



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

November 7, 2024

M-25-01

**MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES**

FROM: Shalanda D. Young  
Director

A handwritten signature in black ink that reads "Shalanda D. Young".

SUBJECT: Transmittal of Revised OMB Circular A-50, Audit, Inspection, or  
Evaluation Follow-Up

Consistent with the principals laid out in M-22-04, [Promoting Accountability through Cooperation among Agencies and Inspectors General](#), this Administration continues to make resolution of audit, inspection, and evaluation recommendations a top priority. This includes ensuring agencies and audit organizations are relying upon effective guidance that makes clear their roles and responsibilities in the resolution process in accordance with existing laws. This guidance will improve both the effectiveness and efficiency of resolving audit, inspection, or evaluation recommendations.

The goal of this revised version of OMB Circular A-50 is to clarify the roles and responsibilities among agency officials, Inspectors General (IG), and the Government Accountability Office (GAO), and the part each plays in the resolution of audit, inspection, or evaluation recommendations. Additionally, this revision updates references to applicable laws, streamlines text, refines definitions, and aligns with the Good Accounting Obligation in Government Act (GAO-IG Act).

Circular A-50 is hereby modified. The requirements found in the Revised Circular A-50 are effective upon issuance.

Please contact OMB's Office of Federal Financial Management at (202) 395-3080 with questions regarding this guidance.

Attachment

## **I. GENERAL INFORMATION**

### **I.1. Guide to Circular**

This Circular provides guidance to Federal agencies<sup>1</sup> when considering reports issued by the Government Accountability Office (GAO), Inspectors General (IG), other Executive Branch organizations, and non-Federal auditors.

### **I.2. Superseded Guidance**

This revision rescinds and replaces Circular No. A-50 Revised, “Audit Follow-Up,” dated September 29, 1982.

### **I.3. OMB Authority**

OMB is issuing this Circular pursuant to the following authority: 31 U.S.C. 501, et. seq.

### **I.4. Auditing Authority**

Agency IGs and GAO, respectively, have various legal authorities relevant to their operations. These authorities include, but are not limited to, The Inspector General Act of 1978, as amended (codified at 5 U.S.C. Ch. 4.); and 31 U.S.C. Ch. 7.

### **I.5. Policy**

The resolution and follow-up of audit, inspection, and evaluation recommendations is an integral part of effective management, and is a shared responsibility of agency management officials and auditors. Corrective actions taken by management to resolve findings and recommendations are essential to managing risk and improving the effectiveness and efficiency of government operations. Each agency must establish processes to ensure the prompt and proper resolution of audit, inspection, or evaluation recommendations and implementation of corrective actions. To further improve risk reduction, agencies should review OMB Circular A-123, *Management’s Responsibility for Enterprise Risk Management and Internal Control*. These processes must provide for a complete record of actions taken on both monetary and non-monetary findings and recommendations.

### **I.6. Entities Subject to the Circular**

Agencies must comply with the audit, inspection, and evaluation resolution requirements of this Circular.

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<sup>1</sup> As used in this memorandum, agency means an “agency” as defined at 5 U.S.C. 551(1) and further clarified by 5 U.S.C. 552(f), which includes any executive department, military department, Government corporation, Government controlled corporation, or other establishment in the executive branch of the Government (including the Executive Office of the President), or any independent regulatory agency. However, definitions of the term “agency” found in Federal statutes or regulations that apply to particular audit, inspection, or evaluation programs take precedence over this definition. For example, with respect to the general duties and powers of GAO, under 31 U.S.C. 717 “agency” means a department, agency, or instrumentality of the United States Government (except a mixed-ownership Government corporation) or the District of Columbia government. With respect to the IG offices, 5 U.S.C. 401 identifies certain specific agencies as “establishments” to which certain provisions of chapter 4 of title 5 U.S.C. apply.

## **I.7. Circular Effective Date**

The Circular is effective in its entirety upon issuance.

## **I.8. Copies of the Circular**

The Circular is available at: <https://www.whitehouse.gov/omb/information-for-agencies/circulars/>.

## **I.9. Definitions**

(1) **Responses to Audit, Inspection, and Evaluation Reports** – Written comments by agency officials in the management decision indicating agreement (*i.e.*, concurrence) or disagreement (*i.e.*, nonconcurrence) with reported findings and recommendations. Comments indicating agreement with recommendations must include planned corrective actions, where appropriate, and dates for achieving actions. Comments indicating disagreement must explain the reasons for disagreement. Where disagreement is based on interpretation of law, regulation, or the authority of officials to take or not to take action, the response must include the legal basis.

