

# Audit Assignment System and Audit Contract Requirements

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# Housekeeping

- We will record today's webinar. Attendees will receive a link to the recording, and it will also be posted on the PRC's website for convenient access.
  - In addition, we will PDF the slide deck and circulate to attendees
- Resource links are included on a "Resources" slide at the end
- Please introduce yourself using the chat feature
- Use the Q&A feature to ask questions or make recommendations
- If you believe additional presentations for stakeholders would be helpful, please let us know!

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# Audit Assignment System

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Contract Requirements for Procurement Officials

# Background

- The Prison Rape Elimination Act (PREA) Standards require corrections agencies to audit each of their facilities once in every three-year audit cycle.
- State and local corrections agencies are responsible for hiring DOJ PREA Certified Auditors to conduct these audits through their contracting mechanisms. The DOJ certifies auditors and makes the list of all certified auditors available on the PREA Resource Center (PRC) website.
- October 2018: U.S. Parole Commission Extension Act of 2018 was signed into law, and it included an amendment to PREA that:
  - established new responsibilities for the PREA Management Office (PMO) in the oversight of PREA auditors certified by the DOJ; and
  - requires PMO to establish and administer an audit assignment system, “for assigning certified auditors to Federal, State, and local facilities.”

# Audit Assignment System: Getting Started

- PREA audits can only be conducted by individuals certified by DOJ and who possess a currently active certification
- The process of finding an active, certified auditor and securing an audit agreement remains up to the agency and/or facility in need of an audit\*
- Neither DOJ nor the PRC are involved in the contracting, scheduling, or fee schedules associated with PREA audits
- **Neither DOJ nor PRC are involved in selecting auditors for audits**
  - The Audit Assignment System is designed to sustain the existing procurement and initiation process with minimal disruption



# Audit Assignment System: Goals

The Audit Assignment System serves the core goals of:

- Training and certifying highly qualified candidates to become DOJ-certified PREA auditors
- Evaluating the work of auditors and holding them accountable for meeting high standards of audit quality and integrity
- Increasing auditors' awareness of, and adherence to, DOJ certification requirements, including the PREA Auditor Code of Conduct
- Improving transparency by providing corrections practitioners, advocates, families of incarcerated individuals, and other members of the public with real-time, actionable information about audits

# Audit Assignment System Elements

The Audit Assignment System includes the following five elements:

1. PREA auditor training and certification program
  - Note: Certification requirements are not changing as a result of the Audit Assignment System
2. Public, searchable database of DOJ-certified PREA auditors
3. **PREA audit oversight program designed to ensure the high quality and integrity of PREA audits**
4. **Audit initiation process and rules for auditors to conduct PREA audits of local, state, and federal confinement facilities**
5. Publicly available audit information

# Audit Contract Requirements

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Audit Initiation Process and the Role of the Contract in Audit Assignment

# Audit Contracts and the Audit Assignment System

The Audit Assignment Process is a four-step process that is initiated by the auditor.

The content of the contract the auditor has with the agency to conduct the audit or audits is an essential element of the assignment process. However, underlying the contract, the auditor must comply with all the requirements for an auditor to maintain certification.

Procurement of contracts with auditors will require contracts that contain the elements outlined here, but also must ensure that auditors are able, under the terms of the contract, to meet their certification obligations.

# Audit Initiation Process and Rules: Starting Points

All DOJ-certified PREA auditors are required to comply with the terms of the **Auditor Certification Agreement** when procuring and conducting an audit.

The **PREA Standards** and **PREA Auditor Handbook** establish minimum guidelines for conducting high quality, reliable, objective, and comprehensive audits, including:

- Prohibition on personal and financial conflicts of interest
- Requirement for auditors to adhere to the auditor code of conduct
- Conditions on audit contracts and compensation\*
- Establish the PREA audit methodology required of all auditors

# Audit Initiation Process and Rules

Under the Audit Assignment System, these are the steps that must be followed to initiate an audit and receive approval for the audit to proceed from the PREA Management Office:

- Step 1: Submit or Confirm the Audit Initiation Form
- Step 2: Upload the audit contract
- Step 3: Sign the auditor attestations
- Step 4: Receive written authorization to proceed from the PREA Management Office

Let's look at each step in detail

# Audit Initiation Process and Rules

Step 1: Submission of an Audit Initiation Form.

