

Auditing

AUDITING IN THE AIR NATIONAL GUARD

This instruction prescribes policy and responsibilities for Federal audits of the Air National Guard (ANG), including notification procedures, report distribution, and reply requirements. It implements AFPD 65-1.

SUMMARY OF CHANGES

Changes National Guard Bureau (NGB) audit focal point to ANGRC/FMP (vice ANGSC/ACX; paragraph 2.1.), adds State Headquarters Audit Focal Point (AFP) the Executive Support Staff Officer (ESSO) (paragraph 2.2. and 2.2.1.), responsibility for notifying ANGRC/FMP of Department of Defense (DoD) and General Accounting Office (GAO) audit activity to NGB-IR (vice SAF/ACR; paragraph 3.1.2.), distribution of audit reports (paragraph 4.2.), and adds potential distribution of Commanders' Audit Program (CAP) reports outside of unit audited (paragraph 11.).

1. Policy. Commanders at all levels will support internal audits as an important part of the managerial control system. All Federal personnel, facilities, reports, records, property, and/or other information (classified or unclassified) deemed necessary by the auditors will be made available for examination, unless access is restricted by AFPD 65-7 or AFI 65-402, (formerly AFR 11-38). Office space and facilities for auditors to use will be provided.

2.. Audit Focal Point:

2.1. The Plans and Programs Division of the Financial Management and Comptroller Directorate, Air National Guard Readiness Center, ANGRC/FMP Andrews AFB MD), is the focal point for all audit activity involving the ANG.

2.2. An audit focal point (AFP) will be established at State headquarters and at the management level of every subordinate ANG organization that reports directly to State headquarters; e.g., wing/group, detachment, geographically separated unit, and training site. Basic responsibilities are as stated in AFPD 65-4 and include monitoring audit report processing and management followup actions.

2.2.1. The ANG Executive Support Staff Officer (ESSO) and United States Property and Fiscal Officer (USPFO) shall be the State HQ AFP.

2.2.2. The Vice Commander shall be the AFP for flying units (wing/group).

2.2.3. For mission support units that report directly to State headquarters, their respective commander shall be the AFP.

3. Audit Notification:

3.1. Notification of Air Force Audit Agency (AFAA), Office of the Inspector General, Department of Defense (OIG, DoD), and General Accounting Office (GAO) audit activity will be accomplished as follows:

3.1.1. The AFAA provides ANGRC/FMP prior notification of pending ANG audit activity, unless it involves a surprise element. Notification normally includes anticipated audit application dates, audit objectives, units to be audited, and the AFAA area audit offices (AAOs) and/or personnel involved. ANGRC/FMP will, in turn, advise the affected State Adjutant General (AG), ESSO, USPFO, and unit Vice-Commander via message and/or telephonically. If an audit requires a surprise element, the auditor will begin the audit, and the AFAA audit office chief will promptly notify ANGRC/FMP via telephone. ANGRC/FMP will, in turn, promptly notify the affected USPFO and ESSO by telephone.

3.1.2. NGB-IR will provide ANGRG/FMP notification of OIG, DoD, and GAO audit activity affecting the ANG. ANGRG/FMP will forward notifications received in the same manner as stated above for AFAA audit activity.

3.2. The National Guard Bureau is the channel of communication between the departments concerned and the several States, territories, Puerto Rico, Guam, and the District of Columbia on all matters pertaining to the National Guard, The Army National Guard of the United States, and the Air National Guard of the United States (10 USC 3015). If instances occur where proper advance notification of an audit effort is not received, and a surprise element is not involved, ANGRG/FMP should be immediately notified via telephone through proper ANG channels. (This policy applies not only to formal audits but also for any activity by GAO, OIG, DoD, and AFAA auditors; e.g., survey work and data gathering.) ANGRG/FMP will contact the auditor's office or NGB-IR to determine the reasons for the lack of prior notification and obtain proper documentation when appropriate. ANGRG/FMP will then advise the affected unit through their AG and ESSO. This procedure is not intended to restrict audit activity, but rather is established to ensure proper communication as required by Federal statute.

