##### Appendix A

##### Policies and Procedures

OIG UNDER REVIEW

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COLUMN 2 PREPARER(S): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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#### Purpose and Instructions

This appendix is designed to determine (1) the adequacy of the audit policy and procedures of the reviewed Office of Inspector General (OIG)[[1]](#footnote-2) and (2) whether those policies and procedures, if properly adopted and implemented, would provide the reviewed OIG with reasonable assurance of complying with *Government Auditing Standards*⎯commonly referred to as generally accepted government auditing standards (GAGAS). [[2]](#footnote-3) This appendix satisfies the objectives of the External Peer Review and the Modified Peer Review related to policies and procedures as detailed in the Council of the Inspectors General on Integrity and Efficiency's (CIGIE) *Guide for Conducting Peer Reviews of the Audit Organizations of Federal Offices of Inspector General* (March 2020 Guide).

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. To reduce duplication, the questions and sections are combined whenever a requirement is applicable to multiple engagement types and include applicable *Government Auditing Standards* references.[[3]](#footnote-4) The reviewed OIG completes Column 1 at the beginning of the peer review, and the review team makes its conclusion on adequacy in Column 2. For additional information on the questions, the team members should review the applicable *Government Auditing Standards* paragraphs cited in the questions.

###### Reviewed OIG (Column 1)

Column 1 of this appendix is designed to obtain general information about the reviewed OIG’s system of quality control for the audit organization. It requests specific information about audit policies and procedures that are designed to ensure compliance with GAGAS. The OIG should describe how they address GAGAS in their policies and procedures.

The reviewed OIG responds to the questions in Column 1 by providing specific references to the audit policies and procedures and also by providing copies of any relevant checklists or forms the OIG uses. References should be as specific as possible to facilitate the peer review. The answers should be cross‑referenced to the applicable sections of the audit manual or similar document, and of any other supplemental documents as appropriate. Copies should be provided to the team before the work begins.

If the OIG does not have written policies and procedures corresponding to a question, then state in Column 1 “none in place” and describe the adopted practices used and how the OIG ensures that the audit staff is aware of the practices. In answering the questions, it is important to describe any established control procedures to ensure that activities stated in policies are performed as intended.

If the OIG did not perform GAGAS engagements during the peer review period and did not establish policies and procedures for the audit function because the OIG elected to perform non-GAGAS reviews of its agency, the OIG should notify the review team of its practice. The OIGs should ensure that the appropriate peer review is conducted. An External Peer Review is applicable to OIGs that conducted GAGAS engagements during the peer review period and a Modified Peer Review is applicable to OIGs that did not perform GAGAS work during the peer review period but may maintain audit policies and procedures in anticipation of performing such work. The OIGs should ensure that the MOU includes the discussions about the audit policies and procedures.

###### Peer Review Team (Column 2)

The work to be done by the peer review team to determine the adequacy of the audit organization’s established policies and procedures is similar under both peer reviews. For OIGs that did not establish audit policies and procedures because they do not intend to conduct GAGAS engagements, not having policies and procedures should not be considered a weakness.

For both peer reviews, the review team evaluates the audit organization’s established policies and procedures obtained from, and practices described by, the reviewed OIG for adequacy of design and whether, if properly fulfilled, they would provide the reviewed OIG with reasonable assurance that GAGAS would be met. Emphasis should be placed on the qualitative nature of the guidance and the adequacy of controls 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. The review team records in Column 2 of this appendix the conclusion of “Adequate” or “Inadequate” as designed or “Not Applicable” and includes a narrative and cross-reference to an explanation supporting its conclusion. If the policies and procedures were found to be inadequate as prescribed, ask the reviewed OIG how GAGAS will be met. Appendix A assists the peer review team in determining the adequacy of policies and procedures, but other appendices are used to determine the reviewed OIG’s compliance with GAGAS and the OIG’s policies and procedures.[[4]](#footnote-5)

The absence of a particular policy does not, in and of itself, constitute a finding, but should be considered when concluding as to the adequacy of the audit organization’s system of quality control taken as a whole. Although the checklist is comprehensive, the peer review team may, as appropriate, modify it to fit the nature, extent, and circumstances surrounding its review. It is also important to note that GAGAS represents the overarching criteria. If the reviewed OIG’s policies and procedures have more extensive requirements than GAGAS, a lack of compliance with policies and procedures would not constitute a deficiency or significant deficiency for the purposes of this review but should be discussed with the reviewed OIG either orally or in writing in a letter of comment, depending on the circumstances.