This form is used to initiate all audits and collects basic information about scheduled audits, including:

- The expected dates for the onsite portion of the audit
- The facility and/or agency to be audited, and
- The auditing arrangement and compensation structure.

All auditors must complete and submit, or confirm, the Audit Initiation Form for each audit they conduct as lead auditor at least 30 days\* prior to the first day of the auditor's onsite visit to the facility.

# Audit Initiation Process and Rules

Step 2: The Audit Contract (or other agreement).

The Audit Initiation Form includes a required upload of the audit contract, which ***must include***:

1. Signatures of all parties (audited agency, lead auditor, any third-party entity);
2. The lead auditor's full name;
3. The name of the audited facility;
4. The anticipated dates for the onsite portion of the audit; and,
5. Fees, expenses, and other forms of compensation paid to the auditor for completing the agreed upon audit(s)\*



# Audit Contracts and the Audit Assignment System

Auditors must be a party to the contract\* (or other agreement) with the facility and/or agency to be audited

For purposes of complying with this requirement, auditing agreements must, at a minimum:

- Be signed by all relevant parties, including:
  - The audited agency
  - Lead auditor, and
  - Third-party entity, if applicable
- This is true even in auditing consortia or when auditing as an employee or subcontractor of a third-party organization

# Audit Contracts and the Audit Assignment System

Remember:

If an auditor is unable to meet one or more of the conditions and/or fails to fully and accurately complete or confirm the Audit Initiation Form, the auditor will not be approved to proceed with the audit

- In the event that a contract is incomplete or otherwise does not provide the required information, the auditor will be notified of the missing information
- At that time, it is the auditor's responsibility to provide a sufficient contract to the PMO
  - This can be accomplished by using the Audit Information Change form

# Additional Audit Contract Requirements

The PREA Auditor Handbook includes additional requirements, including

- Audit contracts must:
  - Be transparent
  - Describe the roles and responsibilities of all third parties and support staff, and
  - Allow for corrective action planning and implementation

*The Audit Assignment System does not change existing Auditor obligations or auditing requirements found in the Handbook or Auditor Certification Agreement*

# Contracting party: lead auditors and audit support staff

Each PREA audit must have one lead auditor who is responsible for the conduct of the audit and all work products.

- A lead auditor can employ other DOJ-certified PREA auditors to function as secondary auditors.
  - The PREA Management Office strongly encourages this kind of collaboration among certified auditors
- A lead auditor may also employ support staff who are not DOJ-certified auditors to assist with auditing tasks under the direction of a DOJ-certified auditor

# Auditor Eligibility

## NOTE:

Auditors who have been decertified or who are on suspension may not participate in PREA audits, including as a subcontracted agent of a PREA auditor.

- Auditors, agencies, and facilities are strongly encouraged to check the Auditor database on the PRC's webpage, to ensure individuals' eligibility to conduct PREA audits.

# Audit Initiation Process and Rules

Step 3: Auditor attestations.

The Audit Initiation Form requires the auditor to attest to the following conditions for each audit:

- The auditor does not have any conflict of interest (as defined in the PREA Standards and the PREA Auditor Handbook)
- The auditor agrees to abide by the requirements of the Auditor Certification Agreement, and
- The auditor is a party to the contract or agreement with the facility and/or agency to be audited (as detailed in the PREA Auditor Handbook)

# Audit Initiation Process and Rules

## Step 4: Audit Initiation Form Approval.

If all the above conditions are met, the auditor will be approved to proceed with the audit and will receive an email notification of such

- Auditors *may not* proceed with an audit unless and until they receive an approval email from the PREA Management Office that explicitly grants the auditor permission to conduct the audit
- This approval *applies only to the auditor who is named in the Audit Initiation Form as lead auditor*. If the lead auditor approved to conduct the audit is unable to complete the audit, another auditor may not proceed as lead auditor without taking the steps above

# Audit Initiation Process and Rules

Any auditor who conducts an audit without approval will be subject to disciplinary action by the PREA Management Office, up to and including suspension or decertification.

