Audit Follow-Up Process

References: Refer to Enclosure.

1. PURPOSE. This instruction establishes policy, procedures and responsibilities for managing the follow-up process within DLA for all corrective actions resulting from DLA Office of the Inspector General (OIG) audit and attestation final report recommendations.

2. APPLICABILITY. This instruction applies to DLA Office of the Inspector General (DLA OIG), DLA Headquarters directorates, Primary Level Field Activities (PLFAs), and other subordinate DLA entities (hereinafter, DLA field activities).

3. POLICY.
   a. The follow-up process provides an enterprise-wide management capability to monitor the implementation of corrective actions resulting from findings and recommendations from DLA OIG audits and attestations.

   b. The follow-up process provides DLA Senior Leadership with assurance, through status updates, that agreed-upon corrective actions are being implemented and that identified deficiencies have been corrected. Delays in the implementation of corrective actions increases the agency's risk of mission failure, increased cost, and ineffective controls. OIG auditors will elevate systemic failures to implement agreed-upon corrective actions within the chain of command, as necessary.

   c. Follow-up actions include: (1) conducting a follow-up audit; (2) other follow-up actions; or (3) no action. The extent of audit and attestation follow-up will be determined by the DLA OIG based on the complexity and criticality of the identified deficiencies and the proposed corrective actions. Some factors that will be considered in determining the magnitude of the follow-up effort are:

    (1) Impact on achieving an auditable financial statement;

    (2) Potential monetary benefits;

    (3) Identified high risk areas;

    (4) Impact on internal controls;
(5) Sensitivity of finding;

(6) Command interest; and

(7) DOD IG/GAO interest.

d. DLA OIG auditors will conduct follow-up audits in accordance with audit requirements identified in the companion DLA Instruction, “Internal Audit Processes”, and the Generally Accepted Government Auditing Standards (GAGAS). For attestation engagements, DLA OIG auditors will evaluate whether the audited entity has taken appropriate corrective actions to address findings and recommendations from previous engagements that could have a material effect on the subject matter.

e. DLA OIG auditors will use TeamCentral® to track all findings and recommendations resulting from DLA OIG audit and attestation final reports except classified recommendations.

f. The DLA OIG will review all data in TeamCentral® at least twice annually (March and September) to ensure the data is current, accurate, and complete. In addition, the OIG will issue semi-annual status updates to the process owners (party responsible for the corrective actions) or Enterprise Business Cycle Owners (EBCOs) immediately after the semi-annual reviews. The status updates will identify the following:

(1) Corrective action(s) reported as being implemented during the period;

(2) Corrective action(s) verified by the DLA OIG and closed;

(3) Corrective action(s) still meeting established milestones; and

(4) Corrective action(s) not meeting the established milestones.

g. Resource requirements for follow-up will be included in the overall DLA OIG annual audit plan, as referenced in the companion DLA Instruction, “Internal Audit Process.”

h. The DLA OIG may periodically pull data from TeamCentral® to provide status/updates/metrics to DLA senior leadership, to include briefing the Stewardship Committee on the status of corrective actions.

4. RESPONSIBILITIES.

a. DLA OIG is responsible for:

(1) Ensuring all findings and recommendations resulting from DLA OIG audits or attestations are recorded in TeamCentral® for tracking and reporting;

(2) Tracking, reporting (semi-annually in March and September) and updating the status of all corrective actions related to DLA OIG audits and attestations; and
(3) Ensuring follow-up is completed within a reasonable amount of time after the scheduled corrective action implementation dates to ensure the agreed upon corrective actions were implemented, and the actions corrected the identified deficiencies.

b. DLA management is responsible for:

   (1) Ensuring that auditors receive corrective action updates in a timely manner; and

   (2) Ensuring that auditors receive all requested information and open access to personnel, as well as any other information that management feels is relevant to conduct of follow-up.

5. PROCEDURES.

   a. Process owners or EBCO’s comments, provided in response to a draft audit report, should include corrective action plans, which must include estimated completion dates for correction of identified deficiencies. Prior to the finalization of the report, DLA OIG auditors should work with the auditee to ensure responsiveness.

   b. Once DLA OIG issues a final report, the findings and recommendations (identified as issues within TeamMate® Electronic Working Papers) should be released to TeamCentral® within two weeks, and the corrective actions become subject to follow-up tracking.

   c. Process owners or EBCO’s will provide status updates regarding status, milestones and corrective action information, as needed or as requested by the DLA OIG, for each corrective action. Directors/Commanders may revise milestones, if necessary.

   d. The DLA OIG will update TeamCentral® within five days of receiving an update from the process owner or EBCO. The goal is to maintain current, accurate, and complete data in TeamCentral®.

   e. The DLA OIG will assign a status indicator for each corrective action within five days of receiving an update from the process owner or EBCO. The status indicators are:

      (1) Open.

         (a) The auditee acknowledges that corrective action(s) were not implemented but the auditee still plans to implement the agreed upon changes; or the DLA OIG completed audit follow-up but the actions taken did not correct the deficiency.

         (b) The auditee no longer agrees to implementation. The DLA OIG must determine if it is still a valid requirement. If the corrective action(s) are still required, the issue(s) should be elevated up the chain of command. If the corrective action(s) are no longer necessary, the DLA OIG should close the actions in TeamCentral®.

      (2) Completed. The auditee reports the corrective action(s) were implemented; however, the DLA OIG has not validated the claim.
(3) Closed.

(a) The DLA OIG has validated that the corrective action(s) were implemented and the actions are effective. The audit should be documented in TeamMate®; or

(b) The DLA OIG has determined that corrective action(s) were implemented but based on professional judgment, determined that a follow-up audit is not necessary (see 3.c.).

(c) The corrective action(s) are no longer required. The DLA OIG should document and maintain the justification.

f. Follow-up on audit and attestation recommendations will determine if agreed-upon and implemented corrective actions identified by the DLA OIG eliminated impediments or corrected reported deficiencies. After the auditee reports that a corrective action was completed, the DLA OIG auditors will allow a reasonable amount of time for implementation prior to scheduling a follow-up audits.

g. If the follow-up results show that the previously identified audit deficiencies are not corrected, the action will be changed to open status or new corrective actions must be included in the corrective action plan to address the recommendations. The corrective action in TeamCentral® will be updated and the process will restart with section 5a. If necessary, the DLA OIG will notify the chain of command of uncorrected deficiencies.

h. The DLA OIG will issue semi-annual status updates to each process owner or EBCO in March and September detailing which deficiencies have been corrected and which are still outstanding.

6. EFFECTIVE DATE. This Instruction is effective immediately.

Director, DLA Strategic Plans and Policy
September 6, 2011

Enclosure
References

1. DLA One Book Chapter, Audit Follow-Up Process, dated August 2, 2004, superseded.

2. Comptroller General of the United States, Government Auditing Standards (July 2007 Revision (also referred to as the Yellow Book)).


5. DLA Audit Quality Control and Assurance Procedures (August 12, 2009).

6. DLA Instruction, “Internal Audit Process”.


9. TeamMate® Instructions.