
Appendix A

Policies and Procedures – 2011 Revision to GAS

OIG UNDER REVIEW
& PERIOD REVIEWED

SECTION 1 PREPARER(S)

DATE COMPLETED

SECTION 2 PREPARER(S)

DATE COMPLETED

Purpose and Instructions

Reviewed Organization (Section 1)

Section 1 of this appendix is designed to obtain general information about your audit organization and its system of quality control. It requests specific information about your policies and procedures designed to ensure compliance with generally accepted government auditing standards (GAGAS). The external peer review team will complete Section 2 as part of the review of your audit organization's system of quality control.

Please respond to the questions in Section 1, by providing a reference to and a copy of your policies and procedures. If you do not have written policies and procedures, describe the practice in place and how you ensure all audit staff are cognizant of the requirements. Also indicate in your response any relevant checklists or forms your organization requires, and provide copies. If you have an audit manual or similar document, your answers should be cross-referenced to the applicable sections and any other supplemental documents as appropriate. The documentation with the completed Section 1 questions should be provided to the external peer review team captain before the site visit begins.

The Council of the Inspectors General on Integrity and Efficiency (CIGIE) *Guide for Conducting External Peer Reviews of the Audit Organizations of Federal Offices of Inspector General* contemplates that the audit organization's written policies and procedures, to include control measures to ensure compliance, are a key characteristic of its system of quality control. *Government Auditing Standards* (GAS), paragraph 3.82 (2011 GAS), states:

“Each audit organization performing audits or attestation engagements in accordance with GAGAS must: (a) establish and maintain a system of quality control that is designed to provide the audit organization with reasonable assurance that the organization and its personnel comply with professional standards and applicable legal and regulatory requirements, and (b) have an external peer review performed by reviewers independent of the audit organization at least once every 3 years.”

An audit organization's system of quality control encompasses the organization's leadership, emphasis on performing high-quality work, and its policies and procedures designed to provide reasonable assurance of complying with professional standards and applicable legal and regulatory requirements. In answering these questions, it is important to describe any control procedures your organization has in place to ensure that activities stated in your policies are actually performed as intended.

External Peer Review Team (Section 2)

The policies and procedures obtained from or described by the reviewed audit organization should be examined and evaluated. A conclusion should be reached regarding the adequacy of the policies and procedures in terms of whether they, if properly fulfilled, would provide reasonable assurance that GAGAS would be met. To facilitate the review, references to the pertinent GAS paragraphs are included; for additional information, the reviewer should refer directly to GAS. Emphasis should be placed on the qualitative nature of the guidance and the adequacy of control measures that would foster such assurance. The policies and procedures that establish internal guidance and audit requirements

represent a key primary characteristic of the overall system of quality control; accordingly, the level of assurance afforded needs to be assessed.

Record in Section 2 of this Appendix the conclusion “Adequate” or “Inadequate” as designed. A cross-reference to a narrative explanation supporting the determination should also be recorded. If the policies and procedures were found to be inadequate as prescribed, ask management as to how the standards were met. Regardless of whether policies and procedures are adequate, the reviewer should test compliance with standards using the checklists in appendices B through E. It is important to note, however, that GAGAS represents the overarching criteria. If, for example, the reviewed organization’s policies and procedures encompass more extensive requirements than those prescribed in GAGAS, a lack of compliance with the audit organization’s policies and procedures would not constitute a deficiency or significant deficiency for the purposes of this review (although it should be presented as a separate written finding in a letter of comment, or orally conveyed to the reviewed audit organization’s management, depending on the circumstances).

In addition, the absence of a particular policy does not, in and of itself, constitute a finding, but should be taken into consideration in concluding as to the adequacy of the system of quality control taken as a whole.

Applicability of 2007 and 2011 GAS

Because the 2011 GAS revision staggered the application to different types of engagements, it is important that the review team ensure that the corresponding checklists are used or are modified as necessary to meet the circumstances surrounding the sample engagements selected in the peer review. The 2011 GAS applies to performance audits beginning on or after December 15, 2011, and to financial audits and attestation engagements for periods ending on or after December 15, 2012. This version of appendix A covers the performance audits started on or after December 15, 2011, and the related general standards under the 2011 GAS. This appendix does not cover financial audits and attestation engagements under the 2011 GAS. The questions for financial audits and attestation engagements in this appendix are based on the 2007 GAS. As appropriate, the peer review team may modify the checklists to fit the nature, extent, and circumstances surrounding its review.