**NOTE:** Audits initiated prior to June 30, 2022 will not be required to provide the required contract details

- Only audits initiated on or after June 30, 2022 will be impacted by the Audit Assignment System requirements



# Publicly Available Audit Information

Once the Audit Initiation Form is approved, information about the audit will be posted to the PREA Resource Center website, including:

- The assigned auditor
- The facility name and location
- The agency information
- The scheduled onsite audit dates, and
- A copy of the final PREA audit report will be available 45 days after the auditor completes the audit in the Online Audit System.

# A Final Word on the Audit Assignment System

The PREA Management Office may amend the audit assignment system in the future based on changes to existing capacity, statutory obligations, and available resources

- Any changes to the audit assignment system will be communicated in a timely fashion to all stakeholders

# PREA Audit Oversight Program

The PREA Management Office has a statutory obligation to:

1. Evaluate all PREA auditors for compliance with:
  - a. The Auditor Certification Agreement
  - b. The PREA Auditor Handbook, and
  - c. The DOJ Audit Instrument
2. Take remedial or disciplinary action where necessary

In addition to the required contract elements, those responsible for procuring audits and initiating contracts with auditors should be aware that any contract that limits the ability of the auditor to comply with the Auditor Certification Agreement, the PREA Auditor Handbook, and to properly use the DOJ Audit Instrument could lead to remediation, disciplinary action, and even decertification of that auditor.

# Q & A

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# Q&A

1. Do the signatures in an audit contract have to be electronic, or is a handwritten signature acceptable?
2. Does information in the audit contract relevant to fees, expenses, and other forms of compensation paid to the auditor for completing the agreed upon audit(s) need to detail the work done in each phase of the audit?
3. Some states use an RFP process for procuring auditing services, and frequently the resulting award includes the overall amount paid to an auditor for the conduct of multiple facilities under the Governor's operational control. Can audit contracts include this bulk price or does the price paid for each audit need to be provided?

# Q&A

4. Many contracts have terms for multiple years, and may not include onsite dates for every included audit in the base agreement. In these circumstances, audit scheduling occurs after the agreement has been concluded, and several weeks or months prior to the initiation of the given audit(s). How may auditors or third-parties meet the audit contract requirements in these circumstances?
5. Will the Audit Assignment System impact existing contracts for audits?

# Q&A

6. Is it possible for an audit contract to provide information for multiple facility audits (and/or agency audits)?
7. Can I send the webinar link to our contract staff?
8. How long will it take to get approval once everything is submitted?

# Questions?





# Resources

The 2018 PREA Amendment:

<https://www.congress.gov/115/bills/hr6896/BILLS-115hr6896enr.pdf>

- For DOJ's oversight obligations, see 34 U.S.C. § 30307(e)(8)(A)(iii)

The searchable database of auditors can be found here:

<https://www.prearesourcecenter.org/audit/auditor-search>

Details on the audit assignment system can be found on the PREA Resource Center website here:

[www.prearesourcecenter.org/audit/prea-audit-assignment-system](http://www.prearesourcecenter.org/audit/prea-audit-assignment-system)

# Resources

Auditor Qualifications:

<https://www.prearesourcecenter.org/audit/prea-auditors/certification-process>

PRC and PMO have a 3-part series on Business Essentials for Auditors, available on the PRC's Training and Resource Portal:

<https://www.prearesourcecenter.org/>

PREA Auditor Handbook, ver. 2.0 (ver 2.1 will be released in mid-2022):

<https://www.prearesourcecenter.org/audit/prea-auditors/auditor-handbook>

# Resources

The full FAQ on impermissible reciprocal audits:

<https://www.prearesourcecenter.org/frequently-asked-questions/reciprocal-auditing-conducted-employees-two-confinement-agencies>

- Under 115.402: Employment within the same state or local government does not disqualify the auditor, so long as the auditor is not employed directly by or under the agency that operates the facility being audited

The Audit Information Change form can be found here:

<https://prc.tfaforms.net/4745746>

# Resources

The full FAQ on the requirement for auditors to be party to each auditing contract can be found here:

<https://www.prearesourcecenter.org/frequently-asked-questions/can-prea-auditors-engage-support-staff-assist-completing-prea-audits>