charge, must complete Project Performance Assessments for every member of the audit team. This form can be found in the Employee Handbook. All Project assessments are to be reviewed by the D.C. Auditor before sharing with auditors. Once approved by the D.C. Auditor, the assessments should be signed and given to the Chief of Staff. The TeamMate procedure step should be prepared by the AIC and marked reviewed by the Audit Supervisor once all assessments have been completed.

**Required documents**
- Signed Project Performance Assessments for every member of the audit team (Do NOT upload assessments to TeamMate!)
E. Housekeeping

1. Close Out Project in TeamMate
The Audit Supervisor must close out the audit in TeamMate within 30 calendar days of the published date of the report or the post-audit meeting. Closeout involves complete supervisory review of all coaching notes, workpapers, and procedures steps. The Audit Supervisor will notify the Deputy Auditor when the audit is ready to be closed in TeamMate. The Deputy Auditor will then close out the project in TeamMate. To close out an audit in TeamMate, project contacts and agencies must be added into TeamMate in preparation for recommendation compliance. (See Appendix G).

2. Terminating an Audit
If an audit is terminated before it is completed and an audit report is not issued, ODCA auditors must document the results of the work to the date of termination and why the audit was terminated in a workpaper. ODCA auditors must meet with the D.C. Auditor to determine whether and how to communicate the reason for terminating the audit to those charged with governance, appropriate officials of the audited entity, the entity contracting for or requesting the audit, and other appropriate officials.93

3. Recommendation Follow-Up
ODCA follows up on its audit recommendations annually for three years after the audit report has been issued or until the recommendation has been fully implemented, whichever comes first. In October of each year, ODCA sends a recommendation follow-up letter to each agency to which it made recommendations in the previous three years requesting information on the implementation of each recommendation that has not been implemented. Agencies are asked to respond, providing supporting documentation or other verification of implementation of each recommendation. ODCA then analyzes the information and documentation provided to determine whether each recommendation has been implemented. ODCA issues a report on recommendation compliance in January of each year.

93 GAGAS 5.35
Appendices
Appendix A

ODCA Internal Quality Control Review Procedures

ODCA has an Internal Quality Control Review process to evaluate adherence to GAGAS as well as ODCA’s policies and procedures. This is separate from the audit process. The purpose of the Internal Quality Control Review is to evaluate whether ODCA quality control policies and procedures were appropriately designed and whether ODCA auditors are complying with them.

ODCA conducts an Internal Quality Control Review for two out of every three fiscal years. The triennial external peer review overrides the Quality Control Review for the last fiscal year in the scope of the peer review.

This can be thought of as an internal audit, with its own audit team. Your audit may or may not be chosen for review. The D.C. Auditor identifies the staff member(s) to perform each Internal Quality Control Review.

Procedure Steps

1. Choose audits for review
   The reviewer conducts the following steps to identify reports to review:

   - Identify the GAGAS and non-GAGAS audit reports that have been published by ODCA since the last Annual Quality Control Review.
   - For the audits identified for review, assign a risk score of 1-5 for each of the following criteria:
     - **Visibility** – a measure of the media attention surrounding either the audit itself or the subject matter of the audit and/or interest in the audit expressed by members of the D.C. Council.
     - **Dollar impact** – a measurement of either a) the estimated cost savings associated with the recommendations made in the audit or b) if the subject of the audit was a grant or contract, the size of the grant/contract. The scale is as follows: $0 – 0, $1-50,000 – 1, $50,001-100,000 – 2, $100,001-500,000 – 3, $500,001-1 million – 4, over $1 million – 5.
     - **Complexity of the audit** – a measurement of the effort needed to gain a complete understanding of the issues/programs that were the focus of the audit. Judgment is made after reviewing the project in TeamMate, interviewing audit team members, and/or personal knowledge.
     - **Problems identified during the audit** – a measurement of issues such as scope limitations, reluctance to cooperate on the part of the auditee, etc.
     - **New subject area for the office** – a measurement of the office’s overall familiarity with the subject, objectives, methodology, and/or scope of the audit.
   - Choose three audits with the highest total risk scores. If no GAGAS audits are among the top three, then the third audit should be the GAGAS audit with the highest risk score.
2. Conduct the Quality Control Review
The reviewer examines the TeamMate file for the audit and interviews audit team members as necessary to
determine compliance with relevant auditing standards and ODCA’s Policies and Procedures. To guide this review,
the reviewer should obtain from the ALGA website the most up-to-date ALGA Peer Review Guide entitled, “Form
H: Review of Audit Organization’s Quality Control System.” The reviewer notes any areas of deficiency. This process
should be repeated for all audits selected for review.