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
1. INDEPENDENCE		
2011 GAS – The following questions are based on the 2011 GAS and should be used for performance audits started on or after December 15, 2011.		
<p>1.1 What are your policies and procedures related to the audit organization, the audits, and the individual auditors to:</p> <ul style="list-style-type: none"> a. Stress the importance of independence in mind and in appearance during the time period covered by the subject matter or during the engagement period? (2011 GAS, 3.02, 3.03, 3.05) b. Identify threats to independence? (2011 GAS, 3.08a) c. Evaluate the significance of the threats identified, both individually and in the aggregate? (2011 GAS, 3.08b, 3.20-3.22) d. Apply safeguards as necessary to eliminate the threats or reduce them to an acceptable level? (2011 GAS, 3.08c, 3.23) e. Document the safeguards applied to the identified potential threats to independence? (2011 GAS, 3.24) f. Decline work because a significant threat to independence exists and safeguards cannot reduce or eliminate threats? (2011 GAS, 3.25) g. Communicate your policies and procedures to all auditors in the 		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
organization? (2011 GAS, 3.84)		
<p>1.2 What are your policies and procedures for when a threat to independence is identified after the audit report is issued:(2011 GAS, 3.26)</p> <ul style="list-style-type: none"> • For notifying the entity management, those charged with governance, other known users, those on the distribution list, and Web posting users? • For determining whether to conduct additional work needed to revise findings and recommendations if the threat’s impact would have resulted in the auditor’s report being different? 		
<p>1.3 What are your policies and procedures for addressing the following broad categories of threats to independence? (2011 GAS, 3.13-3.15)</p> <ul style="list-style-type: none"> • Self-interest threat • Self-review threat • Bias threat • Familiarity threat • Undue influence threat • Management participation threat • Structural threat 		
<p>1.4 What are your policies and procedures for applying the appropriate safeguards to identified threats? Examples of safeguards</p>		

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<p>include: (2011 GAS, 3.16-3.17)</p> <ul style="list-style-type: none"> • Consultation with professional organizations, regulatory bodies, or another auditor; • Involving another audit organization to perform or re-perform part of the audit; • Having a professional staff member who was not a member of the audit team review the work performed; and • Removing an individual from an audit team when that individual’s financial or other interests or relationships pose a threat to independence. 		
<p>1.5 What are your policies and procedures to identify, evaluate, and reduce or eliminate the threat to independence related to nonaudit services, including: (2011 GAS, 3.08, 3.11)</p> <ul style="list-style-type: none"> • Determining, before agreeing to provide nonaudit services, whether providing such services would create a threat to independence, either by itself or in aggregate with other nonaudit services provided, with respect to any GAGAS audit performed? (2011 GAS, 3.34) • Obtaining management’s assurance that management performs their management functions and assumes management responsibilities when auditors are performing nonaudit services for the entity 		

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<p>for which they also perform audits? (2011 GAS, 3.37)</p> <ul style="list-style-type: none"> • Establishing and documenting the auditor’s understanding with the audited entity’s management or those charged with governance the (a) objectives of the nonaudit service, (b) services to be performed, (c) audited entity’s acceptance of its responsibilities, (d) the auditor’s responsibilities, and (e) any limitations of the nonaudit service? (2011 GAS, 3.39) • Evaluating the impact of previously performed nonaudit services on the auditors’ independence on a prospective or current engagement and addressing any threats identified? (2011 GAS, 3.42) • Disclosing the nature of the threat to independence that could not be eliminated or reduced to an acceptable level, and modifying the GAGAS compliance statement? This situation applies to an auditor in a government entity that may be required to perform a nonaudit service as a result of constitutional or statutory requirements. (2011 GAS, 3.44) 		
<p>1.6 What are your policies and procedures for documenting independence considerations, including: (2011 GAS, 3.59)</p> <ul style="list-style-type: none"> • Threats to independence that require the application of safeguards to reduce or 		

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<p>eliminate such threats?</p> <ul style="list-style-type: none"> • Safeguards required by GAGAS if the audit organization is structurally located within a government entity, and is considered independent based on statutory safeguards? • Consideration of audited entity management’s ability to effectively oversee nonaudit services to be provided by the audit organization/auditor? • The auditor’s understanding with the audited entity for which the auditor will perform nonaudit services? 		
<p>2007 GAS – The following questions are based on the 2007 GAS and should be used for performance audits started before December 15, 2011, and financial audits and attestation engagements with periods ending before December 15, 2012.</p>		
<p>Personal Impairments</p>		
<p>1.7 What are your policies and procedures: (2007 GAS, 3.07-3.09)</p> <ul style="list-style-type: none"> a. To identify, report, and resolve personal impairments to independence? b. To communicate your policies and procedures to all auditors in the organization and promote understanding of the policies and procedures? c. For establishing a disciplinary mechanism to promote compliance with your policies and procedures? 		

