

Guide For Conducting External Peer Reviews Of The Audit Operations of Offices of Inspector General April 2005



Table of Contents

GUIDELINES FOR OIG QUALITY ASSURANCE PROGRAM	ADDENDUM 1
EXTERNAL PEER REVIEW GUIDE	ADDENDUM 2
ILLUSTRATIVE REPORTS	ADDENDUM 3

Appendices

- A OIG's Audit Quality Control Policies and Procedures**
- B Checklist for Review of Adherence to Selected General Standards**
- C Checklist for Assessment of the Internal Quality Assurance Program**
- D Checklist for Review of Individual Financial Statement Audits
Performed by Inspectors General**
- E Checklist for Review of Individual Performance Audits**
- F Checklist for Review of OIG Monitoring of Audits Performed by
Independent Public Accountants**
- G Checklist for Review of Attestation Engagements**

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Appendix A

Column 1 – Requested Information

**Column 2 - Section 1—Reviewed Organization Responses
and References**

Column 3 - Applicable Standards

**Column 4 - Section 2--Peer Review Team Evaluation
Comments and Conclusions**

Appendix A

INDEPENDENCE

Personal Impairments

1.1 What are your policies and procedures to determine whether auditors, and specialists, both Federal and non-Federal, have any personal impairments related to the audits they conduct, including non-audit services and their resolution? (GAGAS 3.07, 3.09)

1.2 What are your policies and procedures to ensure specialists are independent? (GAGAS 3.06)

External Impairments

1.3 What are your policies and procedures for identifying, reporting, and resolving external impairments? (GAGAS 3.19-3.20)

Appendix A

Organizational Impairment

1.4 What are your policies and procedures for ensuring the OIG is considered free from organizational impairments? Provide documentation which allows the audit organization to be considered free of organizational impairments (GAGAS 3.21-3.31; 3.32)

1.5 What are your policies and procedures for ensuring non-audit services do not impair independence? (GAGAS 3.17 a-e)

Appendix A

2. COMPETENCE

Staffing

2.1 What are your policies and procedures to ensure that staff members who conduct audit and attestation engagements fulfill the competence standard? Include references to your agency's established hiring policies, policies and procedures for assigning staff to audits and attestation engagements, staff appraisals, and other relevant policies and procedures. (GAGAS 3.40 and 3.42)

2.2 What are your policies and procedures to determine whether specialists hired to perform audits have the knowledge, skills, and experience needed to perform the required task (e.g., a procedure for reviewing specialists' education, experience, or performance before hiring decisions are made)? (GAGAS 3.41, 3.48)

Appendix A

2.3 What are your policies and procedures to ensure that auditors engaged to perform financial audits or attestation engagements are licensed certified public accountants or persons working for a licensed certified public accounting firm or a Government auditing organization? (GAGAS 3.44)

Continuing Education and Training

2.4 What are your policies and procedures for ensuring that the continuing education and training requirements for your agency's audit staff are met? (GAGAS 3.45-3.47)

Appendix A

PROFESSIONAL JUDGEMENT

3.1 What are your policies and procedures for requiring staff to follow all applicable standards in conducting audits and attestation engagements? How are departures from GAGAS justified? (GAGAS 3.34) What are your policies and procedures for handling situations in which a standard is not applicable to a particular audit or will not be followed for a particular audit (s)? Please describe who makes the decision that a standard is not applicable, whether the decision is reviewed, and whether the OIG has any guidance for handling such situations.

Appendix A

3.2 What are your policies and procedures for handling situations in which a standard is not applicable to a particular audit or will not be followed for a particular audit (s)? Please describe who makes the decision that a standard is not applicable, whether the decision is reviewed, and whether the OIG has any guidance for handling such situations.

3.3 What are your procedures for disclosing that one or more standards were not followed in the scope section of the report including reasons why and any known effect of not following the standards(s)?

3.4 Do the OIG policies and procedures require that the determination be documented in the audit documentation that certain standards do not apply to an audit? (GAGAS 3.37-.38)

4. Quality Control and Assurance

4.1 What are your policies and procedures to ensure monitoring of quality control, on an ongoing basis? (GAGAS 3.50; PCIE/ECIE Quality Standards V.C)

4.2 What are your policies and procedures to ensure that your audit organization takes remedial corrective action as needed on the results of external peer reviews? (GAGAS 3.52)

4.3 What are your policies and procedures regarding documenting compliance with your system of quality control (GAGAS 3.51) for the following characteristics:

- a. Policies and procedures that establish internal guidance and requirements?
- b. Supervisory review processes?
- c. Quality control process for each audit? (such as independent referencing, GAGAS 8.45)
- d. Quality assurance program?

5. AUDIT PLANNING

Financial Audits

5.1 What are your policies and procedures regarding the documentation of the planning of an audit engagement? (GAGAS 4.03, AU 311.01-311.10)

5.2 What are your policies and procedures that require consideration of the following during the planning process of financial statement audits:

- a. The matters described in AU 311.03 that are relevant to the auditee as follows:
 1. Matters relating to the auditee's mission and the environment in which it operates?
 2. The auditee's accounting policies and procedures?
 3. The methods used by the auditee to process significant accounting information, including the use of service organizations, such as outside service centers?

Audit Planning

4. Planned assessed level of control risk?
5. Preliminary judgment about materiality levels for audit purposes?
6. Financial statement items likely to require adjustment?
7. Conditions that may require extension or modification of audit tests, such as the risk of material errors or irregularities or the existence of related party transactions?
8. The nature of reports expected to be rendered (for example, a report on consolidating financial statements)?