3. Report the findings of the Quality Control Review
At the end of the review, the reviewer prepares a report summarizing findings and includes recommendations for
action to correct any shortcomings. The reviewer provides a draft report to the Deputy Auditor for review. After
incorporating any necessary edits, the reviewer provides this report to the D.C. Auditor by June 15 of each year
(except the years of peer reviews). The D.C. Auditor works with the Deputy Auditor, and Audit Supervisors to inform
ODCA staff members of quality control findings and steps that will be taken to address quality control deficiencies.
Appendix B

Noncompliance with GAGAS Workpaper

Noncompliance with GAGAS
ODCA auditors should rarely, if ever, depart from the United States Government Accountability Office’s (GAO) generally accepted government auditing standards (GAGAS) in a GAGAS audit. [GAGAS 2.21] states that the auditor’s determination of noncompliance with applicable requirements is a matter of professional judgment, which is affected by the significance of the requirement(s) not followed in relation to the audit’s objectives. Any determination, departure or deviation from GAGAS standards should be made by the Audit Team, with the approval of the D.C. Auditor or Deputy Auditor, and not by an individual Audit Team Member.

If a determination has been made that there will be a departure from GAGAS requirements in a GAGAS audit, the Auditor-in-Charge (AIC) is responsible for documenting the nature and justification of each instance of noncompliance with a GAGAS standard on this Noncompliance with GAGAS workpaper.94

To make the departure determination, the audit team must assess the significance of the noncompliance to the engagement objectives,95 determine which Modified GAGAS Compliance Statement to use,96 and disclose in the report the applicable requirements not followed, the reason for not following the requirements, and how not following the requirements affected or could have affected the engagement and the assurance provided.97

Modified GAGAS Compliance Statements should state either:

1. The auditors conducted the engagement in accordance with GAGAS, except for specific applicable requirements that were not followed, or

2. Because of the significance of the departure(s) from the requirements, the auditors were unable to and did not conduct the engagement in accordance with GAGAS.98

<table>
<thead>
<tr>
<th>Team Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title of Audit</td>
</tr>
<tr>
<td>GAGAS Standard</td>
</tr>
</tbody>
</table>

94 [GAGAS 2.19(2)] When auditors do not comply with applicable requirement(s), they should...(2) document the assessment, along with their reasons for not following the requirement(s).

95 [GAGAS 2.19(1)]

96 [GAGAS 2.19(3)]

97 [GAGAS 2.18]

98 [GAGAS 2.17(b)]
| Date of approval of GAGAS noncompliance by the D.C. Auditor or Deputy Auditor  
( Approval must be documented in a separate Workpaper) |
<table>
<thead>
<tr>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Justification for not following the requirement(s)</td>
</tr>
</tbody>
</table>
| Impact on audit objectives  
(To be completed during Planning/Survey phase) |
| Impact on conclusions  
(To be completed during Fieldwork phase) |
| Which GAGAS Compliance Statement will be used in the audit report? | 99 |

99 [GAGAS 9.05] When auditors do not comply with all applicable GAGAS requirements, they should include a modified GAGAS compliance statement in the audit report. For performance audits, auditors should use a statement that includes either (1) the language in paragraph 9.03, modified to indicate the requirements that were not followed, or (2) language indicating that the auditors did not follow GAGAS.
Appendix C

ODCA Information Request Procedure

During audits, especially during the Survey and Fieldwork Phases, ODCA auditors frequently request information from District government agencies or other stakeholders. ODCA auditors should use the following procedures as a guideline when requesting information.