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<p>d. For stressing the importance of independence and the expectation that auditors will always act in the public interest?</p> <p>e. For documenting the steps taken to identify potential personal independence impairments?</p> <p>1.8 What are your policies and procedures to ensure specialists are independent? (2007 GAS, 3.05)</p> <p>1.9 What are your policies and procedures for notifying the entity management when an impairment to independence is identified after the audit report is issued? (2007 GAS, 3.06)</p>		
<p>External Impairments</p> <p>1.10 What are your policies and procedures for identifying, reporting, and resolving external impairments? (2007 GAS, 3.10-3.11)</p> <p>Organizational Independence</p> <p>1.11 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. (2007 GAS, 3.12)</p> <p>1.12 What are your policies and procedures for ensuring nonaudit services do not impair independence? (2007 GAS, 3.22-3.30)</p>		

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2. PROFESSIONAL JUDGMENT		
2011 GAS – This question is based on the 2011 GAS and should be used for performance audits started on or after December 15, 2011.		
2.1 What are your policies and procedures to ensure that professional judgment is exercised in planning and performing the audit, and in reporting the results? (2011 GAS, 3.60, 3.68)		
2007 GAS – The following questions are based on the 2007 GAS and should be used for performance audits started before December 15, 2011, and financial audits and attestation engagements with periods ending before December 15, 2012.		
2.2 What are your policies and procedures to ensure that professional judgment is exercised in planning and performing an audit or attestation engagement and in reporting the results? (2007 GAS, 3.31-3.39) 2.3 What are your policies and procedures for documenting significant decisions affecting the audit objectives, scope, and methodology; findings and conclusions; and recommendations? (2007 GAS, 3.38)		
3. COMPETENCE		
2011 GAS – The following questions are based on the 2011 GAS and should be used for performance audits started on or after December 15, 2011.		
3.1 What are your policies and procedures to ensure that staff assigned to perform the audit collectively possess adequate professional competence needed to address the audit objectives and perform the work in accordance with GAGAS? Include references to your agency's process for recruitment, hiring, continuous development, assignment, and		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
evaluation of staff to maintain a competent workforce. (2011 GAS, 3.69-3.70)		
3.2 What are your policies and procedures to ensure that staff assigned to conduct an audit under GAGAS collectively possess the technical knowledge, skills, and experience necessary to be competent for the type of work being performed before beginning work on that assignment? (2011 GAS, 3.72)		
3.3 What are your policies and procedures for ensuring that auditors and internal specialists performing work in accordance with GAGAS, including planning, directing, performing audit procedures, or reporting on a GAGAS audit, maintain their professional competence through continuing professional education and training requirements? (2011 GAS, 3.76-3.81)		
3.4 What are your policies and procedures to ensure that internal specialists consulting on and external specialists assisting in performing a GAGAS audit are qualified and competent in their areas of specialization? (2011 GAS, 3.79-3.80)		
2007 GAS – The following questions are based on the 2007 GAS and should be used for performance audits started before December 15, 2011, and financial audits and attestation engagements with periods ending before December 15, 2012.		
3.5 What are your policies and procedures to ensure that staff members who conduct audit and attestation engagements fulfill the competence standard? Include references to		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
<p>your agency's process for recruitment, hiring, continuous development, assignment, and evaluation of staff to maintain a competent workforce. (2007 GAS, 3.40-3.42)</p> <p>3.6 What are your policies and procedures to ensure that staff assigned to conduct an audit or attestation engagement under GAGAS collectively possesses the technical knowledge, skills, and experience necessary to be competent for the type of work being performed before beginning work on that assignment? (2007 GAS, 3.43)</p> <p>3.7 What are your policies and procedures for ensuring that auditors performing financial audits are knowledgeable in GAAP, AICPA generally accepted auditing standards for field work and reporting and the related Statements on Auditing Standards (SAS), and the application of these standards? (2007 GAS, 3.44)</p> <p>3.8 What are your policies and procedures to ensure that auditors performing attestation engagements are knowledgeable in the AICPA general attestation standard related to criteria, the AICPA attestation standards for field work and reporting and the related Statements on Standards for Attestation Engagements (SSAE)? (2007 GAS, 3.45)</p> <p>Continuing Education and Training</p> <p>3.9 What are your policies and procedures for</p>		

