

MASTER OTA AUDIT PROGRAM

Activity Code 29000	OTA Attestation Examination
B-1 Planning Considerations	Version 1.0, dated July 2020

Type of Service – Attestation Examination Engagement
Audit Specific Independence Determination
<p>Members of the audit team and internal specialists consulting on this audit must complete the Audit Specific Independence Determination (WP 34) prior to starting any work on this assignment.</p> <p><i>(Note: Because staff is sometimes added to on-going audits, supervisors should ensure that all individuals who are directing, performing audit procedures, or reporting on this audit as a member of the audit team who are performing as a consultant have signed this working paper. For example, an FAO may add additional auditors (e.g., technical specialists) to the audit assignment or may need to consult with an internal specialist (e.g., industrial engineers, and operations research specialists) as the audit progresses.)</i></p>
PURPOSE AND SCOPE
<p>This standard audit program was developed for planning and performing audits of a unique subject matter not provided for under other activity codes or standard audit programs. The risk assessment steps below are steps that should be performed during the performance of any audit; however, due to the unique nature of this activity code, the auditor must develop additional steps as needed to effectively assess risk, and determine the scope of the audit.</p> <p>Since standard audit steps cannot be provided related to the audit of a unique subject matter, the auditor must identify the relevant audit criteria, develop specific risk assessment steps and detailed audit steps to meet the unique objective of the audit. The audit program must reflect an understanding between the auditor and supervisor as to the scope required to complete an audit which satisfies the audit objectives and complies with generally accepted government auditing standards.</p>
<p>Prior to commencing the audit, review Agency guidance that may impact the audit and adjust the scope and procedures appropriately.</p>
References
CAM Chapter 2, Auditing Standards
CAM Chapter 3, Audit Planning
CAM Chapter 4, General Audit Requirements
CAM Chapter 10, Preparation and Distribution of Audit Reports
CAM Chapter 14, Other Contract Audit Assignments

MASTER OTA AUDIT PROGRAM

B-1 Preliminary Steps	WP Reference
Version 1.0, dated July 2020	
<i>Auditor will develop additional steps.</i>	
<p>1. Review the permanent file for audit leads or prior audit findings that may affect the subject matter of the audit. Discuss with your supervisor how they will affect your audit and adjust the scope of the audit accordingly.</p>	
<p>2. Review permanent file to determine if previous audits included findings and recommendations that relate to the subject matter. If there were findings material to the subject matter, document this information in the risk assessment and perform the following procedures:</p> <ul style="list-style-type: none"> a. Ask contractor management if corrective actions were taken to address findings and recommendations reported in previous DCAA audits (e.g., questioned costs, business system deficiencies, CAS audits) that are relevant to the subject matter of audit. If yes, have contractor explain corrective actions taken and determine if additional audit procedures should be included in the fieldwork to test the corrective actions. (GAGAS 7.13) b. Document the results of the inquiry and the impact of the corrective actions to the subject matter under audit. 	
<p>3. Review permanent file to determine if the contractor has previously provided other studies or audits (e.g., summary listing of internal audits or external audit reports) that directly relate to the subject matter. If there are no other studies or audits, document that information in the work papers and perform the procedures below.</p> <ul style="list-style-type: none"> a. Ask contractor management if internal audits were performed. If yes, request contractor provide a summary listing of the internal audits that would assist us in understanding and evaluating the efficacy of the internal controls relevant to the subject matter of the audit. 	

MASTER OTA AUDIT PROGRAM

B-1 Preliminary Steps	WP Reference
<p>b. If the review of the perm file or the contractor identifies relevant internal audits:</p> <ul style="list-style-type: none"> • Determine if access to these reports is necessary to complete the evaluation of the relevant internal controls to support the risk assessment or audit procedures related to the subject matter of the audit. There must be a nexus between the internal audit reports and the scope of this specific assignment. • Document the results of the determination in writing. • If assignment is at a major contractor location, coordinate with the CAD or FAO point of contact (POC) for internal audit reports to request the contractor provide access to the reports. • If assignment is at a non-major contractor and the FAO does not have a designated POC, the auditor should request the contractor provide access to the internal audit reports. • The request should include information on how the internal audit report is relevant to the DCAA audit. Place a copy of the request in the assignment administrative work papers. <p>c. If the review of the perm file or the contractor identifies relevant other audits or studies:</p> <ul style="list-style-type: none"> • Obtain publicly available information for the relevant other Government agency audits (e.g., websites for DoD IG or other IGs, service audit agencies, etc.). • Make appropriate adjustments to your risk assessment and planned procedures based on the reported findings. <p>d. Document the results of the inquiries including the response received from contractor's for any request for access to internal audit reports. (If access was not granted this should include the contractor's rationale or justification for not granting access).</p> <p>e. Determine if additional audit procedures are needed to respond to identified risk.</p>	
<p>4. Contact the Agreements Officer (AO) or his/her Authorized Representative (AR) to ascertain any known concerns that impact the audit and adjust the audit scope and procedures accordingly.</p>	