|  | **Column 1 – Reviewed OIG’s Policies and Procedures** | **Column 2 – Peer Review Team Conclusions of “Adequate” or “Inadequate” and Comments** | | |
| --- | --- | --- | --- | --- |
| **1. – 4. STANDARDS APPLICABLE TO ALL ENGAGEMENTS** | | | |
| 1. Do policies and procedures for Ethics, Independence, and Professional Judgment for all engagements require auditors and/or audit organizations to: | | | |
| 1. Be independent from the audited entity during any period of time in the period covered by the engagement or subject matter of the engagement and the period of the professional engagement? (GAS 3.18, 3.20) |  |  | | |
| 1. Avoid situations that could lead reasonable and informed third parties to conclude that the auditors and audit organizations are not independent and thus are not capable of exercising objective and impartial judgment on all issues associated with conducting the engagement and reporting on the work? (GAS 3.19) |  |  | | |
| 1. Apply the independence conceptual framework at the different levels to identify threats and evaluate their impact, and document and apply safeguards to eliminate the threats or reduce them to an acceptable level? (GAS 3.27, 3.30-3.33, 3.107.a, 3.107.b) |  |  | | |
| 1. Decline or terminate an engagement (unless statutorily or constitutionally required threat to independence) because a significant threat to independence exists and safeguards cannot reduce or eliminate the threats? (GAS 3.59, 3.60, 3.84) |  |  | | |
| 1. Periodically re-evaluate threats to determine whether new information or changes could affect independence? (GAS 3.28) |  |  | | |
| 1. Apply and document the independence conceptual framework and other procedures related to nonaudit services provided to the audited entity: |  |  | | |
| 1. Would providing such service create a threat to independence with any GAGAS engagement? (GAS 3.64, 3.78, 3.87-3.90, 3.96-3.98, 3.102, 3.104, 3.106) |  |  | | |
| 1. Has the audited entity designated an individual with suitable skill, knowledge, or experience and who understands the services to be provided sufficiently to oversee them and conclude that a threat exists if the audited entity is unable or unwilling to assume responsibility for effectively overseeing the services to be provided? (GAS 3.73-3.75) |  |  | | |
| 1. Does management assume responsibilities, oversee the services, evaluate the adequacy and results, and accept responsibility for the result? (GAS 3.76) |  |  | | |
| 1. Did the auditors share their understanding with the audited entity of the objectives, services provided, responsibilities, and limitations? (GAS 3.77) |  |  | | |
| 1. Are there any previously performed nonaudit services that could affect the prospective engagement? (GAS 3.83) |  |  | | |
| 1. Did the auditors disclose the nature of the threat to independence that could not be eliminated or reduced to an acceptable level and modify the GAGAS compliance statement? (GAS 3.84) |  |  | | |
| 1. Use professional judgment in planning and conducting the engagement and reporting the results? (GAS 3.29, 3.109) |  |  | | |
| **2. Do policies and procedures for Competence and Continuing Professional Education for all engagements require that:** | | | | |
| * 1. Management assign staff and specialists who before beginning work possess the competence needed for their assigned roles and collectively possess the competence needed to address the engagement objectives and perform their work in accordance with GAGAS? (GAS 4.02-4.03, 4.12, 8.31) |  |  | | |
| * 1. Management maintain a process for recruitment, hiring, continuous development, assignment, and evaluation of personnel? (GAS 4.04) |  |  | | |
| * 1. Auditors develop and maintain their professional competence by completing required continuing professional education (CPE)? (GAS 4.16-4.17) |  |  | | |
| * 1. The audit organization maintain the staff’s CPE documentation? (GAS 4.18) |  |  | | |
| 3. Do policies and procedures for Quality Control and Peer Review: | | | | |
| 1. Collectively address a system of quality control and communicate policies and procedures to staff, including: (GAS 5.02, 5.04) |  |  | | |
| 1. Leadership responsibilities for quality within the audit organization? (GAS 5.05-5.06) |  |  | | |
| 1. Independence, legal, and ethical requirements? (GAS 5.08) |  |  | | |
| 1. Annual written affirmation from all audit personnel of their compliance with independence policies and procedures? (GAS 5.09) |  |  | | |
| 1. Initiation, acceptance, and continuance of the engagement? (GAS 5.12) |  |  | | |
| 1. Human resources and CPE requirements? (GAS 5.15-5.16) |  |  | | |
| 1. Engagement performance, documentation, and supervision? (GAS 5.22-5.25, 5.36-5.37, 5.46) |  |  | | |
| Require that (a) documentation on compliance with audit quality control policies and procedures be maintained, (b) monitoring activities on the system of quality control in the audit organization, and (c) the audit organization’s evaluation and implementation of corrective actions on monitoring-identified deficiencies? (GAS 5.04, 5.42-5.45) |  |  | | |
| Require that work on previously published reports be re-assessed when new information surfaced about the engagement related to independence or the sufficiency of evidence, including: (GAS 3.34, 9.68) |  |  | | |
| 1. Communicating with applicable users so they do not rely on the previously issued report? |  |  | | |
| 1. Removing the report from the auditors’ publicly accessible websites and posting a notification that the report was removed? |  |  | | |