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<p>ensuring that the continuing education and training requirements for your agency's audit staff are met? (2007 GAS, 3.46-3.49)</p>		
<p>4. QUALITY CONTROL AND ASSURANCE</p>		
<p>2011 GAS – The following questions are based on the 2011 GAS and should be used for performance audits started on or after December 15, 2011.</p>		
<p>4.1 What are your policies and procedures to collectively address a system of quality control designed to provide reasonable assurance the organization and personnel comply with professional standards and applicable legal and regulatory requirements, including: (2011 GAS, 3.82a, 3.83, 3.85-3.95)</p> <ul style="list-style-type: none"> a. Leadership responsibilities for quality within the audit organization? b. Independence, legal, and ethical requirements? c. Initiation, acceptance, and continuance of audits? d. Human resources? e. Audit performance, documentation, and reporting requirements? f. Monitoring of quality? <p>4.2 How do you document your quality control policies and procedures, communicate them to staff, and document compliance with the policies and procedures? (2011 GAS, 3.84)</p> <p>4.3 What are your policies and procedures for the</p>		

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<p>safe custody and retention of audit documentation to satisfy legal, regulatory, and administrative requirements for records retention? (2011 GAS, 3.92)</p> <p>a. If the audit documentation is retained using electronic media, do your policies and procedures address controls over accessing and updating the audit documentation?</p> <p>4.4 What are your policies and procedures for monitoring of quality in your organization and to annually analyze and summarize the results of the monitoring process? (2011 GAS, 3.93-3.95)</p> <p>4.5 What are your policies and procedures to ensure that your most recent peer review report is publicly available? (2011 GAS, 3.105)</p>		
<p>2007 GAS – The following questions are based on the 2007 GAS and should be used for performance audits started before December 15, 2011, and financial audits and attestation engagements with periods ending before December 15, 2012.</p>		
<p>4.6 What are your policies and procedures that address a system of quality control designed to provide reasonable assurance to comply with professional standards and applicable legal and regulatory requirements, including (2007 GAS, 3.50-3.53):</p> <p>a. Leadership responsibilities?</p> <p>b. Independence, legal, and ethical</p>		

