



DEPARTMENT OF DEFENSE
Defense Commissary Agency
Fort Lee, VA 23801-1800

DIRECTIVE

Internal Audit Activities

DeCAD 90-5
August 10, 2011

Internal Review
OPR: DeCA/IR

References: See Enclosure 1

1. PURPOSE. This Directive:

- a. Replaces Defense Commissary Agency Directive (DeCAD) 90-5, June 27, 2007 (Reference (a), and establishes DeCA Manual (DeCAM) 90-5.1 (Reference (b)).
- b. Establishes policy and authorizes the DeCA Office of Internal Audit (IR), in accordance with (IAW) Reference (e) as a staff function reporting directly to the Director, DeCA, to conduct audits and follow-up review of DeCA activities at all levels.
- c. Defines standards and responsibilities for the Office of Internal Audit.

2. APPLICABILITY. This Directive applies to all DeCA activities.

3. POLICY. It is DeCA policy that:

- a. Adequate audit coverage of all DeCA organizations, programs, activities, and functions shall be provided as an integral part of the DeCA management system.
- b. Independent evaluations of DeCA programs and operations shall be conducted IAW References (b) and (f) to determine whether:
 - (1) Management control systems are adequate.
 - (2) Information is reliable and valid.
 - (3) Applicable laws, regulations, and policies are followed.
 - (4) Resources are safeguarded and managed economically and efficiently.
 - (5) Desired program results are achieved.
 - (6) Operations are effective and efficient.

- c. The Office of Internal Audit shall ensure it meets requirements for:
- (1) Independence. In all matters related to audit work, both the Office of Internal Audit and individual auditors should be free in fact and appearance from personal, external, and organizational impairments to independence, as required by Reference (c).
 - (2) Quality Control. The Office of Internal Audit staff should have a peer review conducted IAW Reference (c) by reviewers independent of the organization being reviewed. The peer review should determine whether the audit organization's internal quality control system is in place and operating effectively.
- d. Access to Information. The Office of Internal Audit staff is authorized full and unrestricted access to all personnel, facilities, records, reports, databases, documents, or other DeCA and/or Department of Defense (DoD) information or material that is necessary to accomplish the audit objectives and perform their duties IAW Reference (e). Auditors will aggressively follow up on requests for information to ensure audits proceed on a timely basis.
- e. Indications of fraud or other criminal acts discovered during review or extended audit steps shall be referred to the appropriate investigative organization, IAW Reference (c).
- f. Audit support of criminal investigations shall be provided to the extent possible within legal limitations and resource availability.
- g. Management needs shall be considered in the development of the annual audit plans. When completed, the Director of Internal Audit shall review the annual audit plan with the DeCA Director.
- h. Uniform standards and procedures shall be developed and implemented to improve the efficiency and effectiveness of the Office of Internal Audit. Reference (b) provides guidance on the basic audit procedures consistent with Reference (c) and Reference (h).
- i. Include general standards, as well as fieldwork and reporting standards, for financial and performance audits. The Office of Internal Audit will comply with all audit standards as stated in the GAO Yellow Book and DOD Office of Inspector General Audit Handbook, Reference (c) and Reference (h).
- (1) General Standards.
 - (a) Apply to all financial and performance audits.
 - (b) Relate to the qualifications of auditors assigned to perform the audit.
 - (c) Relate to the independence of the audit organization and individual auditors.

- (d) Relate to the exercise of due professional care in conducting the audit and preparing related reports, and the presence of quality controls.

(2) Financial Audit Standards.

- (a) Provide accountability for government programs and services through independent audit reports.
- (b) Include financial statement audits and financial-related audits.
- (c) Pertain to audit fieldwork and reporting.

(3) Performance Audit Standards.

- (a) Provide an independent assessment of the performance of a government organization, program, activity, or function.
- (b) Include economy and efficiency of audited programs.
- (c) Pertain to audit fieldwork and reporting.
- (d) Note that auditors may conduct performance audits in financial areas. When this occurs, the performance standards apply to the audit.