| 1. Assessing the new information and the impact on the report’s findings and conclusions, and determining whether to perform additional work to reissue the report? |  |  | | |
| Require that the OIG make its peer review report publicly available? (GAS 5.77-5.78) |  |  | | |
| **4. Do policies and procedures for Fieldwork and Reporting Standards for all engagements require that auditors:** | | | | |
| * 1. Be properly supervised? (GAS 5.36-5.37, 8.87) |  |  | | |
| * 1. Consult and document difficult or contentious issues that arose among team members during the engagement and the parties' understanding of the resulting conclusions reached and implemented? (GAS 5.24) |  |  | | |
| * 1. Document supervisory review, before the report release date, of the evidence that supports the findings and conclusions contained in the engagement report? (GAS 6.31, 7.33, 8.135c) |  |  | | |
| * 1. Assess the significance of and document departures from GAGAS requirements and the impact on the engagement and on the auditors’ conclusions, and determine the type of GAGAS compliance statement when auditors do not comply with applicable GAGAS requirements? (GAS 2.03, 2.04, 2.17b-2.19, 6.32, 7.33b, 8.136) |  |  | | |
| * 1. Prepare engagement documentation in sufficient detail to enable an experienced auditor with no previous connection to the examination engagement to understand from the documentation the nature, timing, extent, and results of procedures performed and the evidence obtained and its source and the conclusions reached, including evidence that supports the auditors’ significant judgments and conclusions? (GAS 7.34, 8.132; AU‑C §230.08) |  |  | | |
| * 1. Make appropriate individuals and engagement documentation available on request and in a timely manner to other auditors or reviewers, subject to applicable provisions of laws and regulations? (GAS 6.34, 7.37, 8.140) |  |  | | |
| * 1. Include a statement in the engagement report about GAGAS compliance or modified GAGAS compliance? (GAS 2.05, 2.17-2.19, 6.36, 7.39, 7.74, 7.82, 7.90, 9.03, 9.05) |  |  | | |
| * 1. Put findings in perspective by describing the nature and extent of the issues being reported and the extent of work performed that resulted in the findings, any relationship of the instances identified to the population, and any statistical projections and other applicable information? (GAS 6.51, 7.49, 9.21) |  |  | | |
| * 1. Do the following if reporting separately on internal controls and on compliance with provisions of laws, regulations, contracts, grant agreements, or other areas: (GAS 6.43, 7.40, 9.31) |  |  | | |
| * + 1. Include a reference in the primary report to those additional reports?     2. State in the primary report that the subject matter of the separate report is an integral part of a GAGAS engagement?     3. Make the additional reports available to users in the same manner as the primary engagement report to which it relates if separate reports are used? |  |  | | |
| * 1. Obtain, report, and include a copy in the engagement report of the views of responsible officials of the audited entity concerning the findings, conclusions, recommendations, and any planned corrective actions? (GAS 6.57-6.58, 7.55-7.56, 9.50-9.51) |  |  | | |
| * 1. When receiving oral comments only, provide a copy of the summary to the responsible officials to verify that the comments are accurately represented and include the summary in the report? (GAS 6.58, 7.56, 9.51) |  |  | | |
| * 1. Evaluate the validity of the audited entity’s comments when the comments are inconsistent or conflict with the findings, conclusions, or recommendations in the report and explain any disagreement with the audited entity’s comments? (GAS 6.59, 7.57, 9.52) |  |  | | |
| * 1. Obtain additional support and sufficient, appropriate evidence to modify findings and recommendations if management comment differs from findings presented for comments? (GAS 6.59, 7.57, 9.52) |  |  | | |
| * 1. Issue the report without receiving comments from the audited entity if the audited entity refuses to provide comments or is unable to provide comments within a reasonable period of time, and state in the report that the audited entity did not provide comments? (GAS 6.60, 7.58, 9.53) |  |  | | |
| * 1. Omit confidential and sensitive information from the report, disclose in the report that certain information has been omitted and the circumstances that make the omission necessary, revise the report if the omission could distort or conceal results, and determine the appropriate means to communicate the report if the audit organization is subject to public records law? (GAS 6.63-6.65, 7.61-7.63, 7.85, 7.93, 9.61-9.63) |  |  | | |
| * 1. Distribute the reports to applicable parties and the public, and document any limitations to the report distribution? (GAS 6.70, 7.69, 7.77, 7.85, 7.93, 9.56-9.58) |  |  | | |
| **5. STANDARDS APPLICABLE TO FINANCIAL AND PERFORMANCE AUDITS AND EXAMINATION ENGAGEMENTS** | | | |
| Do policies and procedures for Fieldwork and Reporting Standards for financial and performance audits and examination engagements require that auditors: | | | |
| 1. Communicate pertinent information to individuals contracting for or requesting the engagement, legislative committees with oversight responsibilities for the audited entity, and those charged with governance, and document the process for identifying those parties if not clearly evident? (GAS 6.06-6.07, 7.09-7.10, 8.20-8.21) |  |  | | |