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<p>requirements?</p> <p>c. Initiation, acceptance, and continuance of audit and attestation engagements?</p> <p>d. Human resources (staffing skills, education, experience, and knowledge of applicable audit subject matter)?</p> <p>e. Audit and attestation engagement performance, documentation, and reporting?</p> <p>f. Monitoring of quality?</p> <p>4.7 What are your policies and procedures to ensure that your most recent peer review report is publicly available? (2007 GAS, 3.61)</p>		
<p>5. AUDIT PLANNING (2007 GAS and 2011 GAS)</p>		
<p>Note: For GAGAS paragraphs related to fieldwork and reporting that reference an AICPA audit standard, a review of that standard should be made to determine the entity’s compliance with GAGAS. For financial audits and attestation engagements, the questions and GAS references below are based on the 2007 GAS. For performance audits, the questions and GAS references below are based on the 2011 GAS.</p>		
<p>Financial Audits (2007 GAS)</p>		
<p>5.1 What are your policies and procedures for ensuring that the audit is adequately planned? (2007 GAS, 4.03)</p>		
<p>5.2 What are your policies and procedures to ensure that a sufficient understanding of the entity and its environment, including its internal control, is obtained to assess the risk of material misstatement of the financial statements, whether due to error or fraud, and</p>		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
to design the nature, timing, and extent of further audit procedures? (2007 GAS, 4.03)		
5.3 What are your policies and procedures for auditor communication during planning? (2007 GAS, 4.05-4.08)		
5.4 What are your policies and procedures for evaluating whether the audited entity has taken appropriate corrective action to address findings and recommendations from previous engagements? (2007 GAS, 4.09)		
Attestation Engagements (2007 GAS)		
5.5 What are your policies and procedures for determining whether the subject matter is capable of evaluation against criteria that are suitable and available to users? (2007 GAS, 6.03)		
5.6 What are your policies and procedures when planning the engagement to ensure the auditors communicate certain information, including their understanding of the services to be performed for each engagement, in writing to entity management, those charged with governance, and to the individuals contracting for or requesting the engagement? (2007 GAS, 6.06-6.08)		
5.7 What are your policies and procedures for evaluating whether the audited entity has taken appropriate corrective action to address		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
findings and recommendations from previous engagements that could have a material effect on the subject matter? (2007 GAS, 6.09)		
5.8 What are your policies and procedures for planning examination-level attestation engagements, such that auditors obtain a sufficient understanding of internal controls material to the subject matter, in order to plan the engagement and design procedures to achieve the objectives of the attestation engagement? (2007 GAS, 6.10-6.12)		
5.9 What are your policies and procedures in planning examination-level engagements to ensure the auditors design the engagement 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 of the attestation engagement? (2007 GAS, 6.13)		
Performance Audits (2011 GAS)		
5.10 What are your policies and procedures to ensure the work is adequately planned and updates to the plan are made, as necessary, to accomplish the audit objectives? (2011 GAS, 6.06-6.09, 6.51)		
5.11 What are your policies and procedures to ensure the work is designed to obtain sufficient, appropriate evidence to support the auditors’ findings and conclusions in relation		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
to the audit objectives and to reduce audit risk to an acceptable level? (2011 GAS, 6.10)		
5.12 What are your policies and procedures to ensure auditors assess audit risk and significance within the context of their audit objectives? (2011 GAS, 6.11)		
5.13 What are your policies and procedures to: (2011 GAS, 6.12, 6.37-6.42, 6.45-6.49) <ul style="list-style-type: none"> • Identify criteria and sources? • Evaluate whether to use the work of other auditors and specialists? • Assign sufficient staff who collectively have adequate skills and professional competence? • Prepare a written audit plan? • Communicate about the planning and performance of the audit with auditee management? 		
5.14 What are your policies and procedures to ensure auditors gain an understanding of the nature of the program or program component under audit, its relevance to users, and information to help the auditors assess relevant risks (e.g., provisions of laws, regulations, contracts and grant agreement, purpose and goals, internal control, inputs, program operations, outputs, and outcomes)? (2011		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
<p>GAS, 6.13-6.15)</p> <p>5.15 What are your policies and procedures to ensure that auditors obtain an understanding of internal control that is significant within the context of the audit objectives? (2011 GAS, 6.16-6.22)</p>		
<p>5.16 What are your policies and procedures to ensure auditors obtain an understanding of information systems controls when information systems are used extensively throughout the program under audit and the fundamental business processes related to the audit objectives rely on information systems? (2011 GAS, 6.23-6.27)</p>		
<p>5.17 What are your policies and procedures for: (2011 GAS, 6.28-6.29)</p> <ul style="list-style-type: none"> • Identifying provisions of laws, regulations, contracts, or grant agreements that are significant within the context of the audit objectives? • Assessing the risk that noncompliance with the provisions of laws, regulations, contracts, or grant agreements could occur? • Designing procedures to obtain reasonable assurance of detecting instances of noncompliance with the provisions of laws, regulations, contracts, or grant agreements that are significant within the 		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
context of the audit objectives?		
5.18 What are your policies and procedures for (1) assessing the risk of fraud occurring that is significant within the context of the audit objectives and (2) designing procedures to obtain reasonable assurance of detecting any such fraud? (2011 GAS, 6.30)		
5.19 What are your policies and procedures for applying audit procedures specific to ascertaining the potential effects on a program when auditors become aware of abuse that could be significant within the context of the audit objectives? 2011 GAS 6.34)		
5.20 What are your policies and procedures for evaluating whether the audited entity has taken appropriate corrective actions to address findings and recommendations from previous engagements that are significant within the context of the audit objectives? (2011 GAS, 6.36)		
6. SUPERVISION		
All Engagements (2007 GAS and 2011 GAS)		
6.1 What are your policies and procedures for ensuring that the engagement is properly supervised? (2007 GAS, 4.03a, 6.04a; and 2011 GAS, 6.53-6.55)		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
6.2 What are your policies and procedures for documenting supervisory reviews of audit work, including supervisory review, before the report is issued, of the evidence supporting the findings, conclusions, and recommendations contained in the audit report? (2007 GAS, 4.20, 6.22c; and 2011 GAS, 6.83c)		
7. EVIDENCE AND DOCUMENTATION		
All Engagements (2007 GAS and 2011 GAS)		
7.1 What are your policies and procedures regarding the preparation of appropriate documentation for engagements terminated prior to completion? (2007 GAS, 4.08, 6.08; and 2011 GAS, 6.50, 7.06)		
Performance Audits (2011 GAS)		
7.2 What are your policies and procedures to ensure that auditors obtain sufficient, appropriate evidence that encompasses relevance, validity, and reliability in support of findings and/or conclusions? (2011 GAS, 6.56-6.61, 6.65-6.72)		
7.3 What are your policies and procedures regarding sampling methodology? (2011 GAS, 6.64)		
7.4 What are your policies and procedures to ensure auditors evaluate the objectivity, credibility, and reliability of testimonial		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
evidence? (2011 GAS, 6.62)		
7.5 What are your policies and procedures to ensure that auditors obtain an understanding of internal control that is significant within the context of the audit objectives? (2011 GAS, 6.16-6.22)		
7.6 What are your policies and procedures for assessing the sufficiency and appropriateness of computer-processed information, whether the information is client-provided or auditor-extracted? (2011 GAS, 6.66)		
7.7 What are your policies and procedures for developing the elements of a finding? (2011 GAS, 6.73-6.77)		
7.8 What are your policies and procedures to ensure documentation related to planning, conducting, and reporting of each audit, is properly prepared and reviewed? (2011 GAS, 6.12f, 6.79-6.82, 6.83b)		
7.9 What are your policies and procedures for ensuring that audit documentation clearly identifies any deviation from GAGAS requirements and includes the impact of such deviation on the audit and the auditor’s conclusions? (2011 GAS, 6.84)		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
Financial Audits (2007 GAS)		
7.10 What are your policies and procedures for ensuring that sufficient appropriate audit evidence is obtained to provide a reasonable basis for an opinion regarding the financial statements under audit? (2007 GAS, 4.03)		
7.11 What are your policies and procedures for developing the elements of a finding? (2007 GAS, 4.14-4.18)		
7.12 What are your policies and procedures for preparing audit documentation that enables an experienced auditor to understand: <ul style="list-style-type: none"> a. The nature, timing, and extent of auditing procedures performed to comply with GAGAS and other applicable standards and requirements? (2007 GAS, 4.19) b. The results of the audit procedures performed and the audit evidence obtained? (2007 GAS, 4.19) c. The conclusions reached on significant matters? (2007 GAS, 4.19) d. That the accounting records agree or reconcile with the audited financial statements or other audited information? (2007 GAS, 4.19) 		
7.13 What are your policies and procedures for: <ul style="list-style-type: none"> a. Documenting a departure from GAGAS 		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
<p>requirements and the impact of that departure on the audit and on the auditors' conclusion? (2007 GAS, 4.21)</p> <p>b. Providing for safe custody and retention of audit documentation? (2007 GAS, 4.22)</p> <p>c. Providing other auditors with documentation in a timely manner? (2007 GAS, 4.23)</p> <p>d. Dealing with requests by outside parties to obtain access to audit documentation? (2007 GAS, 4.24)</p>		
Attestation Engagements (2007 GAS)		
<p>7.14 What are your policies and procedures to determine whether sufficient evidence has been obtained to provide a reasonable basis for the conclusion expressed in the report? (2007 GAS, 6.04b)</p>		
<p>7.15 What are your policies and procedures for ensuring that audit findings include the four required elements: criteria; condition; cause; and effect or potential effect? (2007 GAS, 6.15-6.19)</p>		