Audit Planning

- b. What are your policies and procedures requiring follow-up on prior material findings and recommendations that affect the current audit? (GAGAS 4.14-4.16)
- c. Detection of material misstatements resulting from violations of contract provisions or grant agreements or from abuse? (GAGAS 4.17 – 4.20)
- d. Communication of relevant information concerning the audit? (GAGAS 4.06 – 4.13)
- e. Development of finding elements (criteria, condition, effect, plus cause)? (GAGAS 4.21)

Appendix A

- 5.3 What are your policies and procedures for:
- a. Inquiring about the professional reputation and standing of the other auditor? (AU 543.10)
 - b. Obtaining representation from the other auditor regarding independence? (AU 543.10)
 - c. When the audit report will not make reference to the work of the other auditor, are additional steps performed to obtain satisfaction regarding the other auditor's examination? (AU 543.10 and 543.12)

Attestations

5.4 What are your policies and procedures for ensuring that the auditor performs an engagement only if there is reason to believe that the subject matter is capable of evaluation against criteria that are suitable and available to users? (GAGAS 6.02-6.04)

5.5 What are your policies and procedures to ensure planning documentation is sufficient? (GAGAS 6.22-6.26)

What are your policies and procedures to communicate relevant information concerning the attestation engagement? (GAGAS 6.06 - 6.09)

What are your policies and procedures to consider the results of previous audits and attestation engagements? (GAGAS 6.10 -6.12)

Performance Audits

5.6 What are your policies and procedures to ensure the work is adequately planned? (GAGAS 7.02 & 7.03)

a. What are your policies and procedures to ensure that sufficient background information on the organization, program, activity, or function being audited is obtained? (GAGAS 7.10)

b. What are your policies and procedures to identify the criteria to evaluate the subject matter of the audit? (GAGAS 7.28)

c. What are your policies and procedures to consider the results of previous audits that could affect the current audit objectives? (GAGAS 7.29-7.30)

Performance Audits

- d. What are your policies and procedures to consider the work of others? (GAGAS 7.32-7.34)
- e. What are your policies and procedures to assess the skill, knowledge and availability of the personnel to staff the assignment? (GAGAS 7.35-7.38)
- f. What are your policies and procedures to communicate information about the nature of the audit? (GAGAS 7.39-7.40)
- g. What are your policies and procedures to assess potential sources of data and the validity and reliability of such data? (GAGAS 7.31)

Performance Audits

- g. What are your policies and procedures to assess potential sources of data and the validity and reliability of such data? (GAGAS 7.31)

- h. What are your policies and procedures for considering risks due to fraud that could significantly affect the audit objectives? (GAGAS 7.21-7.26)

Appendix A

5.7 What are your policies and procedures regarding audit plans? Is a written audit plan (or program) used on all audit engagements? Who is required to review and approve the audit plan, and how is this approval documented? Does management require formal authorization of revisions to the audit plan? (GAGAS 7.41-7.43)

5.8 What are your policies and procedures to ensure the audit is planned effectively to culminate in the timely issuance of the report? How is timeliness defined and measured? (GAGAS 8.39)

Supervision

All Audits

6.1 What are your policies and procedures for ensuring that auditors and others (including specialists) receive appropriate guidance and effective supervision during the performance of the audit? (AU 311.11-14; GAGAS 6.4, 7.44-7.47)

6.2 What are your policies and procedures for ensuring that staff is aware of their responsibilities and for providing the level of supervision warranted by the experience level of the staff? (AU 311.12, GAGAS 7.45 and 7.46)

6.3 What are your policies and procedures regarding the documentation of supervisory reviews of audit work? (AU 339.05; GAGAS 4.24 6.24, 7.47, 7.68)

Evidence and Documentation

All Audits

- 7.1 What are your policies and procedures to ensure that audit and attestation engagement findings and conclusions are supported by sufficient, competent, and relevant evidence? (AU 326.01; GAGAS 4.22-4.24, 6.22-6.24, 7.48-7.53)
- 7.2 What are your policies and procedures regarding written representations about the validity of evidence obtained from officials of an audited entity? (AU 333.02; GAGAS 7.54)

Appendix A

Assessing the Reliability of Computer Processed Data

7.3 What are your policies and procedures for assessing the reliability of computer-processed data? (AU 326.12, GAGAS 4.24, 6.24, 7.59)

Documentation

7.4 What are your policies and procedures for preparing and maintaining documentation and ensuring the safety, custody, and retention of the documentation?.

(AU 339.08; GAGAS 4.26, 6.26, 7.66-7.71)

Appendix A

7.5 What are your policies and procedures for ensuring that audit documentation is appropriately organized in order to provide a clear link to the findings, conclusions, and recommendations contained in the audit report and the evidence and summaries meet the specific documentation requirements? (AU 339.01-.05, GAGAS 4.22-4.27, 6.22-6.24, 7.41-7.43, 7.67-7.68)

Internal Control

Financial Audits

8.1 What are your policies and procedures regarding the understanding of each element of the internal control structure (the control environment, accounting system, and control procedures) and whether it has been implemented? Does the policy or procedure require that an auditor gain an understanding of the five components of internal control (control environment, risk assessment, control activities, information and communication and monitoring) by performing procedures to understand the design of the controls relevant to an audit? (GAGAS 4.04, AU 319.19, 319A.16)

Internal Control – Financial Audits

8.2 What are your policies and procedures regarding how the auditor's understanding of the control structure is documented? (AU 319.44, 319.A26)

8.3 What are your policies and procedures that require assessing control risk in terms of financial statement assertions and (where applicable) compliance with laws and regulations? (AU 319.45, 319.A29)

8.4 When seeking to reduce the assessed level of control risk for certain financial statement assertions, what are your policies and procedures for considering the availability of additional sufficient evidential matter and the need to test controls? (AU 319.61, 319A.43)

Internal Control — Financial Audits

8.5 When assessing control risk below the maximum, what are your policies and procedures for: (AU 319.48, 319A.30)

a. Identifying specific internal control structure policies and procedures relevant to specific assertions or objectives of internal control?

b. Performing tests of controls to evaluate the effectiveness of such policies and procedures?