| 1. Inquire of management and obtain and evaluate information on previous engagements and other studies that relate directly to the engagement objectives, including management’s corrective action to address findings and recommendations to assess risk and determine the nature, timing, and extent of the current engagement and whether to test the implementation of the corrective actions from previous engagements? (GAS 6.11, 7.13, 8.30) |  |  | | |
| 1. Inquire of the auditee management during planning whether any investigations or legal proceedings had been initiated or are in process with respect to the period of the engagement that could be significant to the objectives, and to evaluate their impact on the engagement? (GAS 6.12, 7.14, 8.27) |  |  | | |
| 1. Develop the criteria, condition, cause, and effect of the findings to the extent that these elements are relevant and necessary to achieve the engagement objectives when findings are identified? (GAS 6.17, 7.19, 8.116) |  |  | | |
| 1. Consider internal control deficiencies when developing the cause element of identified findings? (GAS 6.18, 7.20, 8.117) |  |  | | |
| 1. Obtain sufficient, appropriate evidence, such as confirmation from outside parties, to corroborate representations by management of the entity that it has reported findings in accordance with provisions of laws, regulations, and funding agreements? (GAS 6.55, 7.53, 9.47) |  |  | | |
| 1. Include in the report or separate report the relevant information about identified or suspected noncompliance with provisions of laws, regulations, contracts, and grant agreements and instances of fraud that are material to or have a material effect on the financial statements, other significant financial data, the subject matter, or an assertion about the subject matter that is significant in the context of the engagement objectives? (GAS 6.39, 6.41, 7.44, 9.35, 9.40) |  |  | | |
| 1. Communicate findings in writing to audited entity officials when auditors identify or suspect noncompliance with provisions of laws, regulations, contracts, or grant agreements or instances of fraud that are less than material; have an effect on the subject matter or an assertion about the subject matter that are less than material; or are not significant in the context of the engagement objectives but warrant the attention of those charged with governance? (GAS 6.44, 7.45, 9.36, 9.41) |  |  | | |
| 1. Report findings directly to parties outside the audited entity, even when they have resigned or been dismissed from the engagement prior to its completion, when auditors identify known or suspected noncompliance with provisions of laws, regulations, contracts, and grant agreements and instances of fraud and audited entity management fails to do the following: (GAS 6.53-6.55, 7.51-7.53, 9.45-9.47) |  |  | | |
| 1. Satisfy legal or regulatory requirements to report such information to external parties specified in law or regulation; auditors should first communicate the failure to report such information to those charged with governance. If the audited entity still does not report this information to the specified external parties as soon as practicable after the auditors’ communication with those charged with governance, the auditors should report the information directly to the specified external parties? (GAS 6.53a, 7.51a, 9.45a) |  |  | | |
| 1. Take timely and appropriate steps to respond to noncompliance with provisions of laws, regulations, contracts, and grant agreements or instances of fraud that (1) are likely to have a significant effect on the subject matter and (2) involve funding received directly or indirectly from a government agency. Auditors should first report management’s failure to take timely and appropriate steps to those charged with governance? (GAS 6.53b, 7.51b, 9.45b) |  |  | | |
| 1. Have documentation or evidence to corroborate representations it has reported findings in accordance with provisions of laws, regulations, or funding agreements? (GAS 6.55, 7.53, 9.47) |  |  | | |
| 1. Report findings directly to the funding agency when the auditee management does not take timely and appropriate steps as soon as practicable after the auditors’ communication with those charged with governance? (GAS 6.53.b, 7.51.b, 9.45.b) |  |  | | |
| **6. STANDARDS APPLICABLE TO FINANCIAL AUDITS, ATTESTATION ENGAGEMENTS, AND REVIEWS OF FINANCIAL STATEMENTS** | | | |
| Do policies and procedures for Fieldwork and Reporting Standards for financial audits, attestation engagements, and reviews of financial statements require that auditors: | | | |
| 1. Comply with the American Institute of Certified Public Accountants’ (AICPA) Statements on Auditing Standards (SAS),[[5]](#footnote-6) Statements on Standards for Attestation Engagements (SSAEs),[[6]](#footnote-7) or AR-C section 90, *Review of Financial Statements,* when citing GAGAS compliance? (GAS 6.02, 7.05, 7.70, 7.78, 7.86) |  |  | | |
| 1. Extend the AICPA requirements concerning consideration of noncompliance with laws and regulations to include consideration of noncompliance with provisions of contracts and grant agreements? (GAS 6.15, 7.17, 7.73, 7.81, 7.89) |  |  | | |
| 1. As part of planning, document an understanding with the auditee (and those charged with governance) in a letter or an engagement memorandum that generally includes the objectives and scope, management’s and auditors’ responsibilities, any limitations of the engagement, applicable framework and criteria, materiality, timing and direction of the engagement, and other appropriate items?[[7]](#footnote-8) |  |  | | |
