##### **Appendix F**

##### **Checklist for the Monitoring of GAGAS Engagements Performed by an Independent Public Accounting Firm**

This appendix provides guidance for the review of the Office of Inspector General’s (OIG) monitoring of contracted work performed by an independent public accounting firm (IPA) when the IPA serves as the auditor. Section 4(b) of the Inspector General Act of 1978 (5 U.S.C. Appendix 3) requires OIGs to establish guidelines to determine when it is appropriate to use non-Federal auditors. The act also requires OIGs to ensure that the work of non-Federal auditors adheres to generally accepted government auditing standards (GAGAS). Accordingly, the Audit Committee of the Council of the Inspectors General on Integrity and Efficiency (CIGIE) has determined that it is prudent to give this area appropriate coverage as part of the peer review program. IPA monitoring is not a GAGAS engagement; all references to GAGAS in the checklist are for informational purposes only. In addition, GAO/CIGIE Federal Audit Manual (FAM) 615 and 670 provide guidance to OIGs in designing procedures for the oversight of IPA firms contracted to perform financial statement audits and may be useful to monitor other GAGAS engagements.

This checklist is not applicable to engagements in which the reviewed OIG served as the auditor and engaged an IPA to perform part of the work or to situations when the OIG takes full responsibility for the IPA’s work. For these engagements, the peer review team should use Appendix C, D1, D2, D3, D4, or E, as applicable. Also, if the OIG’s report indicates a division of responsibilities with the IPA, use Appendix F in addition to Appendix C, D1, D2, D3, D4, or E. Audit peer reviews using Appendix F should not include the peer review team reviewing the IPA’s work. This appendix does not replace auditor judgment; the peer review team may modify the checklist to ensure proper coverage as necessary. The peer review team may also consult other guidance as warranted.

OIG UNDER REVIEW

& PERIOD REVIEWED: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

MONITORING

ENGAGEMENT NAME: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

MONITORING

ENGAGEMENT NO.: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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

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

|  | **Yes** | **No** | **N/A** | **Comments** |
| --- | --- | --- | --- | --- |
| **1. Contracting Process** (Note: Sources of guidance for this section include the Federal Acquisition Regulation (FAR), *Government Auditing Standards* (GAS), the audit organization’s procurement policies, and *GAO/CIGIE Financial Audit Manual* (FAM) 615 and 670.[[1]](#footnote-2)) | | | | |
| 1.1 For financial audits and attestation engagements, were the IPAs engaged to conduct the engagement licensed CPAs, persons working for a licensed certified public accounting firm, or licensed accountants in states that have multi-class licensing systems that recognize licensed accountants other than CPAs? (GAS 6.04, 7.07, 7.71, 7.79, 7.87) |  |  |  |  |
| 1.2 As part of the contracting process, did the OIG consider the following (GAS 5.79, 8.81; FAM 615.04-.05, 615.19-.20, 670.05-.08): |  |  |  |  |
| 1. The qualifications and experience of the IPA and proposed staff? |  |  |  |  |
| 1. The technical approach? |  |  |  |  |
| 1. The independence of the IPA, taking into consideration any existing, ongoing, or planned non-audit services for the OIG or the OIG’s agency? |  |  |  |  |
| 1. The description of the IPA’s system of quality control? |  |  |  |  |
| 1. The IPA’s latest peer review report(s)? |  |  |  |  |
| 1. For the IPA’s peer review reports older than one year or if the IPA received a rating of pass with deficiencies or fail, additional information about the IPA’s system of quality control, including results from monitoring procedures? |  |  |  |  |
| 1. References from other clients (for example, other Federal audit organizations)? |  |  |  |  |
| 1. The engagement scope and objectives? |  |  |  |  |
| 1. Requirement to perform the work in accordance with GAGAS and applicable statutory, regulatory, and Office of Management and Budget requirements? |  |  |  |  |
| 1. The establishment of milestones for completion of the engagement (or major portions) and the submission of deliverables? |  |  |  |  |
| 1. Provisions for the submission and review of deliverables and access to the engagement documentation? |  |  |  |  |
| 1. Other reports as appropriate, such as a report by a cognizant OIG of quality assurance reviews of engagements conducted in accordance with the Single Audit Act Amendments of 1996?[[2]](#footnote-3) |  |  |  |  |
| **2. Planning and Monitoring the Work of the IPA** (Note: Sources of guidance for this section include FAM 670.09-.10, 670A.) | | | | |
| * 1. Did the auditor plan the level of review of the IPA’s work, given the type of written communication the auditor will issue and based on a risk-based approach? |  |  |  |  |
| * 1. Based on the auditor’s level of review of the IPA’s work, did the auditor develop a reasonable strategy and plan for monitoring and accepting the IPA’s work? |  |  |  |  |
| * 1. Did the OIG determine that the OIG staff reviewing the IPA’s work have enough experience in financial audits to understand the professional judgments needed and to interact with the IPA’s management team? |  |  |  |  |
| 2.4 Did the OIG carry out the strategy and plan in a reasonable manner? |  |  |  |  |
| 2.5 Did the OIG perform procedures and retain documents in accordance with its respective level of review of the IPA’s work? |  |  |  |  |
| **3. Concluding on IPA Monitoring** | | | | |
| 3.1 Based on the intended use and audience of the IPA’s work, the type of written communication the auditor issued, and the level of review of the IPA’s work, did the OIG perform reasonable procedures consistent with professional standards, applicable Federal and agency procurement requirements, and the OIG's procurement policies and procedures to ensure that the work of the IPA adhered to GAGAS? |  |  |  |  |
| **END OF CHECKLIST** | | | | |

1. The *GAO/CIGIE Financial Audit Manual* is available on the GAO website at <https://www.gao.gov/financial_audit_manual/overview> and the CIGIE website at <https://www.ignet.gov/content/manuals-guides>. [↑](#footnote-ref-2)
2. Public Law 104-156 (July 5, 1996) [↑](#footnote-ref-3)