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**Appendix F**

# **Checklist for Review of Monitoring of Audit Work Performed by an Independent Public Accounting Firm**

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**Note to Review Team:** This Appendix provides guidance for the review of monitoring by the Office of Inspector General (OIG) of contracted audit or attest work performed by an independent public accounting firm (IPA) where the IPA served as the principal auditor. Section 4(b) of the Inspector General Act of 1978, as amended (5 U.S.C. Appendix 3) requires OIGs to establish guidelines to determine when it is appropriate to use non-Federal auditors such as IPAs. The act also requires OIGs to ensure that the work of non-Federal auditors adhere to generally accepted government auditing standards (GAGAS). Please also note that IPA monitoring conducted by an OIG is not an audit and does not need to comply with GAGAS. All references to GAGAS within this checklist are for informational purposes only. Additionally, the term “audit” in this checklist is meant to refer to both audit and attestation engagements, as appropriate.

This checklist is not applicable to audits or attestation engagements where the reviewed OIG served as the principal auditor and engaged an IPA to perform part of the work. For these engagements, the peer review team should use Appendix C, Appendix D, or Appendix E, as applicable. It is also not intended that the peer review team review the IPA’s work.

OIG UNDER REVIEW  
& PERIOD REVIEWED: \_\_\_\_\_

NAME OF CONTRACTED  
AUDIT OR ATTESTATION  
ENGAGEMENT: \_\_\_\_\_

CONTROL NO.: \_\_\_\_\_

REVIEWER(S): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

DATE COMPLETED: \_\_\_\_\_

	Yes	No	N/A	Remarks and Findings
<b>1. Contracting Process</b> (Note: Sources of guidance for this section include the Federal Acquisition Regulation and <i>Government Auditing Standards</i> )				
1.1 Were the auditors engaged to perform the audit licensed certified public accountants or persons working for a licensed certified public accounting firm?				
1.2 As part of the contracting process, did the OIG consider the following: <ul style="list-style-type: none"> <li>• Qualifications and experience of the IPA?</li> <li>• Qualifications and experience of the proposed staff?</li> <li>• Technical approach?</li> <li>• Independence of the IPA, to consider any existing, ongoing, or planned nonaudit services?</li> <li>• Description of the IPA’s system of quality control?</li> <li>• IPA’s latest peer review report, any letter of comment or Finding for Further Consideration (FFC) form(s) and the IPA’s response to those comments or FFC forms?<sup>1</sup> <b>Note:</b> As discussed in GAS, 3.62, IPAs seeking to enter into a contract to perform GAGAS audits should provide the party contracting for such services with their most recent peer review report and any letter of comment and any subsequent peer review reports and letters of comment received during the period of the contract. As discussed in GAS, 3.63, OIGs should be requesting such reports and any letter of comment. For peer review reports older than 1 year, OIGs may also consider obtaining additional information about the IPA’s system of quality control; for example, the IPA’s annual summary of the results of its monitoring procedures required by GAS, 3.54.</li> </ul>				

<sup>1</sup> For external peer reviews conducted pursuant to standards established by the American Institute of Certified Public Accountants on or after January 1, 2009, a letter of comment is no longer issued for conditions noted by the review team that are not considered to be a deficiency or significant deficiency in the design of or compliance with the IPA’s system of quality control. Instead, the review team is to record conditions that do not rise to the level of a deficiency or significant deficiency on FFC forms, which are filed with the administering agency for the peer review program.

	Yes	No	N/A	Remarks and Findings
<ul style="list-style-type: none"> <li>• References from other clients (i.e., other Federal audit organizations)?</li> <li>• Audit scope and objectives?</li> <li>• Requirement to perform the audit in accordance with Government Auditing Standards and applicable statutory, regulatory, and OMB requirements?</li> <li>• Establishment of milestones for completion of the audit (or major portions) and the submission of deliverables?</li> <li>• Provisions for the submission and review of deliverables and access to the audit documentation by the OIG and the Government Accountability Office?</li> </ul>				
<b>2. Planning and Monitoring the Work of the IPA</b> (Note: Sources of additional guidance for this section include American Institute of Certified Public Accountants auditing standards AU sections 504 and 543 and Government Accountability Office and the President’s Council on Integrity and Efficiency (PCIE) Financial Audit Manual, Section 650)				
2.1 Determine the degree of responsibility the OIG accepted with respect to using the work of the IPA. This determination can be made by, for example, reviewing the OIG’s contract planning documentation, the contract statement of work, the final audit report and transmittal, etc.				
2.2 Based on the degree of responsibility accepted, did the OIG develop a reasonable strategy and plan, either as part of its policies and procedures or as a separate document, for monitoring and accepting the IPA’s work?				
2.3 Did the OIG carry out the strategy and plan in a reasonable manner? Some possible steps the OIG may perform include: <ul style="list-style-type: none"> <li>• Participating in periodic status meetings.</li> <li>• Reviewing the IPA’s audit planning documents for consistency with the contract and GAGAS, and resolving any inconsistencies.</li> <li>• Reviewing contract deliverables for consistency with the contract requirements and GAGAS in a timely manner.</li> <li>• Reviewing the IPA’s audit documentation</li> </ul>				

APPENDIX F: CHECKLIST FOR REVIEW OF MONITORING OF AUDIT WORK PERFORMED  
BY AN INDEPENDENT PUBLIC ACCOUNTING FIRM

	Yes	No	N/A	Remarks and Findings
<p>and reports for adherence to GAGAS.</p> <ul style="list-style-type: none"> <li>Monitoring adherence to milestones as needed.</li> <li>Monitoring significant audit and accounting issues.</li> <li>Performing supplemental audit tests, if warranted by the degree of responsibility the OIG accepted as identified in 2.1.</li> </ul>				
<b>3. Concluding on the Adequacy of the IPA Monitoring</b>				
3.1 Based on the intended use and audience of the IPA's work, the degree of responsibility accepted by the OIG with respect to that work, and the monitoring performed, did the OIG perform adequate procedures to ensure that the work of the IPA adhered to GAGAS?				
<b>END OF CHECKLIST</b>				