Procedure Steps

1. The audit team should describe information request procedures to all auditees during the entrance conference.
2. Whenever possible, the audit team should obtain information independently and/or go on-site to gather information directly from the auditee, rather than issue requests and wait for the auditee to send it. In the event of conflicting laws, such as when privacy issues are relevant, the audit team should be proactive in offering solutions, including offering to encrypt files. If a non-disclosure agreement is requested, the AIC and Audit Supervisor should discuss the request with the D.C. Auditor, Deputy Auditor, and General Counsel to determine if it is, in fact, necessary and, if so, what it should include.
3. When feasible, the same ODCA staff member should request all information for a project. Requests should either be directed to or include the appointed Point of Contact at each relevant agency.
4. The audit team should send as few information requests as possible, bundling requests as appropriate.
5. The audit team should present all information requests to the agency in a spreadsheet that details the information requested, the date requested, the due date, the date received, and all relevant notes about the request. Either the Auditor-in-Charge or Audit Supervisor maintains this spreadsheet throughout the project.
6. The audit team should give agencies an initial deadline of 5 business days for each information request. This deadline can be extended or decreased if warranted.
7. If the auditee does not provide the information requested within 10 business days, the Audit Supervisor or the D.C. Auditor should re-submit the request with a deadline of 5 additional business days, copy the agency director, and notify the agency that ODCA will follow up with the Mayor’s Office if not received by the deadline.
8. If the agency does not provide the information within 20 total business days (without receiving an extension upon good cause shown), the Audit Supervisor or the D.C. Auditor should notify the Mayor’s Office of the noncompliant agency and copy the agency director.
9. If an agency is uncooperative, the Audit Supervisor should work with the Communications Director to include any information requests that are overdue by more than 30 business days in ODCA’s semi-annual report to the D.C. Council. Also, the Audit Supervisor should begin discussing the need for a subpoena with the D.C. Auditor. If necessary, the D.C. Auditor may decide that issuing a Subpoena Duces Tecum pursuant to ODCA’s subpoena authority is appropriate in certain situations, such as when a District government agency refuses to provide requested records.
10. If information requests are exceptionally large or unusual, or if the agency presents a legitimate reason for not being able to meet the deadline, the Audit Supervisor should discuss the request as soon as possible with the D.C. Auditor and Deputy Auditor or at an ODCA management meeting to discuss granting an extension or other next steps.
Appendix D

How to Complete the Summary of Report Recommendations

The Summary of Report Recommendations covers whether ODCA recommendations involve a cost to implement and whether each recommendation, once implemented, could result in revenue or savings to the agency and describes District or agency goals addressed by the recommendations. This summary is compiled in the chart below.

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Is There a cost to the Agency/Entity to Implement?</th>
<th>Potential to Generate Revenue or Savings for the District?</th>
<th>Specific Agency/Entity or District-Wide Goal Advanced by Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. DCRA should end the granting of Special Exemptions.</td>
<td>No</td>
<td>Yes</td>
<td>DCRA FY 2017 Performance Plan Strategic Objective: “Provide effective enforcement of vacant and blighted surveying, and the notice of violation and fining process, to allow for additional options for affordable housing.”</td>
</tr>
</tbody>
</table>

Determining a Cost to Implement

Every agency has different resources, so determining whether a recommendation has a cost to implement will depend on our knowledge of agency operations gained during the audit process. The following examples, however, represent common recommendations that an agency often can do without additional staff or cost, if these types of duties are already part of the agency’s employees’ day-to-day job responsibilities.