8.6 What are your policies and procedures for requiring your auditors to document their basis for conclusions about the assessed level of control risk? (AU 319.57, 319A.39)

Internal Controls

Attestation Engagements

8.7 What procedures are used to ensure that auditors obtain a sufficient understanding of internal control that is material to the subject matter or assertion to plan the engagement and design procedures to achieve the objectives of the attestation engagements? (GAGAS 6.13-6.14)

Performance Audits

8.8 What are your policies and procedures to ensure that auditors obtain an understanding of internal control as it relates to the specific objectives and scope of the audit? (GAGAS 7.11-7.16)

Legal And Regulatory

Financial Audits

9.1 For determining compliance with laws and regulations in financial audits, what are your policies and procedures that require:

a. Auditors design the audit to provide reasonable assurance of detecting material misstatements resulting from violations of provisions of contracts or grant agreements or from abuse? (GAGAS 4.17-4.20)

b. The auditor is aware of the possibility of illegal acts that could have an indirect and material effect on the financial statements and, if evidence indicates that such acts may have occurred, to perform procedures to determine if such acts occurred? (GAGAS 4.18)

Attestation Engagements

9.2 What are your policies and procedures for providing reasonable assurance of detecting that fraud, illegal acts, violations of provisions of contract or grant agreements and abuse that could have a material effect on the subject matter is detected consistent with the level of the engagement? (GAGAS 6.15-6.20)

Performance Audits

9.3 What are your policies and procedures for detecting violations of contract provisions, or grant agreements or fraud that could significantly affect the audit results? Include policies and procedures relating to obtaining applicable laws and regulations (etc.) conducting and documenting risk assessments and developing applicable audit steps to provide reasonable assurance of detection. (GAGAS 7.17-7.27).

Performance Audits

9.4 What policies or procedures do you have for assuring that audit staff members are alert to situations or transactions that are indicative of illegal acts or abuse? What actions are auditors required to take when fraud indicators are present? (GAGAS 7.23-7.25)

9.4 What policies or procedures do you have for assuring that audit staff members are alert to situations or transactions that are indicative of illegal acts or abuse? What actions are auditors required to take when fraud indicators are present? (GAGAS 7.23-7.25)

Reporting Standards

All Audits

10.1 What are your policies and procedures regarding a statement in audit reports that the audit was made in accordance with generally accepted government auditing standards? (GAGAS 5.05, 6.29, 8.30)

10.2 What are your policies and procedures requiring the reporting of (1) irregularities and illegal acts, except those that are clearly inconsequential, (2) other material noncompliance, and (3) reportable conditions, including (for financial statement audits only) identification of those that are individually or in the aggregate considered to be material weaknesses? (GAGAS 5.12-5.14, 6.32-6.40, 8.16-8.18)

Reporting Standards

10.3 What are your policies and procedures regarding the preparation of appropriate documentation for audits and attestation engagements that are terminated prior to completion? (GAGAS 4.09, 6.09, 7.40)

10.4 What are your policies and procedures regarding report issuance and distribution? (GAGAS 8.54-8.57)

10.5 What are your policies and procedures regarding reporting the views of responsible officials? (GAGAS 5.26-5.30,6.41-6.45,8.31-8.34)

Reporting Standards

- 10.6 What are your policies and procedures that ensure AICPA reporting standards are followed, including SAS 58 and 60? (AU 508.01-508.85, 623.01-623.34; GAGAS 5.03)
- 10.7 What are your policies and procedures that require a written report on compliance with laws and regulations and internal controls that includes the following:
- a. A description of the scope of testing compliance with laws and regulations and internal controls? (GAGAS 5.08-5.09)
 - b. A statement about whether the tests provided sufficient evidence to support an opinion on the effectiveness of internal control on compliance with laws, regulations, and provisions of contracts or grant agreements? (GAGAS 5.09)

Reporting Standards

Attestation

10.8 What are your policies and procedures to ensure standards are met? (GAGAS 6.27-6.28)

Performance Audits

10.9 What are your policies and procedures for communicating the results of each audit? (GAGAS 8.02-8.05)

10.10 What are your policies and procedures regarding an audit report's contents? (GAGAS 8.07, 8.21)

10.11 What are your policies and procedures regarding reporting the audit's objectives, scope, and methodology? (GAGAS 8.08-8.12)

Reporting Standards

Performance Audits

10.12 What are your policies and procedures regarding the reporting of fraud, illegal acts, and abuse? (GAGAS 8.19-8.26)

10.13 What are your policies and procedures regarding presentation of the auditor's conclusions in the audit report? (GAGAS 8.27)

10.14 What are your policies and procedures regarding reporting fully developed findings? (GAGAS 8.13-8.15)

10.15 What are your policies and procedures regarding reporting deficiencies in internal controls? (GAGAS 8.16-8.18)

Reporting Standards

Performance Audits

10.16 What are your policies and procedures regarding the development and issuance of recommendations? (GAGAS 8.28-8.29)

10.17 What are your policies and procedures to ensure report quality elements are met? (GAGAS 8.38-8.53)

Audit Follow-Up Process

11.1 What are your policies and procedures for tracking/monitoring agency officials' response, management decision, and final action on the reports' recommendations? (GAGAS 4.16, 6.12, 7.30)

End of Checklist

Appendix B

CHECKLIST FOR REVIEW OF ADHERENCE TO SELECTED GENERAL STANDARDS

1.1 Review documentation associated with a sample of new hires to determine if the OIG adhered to policies and procedures regarding minimal education, and experience requirements.

(GAGAS 3.40)

1.2 Review a sample of designated specialists (either through interview, review of personnel records, or a combination of both) to determine whether they appear to have the necessary expertise.