(2) **Resolution, Resolve** – A resolution of a recommendation, or to resolve a recommendation, in this Circular means: (a) For most audits, inspections, and evaluations, the point at which the audit organization and agency management or contracting officials agree on corrective action(s) to be taken on reported findings and recommendations or, in the event of disagreement, the point at which the agency renders a management decision. See section II.2-II.3 of this memorandum below on the roles of agency management and agency follow-up officials in resolving recommendations. A report recommendation may be considered resolved despite the right of persons outside the agency to negotiate, appeal, or litigate. Resolution of a recommendation concerning parties outside the Government does not preclude further consideration of issues in the report by agency management. (b) For GAO recommendations, the recommendation is considered resolved at the point at which the agency responds to Congress and GAO, as required by 31 U.S.C. 720(b).

(3) **Corrective Action** – Measures taken to implement resolved audit findings and recommendations.

(4) **Management Decision** – An agency management’s evaluation of the findings and recommendations included in an audit, inspection, or evaluation report, and agency management’s final decision concerning its response to the findings and recommendations, including any corrective actions agency management concludes are necessary.

## **II. RESPONSIBLE OFFICIALS**

### **II.1. Agency Head**

Agency heads are responsible for: (1) Designating a top management official to oversee audit, inspection, and evaluation follow-up, including resolution and corrective action; (2) Communicating with the audit organization on agency progress toward, and completion of, resolution and corrective action; and (3) Assuring that management officials throughout the agency understand the value of the audit, inspection, or evaluation process and are responsive to any resulting recommendations.

## **II.2. Management Officials**

Management officials are responsible for receiving and analyzing audit, inspection, and evaluation reports, providing timely responses to the audit organization, and taking corrective action where appropriate. Where management officials disagree with an audit, inspection, or evaluation recommendation, a recommendation may be considered resolved when a management decision has been made concluding that no corrective action is necessary. Based on the management decision, the matter should be resolved by the agency follow-up official.

## **II.3. Agency Follow-Up Official**

The agency follow-up official has responsibility for ensuring that: (1) processes for audit, inspection, or evaluation follow-up, resolution, and corrective action are documented and in place; (2) timely responses are made to all audit, inspection, and evaluation reports; (3) agency management renders a management decision; (4) corrective actions are implemented; and (5) required semi-annual reports, described below in section III.1(8), are sent to the head of the agency.

## **II.4. Inspectors General or Other Audit Officials**

Inspectors General or other audit officials are responsible for: (1) performing independent audits, inspections, and evaluations of their agencies' programs, operations, activities, and functions; (2) overseeing the work of non-Federal auditors performed in connection with Federal programs; (3) reviewing responses to audit, inspection, or evaluation reports and timely reporting on significant disagreements to the agency follow-up official; and (4) collaboratively and effectively working with the agency follow-up officials to resolve audit, inspection, or evaluation recommendations.

## **II.5. Government Accountability Office (GAO)**

GAO is a Legislative Branch agency responsible for, among other things, investigating the use of public money and evaluating the results of a program or activity the government carries out under existing law.

# **III. AUDIT, INSPECTION, OR EVALUATION RESOLUTION ACTIONS**

## **III.1. Process**

Agencies must prioritize the resolution of audit, inspection, and evaluation recommendations and implementation of corrective actions that agency management has concluded are necessary. The agency process for resolution and corrective action should meet the following standards:

(1) Provide for appointment of a top-level agency follow-up official for audit, inspection, or evaluation;

(2) Require prompt resolution of all recommendations and timely implementation of corrective actions that agency management has concluded are necessary. Generally, resolution must be made within a maximum of 180 days after issuance of a final report or, in the case of audits performed by non-Federal auditors, 180 days after receipt of the report by the Federal Government. Corrective action should be timely and proceed consistent with the management decision. (For requirements specific to GAO audits, see section III.2 of this memorandum);

- (3) Specify criteria for proper resolution and corrective action on recommendations. These criteria should serve as a guide for written plans for corrective action(s) with specified action dates, where appropriate;
- (4) Maintain accurate records of the status of audit, inspection, and evaluation reports and recommendations throughout the entire process of resolution and corrective action that include timelines for implementation or detailed justification for not implementing the recommendation, as appropriate;
- (5) Provide a means to ensure timely responses to audit, inspection, or evaluation reports and resolution of major disagreements between the audit organization and agency management or contracting officials;
- (6) Assure that resolution actions are consistent with law, regulation, and Administration policy; and include written justification containing, when applicable, the legal basis for decisions that disagree with the audit, inspection, or evaluation recommendation;
- (7) Provide for coordinating resolution and corrective action on recommendations involving more than one program, agency, or level of Government;
- (8) Pursuant to the Inspector General Act, 5 U.S.C. § 405(c), the IG is required to furnish semiannual reports to the agency head not later than April 30 and October 31 of each year. The Act requires agencies to submit the report to the appropriate committees or subcommittees of the Congress, together with a report by the head of the agency containing appropriate comments and other information; and, upon request, make it available to the public within 60 days of transmission to Congress. This Circular requires agencies to submit the report to OMB at the same time as it submits to Congress pursuant to the Act;
- (9) As a follow-up to the agency-reported action taken or planned, the agency follow-up official should coordinate with the IG, as appropriate, to confirm whether the reported action taken or planned has been completed or not completed. This confirmation serves as an added layer of accountability and ensures the agency has executed the reported action taken or planned;
- (10) Conduct periodic analysis of audit, inspection, and evaluation reports consistent with enterprise risk management and internal control processes specified in OMB Circular A-123;
- (11) Consider that performance appraisals of appropriate officials reflect effectiveness in resolving and implementing audit, inspection, or evaluation recommendations; and
- (12) Periodically evaluate whether the follow-up process results in efficient, prompt, and proper resolution and corrective action on audit, inspection, or evaluation recommendations.

