##### Appendix C

##### Checklist for Financial Audits Performed by the Office of Inspector General

This appendix includes guidance for reviewing the Office of Inspector General’s (OIG’s) audit of the agency’s financial statements conducted in accordance with *Government Auditing Standards*⎯commonly referred to as generally accepted government auditing standards (GAGAS)⎯and the American Institute of Certified Public Accountants’ (AICPA’s) Statements on Auditing Standards (SASs).[[1]](#footnote-2) When an auditor conducts a financial audit under GAGAS, the engagement must be conducted in accordance with the SASs and GAGAS. Although this checklist is comprehensive, the peer review team may also consult with other guidance as warranted, such as the peer review checklists published by the AICPA and the Government Accountability Office (GAO)/Council of the Inspectors General on Integrity and Efficiency (CIGIE) Financial Audit Manual, Volume 2, Section 1003, *Financial Statement Audit Completion Checklist*.[[2]](#footnote-3) This appendix is not intended to replace auditor judgment and the team should modify the checklist to fit the circumstances of the peer review. This appendix should not be used for the OIG’s monitoring of the work of an independent public accountant (IPA) if the IPA signed the report as the auditor. The guidance is provided in Appendix F, *Checklist for Monitoring of GAGAS Engagements Performed by an Independent Public Accounting Firm.*

For other financial-related audits, the peer review team should consult with the peer review checklists published by the AICPA and modify as needed, or prepare a separate checklist for these types of audits.

OIG UNDER REVIEW

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

ENGAGEMENT NAME: Financial Statement Audit of (Agency Name) \_

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

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

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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