(GAGAS 3.48)

Appendix B

- 1.3 Review personnel records or other documents showing continuing professional education and training received for a sample of auditors to determine if they have met the requirements. (GAGAS 3.45-3.47)

Appendix B

- 1.4 Review the OIG's organizational placement within the structure of the Government entity to which it is assigned. Does the OIG's reporting level within the Department or Agency result in an organizational impairment? (GAGAS 3.22-3.26)

- 1.5 Through inquiry and observation, determine whether audit staff has appropriate access to applicable audit standards and other reference material necessary to conduct its work.
(GAGAS 3.54)

Appendix C

Checklist for Assessment of Internal Quality Assurance Program

Quality Assurance (GAGAS 3.49-3.51)

1. If the OIG has an independent quality assurance program, were its policies and procedures adequate as prescribed?

Appendix C

2. If the OIG has an independent quality assurance program, but the policies and procedures are inadequate as prescribed, inquire of management how the program is to function. As the quality assurance program represents a key characteristic of the overall quality control system, evaluate the level of assurance afforded. Determine if the program.
 - a. Results in one overall report on the audit organization (thus sharing common deficiencies noted with all offices).
 - b. Results in reports issued for the individual offices within the audit organization reviewed.

Appendix C

- c. Provides for all offices within the audit organization that issue audit reports to be reviewed.
 - 1. Are the reviews required to be conducted of each office with reasonable frequency?
 - 2. Were all offices that issue audits reviewed in accordance with the prescribed schedule?
- d. Provides for timely completion of reviews and reporting of results.
- e. Provides for staffing reviews with individuals who are independent of the audit organization being reviewed, or report to an individual or a level within the organization that will assure independence and objectivity of the reviews.

Appendix C

- f. Requires that a senior audit manager lead reviews.
- g. Requires that staff assigned to the reviews have the appropriate level of experience and collective proficiency.
- h. Requires coverage of the following elements.
 1. Compliance with the audit organization's policies and procedures.
 2. Compliance with the Government Auditing Standards pertaining to Attestation Engagements, Performance Audits, or Financial Audits.

Appendix C

3. Compliance with OMB requirements governing the nature of the audits being reviewed.
4. Compliance with applicable PCIE audit policy statements and appropriate statutory provisions applicable to the audit organization.
5. Sufficient testing to ensure that the audit organization is in compliance with the GAGAS and the audit organization's policies and procedures
6. Follow up on prior deficiencies found.

Appendix C

- i. Requires a system to track corrective actions taken in response to the quality assurance reports and to follow up on recommendations for corrective action.
3. Select a sample of quality assurance reports and review the supporting audit documentation to determine if:
 - a. The quality assurance reports described the work performed and the scope of the work was sufficiently comprehensive.
 - b. The quality assurance reports were recent enough to be of value.
 - c. Follow up on prior deficiencies was undertaken when appropriate.

Appendix C

- d. The documentation indicates that the quality assurance team performed all the work necessary to satisfy the review objectives.
- e. The documentation indicates that the review was properly supervised.
- f. The findings and recommendations were supported by adequate documentation.
- g. The responsible official provided written comments for each recommendation setting forth the corrective action already taken or proposed.

Appendix D

CHECKLIST FOR REVIEW OF FINANCIAL STATEMENT AUDITS PERFORMED BY INSPECTORS GENERAL

1. **INDEPENDENCE (GAGAS 3.03-3.32)** If the OIG's prescribed policies and procedures were adequate, test whether they were followed during the course of the audit.
 - 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.

Appendix D

2. PROFESSIONAL JUDGEMENT (GAGAS 3.33-3.38)

- 2.1 If the OIG's prescribed policies and procedures were adequate, test whether they were followed during the course of the audit.
- 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?
- 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.

Appendix D

3. COMPETENCE (GAGAS 3.39-3.42)

3.1 If the OIG's prescribed policies and procedures were adequate, test whether they were followed during the course of the audit.

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, 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 of the assignment and any unique staffing requirements that appeared warranted.

Appendix D

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?

Appendix D

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.

Appendix D

- 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.

Appendix D

- 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.

Appendix D

- 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.

- g. The auditors' significant judgments and conclusions in the area of audit planning were evidenced

Appendix D

6. SUPERVISION (GAGAS 4.03)

- 6.1 If the OIG's prescribed policies and procedures were adequate, test whether they were followed during the course of the audit.

- 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:
 - a Was supervisory instruction provided to the audit staff adequate and timely?

Appendix D

- b. Did the supervisor adequately document reviews of audit work and timely provided review comments?
- c. Were supervisory comments adequately addressed by the auditor and cleared in a timely manner by the supervisor?
- d. Was the audit performed in a timely manner and was the audit report issued timely?

Appendix D

7.1 EVIDENCE AND AUDIT DOCUMENTATION (GAGAS 4.22-4.26)

7.1 If the OIG's prescribed policies and procedures were adequate, test whether they were followed during the course of the audit.

Appendix D

- 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).**
- 7.3 Determine the adequacy of the audit evidence and documentation by considering whether the OIG ensured that:**
- 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.**

Appendix D

- 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.

Appendix D

- 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.

Appendix D

7.4 Did the OIG's policies and procedures require the use of the Financial Statement Audit Completion checklist?

If so, is the completion 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)

Appendix D

8. REPORTING STANDARDS (GAGAS 5.03-5.07)

- 8.1 If the OIG's prescribed policies and procedures were adequate, test whether they were followed during the course of the audit.

- 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:

Appendix D

- 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 ?

Appendix D

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?

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.

Appendix D

- h. Clearly state the auditors' conclusions, and determine if they were reasonable, based upon the facts derived.
- 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.
- j. Fulfill timeliness requirements.

Appendix D

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?

Appendix D

9. **NONAUDIT SERVICES** (Applicable if non-audit services were performed that were related to the audit examined) (GAGAS 2.14-2.16)
 - 9.1 If the OIG's prescribed policies and procedures were adequate, test whether they were followed during the course of the audit?

Appendix D

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:

- a. Was the consideration documented that the services to be rendered did not involve performing management functions or making management decisions?

