



US Department
of Transportation
**Maritime
Administration**

MANUAL OF ORDERS

MARITIME ADMINISTRATIVE ORDER

REVOKES

MAO 210-2, dtd.
10-10-74

NO.

210-2

EFFECTIVE DATE

October 26, 1984

SUBJECT

INSPECTOR GENERAL AUDIT REPORTS

Section 1. Purpose:

This order prescribes policies, responsibilities, and procedures for promptly reviewing and responding to draft and final audit reports submitted by the Office of Inspector General and for following up on recommendations contained in final audit reports, in accordance with the provisions of Office of Management and Budget (OMB) Circular A-50 and Department of Transportation (DOT) Order 8000.1A.

Section 2. Policy:

It is Maritime Administration policy that findings and recommendations in draft and final audit reports be given prompt and careful consideration by the offices concerned. While Agency officials are not obligated to accept all audit report recommendations, they are required to make every reasonable effort to resolve all findings contained in a final audit report within six months of the issuance of the final report. (Audits involving questioned expenditures are required by law to be resolved within six months of the date of the final report.)

Section 3. Responsibilities:

3.01 The Associate Administrator for Policy and Administration is designated as the Maritime Administration contact point and audit follow-up official on Office of Inspector General matters.

3.02 The following officials have overall responsibility for coordinating the Maritime Administration response to audit reports, as specified below:

1 Associate Administrator for Policy and Administration for:

- (1) internal audits of Maritime Administration programs and activities; and
- (2) external audits of contracts issued through the Division of Procurement.

2 Associate Administrator for Maritime Aids for external audits of parties holding financial aid agreements with the Maritime Administration and for external audits of contracts issued by program officials under special procurement authority, e.g., Master Lump Sum Repair Contracts, General Agency Agreements, Ship Construction Contracts, etc.

- 3 Associate Administrator for Shipbuilding, Operations, and Research for audits of Maritime Administration grants and cooperative agreements for research and development.

3.03 Associate Administrators, Independent Office Directors, Region Directors, and the Superintendent, U.S. Merchant Marine Academy, shall carry out the responsibilities assigned to management officials in DOT Order 8000.1A with respect to audits applicable to their respective offices or areas of responsibility including, but not limited to:

- 1 Preparing responses to audit reports within established time limits.
- 2 Resolving recommendations within six months of the issuance of the final report.
- 3 Assuring that resolution actions are consistent with law, regulation, and Administration policy.
- 4 Assuring that corrective actions agreed to are taken as quickly as possible and evaluated, consistent with DOT Order 8000.1A, Chapter I, section 6.
- 5 Notifying the Division of Accounting Operations of amounts due to the Government as a result of resolved audit findings and recommendations.
- 6 Assuring that performance appraisals of appropriate officials reflect effectiveness in resolving and implementing audit recommendations.

3.04 The Division of Accounting Operations shall establish accounting and collection controls for amounts due the Government as a result of audit findings and recommendations.

3.05 In accordance with DOT Order 8000.1A, as requested, management officials shall prepare reports to the Associate Administrator for Policy and Administration on the status of all Inspector General audit recommendations which are over six months old and still unresolved. The reports shall include the following information:

- 1 Summary of each recommendation(s) which was over six months old and has been resolved since the preceding report, including any related collections or offsets made and demands for payments made.
- 2 Summary of each recommendation(s) over six months old in dispute or unresolved, showing the dollar value questioned and the reasons why the recommendation is unresolved. Each summary should reference the applicable audit report number and include for each unresolved recommendation a statement of the status and further actions planned, including target dates for completion.

Section 4. Procedures:


4.01 Draft Reports.

- 1 Normally, the Office of Inspector General (OIG) issues draft reports on audits which involve significant findings. The MARAD official(s) responsible for the subject of the audit shall review the draft report and within 45 days prepare a written response to the report for the signature of the report's addressee. (The OIG will include the MARAD response in the final audit report.) The response should point out any factual errors in the report, as well as address each of the report's findings and recommendations, and:
 - (1) For each recommendation on which there is disagreement, clearly state the reasons and, when applicable, the legal basis for such disagreement.
 - (2) For each recommendation on which there is agreement, include a statement on the actions taken, or planned and the time frame for implementation.
- 2 As part of reviewing draft reports, MARAD officials will attempt to resolve the conditions set forth in the audit findings and agree upon corrective actions. As part of this process, it may be appropriate to meet with the auditors who prepared the report and others to foster a better understanding of the report findings and recommendations.

4.02 Final Reports. OIG final audit reports normally identify which audit recommendations are considered resolved (closed) and which recommendations are considered to be unresolved and require further action.

- 1 For final reports which contain unresolved recommendations, within 90 days of the issuance of a final report, the official responsible for the subject of the audit shall prepare a written response to the final audit report for the signature of the report's addressee. The response shall indicate what action is proposed to resolve the audit finding, including target dates for implementation. If MARAD disagrees with a finding or recommendation, the response should explain the reasons for such disagreement.
- 2 As part of developing the response to the final report, every effort should be made to resolve all unresolved findings and recommendations. Audit recommendations which remain unresolved after the initial response to the final report will be referred by the OIG to the next higher level MARAD management official for resolution before the six month deadline.

4.03 The general criteria for considering audit recommendations resolved are set forth in DOT Order 8000.1A, Chapter I, section 5.


H. E. SHEAR
Maritime Administrator