| 1. Obtain written representation/assertion about the subject matter or objectives, an explanation if management refuses to provide the representation, and document restrictions on the use of the report when management refuses to provide the assertion?[[8]](#footnote-9) |  |  | | |
| 1. Develop an overall engagement strategy that sets the scope, timing, and direction of the engagement and guides the development of the engagement plan? (AU-C §300.07-.11; AU-C §300.13; AT-C §205.13) |  |  | | |
| 1. Consider whether specialized skills or specialists are needed in performing the engagement, evaluate their qualifications, and apply the appropriate procedures to their findings?[[9]](#footnote-10) |  |  | | |
| 1. Document, as part of analytical and substantive procedures, the suitability, reliability, expectation, and explanation for differences identified for various stages of testing? (AU-C §520.01; AU‑C §520.05-.07; AT-C §205.27-.28) |  |  | | |
| 1. Document, as part of the sampling techniques, the purpose of the testing, sample size, testing and deviations, projections, and results? (AU‑C §530.06-.14; AT-C §205.31) |  |  | | |
| 1. When presenting findings, develop the elements of the findings to the extent necessary to assist management or oversight officials of the audited entity in understanding the need for corrective action? (GAS 6.50, 7.48) |  |  | | |
| **7. STANDARDS APPLICABLE TO FINANCIAL AUDITS** | | |
| Do policies and procedures related to financial audits require that auditors: | | | | |
| 1. Obtain an understanding of the entity and its environment and identify the risk of material misstatements associated with them and whether any of the risks are significant? (AU‑C §240.43-.46; AU‑C §315.12-.33) |  |  | | |
| 1. Establish one or more levels of materiality of the financial statements as a whole and, if applicable at group and component levels, classes of transactions, account balances, and disclosures? (AU-C §320.10-.11; AU‑C §600.32) |  |  | | |
| 1. Consider, identify, and assess the risk of material misstatements due to fraud, obtain information from team members and management, apply analytical procedures, and evaluate unusual and other risk factors in its risk assessment related to fraud at the financial statement level and at the assertion level for classes of transactions, account balances, and disclosures? (AU‑C §240.15‑.33) |  |  | | |
| 1. Document an overall response to address (1) the assessed risks of material misstatement at the financial statement level and the nature, timing, and the extent of the further audit procedures performed to comply with GAGAS and other applicable standards and requirements; (2) linkage of those procedures with the assessed risks at the relevant assertion level; and (3) the results of the audit procedures, including the conclusions when such conclusions are not otherwise clear? (AU-C §330.30) |  |  | | |
| 1. Document conclusions reached about relying on controls that were tested in a previous audit if the auditor plans to use audit evidence about the operating effectiveness of controls obtained in previous audits and financial statements agree or reconcile with the underlying accounting records? (AU‑C §330.31; AU-C §330.33) |  |  | | |
| 1. Evaluate accumulated results and determine whether they represent material misstatements due to fraud, and communicate the results to management, those charged with governance, and regulatory and enforcement authorities? (AU‑C §240.34-.42) |  |  | | |
| 1. Adequately test classes of transactions and account balances and apply any special circumstances including accounting estimates requirements, related party transactions, subsequent events, and going concerns?[[10]](#footnote-11) |  |  | | |
| 1. Document any significant changes made during the audit to the overall audit strategy or the audit plan and the reasons for such changes? (AU-C §300.10; AU-C §300.14) |  |  | | |
| 1. Be alert to other procedures that may identify noncompliance with laws, regulations, and provisions of contracts and grants? (GAS 6.15; AU-C §250.15) |  |  | | |
| 1. Obtain timely and appropriate responses from the entity’s attorneys concerning litigation, claims, assessments, and potential claims that counsel is aware of, as well as an assessment of the outcome and an estimate of the financial implications, including costs involved? (AU-C §501.18–.24) |  |  | | |
| 1. Ensure that the audit report include the word “independent,” the appropriate addressee, the audited entity, management’s and auditor’s responsibilities for and the audit of the financial statements, sufficiency of evidence, opinion on the financial statements, and references to other reports issued? (AU‑C §700.19–.43) |  |  | | |
| 1. Report on internal control and compliance with provisions of laws, regulations, contracts, and grant agreements regardless of whether they identify internal control deficiencies or instances of noncompliance? (GAS 6.39) |  |  | | |
| 1. When providing an opinion or disclaimer on financial statements, report as findings any identified significant deficiencies or material weaknesses in internal control over financial reporting? (GAS 6.40) |  |  | | |