|  | **Yes** | **No** | **N/A** | **Comments** |
| --- | --- | --- | --- | --- |
| **1. Standards of Independence, Professional Judgment, Competence and Continuing Professional Education, and GAGAS Compliance[[3]](#footnote-4)**  |
| * 1. Did the auditors document the independence considerations as appropriate, including identifying threats to independence, evaluating the significance of the threats identified, and applying safeguards as necessary to eliminate the threats or reduce them to an acceptable level? (GAS 3.27-3.33, 3.84, 3.90, 3.107)[[4]](#footnote-5)
 |  |  |  |  |
| * 1. Taken as a whole, does the engagement documentation show that the auditors were independent of the audited entity during the period of the professional engagement, that they evaluated compliance with relevant ethical requirements, and that they used professional judgment in planning and performing the engagement and reporting the results? (GAS 3.18-3.20, 3.23, 3.109; AU-C §300.06b; AU-C §220)
 |  |  |  |  |
| * 1. Did the staff assigned to the engagement collectively have the competence needed for their assigned roles to address the engagement objectives and perform the work? (GAS 4.02, 4.03, 4.12)
 |  |  |  |  |
| * 1. Did the staff who planned, directed, and performed the engagement and reported the results develop and maintain professional competencies by completing the required continuing professional education hours? (GAS 4.16)
 |  |  |  |  |
| * 1. If the auditors cite GAGAS compliance, did the auditors comply with GAGAS in addition to the relevant AICPA SASs for financial audits? (GAS 6.02)
 |  |  |  |  |
| **2. Fieldwork Standards – Planning**  |
| 1. Did the audit team document an understanding with the auditee (and those charged with governance) an engagement memo or letter generally including:
 |  |  |  |  |
| * 1. The objectives and scope? (AU‑C §210.10a; AU-C §260.05a; AU‑C §260.11)
 |  |  |  |  |
| * 1. Management’s responsibilities and acknowledgment of preparation and fair presentation of the financial statements for internal controls, and giving the auditors unrestricted access to records? (AU-C §200.05; AU-C §210.06b; AU-C §210.10c; AU-C §260.05a; AU-C §260.10b)
 |  |  |  |  |
| * 1. The auditor’s responsibilities? (AU-C §210.10b; AU-C §260.10a)
 |  |  |  |  |
| * 1. The inherent limitations of an audit, internal controls, and some material misstatements may not be detected? (AU‑C §210.10d)
 |  |  |  |  |
| * 1. Identification of the applicable financial reporting framework? (AU-C §210.10e)
 |  |  |  |  |
| * 1. Other applicable information? (AU-C §210.10f)
 |  |  |  |  |
| 1. If the law or regulation requiring an audit specifically identifies the entities to be audited, did the auditors communicate pertinent information to individuals contracting for or requesting the audit and to any legislative committees that have ongoing oversight responsibilities for the audited entity? (GAS 6.06)
 |  |  |  |  |
| 1. Did the auditors retain written documentation of the communications with the audited entity and, if applicable, the process followed and conclusions reached in identifying the appropriate individuals to receive the required communications? (GAS 6.07)
 |  |  |  |  |
| 1. Did the auditors ask management of the audited entity whether any investigations or legal proceedings have been initiated or are in process with respect to the period under audit, and did they evaluate the effect of initiated or in-process investigations or legal proceedings on the current engagement? (GAS 6.12)
 |  |  |  |  |
| 1. Were key members of the audit team involved in planning the engagement? (AU-C §300.05)
 |  |  |  |  |
| 1. Did the auditors establish an overall audit strategy to guide the development of the audit plan, including: (AU-C §300.07; AU-C §300.14)
 |  |  |  |  |
| 1. Identifying the characteristics of the audit to define scope? (AU-C §300.08a)
 |  |  |  |  |
| 1. Ascertaining the reporting objectives for timing and nature of the communications? (AU-C §300.08b)
 |  |  |  |  |
| 1. Considering significant factors to direct audit team’s efforts? (AU-C §300.08c)
 |  |  |  |  |
| 1. Considering relevant information from the results of preliminary audit activities and other audit results on the entity? (AU-C §300.08d)
 |  |  |  |  |
| 1. Identifying the resources needed to perform the engagement and the direction and supervision of audit team members and review of their work? (AU-C §300.08e; AU-C §300.11)
 |  |  |  |  |
| 1. Considering risks in developing the audit plan and strategy, completing the audit programs, and assessing risk areas or processes that contain complex or troublesome areas, significant estimates, and areas prone to high fraud risk? (AU-C §300.09a; AU-C §315)
 |  |  |  |  |
| 1. Considering risks and expanding procedures to cover additional relevant assertion levels? (AU-C §300.09b; AU-C §300.09c; AU-C §330)
 |  |  |  |  |
| 1. Considering test of controls and detailed testing? (AU-C §330.10-25)
 |  |  |  |  |
| 1. Did the auditors obtain an understanding of the entity and its environment, including the following, and did they identify the risk of material misstatements associated with them and whether any of the risks are significant: (AU-C §315.12-.33)
 |  |  |  |  |
| * 1. Internal controls, including the control environment, the entity’s process for controls risk assessment, and controls monitoring activities?
 |  |  |  |  |
| * 1. Relevant industry, regulatory, and other external factors, including the applicable financial reporting framework?
 |  |  |  |  |
| * 1. Its operations?
 |  |  |  |  |
| * 1. Business objectives, strategies, and risks?
 |  |  |  |  |
| * 1. Performance measurements?
 |  |  |  |  |
| * 1. Information systems and related controls and the role of these controls relative to financial transactions and financial reporting?
 |  |  |  |  |
| 1. Did the auditors establish one or more levels of materiality of the financial statements, as a whole; at group and component levels if applicable; and classes of transactions, account balances, and disclosures? (AU-C §320.10-.11; AU-C §600.32)
 |  |  |  |  |
| 1. Did the auditors consider whether specialized skills/specialists (for example, actuary, appraiser, engineer, environmental consultant, or geologist) are needed in performing the engagement, evaluate their qualifications, and apply the appropriate procedures to their findings? (GAS 4.12; AU-C §220.16; AU-C §300.12; AU-C §540.14; AU-C §620.09-.13)
 |  |  |  |  |
| 1. Did the auditors ask management of the audited entity to identify previous work that directly relates to the objectives and whether related recommendations have been implemented; did they evaluate the corrective actions that could have a significant effect on the subject matter and use the information to assess risk? (GAS 6.11)
 |  |  |  |  |
| 1. If the auditors are performing the audit on the financial statement for the first time, did they include procedures to assess whether opening balances are properly stated? (AU-C §510)
 |  |  |  |  |
| 1. Did the auditors consider 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? (AU-C §240.15-.24)
 |  |  |  |  |
| 1. