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Headquarters, United States Army
Training and Doctrine Command
Fort Eustis, Virginia 23604-5704

*TRADOC Regulation 36-2

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Audit

Staff Procedures for Audits Conducted by External Agencies

FOR THE COMMANDER:

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History. This is a new U.S. Army Training and Doctrine Command regulation.

Summary. This regulation prescribes administrative policy and staff procedures relating to audit engagements conducted by agencies external to U.S. Army Training and Doctrine Command.

Applicability. This regulation applies to all U.S. Army Training and Doctrine Command organizations and elements.

Proponent and exception authority. The proponent of this regulation is the Director, U.S. Army Training and Doctrine Command Internal Review and Audit Compliance. The proponent has the authority to approve exceptions or waivers to this regulation that are consistent with controlling laws and regulations.

Supplementation. Supplementation of this regulation is prohibited unless specifically approved by Director, U.S. Army Training and Doctrine Command Internal Review and Audit Compliance (ATIR), 705 Washington Boulevard, Fort Eustis, Virginia 23604-5704.

Army internal control process. This regulation contains internal control provisions in accordance with Army Regulation 11-2 and identifies key internal controls that must be evaluated (see appendix B).

This regulation supersedes TRADOC Memorandum 36-2, dated 19 December 2007.

Suggested improvements. Users are invited to send comments and suggested improvements on DA Form 2028 (Recommended Changes to Publications and Blank Forms) directly to Director, U.S. Army Training and Doctrine Command Internal Review and Audit Compliance (ATIR), 705 Washington Boulevard, Fort Eustis, Virginia 23604-5704 or usarmy.jble.tradoc.list.hq-tradoc-irac-@mail.mil.

Distribution. This regulation is available on the [TRADOC Administrative Publications website](#).

Summary of Change

TRADOC Regulation 36-2
Staff Procedures for Audits Conducted by External Agencies

This is a new regulation, dated 25 February 2020.

- o Incorporates U.S. Army Training and Doctrine Command Memorandum 36-2 into U.S. Army Training and Doctrine Command Regulation 36-2, and expands the applicability to all U.S. Army Training and Doctrine Command organizations and elements.

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Chapter 1 Introduction

1-1. Purpose

This regulation prescribes policy and staff procedures for audits and reviews (hereafter referred to as audits or audit engagements) performed by external audit agencies, including but not limited to, the U.S. Army Audit Agency (USAAA), the Government Accountability Office (GAO), the Department of Defense Inspector General (DODIG), and special inspectors general.

1-2. References

See [appendix A](#).

1-3. Explanation of abbreviations and terms

See the [glossary](#).

1-4. Responsibilities

a. The Commanding General (CG), U.S. Army Training and Doctrine (TRADOC) is the senior command official for all external audits affecting TRADOC, consistent with Army Regulation (AR) 36-2. The CG, TRADOC has delegated authority to the TRADOC Internal Review and Audit Compliance (IRAC) Director to ensure command responses to external audit reports are prepared and approved in accordance with policies and procedures in AR 36-2.

b. The TRADOC IRAC Director will-

(1) Serve as the CG, TRADOC's principal officer and primary action office for liaison with external audit organizations, including the USAAA, GAO, DODIG, and special inspectors general.

(2) Serve as the TRADOC audit focal point for all external audit engagements, consistent with AR 36-2. IRAC provides contact information; receives and distributes announcements and reports; monitors and tracks audit activities; facilitates auditor visits, data collection, and the command reply process; and reports the implementation status of recommendations.

(3) Provide TRADOC senior leaders with updates on the status of all external audit engagements involving TRADOC and facilitates their engagement throughout the audit process.

(4) Provide external audit activity reports to collateral action offices (CAO) and TRADOC leaders and personnel that include new engagement announcements; entrance conference, site visit, in-process review (IPR), and exit conference information; and statements of facts, draft reports, and final reports.

c. TRADOC senior commanders, school and center commandants/commanders, subordinate commanders, and TRADOC organization, activity, unit, and Headquarters (HQ), TRADOC element personnel will-

(1) Assign an audit focal point for IRAC to contact to identify equities and appropriate participants in audit engagements and share external audit activity reports and other updates. This individual is responsible for being familiar with the audit process and ensuring senior leaders in their organization have situational awareness on relevant audits. Leadership will exercise care in assigning audit focal points and may want to designate their executive officer or another individual very familiar with their organizational structure and missions.