<p>7.16 What are your policies and procedures for ensuring that materiality is considered in an attestation engagement, either individually or in the aggregate, in terms of the fair presentation of a subject matter or an assertion about a subject matter? (2007 GAS, 6.28)</p>		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
<p>7.17 What are your policies and procedures for ensuring that attestation documentation for each engagement is in sufficient detail to provide a clear understanding of the work performed (including the nature, timing, extent, and results of engagement procedures performed); the evidence obtained and its source; and the conclusions reached? (2007 GAS, 6.20-6.26)</p>		
<p>8. LEGAL AND REGULATORY REQUIREMENTS</p>		
<p>All Engagements (2007 GAS and 2011 GAS)</p>		
<p>8.1 What are your policies and procedures for ensuring that your auditors avoid interfering with investigations or legal proceedings while pursuing indications of fraud, illegal acts, and violations of provisions of contracts or grant agreements, or abuse? (2007 GAS, 4.29, 6.29; and 2011 GAS, 6.35)</p>		
<p>Financial Audits (2007 GAS)</p>		
<p>8.2 What are your policies and procedures for detecting material misstatements resulting from violations of provisions of contracts or grant agreements or from abuse? (2007 GAS, 4.10-4.13)</p>		
<p>8.3 What are your policies and procedures for handling the following additional considerations for GAGAS financial audits:</p>		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
<p>(2007 GAS, 4.25)</p> <p>a. Materiality? (2007 GAS, 4.26)</p> <p>b. Fraud and illegal acts? (2007 GAS, 4.27-4.28)</p>		
Attestation Engagements (2007 GAS)		
<p>8.4 What are your policies and procedures for ensuring that, for review-level and agreed-upon-procedures-level engagements, if during the course of the engagement, information comes to the auditors' attention indicating that fraud, illegal acts, or violations of provisions of contracts or grant agreements that could have a material effect on the subject matter may have occurred, the auditors will perform procedures as necessary to (1) determine if fraud, illegal acts, or violations of provisions of contracts or grant agreements are likely to have occurred and, if so, (2) determine their effect on the results of the attestation engagement? (2007 GAS, 6.13b)</p>		
Performance Audits (2011 GAS)		
<p>8.5 What are your policies and procedures to ensure auditors perform procedures to obtain reasonable assurance of detecting instances of noncompliance with provisions of laws, regulations, and contracts or grant agreements when the risk assessment identifies noncompliance that are significant within the</p>		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
context of audit objectives? (2011 GAS, 6.28)		
<p>8.6 In relation to fraud, what are your policies and procedures to ensure auditors: (2011 GAS, 6.30-6.32)</p> <ul style="list-style-type: none"> • Discuss fraud risks, including incentives and pressures to commit fraud, the opportunity for fraud to occur and the rationalization and attitudes that could allow individuals to commit fraud? • Gather and assess information to identify risks of fraud that are significant within the scope of the audit objectives or that could affect the findings and conclusions? • Perform procedures designed to obtain reasonable assurance of detecting fraud when auditors identify factors or risks that fraud has occurred or is likely to occur? • Extend audit steps and procedures, as necessary, to (1) determine whether fraud has likely occurred and (2) if so, determine its effect on the audit findings when information comes to the auditors' attention indicating that fraud, significant within the context of the audit objectives, may have occurred? 		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
8.7 What are your policies and procedures, when auditors become aware of abuse that could be quantitatively or qualitatively significant to the program under audit, to ensure auditors apply audit procedures specifically directed to ascertain the potential effect on the program under audit within the context of the audit objectives? (2011 GAS, 6.34)		
9. REPORTING STANDARDS		
All Engagements (2007 GAS and 2011 GAS)		
9.1 What are your policies and procedures for citing compliance with generally accepted government auditing standards in audit and attestation reports? (2007 GAS, 5.05-5.06, 6.32; and 2011 GAS, 2.23-2.25, 7.30-7.31)		
9.2 What are your policies and procedures for reporting on fraud, abuse, and noncompliance with provisions of laws, regulations, contracts, and grant agreements? (2007 GAS, 5.15-5.17, 6.36-6.38; and 2011 GAS, 7.21-7.23)		
9.3 What are your policies and procedures for reporting findings of known or likely fraud; noncompliance with provisions of laws, regulations, contracts or grant agreements; or abuse directly to parties outside the audited entity? (2007 GAS, 5.18-5.20, 6.39-6.41; and 2011 GAS, 7.24-7.26)		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
9.4 What are your policies and procedures for presenting findings in a report? (2007 GAS, 5.21-5.22, 6.42-6.43; and 2011 GAS, 7.14-7.17)		
9.5 What are your policies and procedures for reporting views of responsible officials? (2007 GAS, 5.32-5.38, 6.44-6.50; and 2011 GAS, 7.32-7.38)		
9.6 What are your policies and procedures for reporting confidential and sensitive information? (2007 GAS, 5.39-5.43, 6.51-6.55; and 2011 GAS, 7.39-7.43)		
9.7 What are your policies and procedures for distributing audit reports? (2007 GAS, 5.44, 6.56; and 2011 GAS, 7.44)		
Financial Audits (2007 GAS)		