4. Reports of Audit. The AFAA is normally the only audit agency that will issue a local report to ANG organizations. When an audit results in issuance of a report, the auditor will provide the official in charge of the audited entity (and all applicable levels of supervision, including the AFP) a draft report and a summary of audit results (SAR) statement. The auditor will normally discuss the findings with all applicable supervisors in the chain of command (including the AFP) before discussing them with the responsible commander. This gives the officials in charge an opportunity to review the findings with subordinates, gain a clear understanding of the conditions found, and initiate corrective action. The auditor will then provide a copy of the draft report to, and discuss the audit results with, the responsible commander or designated representative (the AFP should also attend this meeting). Every effort should be made to resolve disagreements between management and audit personnel. When discussions on the draft **report are** completed, the auditor will inform the unit's AFP that the draft report should now be

processed for management comment (see paragraph 5.).

4.1. Discussions between auditor and management may result in a draft report and/or the SAR statement being changed. If so, the auditor will notify the unit's AFP of the changes and inform them that the changed draft report should now be processed for management comments. The AFP will, in turn, advise the commander and other applicable personnel of the changes and initiate actions required by paragraph 6.

4.2. As a minimum, the following distribution of ANG draft and final reports will be made:

ANG:	ANGRC/FMP	2 copies
State HQ:	AG	1 copy
	ESSO	1 copy
	USPFO	1 copy
Unit:	Commander	1 copy
	AFP	2 copies

5. Reply to Draft Report of Audit:

5.1. Upon receipt of notification from the auditor to begin processing a draft report for management comments, the unit's AFP shall promptly forward a message to ANGRG/FMP, with the ESSO, USPFO, and the auditor as information addressees, informing "Report of Audit # _____, (Report Title), received (date)." The unit's AFP has 7 calendar days from that date to forward replies to all findings and recommendations (including management's comments/concurrence with the attached SAR statement) via message to ANGRG/FMP with the ESSO, USPFO, and the auditor as information addressees.

5.2. The unit's AFP obtains replies from appropriate functional area commanders and ensures responsiveness and completeness prior to preparation of reply message to be transmitted within 7 calendar days.

5.2.1. Replies must be suitable for verbatim inclusion in the final audit report and must cite the specific draft report paragraph where they are intended for insertion.

5.2.2. Replies may address any aspect of the report but must, as a minimum, specifically address each finding, recommendation, and potential monetary benefits claimed.

5.2.2.1. Replies to each recommendation must specifically begin with a statement that management either concurs, concurs with intent, or nonconcur; e.g., "management concurs with recommendation" or "management concurs with finding and concurs with intent of recommendation." NOTE: There should be no instance where management concurs with intent of a finding.

5.2.2.2. Replies to each recommendation must specifically end with either "action completed (date)" or "estimated completion date is (date)." When corrective actions are expected to take an extended period (over 1 year), establish suspense dates for completion of major segments of the planned actions.

5.2.2.3. Replies must include details of actions taken in response to each finding/recommendation. Management may agree with the intent of a recommendation and propose alternate ways to accomplish corrective actions; however, such alternate ways must be discussed with the auditor to determine responsiveness to the identified problem. If management nonconcur with either a finding or recommendation, full justification must be cited.

5.2.2.4. Replies must include management's concurrence/comments concerning potential monetary benefits identified in the draft report. If the draft report does not have a completed SAR statement attached, so state in the reply message.

5.2.2.5. The last paragraph of the reply message must be the following disclaimer: "For AFAA. Above replies are not official until you receive a message stating concurrence from the Air National Guard Readiness Center."

5.2.2.6. Attachment 1 is an example of a properly prepared reply.

5.3. The unit's AFP reply message should not contain surprises for the auditor. It should be a culmination of previous discussions between management and the auditor. If additional or changed information is surfaced before transmission of the reply message, it should be discussed with the auditor.