4. RESPONSIBILITIES.

- a. The Director and Chief Executive Officer shall, IAW References (e) and (h):
 - (1) Provide guidance and direction for the Office of Internal Audit.
 - (2) Provide staff supervision over the Office of Internal Audit function.
 - (3) Recognize and support the audit function as an important element of the managerial control system and fully use audit services and results.
 - (4) Provide the Office of Internal Audit with the resources (personnel and funds) and organizational position necessary for the effective and efficient accomplishment of assigned audit functions.
 - (5) Regularly update the Agency's report distribution requirements.
- b. Senior managers at various levels in the Agency shall:
 - (1) Submit requests for reviews to the Office of Internal Audit.
 - (2) Assist in the resolution of problems discovered during internal audits.

(3) Provide the Office of Internal Audit with support, upon request - to include suitable workspace.

(4) Provide responses to audit reports in accordance with Reference (e).

c. The Director of Internal Audit shall:

(1) Serve as the DeCA Director's principal advisor on all audit matters, to include all external audits conducted by DoD Inspector General, Government Accounting Office, or any other activity.

(2) Serve as part of the DeCA Director's operational control system; providing an internal audit capability within the Agency, determining the nature and cause of problems, and developing recommendations to resolve identified problems.

(3) Provide assistance to Agency managers by performing audits, special studies, analyses, audit follow-up reviews, and problem-oriented examinations.

(4) Prepare an annual audit plan. Use the annual audit plan to measure performance; ensuring audit resources are properly used.

(5) Develop and maintain a file of auditable entities to ensure audit workload is properly identified and prioritized, and adequate audit coverage is provided to all functional elements.

(6) Ensure proper career development of assigned auditor personnel.

(7) Ensure each auditor receives professional training to comply with References (b), (c), and (g).

(8) Program and budget for training costs, with required technical training receiving priority funding.

d. The Deputy Director of Internal Audit shall:

(1) Perform the duties of the first-line supervisor for the auditors, to include:

(a) Provide appropriate instructions to subordinates.

(b) Ensure approved audit plans are executed properly unless exceptions are authorized.

(c) Provide work assignments, considering the abilities and experience of subordinates.

(2) Perform duties of the Director of Internal Audit, when required.

- (2) Perform duties of the Director of Internal Audit, when required.
 - (3) Ensure audit reports and working papers prepared by the auditors comply with References (b), (c), (f) and (g).
- e. The Lead Auditor(s) shall:
- (1) Perform oversight of audit planning, execution, and reporting of assigned projects.
 - (2) Identify, distribute, and balance workload and tasks to assigned auditors.
 - (3) Perform the duties of the Deputy Director of Internal Audit, when required.
5. MANAGEMENT CONTROL SYSTEM. This Directive does not contain internal management control provisions subject to evaluation and testing as required by DeCAD 70-2.
6. RELEASABILITY – UNLIMITED. This Directive is approved for public release and is located on DeCA’s Internet Web site at <http://www.commissaries.com> and in DeCA Public Folders/All Public Folders/Office of Internal Audit.
7. EFFECTIVE DATE. This Directive is effective immediately.



JoAnn Chambers
Chief of Staff

- Enclosures
1. References

ENCLOSURE 1

REFERENCES

- (a) DeCAD 90-5, "Internal Audit Activities," June 27, 2007 (hereby canceled)
- (b) DeCAM 90-5.1, "DeCA Audit Manual", TBD
- (c) GAO-07-731G, "Government Auditing Standards," (Yellow Book) July 2007 Revision
- (d) GAO-03-273G, "Assessing the Reliability of Computer Processed Data," October 2002, External Version 1
- (e) DoD Instruction 7600.2, "Audit Policies," April 27, 2007
- (f) DoD Directive 7650.3, "Follow-up on General Accounting Office, DoD Inspector General, and Internal Audit Reports," June 3, 2004
- (g) DoD Manual 7600.7-M, "DoD Audit Manual", February 12, 2009
- (h) DoD Directive 5105.55, "Defense Commissary Agency," March 12, 2008
- (i) DoD Office of Inspector General Audit Handbook, Sixth Edition, updated September 20, 2010
- (j) DoD Directive 7200.1, "Administrative Control of Appropriations," May 4, 1995, Certified Current as of November 21, 2003