(2) Assign a CAO to be the command functional lead office for each audit engagement that involves or may involve their missions, resources, or interests. TRADOC may have multiple CAOs assigned to a particular audit engagement dependent on the subject matter.

d. TRADOC organizations and activities must ensure that all audit engagements conducted within TRADOC by an external audit agency are coordinated through IRAC. If any TRADOC organization is contacted by an external audit agency without prior notification from IRAC, the organization's director or audit focal point must notify [IRAC](#) immediately via e-mail.

e. TRADOC organizations may receive support from a local internal review office belonging to a command other than TRADOC in accordance with AR 36-2. These internal review offices may assist and advise the TRADOC organization's audit focal point and CAO. However, TRADOC organizations retain primary responsibility for providing an audit focal point, assigning CAOs based on the audit engagement subject, and responding to external auditor requests and reports on behalf of the CG TRADOC.

1-5. Records management requirements

As decreed by AR 25-400-2, the records management (recordkeeping) requirements for all record numbers, associated forms, and reports are included in the Army's Records Retention Schedule-Army (RRS-A). Detailed information for all related record numbers, forms, and reports associated with AR 25-30 are located in RRS-A at <https://www.arims.army.mil>.

Chapter 2 Audit Process

2-1. Audit process functions

IRAC, as the primary action office, engages and coordinates with CAOs throughout the audit process to schedule meetings, arrange site visits, and keep leaders informed on the status of audit engagements.

a. IRAC:

(1) Maintains an electronic file including all documentation for each audit engagement and provides regular, informative updates to TRADOC senior leaders and audit focal points.

(2) Provides support in evaluating the validity of tentative findings and recommendations presented by the external audit agencies and facilitates negotiations with external audit agency officials to attempt to resolve disagreements on findings and recommendations.

(3) Coordinates and assists in the preparation of TRADOC's official command replies to audit engagement findings, security reviews, conclusions, recommendations, or monetary benefits and monitors the preparation of command replies to ensure they are responsive and timely.

(4) Maintains a follow-up program to track audit recommendations and target dates, document corrective actions taken, and close out recommendations.

b. CAO:

(1) Communicates with IRAC throughout the entire audit process and assists with coordination, including but not limited to: dissemination of information, answering requests for information, scheduling meetings, arranging site visits, preparing command replies, and following up on recommendations.

(2) Identifies a colonel (O-6) or general schedule-15 (GS-15) official to serve as lead subject matter expert (SME) for individual audit engagements. Based on the size and mission of an organization, it may be sufficient to identify one lead SME for all external audits. The identified official will provide assistance and oversight necessary for the auditors to complete their engagement, approve the release of requested documents and information, assist with security reviews if required, approve technical comments and planned responses to recommendations, and obtain the approval and signature of the CAO's CG/commandant on command replies if requested by IRAC.

2-2. Announcement letter and tasking

a. TRADOC G-33, Current Operations, receives a tasker through official tasking channels/system containing an announcement letter for a new audit and requesting a TRADOC POC. IRAC coordinates with TRADOC G-33, Current Operations, to provide a TRADOC point of contact to close out the external tasker.

b. IRAC forwards the external audit announcement to the appropriate CAOs and requests feedback on the activity's equity in the audit. The CAOs will provide IRAC with contact information for the identified official who will serve as the lead SME. The identified official may designate a responsible individual to communicate with IRAC and the external audit agency on his or her behalf; however, the identified official should remain engaged throughout the audit process.

c. IRAC may create an internal tasker to task appropriate subordinate organizations through the TRADOC tasking system for time-sensitive actions if necessary; however, taskers are not required for CAOs to comply with requests for assistance from IRAC related to the audit process.

d. Both IRAC and the CAO must ensure external audit agencies do not obtain information or conduct interviews with TRADOC personnel prior to conducting an entrance conference with

TRADOC officials unless coordinated through IRAC. The CAO must notify IRAC immediately if contacted by an external audit agency without prior notification from IRAC.

2-3. Entrance conference

The purpose of the entrance conference is to discuss the external audit agency's objectives, scope and methodology; purpose of the audit; methods for providing audit results; and timelines. IRAC will facilitate and the CAO and other key personnel associated with the functional area of the audit will participate in entrance conferences. Senior leadership involvement may be required if the subject matter has high visibility or potential significant impact to the command.

a. The external audit agency will request or send notification of an entrance conference to IRAC. Entrance conferences may be conducted as a teleconference, video teleconference, in-person meeting, or a combination of these methods. The external audit agency must have an entrance at HQ TRADOC even if it only needs to contact TRADOC personnel at a center or school.