5.4. On rare occasions, extenuating circumstances may make it impossible for the unit's AFP to be able to meet the 7-calendar day suspense for transmitting the unit's reply message. When this occurs, the AFP

shall promptly transmit a priority message to ANGRC/FMP, with the auditor, USPFO, and ESSO as information addressees, requesting extension of the suspense to (date) and providing full justification for the request. Upon receipt, ANGRC/FMP will contact the ESSO, USPFO, AFP, and auditor via telephone with decision on the request. NOTE: This provision is not to be used as a matter of routine to extend missed suspense dates.

6. ESSO Actions on Replies:

6.1. The ESSO will, upon receipt of unit's message providing report received date, establish a suspense and ensure unit's reply message is transmitted within 7 calendar days.

6.2. Upon receipt of the information copy of the unit's reply message, the ESSO will match it with the audit report and obtain appropriate State headquarters (including AG) coordination. Any resultant comments must be forwarded via priority message to ANGRC/FMP within 7 calendar days (2 weeks from date report was received by the unit). NOTE: Message stating concurrence is NOT required.

6.3. Any open items (actions not completed at time of previous reply) will be suspended to ensure followup reporting in accordance with paragraph 9.

7. ANGRC/FMP Actions on Replies:

7.1. The Air Directorate, NGB, Audit Focal Point (ANGRC/FMP) will, upon receipt of unit's message providing report received date, establish a suspense date and contact the ESSO by telephone if the unit's audit reply message is not received by the 8th day thereafter.

7.2. Upon receipt of the unit's reply message, ANGRC/FMP will match it with the report received from the auditor and obtain appropriate coordination.

7.3. After 7 calendar days (2 weeks from the date report was received by the unit), if no message is received from the ESSO, ANGRC/FMP will telephonically request that State headquarters forward a message. A message will be forwarded to the auditor (with AG, USPFO, ESSO, and unit commander as information addressees) providing ANGRC's comments/coordination on the unit's reply message. Any ANGRC comments changing the

unit's reply message will be telephonically coordinated with the ESSO and USPFO.

7.4. The ESSO and USPFO will be contacted via telephone on any reply deemed unresponsive or inappropriate. Corrected reply will be sought for inclusion in ANGRG/FMP's message to the auditor.

7.5. Any open items will be suspended for the unit's followup reporting in accordance with paragraph 10.

8. AFAA Actions on Replies:

8.1. The AAO personnel will hold the unit's reply message pending receipt of ANGRG/FMP message providing comments/coordination. Upon receipt thereof, the auditor will publish a final report of audit including the unit's replies as modified (if necessary) by the ANGRG. Copies of the final audit report will be distributed to the ANG in accordance with paragraph 4.2.

8.2. The auditor will elevate any disagreements related to findings, recommendations, or potential monetary benefits for resolution.

9. Followup Reporting:

9.1. Followup replies on any open audit item (actions not completed at time of previous reply) are required within each subsequent 30 days until the item is closed. Followup replies will be via letter, indorsed by the ESSO, USPFO, and AG, and forwarded to ANGRG/FMP, with information copy to the responsible AFAA Area Audit Office.

9.2. Followup replies will document actions taken since last reply and state "Actions completed," "Estimated completion date continues to be (date)," or "Revised estimated completion date is (date)." The followup replies, if applicable, must include documentation on actual PMB realized.

9.3. Semiannual follow-up status report (RCS: DD-IG(SA)1574) is required (except for negative reports) as of 31 March and 30 September.

Submission guidance is contained in ANGRG/SCO letter, Listing of Approved Recurring Information Requirements, dated 15 July 1994, (formerly designated as ANGP 4-1.).