- Comply with existing legal requirements.
- Create/finalize policies and procedures.
- Train staff on policies and procedures.
- Non-major updates to agency/program website or add new documents.
- Regular program monitoring (e.g. reconciliations, site visits).
- Provide reports/information internally to agency or externally to the public/Council/etc. (e.g. producing weekly program performance report for management).
- Request and/or review reports/data/information from another agency (e.g. OTR using DCRA data for reconciliation).
- Implement past audit recommendations (e.g. from internal auditor or past OIG/ODCA audit).

- Provide/receive training from another District agency (e.g. OTR train DCRA) (exception: specialized training that requires outside vendor).
- Execute a written agreement with another District agency (e.g. MOA, MOU).
- Interpret Code/DCMR to inform agency practice.
- Issue/finalize DCMR regulations or rules.
- Conduct an internal written assessment of basic program elements (e.g. DHCD should conduct a written assessment of whether current rate of loan repayments is appropriate, or cost/benefit analysis).
- Fill staff vacancies.

These are common recommendations that generally do have a cost to an agency to implement.

- New and additional staff.
- Implementation of new legal requirements (to be determined by audit team and discussion with auditee).
- Conduct a formal structured risk assessment (depends if in-house or fee-for-service external non-governmental facilitator).
- Specialized training that requires outside vendor.
- Major IT investments/upgrades.
- External assessments/review of more sophisticated policy questions.

**Determining the Potential to Generate Revenue or Savings for the District**

There are many ways a recommendation could impact the District’s revenue and these should be brainstormed by the team. For example, if a recommendation is to increase monitoring of a program that has affiliated monetary penalties, it is reasonable to assume that there will be an increase in monetary penalties. If the recommendation is to revise the D.C. Code in a way that does not impact the program’s fee structure but seeks to provide greater transparency, it is not likely to or directly going to generate additional revenue.

**Identifying District-wide Goals and Priorities**

There are several common places to look for agency/District-wide goals:

- Agency annual Performance Plan and Report.
- Agency strategic plan.
- Mayor’s State of the District Address.
- Agency website (press releases, Director’s statement).
- Authorizing legislation for agency or program.

The audit team should reference these goals and their URLs as footnotes.
Appendix E

Using TeamMate’s Cross-Referencing Mode

You can use TeamMate’s cross-referencing mode that allows audit team members to bookmark workpapers that already have been signed off on by the AIC/Supervisor without changing the sign-off history.

Procedure Steps

First, the AIC/Supervisor must grant this permission to the audit team members, specifically:
- When in the project, select the Planning ribbon, then Team, then highlight particular team member’s name.
- Then click on Edit, and at bottom under permissions, select “Allow Cross-Referencing Mode,” then Save.
- Do that for each team member individually. (p. 44 of the TeamMate user guide)

Second, the audit team member begins bookmarking by getting out of the current mode and into cross-referencing mode. To do that:
- Click on Review Tab.
- Then click on Referencing Mode.
- When get prompt to Close All Schedules, click Yes/OK.
- Referencing Mode will appear in orange. That’s how you know you are in Referencing Mode. To get out of Referencing Mode, you can click on it and the orange highlight will disappear. Then you are in your usual mode.

Third, bookmark in the normal way:
- Open document.
- Select Open for Editing ***Important–do not pick Read Only Here***
- Go to correct page & place in document.
- Click on Bookmark on bar on the right.
- Fill in Label Name.
- Click OK.
- When it says Bookmark Added, click OK.
- Move Bookmark as Needed. Highlight selected text as needed. ***Important–you must move Bookmark and/or highlight text at this point. Once you go onto your other document to paste the Bookmark, you will no longer be able to move the Bookmark and/or Highlight text.***
- Go to Main document and click on To Arc or Bookmark.
- Click on Link to Bookmark.
- Find your Bookmark on the list.
- Select & Insert Bookmark.
- Save Main document.
• To test the Bookmark, close out of linked document. Re-open as Read Only (***this is important). If you re-open the document as **Select Open for Editing**, TeamMate will record this as a change to the document and you will need to do sign-offs again. If you re-open it as **Read Only**, TeamMate will record all of these actions only as “X-Ref” without creating a Red Flag or requiring new sign-offs. Click on the link. At first it will just open the document on the first page, but in a few seconds it will move to the Bookmark location.
Appendix F

