

**CHECKLIST FOR REVIEW OF FINANCIAL STATEMENT
AUDITS PERFORMED BY INSPECTORS GENERAL**

OIG UNDER REVIEW
& PERIOD REVIEWED: _____

NAME OF AUDIT: _____

CONTROL NO.: _____

	NAME	DATE
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REVIEWER (S): _____

DATE COMPLETED: _____

**CHECKLIST FOR REVIEW OF FINANCIAL STATEMENT
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	YES	NO	N/A	REMARKS AND FINDINGS
<p>1. INDEPENDENCE (GAGAS 3.03-3.32)</p> <p>1.1 If the OIG's prescribed policies and procedures were adequate, test whether they were followed during the course of the audit.</p> <p>1.2 If the prescribed policies and procedures were inadequate, inquire of management as to how the standard was met. (Obtain any documentation necessary to support this information.) Assess all of the documentation associated with the audit staff's independence.</p>				
<p>2. PROFESSIONAL JUDGEMENT (GAGAS 3.33-3.38)</p> <p>2.1 If the OIG's prescribed policies and procedures were adequate, test whether they were followed during the course of the audit.</p> <p>2.2 If the prescribed policies and procedures were inadequate, inquire of management as to how the standard was met. (Obtain any documentation necessary to support this information.) Was the information provided by management sufficient to ensure that the standards were met?</p> <p>2.3 Assess the audit at the completion of the review and determine if issues were identified where reasonable care, diligence, and professional skepticism, et al, were not met.</p>				
<p>3. COMPETENCE (GAGAS 3.39-3.48)</p> <p>3.1 If the OIG's prescribed policies and procedures were adequate, test whether they were followed during the course of the audit.</p> <p>3.2 If the prescribed policies and procedures were inadequate, inquire of management as to how the standard was met. Examine the composition of the staffing and determine how management concluded that the standard was met. Assess the experience and qualifications of assigned staff to determine adherence to GAGAS. Consider the complexity and uniqueness</p>				

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of the assignment and if any unique staffing requirements that appeared warranted.				
4. USING THE WORK OF OTHERS (Other than IPAs functioning as the principal auditor, if so, refer to Appendix F) (GAGAS 4.25)				
4.1 If the OIG's prescribed policies and procedures were adequate, test whether they were followed during the course of the audit.				
4.2 If the prescribed policies and procedures were inadequate, inquire of management as to how the standard was met. (Obtain any documentation necessary to support this information.) Was the information provided by management sufficient to ensure that the standards were met?				
4.3 Where applicable, did the OIG comply with the appropriate sections of GAO/PCIE FAM 650, or equivalent, when reviewing the work of the other auditors?				
5. AUDIT PLANNING (GAGAS 4.03-4.24)				
5.1 If adequate, as prescribed, were the OIG's policies and procedures regarding audit planning followed?				
5.2 If inadequate as prescribed, examine the audit plan and determine if: a. Audit documentation supports that the work was adequately planned. b. Audit documentation supports that the auditor obtained a sufficient understanding of internal controls in order to plan the audit and to determine the nature, timing, and extent of tests to be performed. c. Information regarding the nature, timing, and extent of planned testing and reporting and the level of assurance provided to officials contracting for or requesting the audit was properly communicated. d. The auditors considered the results of previous audits and attestation engagements and followed up on known significant findings and recommendations that directly relate to the objectives of the audit being undertaken.				

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<p>e. The auditors designed the audit to provide reasonable assurance of detecting material misstatements resulting from violations of provisions of contracts or grant agreements that had a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.</p> <p>f. Auditors were alert to situations or transactions that could be indicative of fraud/abuse, and if indications of abuse existed that could significantly affect the financial statement amounts or other financial data, auditors applied audit procedures specifically directed to ascertain whether abuse had occurred and the effect on the financial statement amounts or other financial data.</p> <p>g. The auditors' significant judgments and conclusions in the area of audit planning were evidenced.</p>				
6. SUPERVISION (GAGAS 4.03)				
<p>6.1 If the OIG's prescribed policies and procedures were adequate, test whether they were followed during the course of the audit.</p> <p>6.2 If the prescribed policies and procedures were inadequate, inquire of management how it defines and ensures "proper supervision," assess this assertion for adequacy if fulfilling the standard, and test accordingly. As supervision represents a primary characteristic of the overall quality control system, evaluate the level of assurance afforded. If it appears weak, did anything come to your attention that the supervision performed was inadequate? Determine the adequacy of supervision by considering the following factors:</p> <p>a. Was supervisory instruction provided to the audit staff adequate and timely?</p> <p>b. Did the supervisor adequately document reviews of audit work and timely provided review comments?</p> <p>c. Were supervisory comments adequately addressed by the auditor and cleared in a timely manner by the supervisor?</p> <p>d. Was the audit performed in a timely manner and was the audit report issued timely?</p>				

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<p>7. EVIDENCE AND AUDIT DOCUMENTATION (GAGAS 4.22-4.26)</p> <p>7.1 If the OIG’s prescribed policies and procedures were adequate, test whether they were followed during the course of the audit.</p> <p>7.2 If the prescribed policies and procedures were inadequate, inquire of management as to how it ensured evidence requirements were met (Obtain any documentation necessary to support this information.).</p> <p>7.3 Determine the adequacy of the audit evidence and documentation by considering whether the OIG ensured that:</p> <ul style="list-style-type: none"> a. Audit documentation adequately supported the universe, sampling plan, and sampling criteria. b. If data from computer-based systems were significant to the audit findings, did the auditors obtain evidence about the reliability of the data. c. The auditors performed sufficient tests to determine the adequacy of the auditee’s internal control system. d. The audit documentation adequately supported the decision not to follow GAGAS. e. The auditors adequately tested for violations and noncompliance with legal and regulatory requirements if significant to the audit objective. If inadequate as prescribed, review the audit documentation and determine if it contains: f. The audit documentation to support the findings, conclusions, and recommendations of the audit. g. The objectives, scope, and methodology of the audit. h. A determination that certain standards did not apply, that applicable standards were not followed, and the reasons therefore, and the impact the omission had, or could have had, on the audit. i. The consideration that the planned procedures were designed to achieve the audit objectives when evidential matter obtained was highly dependent on computerized information systems and was material to the objective of the audit and that the auditors were not relying on the effectiveness of internal control over those computerized systems that produced the information. 				