| 1. Include, either in the report or a separate report, a description of the scope of the auditors’ testing of internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and grant agreements; and whether the tests performed provided sufficient, appropriate evidence to support opinions on the effectiveness of internal control and on compliance with provisions of laws, regulations, contracts, and grant agreements? (GAS 6.42) |  |  | | |
| 8. STANDARDS APPLICABLE TO EXAMINATION ENGAGEMENTS | | | | |
| Do policies and procedures for examination engagements require that auditors: | | | | |
| 1. Communicate pertinent information to individuals contracting and to those legislative committees with oversight responsibilities for the audited entity, when law or regulation requiring an examination engagement specifically identifies the entities to be examined? (GAS 7.09) |  |  | | |
| 1. Develop an engagement plan and include a description of the nature, timing, and extent of a planned risk assessment and testing steps; the subject matter and criteria; an understanding of related internal controls; and risk of material misstatements? (AT‑C §205.13-.21) |  |  | | |
| 1. Perform test of controls to determine the operating effectiveness and test of details and analytical procedures if internal controls are the subject matter of the engagement? (AT‑C §205.24-.26) |  |  | | |
| 1. Document revised risk assessment if the risk of material misstatement is changed? (AT‑C §205.34) |  |  | | |
| 1. Document the process followed and conclusions reached in identifying the appropriate individuals to receive the required communications when the identity of those charged with governance is not clearly evident? (GAS 7.10) |  |  | | |
| 1. Ensure that the report includes the word “independent,” the appropriate addressee, the subject matter, criteria, audited entity management’s and auditor’s responsibilities for the subject matter, sufficiency of evidence, opinion on the subject matter, and references to other reports issued? (AT‑C §205.63) |  |  | | |
| 1. Ensure that the report includes all identified internal control deficiencies considered to be significant deficiencies or material weaknesses? (GAS 7.42) |  |  | | |
| 9. STANDARDS SPECIFIC TO PERFORMANCE AUDITS | | | | |
| Do policies and procedures for fieldwork and reporting on performance audits require that auditors: | | | | |
| * 1. Adequately plan the work necessary to address the audit objectives and reduce audit risk to an acceptable level and include: (GAS 8.03, 8.04)  1. Assessing significance and audit risk? (GAS 8.05) |  |  | | |
| 1. Designing the methodology to obtain sufficient, appropriate evidence that provides a reasonable basis for findings and conclusions? (GAS 8.06) |  |  | | |
| 1. Identifying and using suitable criteria? (GAS 8.07) |  |  | | |
| 1. Documenting the nature, scope, and intended use of the work to be performed by specialists, their procedures and findings, and assumptions and methods? (GAS 8.32) |  |  | | |
| 1. Documenting the plan? (GAS 8.03) |  |  | | |
| 1. Preparing and updating the plan to reflect any significant changes to the original plan? (GAS 8.33) |  |  | | |
| * 1. Communicate the audit information to appropriate parties during planning, including: |  |  | | |
| 1. An overview of the objectives, scope and methodology, and timing of the performance audit and planned reporting with management of the audited entity, those charged with governance, individuals contracting for or requesting audit services, cognizant legislative committee, as applicable? (GAS 8.20) |  |  | | |
| 1. Documenting the process followed and conclusions reached in identifying the appropriate individuals to receive the required communications and retaining any written communication? (GAS 8.21‑8.22) |  |  | | |
| * 1. Obtain 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 such as program visibility, sensitivity, age, size, oversight, strategic plan, objectives, and external factors? (GAS 8.36) |  |  | | |
| * 1. Determine and document whether internal controls and information systems controls are significant within the audit objectives? If significant, then do the following: (GAS 8.39, 8.59) |  |  | | |
| 1. Obtain an understanding of internal control and information systems controls? (GAS 8.40, 8.60) |  |  | | |
| 1. Assess and document the assessment of the design, implementation, and operating effectiveness of internal controls and information system controls to address the audit objectives? (GAS 8.49, 8.60) |  |  | | |
| 1. Evaluate and document the significance of identified internal control deficiencies in the context of the audit objectives? (GAS 8.54) |  |  | | |
| 1. Determine audit procedures related to information systems controls are needed to obtain sufficient, appropriate evidence to support the audit findings and conclusions and test the controls necessary to address the audit objectives? (GAS 8.61, 8.62) |  |  | | |
| 1. Identify any provisions of laws, regulations, contracts, and grant agreements that are significant in the context of the audit objectives and assess the risk that noncompliance with provisions of laws, regulations, contracts, and grant agreements could occur; and design and perform procedures steps accordingly? (GAS 8.68) |  |  | | |
| * 1. Assess the risk of fraud occurring that is significant in the context of the audit objectives; discuss among team members the fraud risks; gather and assess information to identify the risk of fraud that is significant within the scope of the audit objectives or that could affect the findings and conclusions; and if needed, extend steps and procedures to determine whether fraud has likely occurred and its effect on the audit findings? (GAS 8.71, 8.72) |  |  | | |