Appendix D

- 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?
- c. Was the understanding with the audited entity established and documented regarding the objectives, scope of work, product or deliverables, and that management was responsible for the substantive outcomes of the work?
- d. Did the audited entity:
 - 1. Designate a management level individual to be responsible and accountable for overseeing the non audit services?

Appendix D

1. Designate a management level individual to be responsible and accountable for overseeing the non audit services?
2. Establish and monitor the performance of the non audit services to ensure it met management's objective?
3. Make decisions that involved management functions related to the non audit service and accept full responsibility for such decisions?
4. Evaluate the adequacy of the services performed and any findings that resulted.

Appendix D

- e. Did the OIG preclude personnel that provided non audit services from planning, conducting, or reviewing audit work of the subject matter involving the non audit service under the overreaching principle that auditors cannot audit their own work?
- f. Was the scope and extent of the audit work unaffected as if no non audit service had been performed?
- g. Were the audit organization's independence requirements communicated in writing to the audited entity?

Appendix D

10. QUALITY CONTROL PROCESS FOR EACH AUDIT (GAGAS 3.49-3.56)

10.1 If adequate as prescribed, were the OIG's policies and procedures followed?

10.2 If inadequate as prescribed, inquire of management what job-specific quality control process is employed (such as independent referencing):

- a. assess the adequacy of the job-specific quality control process and test accordingly.

Appendix D

b. as this represents a primary characteristic of the overall quality control system, evaluate the level of assurance afforded.

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?

a.) Was the report accurate?

Appendix D

- 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?

CHECKLIST FOR REVIEW OF INDIVIDUAL PERFORMANCE AUDITS

1. INDEPENDENCE (GAGAS 3.03-3.10)

- 1.1 If the OIG's prescribed policies and procedures were adequate, test whether they were followed during the course of the audit.
- 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.

Appendix E

2. PROFESSIONAL JUDGMENT (GAGAS 3.33-3.38)

- 2.1 If the OIG's prescribed policies and procedures were adequate, test whether they were followed during the course of the audit.
- 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?
- 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.

Appendix E

3. COMPETENCE (GAGAS 3.39-3.42)

3.1 If the OIG's prescribed policies and procedures were adequate, test whether they were followed during the course of the audit.

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, 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 of the assignment and any unique staffing requirements that appeared warranted.

Appendix E

4. AUDIT PLANNING (GAGAS 7.02-7.43)

- 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? Determine whether the audit plan:
 - a. Defined the objectives, methodology and scope of the audit.

Appendix E

- b. Identified the needs of potential report users.
- c. Provided for the collection and analysis of sufficient background data.
- d. Provided for the identification and testing of compliance with legal and regulatory requirements.
- e. Provided for an assessment of internal controls.
- f. Provided for identification and follow-up on significant findings, recommendations, and questioned costs from prior audits.

Appendix E

- 4.3 Despite not having policies and procedures specific to audit planning, did the audit program appear adequate as to the nature and scope of work to be performed and sufficient to attain the stated audit objective?
- a. Were audit plans and programs, and any subsequent modifications approved by management?
 - b. If the auditors relied on the work of another independent auditor or experts, did the audit program include procedures to provide a sufficient basis for that reliance?
 - c. If steps in the audit program were not performed or not performed fully, were the omissions adequately documented, explained, and approved?

Appendix E

5. SUPERVISION (GAGAS 7.44-7.47)

- 5.1 If the OIG's prescribed policies and procedures were adequate, test whether they were followed during the course of the audit.
- 5.2 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? (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:

Appendix E

- a. Was supervisory instruction provided to the audit staff adequate and timely?
- b. Did the supervisor adequately document reviews of audit work and timely provided review comments?
- c. Were supervisory comments adequately addressed by the auditor and cleared in a timely manner by the supervisor?
- d. Was the audit performed in a timely manner and was the audit report issued timely?

Appendix E

6. EVIDENCE AND AUDIT DOCUMENTATION (GAGAS 7.48-7.71)

6.1 If the OIG's prescribed policies and procedures were adequate, test whether they were followed during the course of the audit.

Appendix E

6.2 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?

6.3 Determine the adequacy of the audit evidence and documentation by considering whether the OIG ensured that:

- 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.**

Appendix E

- 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.
- f. If the auditors detected potentially improper/illegal acts, the audit documentation supported that appropriate steps were taken such as contacting investigations and/or legal counsel.
- g. Audit work was expanded appropriately when cause was established that fraud, illegal acts, or violations had occurred.

Appendix E

7. REPORTS ON PERFORMANCE AUDITS (GAGAS 8.02-8.37)

- 7.1 If the OIG's prescribed policies and procedures were adequate, test whether they were followed during the course of the audit.
- 7.2 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:

Appendix E

7.2 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:

Appendix E

- a. Did the report explain why the audit was conducted, and what the objective of the audit was to accomplish?
- b. Did the report identify the scope of the audit, including:
 1. The relationship between the universe and what was audited.
 2. The audit period covered.
 3. The organizations and geographic locations covered by the audit.
 4. The kinds and sources of evidence used.
 5. Problems with evidence.
 6. Significant limitations or constraints imposed on the auditors.

Appendix E

- C. Did the report adequately describe the methodology used, including:
 1. Significant assumptions made.
 2. Comparative techniques applied.
 3. The criteria used.
 4. Sampling applications and designs.

- d. Did the report include specific findings for each audit objective or otherwise account for each objective?

Appendix E

- e. Did the report identify the criteria, condition, effect, plus cause for each finding, as necessary, and were they reasonable and supportable, given the work performed and the facts derived?
 - f. Did the report disclose the scope of work on internal controls and any significant weaknesses identified?
 - g. When applicable, did the report identify potentially illegal acts, fraud, significant violations of contract, or grant agreement provisions or abuse?
- 7.3 Did the report clearly state the auditors conclusions? Were the conclusions reasonable, and complete based upon the facts derived?