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<p>7.4 Did the OIG’s policies and procedures require the use of the Financial Statement Audit Completion Checklist? If so, is the completed checklist included with the audit documentation? If not, how did the OIG’s support that professional standards were met? If the checklist or equivalent was not completed, the reviewer should ask how the auditor satisfied fieldwork requirements. (GAO/PCIE FAM 1050)</p>				
<p>8. REPORTING STANDARDS (GAGAS 5.03-5.07)</p> <p>8.1 If the OIG’s prescribed policies and procedures were adequate, test whether they were followed during the course of the audit.</p> <p>8.2 If the prescribed policies and procedures were inadequate, inquire of management as to how the standard was met. (Obtain any documentation necessary to support this information.) Was the information provided by management sufficient to ensure that the standards were met? In addition, consider the following factors. Does the OIG report:</p> <ul style="list-style-type: none"> a. State whether the financial statements are presented in accordance with GAAP? b. Identify those circumstances in which GAAP had not been consistently observed in the current period in relation to the preceding period? c. Contain an expression of opinion regarding the financial statements, taken as a whole, or an assertion to the effect that an opinion cannot be expressed? d. State that the audit was performed in accordance with GAGAS? e. Contain a description of the scope of the auditors’ testing of internal control over financial reporting and compliance with laws, regulations, and provisions of contracts or grant agreements and the results of those tests or an opinion, if sufficient work was performed, or there is a reference to a separate report containing that information, should be stated that the separate report is an integral part of the audit and should be considered in assessing the results? 				

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<p>f. Include: (1) deficiencies in internal control considered to be reportable conditions, 2) all instances of fraud and illegal acts, and 3) significant violations of provisions of contracts or grant agreements?</p> <p>g. Identify the criteria, condition, effect, plus cause for each finding and determine if they were reasonable and supportable given the work performed and the facts derived.</p> <p>h. Clearly state the auditors' conclusions, and determine if they were reasonable, based upon the facts derived.</p> <p>i. Recommend actions directed at resolving the cause of identified problems, were action-oriented and specific, and were addressed to parties that have the authority to act.</p> <p>j. Fulfill timeliness requirements.</p> <p>8.3 Is the completed Checklist for Reports Prepared Under the CFO Act (GAO/PCIE FAM 1050) (or its equivalent) in the audit documentation? Did the CFO or auditors complete this or an equivalent?</p>				
9. NONAUDIT SERVICES (Applicable if nonaudit services were performed that were related to the audit examined) (GAGAS 2.14-2.16)				
<p>9.1 If the OIG's prescribed policies and procedures were adequate, test whether they were followed during the course of the audit.</p> <p>9.2 If the prescribed policies and procedures were inadequate, inquire of management as to how the standard was met. (Obtain any documentation necessary to support this information.) Was the information provided by management sufficient to ensure that the standards were met? In addition, consider the following factors:</p> <p>a. Was the consideration documented that the services to be rendered did not involve performing management functions or making management decisions?</p> <p>b. Was consideration documented that the services to be performed did not encompass auditing the OIG's own work or was significantly material to the subject matter of audits?</p> <p>c. Was the understanding with the audited entity established and documented regarding the</p>				

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<p>objectives, scope of work, product or deliverables, and that management was responsible for the substantive outcomes of the work?</p> <p>d. Did the audited entity:</p> <ol style="list-style-type: none"> 1. Designate a management level individual to be responsible and accountable for overseeing the nonaudit services? 2. Establish and monitor the performance of the nonaudit services to ensure it met management's objective? 3. Make decisions that involved management functions related to the nonaudit service and accept full responsibility for such decisions? 4. Evaluate the adequacy of the services performed and any findings that resulted? <p>e. Did the OIG preclude personnel that provided nonaudit services from planning, conducting, or reviewing audit work of the subject matter involving the nonaudit service under the overreaching principle that auditors cannot audit their own work?</p> <p>f. Was the scope and extent of the audit work unaffected as if no nonaudit service had been performed?</p> <p>g. Were the audit organization's independence requirements communicated in writing to the audited entity?</p>				
10. QUALITY CONTROL PROCESS FOR EACH AUDIT (GAGAS 3.49-3.56)				
<p>10.1 If adequate as prescribed, were the OIG's policies and procedures followed?</p> <p>10.2 If inadequate as prescribed, inquire of management what job-specific quality control process is employed (such as independent referencing):</p> <ol style="list-style-type: none"> a. assess the adequacy of the job-specific quality control process and test accordingly. b. as this represents a primary characteristic of the overall quality control system, evaluate the level of assurance afforded. <p>10.3 Did an independent referencer assure that the findings were adequately supported by audit documentation and conclusions, and that recommendations flowed logically from the support?</p>				

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a. Was the report accurate?				
b. Did the independent referencer verify that statements of fact, figures, and dates were accurately reported?				
c. Did the independent referencer assure that the findings were adequately supported and that conclusions and recommendations flowed logically from the support?				

END OF CHECKLIST