| * 1. Identify potential sources of information that could be used as evidence, and determine the amount and type of evidence needed to obtain sufficient, appropriate evidence to address the audit objectives and adequately plan audit work? (GAS 8.77) |  |  | | |
| * 1. Evaluate whether any lack of sufficient, appropriate evidence is caused by internal control deficiencies or other program weaknesses, and whether the lack of sufficient, appropriate evidence could be the basis for audit findings? (GAS 8.78) |  |  | | |
| * 1. Determine whether other auditors have conducted or are conducting audits that could be relevant to the current audit objectives and when the work is used: (GAS 8.80, 8.81) |  |  | | |
| 1. Performing procedures that provide a sufficient basis for using the other auditors' work? |  |  | | |
| 1. Obtaining evidence concerning the other auditors’ qualifications and independence? |  |  | | |
| 1. Determining whether the scope, quality, and timing of the other auditors' work can be relied upon in the context of the current audit objectives? |  |  | | |
| * 1. Assess and document specialists’ independence if the work of specialists is expected to be used? (GAS 8.82) |  |  | | |
| * 1. Obtain sufficient, appropriate evidence to provide a reasonable basis for addressing the audit objectives and supporting their findings and conclusions, including: (GAS 8.90) |  |  | | |
| * + 1. Assessing whether evidence is relevant, valid, and reliable? (GAS 8.91) |  |  | | |
| * + 1. Determining whether sufficient appropriate evidence exists to address the audit objectives and support the findings and conclusions that would persuade a knowledgeable person that the findings are reasonable? (GAS 8.92) |  |  | | |
| * + 1. Determining the steps the officials of the audited entity or other auditors used to obtain assurance over the reliability of the information when using information provided by officials of the audited entity as part of evidence? (GAS 8.93) |  |  | | |
| * + 1. Evaluating the objectivity, credibility, and reliability of testimonial evidence? (GAS 8.94) |  |  | | |
| * 1. Perform and document an overall assessment of the collective evidence used to support findings and conclusions? (GAS 8.108) |  |  | | |
| * 1. Evaluate the expected significance of evidence to the audit objectives, findings, and conclusions; available corroborating evidence; and the level of audit risk? (GAS 8.109) |  |  | | |
| * 1. Perform additional procedures, as appropriate, when identifying limitations or uncertainties in evidence that is significant to the audit findings and conclusions? (GAS 8.110) |  |  | | |
| * 1. Prepare audit documentation that contains the evidence that supports the findings, conclusions, and recommendations before the report is issued? (GAS 8.133) |  |  | | |
| * 1. Design the form and content of audit documentation to meet the circumstances of the performance audit and document the following: (GAS 8.134, 8.135.a, 8.135.b) |  |  | | |
| 1. Objectives, scope, and methodology of the audit? |  |  | | |
| 1. Work performed and evidence obtained to support significant judgments and conclusions, as well as expectations in analytical procedures, including descriptions of transactions and records examined? |  |  | | |
| * 1. Issue audit reports communicating the results of each completed audit in a form that is appropriate for its intended use and contain the following: (GAS 9.06-9.07) |  |  | | |
| 1. The objectives, scope, and methodology of the audit; findings, conclusions, and recommendations? (GAS 9.10-9.11, 9.14) |  |  | | |
| 1. A description of the work to address the audit objectives and support the reported findings and conclusions and any constraints imposed on the audit; relationship between the population and the items tested, including entities, geographic locations, and the period covered; kinds and sources of evidence used; and any limitations on the evidence? (GAS 9.12-9.13, 9.22) |  |  | | |
| 1. Sufficient, appropriate evidence to support the findings, conclusions, and recommendation in relation to the audit objectives? (GAS 9.18) |  |  | | |
| 1. The conclusions based on objectives and audit findings? (GAS 9.19) |  |  | | |
| 1. Descriptions of limitations or uncertainties with the reliability or validity of evidence, if significant, and any other significant facts relevant to the objectives to avoid misleading users about the findings and conclusions? (GAS 9.20) |  |  | | |
| 1. Recommendations that are substantiated by and flow logically from the reported findings and conclusions and are clearly stated and directed at resolving the cause of identified deficiencies and findings? (GAS 9.23) |  |  | | |
| 1. The scope of work on internal control or internal control components significant in the context of the audit objectives and descriptions of any deficiencies in internal control that are significant in the context of the audit objectives? (GAS 9.29-9.30) |  |  | | |
| 1. A description of deficiencies in internal control that are not significant to the objectives of the audit but warrant the attention of those charged with governance, or a reference to a separate report that communicate deficiencies in writing to audited entity officials? (GAS 9.31) |  |  | | |
| **END OF CHECKLIST** | | | | |