(1) USAAA holds Armywide entrance conferences if appropriate for the scope of the audit but more frequently holds command-specific entrance conferences. USAAA contacts IRAC to schedule a TRADOC entrance conference.

(2) GAO, DODIG, and special inspectors general hold initial entrance conferences as either DOD-wide or Armywide entrance conferences. These agencies will notify IRAC if they are planning to conduct a site visit or issue requests for information from TRADOC, which then requires IRAC to schedule a TRADOC entrance conference.

b. IRAC will work with the CAO to schedule TRADOC entrance conferences and identify a location to hold the entrance conference. IRAC will either request a teleconference bridge or provide dial-in information for the designated teleconference bridge if set up by the external audit agency.

2-4. Execution

a. During execution, the external auditors visit command activities and gather evidence to answer audit objectives. IRAC receives requests from external auditors for information, documentation, meetings, or site visits. IRAC will coordinate the request with the CAO. IRAC may allow the external audit agency to contact the CAO directly during audit execution but requires that both the audit team and the CAO copy IRAC on all e-mail traffic to ensure situational awareness and oversight.

(1) The CAO should accommodate external audit agencies as soon as mission allows and schedule meetings and site visits in a timely manner. Any local policies that require a waiting period (such as 30, 45, or 60 days after notice) must be coordinated with IRAC as an exception to this regulation prior to publication.

(2) See TRADOC Regulation 1-11, tasking orders are not required at the HQ or local level for routine audit actions, such as entrance conferences or site visits.

(3) Both IRAC and the CAO will ensure external auditors have appropriate security clearances before disclosing classified information to them. Security clearance information will be provided for verification in the Joint Personnel Adjudication System or in writing as a notice of visit directly to IRAC and the command activity security manager.

b. The CAO will provide oversight during the audit engagement to ensure proper and timely provision of requested information and documents and copy IRAC on all e-mail correspondence. The CAO should avoid offering extraneous comments or opinions to the auditors.

(1) The CAO will make official records available for examination by the external audit agency and approve the release of requested documents. If the audit subject matter has high visibility or the information is predecisional, the release requires approval from the identified official. If necessary, the CAO should discuss the document request with appropriate Headquarters, Department of the Army (HQDA) officials.

(2) The CAO will coordinate release of sensitive and pre-decisional information and documents with IRAC prior to release. Release of classified records and documents will be in accordance with provisions of AR 380-5, for review by audit personnel having authorized security clearances and the need to know.

2-5. In-process review

The purpose of the in-process review (IPR) is to give the CAO an opportunity to discuss the audit engagement findings, conclusions, recommendations, corrective actions, and potential monetary benefits. At this time, the CAO can begin to address and negotiate any issues or disagreements with the audit engagement results prior to issuance of a formal report.

a. IRAC, in coordination with the CAO, will schedule and participate in IPR with external audit agencies and will ensure key personnel attend the meeting. The CAO's identified official should participate if the audit engagement subject matter is of high visibility and warrants senior leadership involvement.

b. External audit agencies may provide slides or short summaries of their tentative results for review during the IPR.

2-6. Exit conference

a. GAO holds exit conferences prior to issuance of a draft report and provides a detailed statement of facts (SOF) which serves as a discussion draft report. GAO provides the SOF to IRAC in the week prior to an exit conference. GAO will provide any recommendations it plans to make to DOD and the services. The CAO should review the SOF and address any misrepresented facts, technical comments, or context issues during the exit conference.

b. Other agencies may offer an exit conference after issuing their draft report as an opportunity to discuss the report and resolve an open issues or areas of disagreement. IRAC will confer with the identified official to determine if an exit conference is necessary.

2-7. Discussion draft report

External audit agencies may - but are not required to - provide a discussion draft report. Timelines for command comments to discussion draft reports are typically short (1 to 2 weeks or less). The discussion draft report provides an opportunity for the CAO to preview the draft report and negotiate on wording of the audit team's findings and recommendations prior to issuance of an official draft report. The CAO's identified official should approve any comments and submit to IRAC in an e-mail (an official memorandum is not required). IRAC will submit the comments to the external audit agency.