### **III.2. Special Requirements for GAO Reports**

The following additional requirements apply to Government Accountability Office (GAO) reports:

(1) **Agency Review of GAO Reports.** OMB anticipates that GAO generally will provide an agency between 7 and 30 calendar days to comment on a draft product, unless otherwise required by law. 31 U.S.C. 718 provides a list of entities that, by law, must receive 30 calendar days for comment. GAO issues final reports to Congress or the head of an agency.

(2) **Statements to OMB.** The agency head will submit a statement to the Director of OMB within 180 days after the formal transmittal of a GAO report to the agency when at least one of the following applies:

- (a) The report contains a specific recommendation for the head of the agency;
- (b) The report contains financial statements accompanied by either a qualified or adverse audit opinion or a disclaimer of opinion;
- (c) The report indicates a potential violation of the Antideficiency Act, which has not been reported to the appropriate authorities;
- (d) The report indicates a potential violation of other laws; or
- (e) When requested by OMB.

The agency statement should identify the GAO report by number and date (*e.g.*, GAO 24-123456, dated January 30, 2024), and be submitted electronically to OMB (mbx.omb.gaomail@omb.eop.gov). If the agency response required by 31 U.S.C 720(b) accurately and adequately reflects its current views, a copy of that statement will be sufficient. If the agency did not respond, the statement should inform OMB of the agency's views regarding the findings and recommendations made by GAO.

(3) **Statements to Congressional Committees.** In accordance with 31 U.S.C. 720, when a GAO report contains recommendations to the head of an agency, the agency must:

- (a) Submit a written statement to the Committee on Homeland Security and Governmental Affairs of the Senate, and the Committee on Oversight and Government Reform of the House of Representatives, the Congressional committees with jurisdiction over the agency or program or activity that is the subject of the recommendation, and GAO before the 181<sup>st</sup> day after the date of the report. This statement will report the action taken, or planned to be taken, by the agency concerning the recommendations to the head of the agency.
- (b) Submit a written statement to the Committees on Appropriations of the Senate and the House of Representatives in the first request for appropriations for that agency submitted to Congress more than 180 days after the date of the GAO report. This statement will report the action taken, ongoing, or planned by the agency concerning the recommendations to the head of the agency. Copies of the above statements will be submitted electronically to OMB and GAO on the same date.

(4) **Advance Coordination and Clearance Requirements.** Agency statements to Congressional committees, individual Members of Congress, or the GAO, will be subject to advance coordination with or clearance by OMB when:

- (a) The statement expresses views on proposed or pending legislation. See Circular A-19, “Legislative coordination and clearance;”
- (b) The statement indicates a violation of law;
- (c) The statement discusses matters under the purview of other agencies or executive branch budget policies;<sup>2</sup> or
- (d) Requested by OMB.

Requests for advance coordination with or clearance by OMB will be addressed to the OMB Director, and submitted electronically. In circumstances when clearance is required, it will be completed prior to the transmittal of the statement.

#### **IV. APPLICABILITY TO OTHER AUDITS, INSPECTIONS, OR EVALUATIONS**

The requirements for resolution and corrective action contained in section III.1, above, must be applied to those reports of agency units responsible for regulatory or inspection activities involving the review of financial matters that may result in: (a) fines or penalties; (b) assessments or price adjustments; or (c) other monetary recoveries by the Government.<sup>3</sup>

The agency follow-up official must ensure appropriate follow-up processes are in place for these units. Separate additional processes may be used.

#### **V. OMB RESPONSIBILITY**

OMB will continue to work with agencies and Inspectors General, and as appropriate with GAO, to ensure that the provisions of this Circular are implemented consistently across the Government.

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<sup>2</sup> This refers to broader policies rather than the specific policies of individual executive branch agencies.

<sup>3</sup> The circular and this section do not apply to: (i) Single Audits, which are governed by The Single Audit Act Amendments of 1996 (Pub. L. 104-156, as amended, codified at 31 U.S.C. 7501-7507) and 2 CFR Part 200, Subpart F; or (ii) other audits not specifically addressed in this circular (*i.e.*, not performed by GAO or agency IGs) with a resolution process defined by agency regulation.