



*Office of Inspector General*

## **USAID AGENCY CONTRACTED AUDIT (ACA) PROCESS**

**NOTE: The Agency Contracted Audit program (ACA) requires the RIG office to be actively involved in the management of the process.**

The ACA – Audit Process:

1. The responsible USAID organization unit (bureau, mission, or representative office) prepares the Standard Statement of Work (SOW) and submits it to RIG/Pretoria for approval. A copy of the standard SOW for ACA's can be found at <http://oig.usaid.gov/content/regional-inspector-general-pretoria>.
2. RIG/Pretoria reviews, edits, and approves the SOW.
3. The organization unit sends out a Request for Quotation (RFQ) to auditors (including any Supreme Audit Institutions-SAIs) on RIG/Pretoria's lists of audit firms ("Regular" and/or "Conditional").

**Please note:** The organization unit is not limited to using an audit firm in its resident country. It may select an audit firm on RIG/Pretoria's lists of audit firms ("Regular" and/or "Conditional") for another country.

4. The organization unit assembles an evaluation panel to review the quotations and to select an audit firm.

**Please note:** If the proposed firm is on the list of "Conditional" audit firms, the organization unit should request approval from RIG/Pretoria prior to signing the agreement.

5. The organization unit uses the approved SOW as the basis of the audit contract between them and the audit firm and prepares a purchase order or contract for the audit.

**Please note:** The organization unit should include payment terms that allow it to retain a portion of the final payment to the audit firm until the final audit report is reviewed and accepted by RIG/Pretoria.

The purchase order or contract is accepted and signed by the selected auditor.

6. The auditor submits an audit plan or audit program to RIG/Pretoria for approval.
7. The audit plan or audit program is approved by RIG/Pretoria, and auditors schedule an entrance conference.
8. An entrance conference is held. RIG/Pretoria should be notified about the entrance conference and may participate.
9. The auditors begin their audit fieldwork. During fieldwork, matters or issues identified are discussed with management and staff of the recipient.
10. RIG/Pretoria may conduct a review of auditor's working papers during this phase and will provide technical assistance to auditors when requested or as considered necessary.
11. Fieldwork completed.
12. The auditors hold an end-of-fieldwork meeting with the recipient to summarize open findings that may be included in the draft report and give management the opportunity to provide the auditors with any missing documentation or support and/or to clarify any of the issues found during fieldwork.
13. The auditors prepare a draft audit report and submit it to RIG/Pretoria for review.
14. RIG/Pretoria performs a desk review of the draft audit report.
15. RIG/Pretoria gives comments to the auditors to correct or revise the audit report (if necessary) and improve the quality of the auditor's working papers.
16. The auditors submit a revised draft report, satisfactorily correcting all deficiencies previously communicated to the auditors, to RIG/Pretoria for approval.
17. RIG/Pretoria approves the draft audit report.
18. The auditors distribute the approved draft report to the organization unit and recipient and schedule an exit conference.
19. An exit conference is held to discuss the steps remaining in the ACA process from date of exit conference to date of submission of final audit report.

20. The recipient is given reasonable time (determined by the auditors) to provide written comments/responses to each of the findings in the draft report.
21. The auditors evaluate and incorporate the recipient's management comments or responses in the draft audit report.
22. A draft report, incorporating the recipient's management comments, is submitted to RIG/Pretoria for approval.
23. RIG/Pretoria approves the draft report for finalization.
24. The auditors finalize the report (sign and date it) and submit copies to the organization unit's audit management officer.
25. The recipient gives their management representation letter to the auditors.
26. The organization unit submits signed electronic or hard copies of the finalized report to RIG/Pretoria for their review and issuance.
27. RIG/Pretoria reviews and issues the final report.

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