Appendix E

- 7.4 Were recommendations directed at resolving the cause of identified problems, action-oriented, specific, and addressed to parties that have the authority to act?
- 7.5 Did the report contain the conformity statement that provided assurance that the audit was conducted in accordance with GAGAS?
- 7.6 Were there deviations from GAGAS, did the report clearly state which standards were not followed and the reasons therefore?
- 7.7 Were comments received from the auditee fairly presented in the report, and rebutted where appropriate?

Appendix E

7.8 How did the OIG establish that the report was issued in a timely manner? If the elapsed days appear to be excessive given the nature and extent of the work performed and/or the sensitivity of the audited area, ask management how it satisfied itself that the standard had been met.

7.9 Did the report disclose all significant and relevant evidence (i.e. was it complete)?

Appendix E

8. **NONAUDIT SERVICES** (Applicable if non audit services were performed that were related to this audit) (GAGAS 2.14-2.16, 3.08a, 3.10-3.18)
 - 8.1 If the OIG's prescribed policies and procedures were adequate, test whether they were followed during the course of the audit.
 - 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:

Appendix E

- a. Was there adequate documentation showing that the OIG considered whether providing the audit services would create a personal or organizational impairment in fact or appearance that adversely affects their independence for conducting audits?
- b. Was there documentation showing 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?
- c. Was there a documented understanding with the audited entity that identified the objectives, scope of work, and product or deliverables, and that established that agency's management was responsible for the substantive outcomes of the work?
- d. Did the audited entity:

Appendix E

1. Designate a management level individual to be responsible and accountable for overseeing the non audit services?
2. Establish and monitor the performance of the non audit services to ensure it met management's objective?
3. Make decisions that involved management functions related to the non audit services and accept full responsibility for such decisions?
4. Evaluate the adequacy of the services performed and any findings that resulted?

Appendix E

- e. Did the OIG prohibit personnel who provided non audit services from planning, conducting, or reviewing audit work of the subject matter involving the non audit service?

- f. Was the scope and extent of the audit work impacted due to non audit services having been performed?

- g. Were the audit organization's independence requirements communicated in writing to the audited entity?

Appendix E

QUALITY CONTROL PROCESS FOR EACH AUDIT (GAGAS 8.38-8.53)

- 9.1 If the OIG's prescribed policies and procedures were adequate, test whether they were followed during the course of the audit selected for review.

- 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:

Appendix E

- a. Was the quality control process adequate for this assignment, were the different aspects of it implemented and effective, and did they provide an adequate level of assurance of compliance with GAGAS?
- b. Evaluate the level of assurance afforded.

Appendix E

- 9.3 Did an independent referencer assure that the findings were adequately supported by audit documentation and conclusions, and that recommendations flowed logically from the support?**
- 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?**

CHECKLIST FOR PEER REVIEW OF OIG MONITORING AUDITS PERFORMED BY AN INDEPENDENT PUBLIC ACCOUNTANT

1. CONTRACTING PROCESS(GAGAS 1.18f

1.1 If the OIG issued a new contract or competitive task order during the review period, did the process address the following items:)

- a. Qualifications and experience of the firm.
- b. Qualifications and experience of the proposed staff.
- c. Technical approach.
- d. The need for the auditor to use professional judgment.
- e. Independence of the firm to consider any existing, ongoing, or planned non-audit services.

Appendix F

- f. Request an explanation of the firm's internal quality control system to include such items as audit documentation review procedures, and continuing professional education requirements.
- g. Request the firm's latest peer review report, related letter of comment, and the firm's response to those comments.
- h. (Note: If the peer review is more than one year old, the OIG should inquire about the firm's internal inspection program or equivalent and the results of the most recent review. If the firm did not provide specific information to the OIG request, the reviewer should evaluate the procedures the OIG used to assess the firm's internal quality control procedures.)

Audit scope and objectives.

Appendix F

I. Requirement to perform the audit in accordance with Government Auditing Standards and other statutory, regulatory, or OMB requirements.

J. Establishment of milestones for completion of the audit (or major portions) and the submission of deliverables.

K. Provisions for the review of deliverables and access to the audit documentation by the OIG.

1.2 If the OIG did not issue a new contract or competitive task order (i.e. they exercised a contract option), did the OIG: Update their assessment of the firm's independence to consider any existing, ongoing, or planned non-audit services? Update their understanding of the firm's internal quality control system to consider such items as documentation review procedures, and continuing professional education requirements?

Appendix F

- b. Request a copy of the firm's latest peer review report, related letter of comment, and the firm's response to those comments?

(Note: If the peer review is more than one year old, the OIG should inquire about the firm's internal inspection program or equivalent and the results of the most recent review. If the firm did not provide specific information to the OIG request, the reviewer should assess the procedures the OIG used to evaluate firm's internal quality control procedures.)

- d. Update their assessment of the other auditors' qualifications including the qualifications of key staff?

Appendix F

2. LEVEL OF OIG ASSURANCE

2.1 Examine the Statement of Work and determine what the capacity/extent the OIG used the IPA. Has the auditor determined and documented the planned level of review at the overall and material line item level in accordance with FAM 650.36? Was the level of review appropriate? (see FAM)

Appendix F

3. QUALITY CONTROL (GAGAS 1.27, 3.49-3.52)

3.1 If the OIG's policies and procedures were adequate as prescribed were they followed?

Appendix F

- 3.2 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 whether:
- a. OIG held periodic status meetings, and other meetings, as needed.
 - b. Deliverables were reviewed and issues cleared in a timely manner.
 - c. Key monitoring staff met with the firm to discuss the audit objectives and approach, and determine whether they were consistent with those in the contract and proposal.