2-8. Draft reports

IRAC receives draft reports issued by external audit agencies in an external tasking order from TRADOC G-33, Current Operations. IRAC will coordinate with TRADOC G-33, Current Operations to create an internal tasking order identifying the appropriate CAO.

a. The external audit agency establishes TRADOC's suspense date for providing an official command reply to the draft report. IRAC will establish an internal suspense date to allow the CAO and appropriate HQ TRADOC personnel adequate time to review the official command reply before submission to close out the tasking order.

(1) If the external audit agency makes recommendations to the CG, TRADOC or subordinate organizations, an official TRADOC reply is required. The command reply process allows the CAO to present its position on draft report findings, conclusions, recommendations, corrective actions, and potential monetary benefits. Official command replies will be included verbatim in the final report. The appropriate HQDA element will provide the official Army position on all external audit reports.

(2) If the external agency involved TRADOC during the audit engagement but did not make any recommendations to TRADOC, TRADOC will still have an opportunity to review the draft report for accuracy and provide comments to HQDA for consideration in the official Army position.

(3) If an external agency requests a security review of the draft report, the CAO will work with stakeholders, for example, the record/information owner, and local legal, security, and Freedom of Information Act/Privacy Act offices, to identify information that is classified or designated as controlled unclassified (for official use only). When portions of the draft report are recommended for withholding, the CAO will provide IRAC a consolidated stakeholder justification and identify portions of the record that are recommended for withholding from public release.

b. IRAC will coordinate with the CAO to prepare the command reply and facilitate negotiations with external agency officials to attempt to resolve disagreements on findings and recommendations.

(1) The CAO will prepare comments on all audit findings, recommendations and potential monetary benefits, and include a memorandum signed by the CG/commandant/identified official. In the memorandum, the CAO should explicitly concur,

concur with comments, or non-concur with the findings, conclusions, and recommendations. Appropriate templates for command replies are available from IRAC [Portal](#).

(2) If the CAO non-concurs with a recommendation, IRAC will prepare and coordinate a TRADOC Form 5 (Transmittal, Action and Control) for HQ TRADOC DCG/COS or DCOS approval.

c. The CAO must provide a reasonable implementation date for any agreed-to corrective actions that allows adequate time for the activity to take the actions. The CAO must explain any proposed alternate corrective actions to show they meet the intent of the recommendations and its rationale if not agreeing to take any corrective actions.

d. General officer (GO)/senior executive service (SES)/commandant approval and signature may be required when the audit subject matter or visibility level requires senior leadership involvement. For HQ TRADOC leadership approval, IRAC will prepare and coordinate a TRADOC Form 5 for DCG/COS or DCOS signature.

e. IRAC will review and ensure command replies to audit findings and recommendations are responsive and prepared in a timely manner as specified in AR 36-2. When a response is not adequate, IRAC will negotiate with CAO officials to improve its substantive content.

f. IRAC will coordinate with TRADOC G-33, Current Operations to submit the command reply and close out both the internal and external tasking order to meet the suspense dates.

2-9. Final report

IRAC receives final audit reports through the USAAA Coordination and Followup Office or directly from audit teams and distributes them to the CAO and other appropriate personnel involved with the audit.

a. IRAC may receive an external tasking order from TRADOC G-33, Current Operations for final reports requesting that TRADOC acknowledge receipt of the final report, review the report, and provide comments if the command position has changed. IRAC will coordinate with TRADOC G-33, Current Operations to create an internal tasking order.

b. IRAC will coordinate with the CAO to complete the tasking order and submit the command response through TRADOC G-33, Current Operations to close the internal and external tasking order.

Chapter 3

Recommendations and Follow-up

3-1. Recommendations

a. IRAC tracks audit engagement recommendations, target dates, corrective actions taken, and closeout of recommendations as part of its followup program.

b. The CAO should take corrective actions to implement audit recommendations agreed-to by TRADOC or approved by HQDA and meet the target implementation dates. The CAO must keep IRAC informed of the implementation status. If the CAO is unable to implement a recommendation because it has been overcome by events or there are significant challenges, the CAO must notify IRAC as soon as aware of these issues.

3-2. Follow-up

a. IRAC will notify the CAO about 60 days prior to recommendation target dates to follow up on the status of corrective actions taken. The CAO should contact IRAC immediately if it becomes apparent that it cannot implement the recommendations by the target date.

b. IRAC will monitor any delays in meeting completion dates and notify TRADOC senior leadership of any overdue unimplemented recommendations.

c. The Auditor General sends semi-annual reports to the Secretary of the Army for all recommendations 6 months past the original agreed-to implementation date. The CG, TRADOC receives a semi-annual report from The Auditor General with all open and overdue reportable recommendations.

d. The CAO must provide IRAC with documentation supporting corrective actions taken and whether monetary benefits were achieved, if applicable. IRAC will prepare a summary to document actions taken to close out recommendations.

