



DEPARTMENT OF THE NAVY
OFFICE OF THE CHIEF OF NAVAL OPERATIONS
2000 NAVY PENTAGON
WASHINGTON DC 20350-2000

IN REPLY REFER TO:
OPNAVINST 5200.24B
DNS-32

AUG 03 2007

OPNAV INSTRUCTION 5200.24B

Subj: AUDIT FOLLOW-UP PROGRAM

Ref: (a) SECNAVINST 5200.34E
(b) SECNAVINST 5740.30
(c) Navy Acquisition Procedure Supplement 15.874 (NOTAL)
(d) OPNAVINST 1700.7E
(e) SECNAVINST 5200.35E

1. Purpose. To establish Chief of Naval Operations (CNO) policy and procedures and assign responsibility for deciding, processing, tracking, and the following up of audit reports published by the Naval Audit Service.

2. Cancellation. OPNAVINST 5200.24A

3. Applicability

a. Reference (a) and the provisions of this instruction will be implemented by the Office of the Chief of Naval Operations (OPNAV) and all activities under the command of CNO.

b. The policies and procedural provisions of this instruction do not apply to audits issued by the Government Accountability Office (GAO), Defense Contract Audit Agency (DCAA), Office of Inspector General Department of Defense (DoD OIG), nor do they apply to the fiscal oversight and review of Non-appropriated Fund Instrumentalities (NAFI) to include Morale, Welfare and Recreation (MWR) activities. Follow-up policies and procedures for GAO and DoD OIG audits are contained in reference (b). Follow-up policies and procedures for DCAA audits are contained in reference (c). Follow-up policies and procedures for NAFI and MWR fiscal oversight are the responsibility of Commander, Navy Installations Command (CNIC) and are contained in reference (d).

4. Definitions. Definitions of terms used in this instruction are found in enclosure (4) of reference (a).

5. Policy

a. CNO recognizes that audits are an important element in the DON's ability to assess policies and procedures, as well as to assist in the management of internal controls. This third party assessment can be of benefit not only to the audited command, but also to other commands that may have similar policies and procedures.

b. Prompt, responsive and constructive corrective actions shall be taken by managers in response to audit reports which improve economy, effectiveness and efficiency of operations. Disputes over audit findings, recommendations or monetary benefits shall be well documented and based on sound rationale. An effective and efficient follow-up system shall provide for a complete and documented record of action taken on findings, recommendations and monetary benefits.

c. Naval Audit Service (NAVAUDSVC) audits are an integral part of the Managers' Internal Control Program (MICP). Audit findings may be used as the basis for determining whether internal control deficiencies are material to the Navy and/or require reporting to senior management. Audits which recommend corrective action to reduce fraud, waste, and mismanagement of Navy resources may also be considered for reporting in a command's annual certification statement, per guidance in reference (e).

6. Responsibilities

a. Under Secretary of the Navy (UNSECNAV). UNSECNAV is responsible for the DON Audit Follow-up Program and is the adjudicator of disagreements over findings, recommendations and monetary benefits between NAVAUDSVC and CNO.

b. Naval Inspector General (NAVINGEN). NAVINGEN is responsible for managing and overseeing audit follow-up in the Navy. NAVINGEN also provides oversight of on-site verification reviews and prepares the DON Semiannual Follow-up Status Report.

c. Vice Chief of Naval Operations (VCNO). VCNO directs the CNO Audit Follow-up Program and implements policy for CNO. To support VCNO, Director, Navy Staff (DNS) directs and manages the CNO Audit Follow-up Program as well as implements program policy for CNO. Responsibilities of DNS also include:

(1) Establish an Audit Liaison for the administrative tracking of audits assigned to OPNAV as well as serve as an entry point for external organizations.

(2) Interpret policy, and develop and issue administrative procedures and program and technical guidance.

(3) Distribute NAVAUDSVC reports addressed to CNO to appropriate OPNAV Principal Officials (OPOs) for corrective action.

(4) Ensure adequacy and timeliness of responses to audit findings, recommendations and monetary benefits.

(5) Coordinate and validate all monetary benefits addressed to CNO.

(6) Serve as CNO's representative to mediate differences between the NAVAUDSVC and Echelon II command's or OPOs regarding undecided recommendations.

(7) Represent CNO when undecided audit findings and recommendations are referred to UNSECNAV for adjudication.