10. Commanders Audit Program (CAP). The CAP is an audit service established by the AFAA to provide audits tailored to review specific problems of primary concern to local commanders. ANG commanders are encouraged to use this service. Under CAP, requests are forwarded from ANG commanders to the AAO having responsibility for the organization to be audited. The AAO chief has authority to approve/disapprove requests based on guidelines in AFAA regulations. Approved audits result in reports being sent only to the commander who asked for the audit unless the commander wants other distribution (see 11.1. below). Such reports do not require reply nor are they reported on the semiannual audit follow-up status report (RCS: DD-IG(SA)1574). NOTE: If the audit discloses suspected irregular conduct or apparent violations of public law, auditors are required to process the resultant report as a regular report of audit.

11. Releasing Reports of Audit:

11.1. Except for CAP reports, the disclosure or denial authority for releasing AFAA reports of audit and supporting audit records under the Freedom of Information Act is the Auditor General of the Air Force. AFAA will refer requests for access to or release of CAP reports to the commander who originally requested the audit. The only exception is that AFAA will provide a copy of CAP reports to Congress when requested. Prior to release of CAP reports to Congress, the commander will be given the opportunity to provide comments and/or status on items discussed in the reports released. Prior to releasing any installation level report of audit, the AFAA will notify the commander to whom the report was issued. Likewise, the AFAA will notify the responsible OPR and offices of collateral responsibility before releasing an Air Force report of audit.

DONALD W. SHEPPERD
Major General, USAF
Director, Air National Guard

I Attachment
Draft Msg Report of Audit, 91091XXX,
Management of Due-Outs

OFFICIAL:

DEBORAH GILMORE
Chief
Administrative Services

UNCLASSIFIED

01 02 012115Z MAR 95 PP UUUU ZYUW FMP011430

NO

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113FW ANDREWS AFB MD//CV//

ANGRC ANDREWS AFB MD//FMP//

INFO CG DCNG WASHINGTON DC

HQ DCNG WASHINGTON DC//ESSO//

USPFO DC WASHINGTON DC

AFAA AREA AUDIT OFC ANDREWS AFB MD

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SUED: DRAFT REPORT OF AUDIT 91091XXX, MANAGEMENT OF DUE-OUTS

1. THE FOLLOWING MANAGEMENT COMMENTS ARE FORWARDED FOR VERBATIM INCLUSION IN SUBJECT FINAL REPORT.

A. RE DRAFT REPORT PARA 4C. MANAGEMENT CONCURS WITH THE AUDIT FINDING AND RECOMMENDATION. THE 113FW WILL DEVELOP AN OPERATING INSTRUCTION IDENTIFYING ALL SHOPS USING PRECIOUS METALS AND ITEMS OF CONCERN. ESTIMATED COMPLETION DATE IS 31 MAY 1995.

B. RE DRAFT REPORT PARA 5C. CONCUR WITH THE FINDING.

CONCUR WITH THE INTENT OF RECOMMENDATION 2. UNIT COMMANDERS ARE BEING TASKED TO DESIGNATE SECTION PRECIOUS METAL MONITORS, AND A TRAINING SESSION WILL BE CONDUCTED. ESTIMATED COMPLETION DATE IS 31 MAY 95.

LTC MANAGER, VICE-COMMANDER
113/FW, DSN 555-1212

LTC MANAGER, VICE-COMMANDER
CRC:

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NO

MAY 1995.

2. MANAGEMENT CONCURS WITH THE POTENTIAL MONETARY BENEFIT
STATEMENT ATTACHED TO SUBJECT REPORT.

3. FOR AFAA: ABOVE REPLIES ARE NOT OFFICIAL UNTIL YOU RECEIVE A
MESSAGE STATING CONCURRENCE FROM ANGRG/FMP.

4.113/FW AUDIT FOCAL POINT IS LTC VICE-COMMANDER, DSN 555-1212.

LTC MANAGER, VICE-COMMANDER

113/FW, DSN 555-1212

LTC MANAGER, VICE-COMMANDER

CRC:

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