1. Office of Inspector General (OIG) and audit organization are used interchangeably in the appendix. [↑](#footnote-ref-2)
2. According to GAGAS, an audit organization conducting GAGAS engagements must establish and maintain a system of quality control that is designed to provide the organization with reasonable assurance that it and its personnel comply with professional standards and applicable legal and regulatory requirements. GAO-18-568 (July 2018) [↑](#footnote-ref-3)
3. For the purposes of CIGIE’s March 2020 Guide, “GAS” is used when citations are made to specific paragraphs from *Government Auditing Standards*. [↑](#footnote-ref-4)
4. For the External Peer Review, the review team should test compliance with standards using the checklists in Appendices B through E regardless of whether policies and procedures are adequate. For both peer reviews, the team should also use Appendix F to assess the OIG’s monitoring activities if independent public accountants (IPAs) were hired to conduct GAGAS engagements. [↑](#footnote-ref-5)
5. AU-C Sections 200 to 799 [↑](#footnote-ref-6)
6. AT-C Sections 205, 210, and 215 effective for examination, review, and agreed-upon procedures report dated on or after May 1, 2017 [↑](#footnote-ref-7)
7. AU-C §205.07; AU C §210.06; AU C §210.10; AU C §260.05; AU C §260.10-.11; AT C §205.12; AT C §205.14; AT C §205.16; AT C §210.08-.11; AT C §215.10-.14; AR C §90.09-.13 [↑](#footnote-ref-8)
8. AU‑C §580.09; AU-C §725.07g; AU‑C §730.05; AT‑C §205.10; AT‑C §210.11; AT‑C §215.28-.30; AR‑C §90.32-.36 [↑](#footnote-ref-9)
9. AT‑C §105.36-38; AU‑C §220.16; AU‑C §300.12; AU‑C §540.14; AU‑C §620.09-.13 [↑](#footnote-ref-10)
10. AU‑C §230.14; AU‑C §540.05‑.16; AU‑C §550.13-.26; AU‑C §560.09-.11; AU‑C §570.14-.32; AU‑C §580.09; AU‑C §585.06-.08 [↑](#footnote-ref-11)