(8) When directed by NAVINSGEN, coordinate OPNAV staff response for semiannual follow-up status report.

d. OPNAV Principal Officials (OPOs). To ensure CNO meets the requirements of reference (a), OPOs are responsible for providing timely management responses to audit findings, recommendations, and monetary benefits when tasked by DNS. Responsibilities include:

(1) Establish an Audit Liaison for the administrative tracking of audits assigned to the N-code as well as serve as an entry point for external organizations.

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(2) Establish a focal point, for each audit, to coordinate all findings, recommendations, and monetary benefits.

(3) Provide prompt responses to NAVAUDSVC draft and final findings, recommendations, and monetary benefits. Responses should include:

(a) Concurrence/Non-concurrence with the audit finding(s) and recommendation(s).

(b) Opinion on whether any information in the final report should be legally exempt from release to the press or public under the Freedom of Information Act (FOIA).

(c) Appropriate corrective actions taken or planned, and actual or target completion date for each recommendation. If planned corrective action exceeds one year, establish a plan of action and milestones (POA&M) to ensure satisfactory progress is made towards completing the agreed-upon corrective action. Provide POA&M to NAVAUDSVC, with copy to NAVINSGEN.

(4) Provide Implementation Status Reports to NAVAUDSVC, copy to NAVINSGEN and DNS, within 30 days after target completion dates.

(5) Coordinate and validate all monetary benefits addressed in audit reports.

(6) Participate in decision meetings.

(7) When directed, submit on-site verification reports to NAVINSGEN via DNS indicating whether monetary benefits have been achieved.

(8) When directed, prepare applicable parts of the DON Semiannual Follow-up Status Report on significant audits, per reference (a).

(9) If a NAVAUDSVC audit has unresolved recommendations which are elevated to CNO for resolution, DNS will designate an appropriate OPO to:

(a) Provide subject matter expert(s) to attend resolution meetings with DNS representatives as required.

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(b) Prepare written response to NAVAUDSVC.

1. If the OPO agrees with the NAVAUDSVC, the OPO will sign out the response to the NAVAUDSVC.

2. If the OPO agrees with the Echelon II command, the OPO will prepare a response to NAVAUDSVC for DNS signature.

e. Echelon II Commands and Subordinates. All Navy commands are responsible for providing timely and adequate management replies to audit findings and recommendations. To achieve those requirements each command shall:

(1) Issue local guidance on audit liaison functions.

(2) Establish an Audit Liaison for the administrative tracking of audits assigned to the command, to serve as an entry point for external organizations, and as deemed necessary, to serve as the commanding officer's representative to mediate differences between NAVAUDSVC and operating officials.

(3) Establish focal points, for each audit, to act and follow-up on the findings and recommendations addressed in audit reports.

(4) Provide prompt responses to NAVAUDSVC draft and final findings, recommendations, and monetary benefits. Responses should include:

(a) Concurrence/Non-concurrence with the audit finding(s) and recommendation(s).

(b) Opinion on whether any information in the final report should be legally exempt from release to the press or public under the Freedom of Information Act (FOIA).

(c) Appropriate corrective actions taken or planned, and actual or target completion date for each recommendation. If planned corrective action exceeds one year, establish a plan of action and milestones (POA&M) to ensure satisfactory progress is made towards completing the agreed-upon corrective action. Provide POA&M to NAVAUDSVC, with a copy to NAVINSGEN.

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(5) Provide implementation status reports to NAVAUDSVC, copy to NAVINSGEN, within 30 days after target completion dates.

(6) If unresolved recommendations are elevated to CNO, provide documentation to DNS as requested.

(7) Coordinate and validate all monetary benefits addressed in audit reports.

(8) When directed, submit on-site verification results to NAVINSGEN to ensure that all reported deficiencies in audit findings addressed to the command have been corrected and monetary benefits have been achieved. Subordinate activities should forward their plans and results up the chain of command for inclusion and submittal in the Echelon II Commands' report. Maintain documentation and written reports for each on-site verification or audit.

(9) When requested, assist higher echelon officials in conducting on-site follow-up verification reviews. That may include preparing and forwarding appropriate documentation and drafting on-site verification reports or sections thereof.

(10) When directed, prepare applicable parts of the DON Semiannual Follow-up Status Report on significant audits, per reference (a).

(11) Ensure that performance appraisals of appropriate officials reflect effectiveness in deciding and implementing audit recommendations.


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