Appendix F

- d. **OIG monitored and revised milestones as needed.**
- e. **Site visits, if warranted, were performed and in a timely manner.**
- f. **OIG monitored other significant audit results.**
- g. **OIG performed supplemental audit tests (if warranted).**
- h. **Audit documentation was reviewed. If no comments are present in the audit documentation, determine if comments appeared warranted (this determination should be ongoing throughout the review and can be based upon any and all issues that may arise where problems, or potential problems, are noted with the adequacy of the IPA's work).**

Appendix F

- I. Audit documentation was obtained, as needed, to validate the assertions made to ensure that:
 - 1. Extent of testing was adequate.
 - 2. Sufficient, competent, and relevant evidence was compiled and analyzed to support audit conclusions.

- J. The level of monitoring was consistent with the requirements set forth in Section 650 in the FAM.

Appendix F

4. COMPLETION OF THE AUDIT (GAGAS 1.27)

4.1 If the OIG's policies and procedures over report review were adequate as prescribed were they followed? Use (or modify, as appropriate) the checklist below and test whether the policies and procedures were followed during the course of the individual audits selected for review.

Appendix F

**4.2 If the policies and procedures were inadequate as prescribed, was there evidence that:
After completion of the audit (may also be performed in whole or part on an on-going basis during the audit)
the OIG:**

- a. Reviewed the IPA report (s) for compliance with Government Auditing Standards and other applicable requirements?.**
- b. Ensure the report transmittal accurately reflects the extent of assurance of the OIG over the IPA's work?**
- C Reviewed the IPA's audit documentation for compliance with Government Auditing Standards and other applicable requirements?**

CHECKLIST FOR REVIEW OF ATTESTATION ENGAGEMENTS

1. INDEPENDENCE (GAGAS 3.03-3.32)

- 1.1 If adequate as prescribed, were the OIG's policies and procedures followed? Determine whether the policies and procedures were adhered to in the conduct of the audits.
- 1.2 If the prescribed policies and procedures were inadequate, inquire of management how it determined that this standard was met. (Obtain any documentation necessary to support this information.). Assess all of the documentation associated with the audit staff's independence.

Appendix G

2. PROFESSIONAL JUDGMENT (GAGAS 3.33-3.38)

- 2.1 If adequate as prescribed, were the agency's policies and procedures followed? Determine whether the policies and procedures were adhered to in the conduct of the audits.
- 2.2 If inadequate as prescribed, inquire of management as to how it met the standard and assess. (Obtain any documentation necessary to support this information.) Was the information provided by management sufficient to ensure that the standards were met?
- 2.3 Assess the audit product at the completion of the review and determine if issues were identified where reasonable care, diligence, and professional skepticism, et al, were not met.

Appendix G

3. COMPETENCE (GAGAS 3.39-3.4)

- 3.1 If the OIG's prescribed policies and procedures were adequate, test whether they were followed during the course of the audit.
- 3.2 If inadequate as prescribed, examine the composition of the staffing. Inquire of management as to how it concluded the staffing standard was met, then assess the experience and qualifications of assigned staff and determine if adherence to GAGAS appeared reasonable. Note that GAGAS requires additional qualifications for attestation engagements to include knowledge of AICPA promulgations.

Appendix G

Consider the complexity and uniqueness of the assignment and any unique staffing requirements that appeared warranted.

4. SUITABILITY AND AVAILABILITY OF CRITERIA (GAGAS 6.03)

4.1 If the OIG's policies and procedures over the suitability and availability of criteria were adequate as prescribed, were they followed?

4.2 If the policies and procedures were inadequate as prescribed, did the engagement meet the following requirements:

Appendix G

- a. The criteria used to measure and present the subject matter of the engagement included the following attributes:
 1. objectivity (free from bias)?
 2. measurability? (reasonably consistent measurements, qualitative or quantitative, of the subject matter)
 3. completeness? (includes all relevant factors that would alter a conclusion, if omitted) and
 4. relevance? (has a specific relation to the subject matter)

Appendix G

- b. The criteria was available to users of the reports in one of the following ways:
 - 1. Publicly
 - 2. The auditor's report?
 - 3. Presentation of the subject matter or assertion to the users?
 - 4. Generally understood by most users? or
 - 5. Limited to specific parties?

Appendix G

5. ENGAGEMENT PLANNING (GAGAS 6.04-6.16)

5.1 If adequate as prescribed, were the OIG's policies and procedures over engagement planning followed?

5.2 If inadequate as prescribed, was there evidence that the following were considered in the planning phase? (AT 101.45)

- a. criteria to be used,
- b. preliminary judgments about attestation risk and materiality for attest purposes,
- c. the nature of the subject matter or the items within the assertion that are likely to require revision or adjustment,
- d. conditions that may require extension or modification of attest procedures, and
- e. the nature of the report expected to be issued.

Appendix G

- 5.3 Did the auditor communicate to the officials of the audited entity and individuals contracting for or requesting the services, information regarding the nature, timing, and extent of testing and reporting including the level of assurance provided, any potential restriction of reports associated with the different levels of assurance services, and the auditor's and management's responsibilities?**
- 5.4 Was the communication incorporated into the audit documentation?**

Appendix G

- 5.5 Does the documentation show how the auditor considered the results of previous audits and attestation engagements and follow up on known significant findings and recommendations that directly relate to the subject matter or the assertion of the attestation engagement?
- 5.6 Is the engagement an examination-level attestation? (if no, skip steps 5.7- 5.8)

Appendix G

- 5.7 Does the documentation for the examination-level attestation show that the auditors obtained a sufficient understanding of internal control material to the subject matter or assertion to plan the engagement and design procedures to achieve the objectives of the engagement?**
- 5.8 Does the documentation for the examination-level attestation show how the engagement was designed to provide reasonable assurance of detecting fraud, illegal acts, or violations of provisions of contracts or grant agreements that could have a material effect on the subject matter or assertion of the engagement or situations or transactions that could indicate abuse?**

Appendix G

5.9 Is the engagement a review-level or agreed-upon-procedures attestation? If so, does the documentation show how the engagement was designed to be alert to situations or transactions that could be indicative of fraud, illegal acts, violations of provisions of contracts or grant agreements that could materially affect the subject matter or assertion and what procedures were used to determine the effect those conditions had on the subject matter or assertion?