(1) For USAAA recommendations, IRAC will notify USAAA when recommendations are eligible for closure. TRADOC is not required to provide any documentation to USAAA when requesting closure, but USAAA may conduct a followup audit to validate the implementation of corrective actions.

(2) For GAO and DODIG recommendations, the CAO must provide IRAC with a memorandum approved and signed by a GO or SES that describes corrective actions taken. IRAC will submit the memorandum and supporting documents through the external audit agency as part of the formal closure process. The external audit agency has 45 days to respond to TRADOC's request for closure. If the agency denies TRADOC's request for closure, IRAC will continue to work with the CAO to determine additional actions or documentation required.

Appendix A
References

Section I
Required Publications

All ARs and DA Pamphlets are located at <http://www.apd.army.mil/> under Publications

AR 11-7
Internal Review Program

AR 36-2
Audit Services in the Department of the Army

AR 380-5
Department of the Army Information Security Program

TR 1-11
Staff Procedures

Section II
Related Publications

This section contains no entries.

Section III
Prescribed Forms

This section contains no entries.

Section IV
Referenced Forms

DA Form 11-2
Internal Control Evaluation Certification

DA Form 2028
Recommended Changes to Publications and Blank Forms

TRADOC Form 5
Transmittal, Action and Control

Appendix B

Internal Control Evaluation for External Audit Staff Procedures

B-1. Function

The function covered by this evaluation is external audit staff procedures. Additionally, IRAC uses the evaluation in AR 36-2 to evaluate the overall external audit liaison process at TRADOC.

B-2. Purpose

The purpose of this evaluation is to assist TRADOC elements in evaluating the key internal controls listed. This evaluation is intended as a guide and does not cover all controls.

B-3. Instructions

Answers must be based on the actual testing of internal controls (for example, document analysis, direct observation, sampling, or other). Answers that indicate deficiencies must be explained and the corrective action indicated in the supporting documentation. These internal controls must be evaluated at least once every 3 years. Test questions apply to all TRADOC elements. Certification that this evaluation has been conducted must be accomplished on DA Form 11-2 (Internal Control Evaluation Certification).

B-4. Test questions

- a. Has a knowledgeable audit focal point been appointed from your activity to work with IRAC throughout the external audit process?
 - b. Does your audit focal point have a sufficient process for ensuring the activity's leadership stays informed and appropriately involved throughout the external audit process?
 - c. For all external audits involving your activity, were a CAO and lead SME identified and did they stay engaged to ensure suspense dates were monitored to facilitate a timely response to audit requests and draft reports?
 - d. Have prompt, corrective actions been taken on deficiencies identified in external audit reports and the status of all open recommendations reported to IRAC?
-

Glossary

Section I

Abbreviations

AR	Army regulation
CAO	collateral action office
CFL	core function leads
CG	commanding general
COS	chief of staff
DA	Department of the Army

DCG	deputy commanding general
DCOS	deputy chief of staff
DOD	Department of Defense
DODIG	Department of Defense Inspector General
DRU	direct reporting units
FOA	field operating activities
GAO	Government Accountability Office
GO	general officer
HQ	headquarters
HQDA	Headquarters, Department of the Army
IPR	in-process review
IRAC	Internal Review and Audit Compliance
SES	senior executive service
SME	subject matter expert
SOF	statement of facts
TR	Training and Doctrine Command regulation
TRADOC	Training and Doctrine Command
USAAA	United States Army Audit Agency

Section II
Terms

Collateral action office

Serves as subject matter expert representative of the TRADOC activity under audit or review and must have an O-6 (or GS-15) official or higher designated as responsible for supporting the primary action office. Responsible for providing assistance with facilitating meetings, answering requests for information, and preparing responses to external audit agency reports.

Primary action office

Serves as liaison to external audit agencies and primary office ensuring appropriate representation of the interests of the CG, TRADOC during external audit engagements. Responsible for facilitating audit engagements, distributing information, monitoring to ensure effective coordination and cooperation, and tracking engagements from announcement through followup and closure of recommendations.

Section III
Special abbreviations and terms

This section contains no entries.