9.8 What are your policies and procedures for complying with the AICPA’s four generally accepted reporting standards? (2007 GAS, 5.03) How do your policies and procedures ensure that: <ul style="list-style-type: none"> a. The report states that the financial statements are presented in accordance with GAAP? b. The auditor identifies in the auditor's report those circumstances in which such principles have not been consistently 		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
<p>observed in the current period in relation to the preceding period?</p> <p>c. When the auditor determines that informative disclosures are not reasonably adequate, the auditor states so in the auditor's report?</p> <p>d. The auditor either expresses an opinion regarding the financial statements, taken as a whole, or states that an opinion cannot be expressed, in the auditor's report?</p>		
<p>9.9 What are your policies and procedures for reporting on internal controls over financial reporting and on compliance with laws, regulations, and provisions of contracts or grant agreements, including: (2007 GAS, 5.07-5.10)</p> <p>a. A description of the scope of the auditors' testing of internal control over financial reporting and compliance with laws, regulations, and contracts?</p> <p>b. A statement in the report that the auditors are issuing additional reports relating to internal controls and compliance with laws, regulations, and contract requirements, and to make reference to separate reports?</p>		
<p>9.10 What are your policies and procedures for reporting deficiencies in internal controls identified as: (2007 GAS, 5.11-5.14)</p>		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
<ul style="list-style-type: none"> a. Significant deficiencies? b. Material weaknesses? c. Those with inconsequential impact to processes? 		
<p>9.11 What are your policies and procedures for communicating significant matters in the audit report? (2007 GAS, 5.23-5.25)</p>		
<p>9.12 What are your policies and procedures for reporting on the restatement of previously issued financial statements, including: (2007 GAS, 5.26-5.31)</p> <ul style="list-style-type: none"> a. The need to advise auditee management when auditors are aware of information that might have affected their opinion on previously issued financial statement(s)? (2007 GAS, 5.26-5.27) b. Evaluating the timeliness and appropriateness of management’s disclosure to those likely to rely on the financial statements and actions to determine and correct misstatements in previously issued financial statements? (2007 GAS, 5.28) c. Reporting on restated financial statements? (2007 GAS, 5.29) d. Reporting on management’s omitted disclosures on restated financial statements? (2007 GAS, 5.30) 		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
<p>e. Reporting directly to appropriate officials when the audited entity does not act in an appropriate timeframe after new information became available affecting the financial statements? (2007 GAS, 5.31)</p>		
Attestation Engagements (2007 GAS)		
<p>9.13 What are your policies and procedures to ensure that AICPA reporting standards are met? (2007 GAS, 6.30)</p>		
<p>9.14 What are your policies and procedures to ensure that the report includes, as applicable to the objectives of the engagement, and based upon the work performed, discussion on: (2007 GAS, 6.33)</p> <ul style="list-style-type: none"> a. Significant deficiencies in internal control, identifying those considered to be material weaknesses? b. All instances of fraud and illegal acts unless inconsequential? c. Violations of provisions of contracts or grant agreements and abuse that could have a material effect on the subject matter of the engagement? 		
<p>9.15 What are your policies and procedures for reporting deficiencies in internal controls identified as: (2007 GAS, 6.34-6.35)</p> <ul style="list-style-type: none"> a. Significant deficiencies? 		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
<ul style="list-style-type: none"> b. Material weaknesses? c. Those with inconsequential impact? 		
Performance Audits (2011 GAS)		
<p>9.16 What are your policies and procedures to ensure that a report is issued to communicate the results of each completed performance audit? In this regard, how do the policies and procedures ensure that the form of the audit report is appropriate for its intended use and is in writing or in some other retrievable form? (2011 GAS, 7.03-7.04)</p>		
<p>9.17 What are your policies and procedures to ensure that the audit report contains, as appropriate: (2011 GAS, 7.08-7.23)</p> <ul style="list-style-type: none"> a. The audit objectives, scope, and methodology? b. The audit results, including findings, conclusions, and recommendations? c. Background information and report limitations? d. The scope of the work on internal control? e. Deficiencies in internal control; instances of fraud; noncompliance with provisions of laws, regulations, contracts, and grant agreements; or abuse, that had occurred or were likely to have occurred and are significant within the context of the audit 		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
objectives?		
9.18 What are your policies and procedures to ensure that the audit report contains conclusions, as applicable, based on the audit objectives and the audit findings? (2011 GAS, 7.27)		
9.19 What are your policies and procedures to ensure that the audit report contains recommended actions to correct deficiencies and other findings identified during the audit and to improve programs and operations when the potential for improvement in programs, operations, and performance is substantiated by the reported findings and conclusions? (2011 GAS, 7.28-7.29)		
END OF CHECKLIST		