Appendix G

6. SUPERVISION (GAGAS 6.24e)

6.1 If the OIG's policies and procedures were adequate as prescribed, were they followed?

6.2 If the policies and procedures were inadequate as prescribed, inquire of management how it defines and ensures "proper supervision," assess this assertion for adequacy in 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 weak, did anything come to your attention that the supervision performed was inadequate? Was there evidence that:

Appendix G

- a. Supervisory instruction provided to the staff was adequate and timely?
- b. The supervisor adequately documented reviews of audit work and timely provided review comments?

Appendix G

- c. Comments were adequately addressed by the auditor and cleared in a timely manner by the supervisor?
- d. The engagement was performed and the report was issued timely?

Appendix G

7. EVIDENCE AND DOCUMENTATION (GAGAS 6.22-6.26)

7.1 If the OIG's policies and procedures were adequate as prescribed, were they followed?

Appendix G

- 7.2 If the policies and procedures were inadequate as prescribed, was there evidence that the auditor obtained:**
- a. Sufficient evidence to support the conclusions (reviews), opinions (examinations), or findings (agreed upon procedures) expressed in the report?**

 - C Written representation about the validity of evidence obtained from officials of the audited entity?**
- 7.3 Does the attestation documentation contain: Attestation objectives, scope and methodology, including any sampling criteria used?**

Appendix G

- a. Attestation objectives, Scope, and methodology including any sampling criteria used?
- b. If applicable, the auditor's determination that certain government auditing standards do not apply or standards were not followed, the reasons therefore, and the known effect not following standards had or could have had on the engagement?
- c. Evidence of the work performed to support significant judgments and conclusions, including descriptions of transactions and records examined?

Appendix G

- 7.4 If data from computer-based systems were significant to the engagement objectives, and the auditors were not relying on internal control effectiveness does the attestation documentation address the following:
- a. The rationale for determining the nature, timing, and extent of planned attest procedures,
 - b. The kinds and competence of available evidential matter produced outside the computerized information system, and/or plans for direct testing of data produced from a computerized information system, and
 - c. The effect on the engagement report if evidential matter to be gathered does not provide a reasonable basis for achieving the objectives of the engagements.

Appendix G

8. REPORTS ON ATTESTATION ENGAGEMENTS (GAGAS 6.27,6.32-6.45)

8.1 If the OIG's policies and procedures were adequate as prescribed, were they followed?

8.2 If the OIG's policies and procedures were inadequate as prescribed, did the report provide the following:

- a. Identification of the subject matter or the assertion being reported on, a description of the nature and scope of the work performed and a reference to the standards governing the engagement?

Appendix G

- b. The auditor's conclusions about the subject matter or the assertion in relation to the criteria against which the subject matter was evaluated?
- c. All of the auditor's significant reservations about the engagement, the subject matter, and, if applicable, the assertion?
- d. Proper restrictions on the report's distribution, if applicable?
- e. Deficiencies in internal control, fraud, illegal acts, violations of provisions of contracts or grant agreements, and abuse?

Appendix G

f. Views of responsible officials on the findings and recommendations and any rebuttal, as needed?

G. Meet timeliness requirements?

8.3 Do the findings presented in the attestation report contain criteria, condition, cause, effect and recommendations, when applicable?

8.4 Did the auditor properly document the communication of findings that were clearly inconsequential to management verbally or in a management letter?

Appendix G

8.5 Did the report refer to the communication of the inconsequential conditions?

8.6 Did the auditor properly delete certain privileged and confidential information from report disclosure?

8.7 Did the report on the attestation engagement state the nature of information omitted and the requirement that made the omission necessary?

8.8 Was the report submitted to the appropriate officials of the audited entity and to the appropriate officials of the organizations requiring or arranging for the engagement, including external funding organizations such as legislative bodies, unless legally restricted?

Appendix G

9. NON AUDIT SERVICES (Applicable if non audit services were performed that were related to the audit examined) (GAGAS 2.14-2.16, 3.10-3.18)

9.1 If adequate as prescribed, were the agency's policies and procedures followed? (Obtain any documentation necessary to support this information.) Was the information provided by management sufficient to ensure that the standards were met?

9.2 If inadequate as prescribed, inquire of management how it met GAGAS and assess how the agency ensured compliance with independence standards. At a minimum, determine if the following safeguards were followed?

Appendix G

- a. Was the consideration documented that the services to be rendered did not involve performing management functions or making management decisions?
- b. Was the 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?
- c. Was the understanding with the audited entity established and documented regarding the objectives, scope of work, product or deliverables, and that management was responsible for the substantive outcomes of the work?
- d. Did the audited entity:

Appendix G

1. Designate a management level individual to be responsible and accountable for overseeing the non audit services?
2. Establish and monitor the performance of the non audit services to ensure it met management's objective?
3. Make decisions that involved management functions related to the non audit service and accept full responsibility for such decisions?
4. Evaluate the adequacy of the services performed and any findings that resulted?

Appendix G

- e. Did the OIG preclude personnel that provided non audit services from planning, conducting, or reviewing audit work of the subject matter involving the non audit service under the overreaching principle that auditors cannot audit their own work?
- f. Was the scope and extent of the audit work unaffected as if no non audit service had been performed?
- g. Were the audit organization's independence requirements communicated in writing to the audited entity?

Appendix G

10. QUALITY CONTROL PROCESS FOR EACH ENGAGEMENT (GAGAS 3.49-3.56)

10.1 If adequate as prescribed, were the agency's policies and procedures followed?

10.2 If inadequate as prescribed, inquire of management what job-specific quality control process is employed (such as independent referencing).

Appendix G

- a. Assess the job-specific quality control process for adequacy, and test accordingly.
- b. As this represents a primary characteristic of the overall quality control system, evaluate the level of assurance afforded.