Develop Recommendations in TeamMate for Recommendation Compliance

Procedure Steps

1. In the **Issue** window in TeamMate, give each recommendation a descriptive title that will make the recommendation easily identifiable. It is critical to give the recommendation a title that includes the same recommendation number that appears in the final report and the text of the recommendation (abridged if necessary). For example: “#1 DPW should develop and implement standard operating procedures.”

2. Choose the responsible entity for each recommendation. You may only choose one agency—if you have a recommendation that is addressed to more than one entity, you can replicate the recommendation for each relevant agency.) If the appropriate entity does not appear in the drop down, add them in the **Project Profile** (see step 1 on the previous page).

3. On the **Recommendation** tab, make sure that the text of the recommendation matches the final report, word-for-word.

4. On the **Response** tab, note any relevant details that the agency provided in their response to the recommendation, such as information on when they plan to implement it, if they don’t plan to implement it, challenges they expect to face during implementation, etc.

5. On the **Implementation** tab:
   - Choose an implementation date that is 90 days after the publication date of the report. This field is for internal use only and does not need to match the actual expected implementation date that may have been provided by the agency.
   - Make sure that the box is checked for **Track in TeamCentral**.
   - Select **Recommendation Implementation Coordinators** in the dropdown. If they don’t appear in the dropdown, add them in the **Project Profile** (see step 2 on the previous page).

6. On the **Contacts** tab:
   - Click **Get**.
   - Select **Get from Project Contact List** and click **OK**.
   - Click **Search**.
   - Select your agency POC and click . Choose the **Owner** role for your agency POC in the dropdown. If the agency POC doesn’t appear, add them in the **Project Profile** (see step 3 on the previous page).
Appendix G

Adding Project Contacts and Agencies in TeamMate in Preparation for Recommendation Compliance

Procedure Steps, Part 1 -- Input relevant information in the Project Profile

- Select the Planning ribbon, open the Project Profile. This can be done at any time during the project.
- On the General tab:
  - Click on the organizational chart symbol next to Entities.
  - Check the box next to the agency or agencies that you are auditing.
  - Click OK.
- On the Team Click on tab:
  - Click on Security Groups
  - Does Recommendation Implementation Coordinators already appear? If so, click Cancel and you are done. Proceed to step 4.
  - If nothing appears, click on Get.
  - Click Search.
  - Select Recommendation Implementation Coordinators and click OK twice.
- On the Contacts tab:
  - Is the agency POC already listed? If so, you are done.
  - If the agency POC is not listed, click on Get.
  - Select Get From current Centralized Database and click OK.
  - Type the last name of your POC and click Search.
  - If your POC appears, ensure that the information (title, email, etc.) is correct. If so, select their name and click OK.
  - If your POC does not appear OR if their contact information is incorrect, click Add User at the bottom of the window.
    - Click Next.
    - Enter their first name, last name, email, login name (in the form of first initial and last name (e.g. JSmith), and password (use “password”).
    - Click Next.
    - Click Save.
About ODCA

The mission of the Office of the District of Columbia Auditor (ODCA) is to support the Council of the District of Columbia by making sound recommendations that improve the effectiveness, efficiency, and accountability of the District government.

To fulfill our mission, we conduct performance audits, non-audit reviews, and revenue certifications. The residents of the District of Columbia are one of our primary customers and we strive to keep the residents of the District of Columbia informed on how their government is operating and how their tax money is being spent.

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