MASTER OTA AUDIT PROGRAM

B-1 Preliminary Steps	WP Reference
<p>5. Send an acknowledgement/notification to the appropriate AO or AR notifying them of the commencement of the risk assessment and that the expected completion date will be provided in the formal acknowledgement/notification once the risk assessment is complete. (CAM 2-305). The acknowledgement/notification process should be performed within the timeframe and in accordance with the procedures in CAM 4-104.</p>	
<p>6. <i>ADD SPECIFIC RISK ASSESSMENT STEPS HERE</i></p>	
<p>7. Conduct an entrance conference.</p>	
<p>8. During the entrance conference, or other appropriate meeting, make specific inquiries of contractor management and other appropriate parties regarding the following:</p> <ul style="list-style-type: none"> a. Their knowledge of any actual, suspected, or alleged fraud or noncompliance with laws and regulations affecting the period of time corresponding to the subject matter under audit. (AT-C 205.32) b. Whether any investigations or legal proceedings, that are significant to the engagement objectives, have been initiated or are in process with respect to the period of time corresponding to the subject matter. (GAGAS 7.14) c. Other audits and studies performed by other than DCAA that relate to the subject matter under audit. If yes, have the contractor explain the audits and studies performed, any related findings or recommendations, and any contractor corrective actions taken. (GAGAS 7.13) <p><i>Note: Specifically document in the working papers; the inquiries and the corresponding responses as well as how the responses affect the performance of the engagement.</i></p>	

MASTER OTA AUDIT PROGRAM

B-1 Preliminary Steps	WP Reference
<p>9. Based on the team's understanding of the criteria, subject matter, and the contractor and its environment, hold a planning meeting with the audit team (at a minimum, Supervisor and Auditor) to discuss and identify potential material noncompliances, whether due to error or fraud, that could affect the subject matter.</p> <p>The discussion should include:</p> <ul style="list-style-type: none"> • relevant prior audit experience (e.g., questioned cost, relevant reported estimating or accounting system deficiencies), • relevant aspects of the contractor and its environment, • risk of material noncompliance due to fraud (e.g., the extent of financial incentives, pressures to meet budget or contractual commitments, and opportunities to commit and conceal fraud). See the DoD IG website Fraud Detection Resources for Auditors for common fraud risk factors. Copy link and paste into web browser, • other factors identified that increase the risk of material noncompliance with laws and regulations, and • the audit team's understanding of relevant key internal controls. <p>Document the factors identified that increase the risk of material noncompliance due to error or fraud that could affect the subject matter, and design audit procedures to respond to the increased risk of material noncompliance.</p> <p>Communication among audit team members should continue as needed throughout the audit regarding the risk of material misstatement and noncompliance, whether due to error or fraud.</p>	
<p>10. Using the framework and guidelines in WP B-2, obtain and document an understanding of the contractor's key internal controls that are relevant to the audit. Auditors should be able to obtain a major portion of this understanding during a walkthrough of the subject matter of the audit.</p>	
<p>11. Identify and document the need for specialist assistance based on the understanding of the bases of estimate. Considering risk and materiality, prepare a detailed request for specialist assistance if required and document on WP B-03. (CAM Appendix C)</p>	
<p>12. The team should discuss the results of the risk assessment and determine the (i) planned audit scope, including the detailed audit steps (-01 WPs) to be performed, (ii) timeframe for completing the audit including the proposed delivery date which will be discussed with the requester and mutually agreed-to, (iii) milestone plan to ensure timely completion of audit, and (iv) zero-based budget.</p>	

MASTER OTA AUDIT PROGRAM

B-1 Preliminary Steps	WP Reference
13. Obtain and document supervisory approval of the risk assessment and the planned scope of audit for the areas documented in WP B and -01 WPs.	
14. Prepare and send a notification letter to the contractor.	

MASTER OTA AUDIT PROGRAM

C-1 Detailed Steps	WP Reference
Version 1.0, dated June 2020	
<i>Auditor will develop steps based on the risk assessment</i>	
1.	
2.	
3.	

A-1 Concluding Steps	WP Reference
Version 1.0, dated July 2020	
1. Determine the status of any requested assist audits and/or requests for specialist assistance. See CAM 10-208.5 for guidance on qualifying the report if the requested assistance has not been received.	
2. Summarize and document the results of audit.	
3. Obtain final supervisory/manager review of the working papers and audit results.	
4. Brief the requestor on the results of audit and invite to the exit conference.	
5. After management approval, conduct and document an exit conference with contractor representative in accordance with procedures specified in CAM 4-304.	
6. Draft audit report in accordance with CAM Chapter 10.	
7. Complete the administrative working papers.	
8. Update permanent file.	
9. Submit the working paper package and draft report to the supervisor/manager for final review and processing.	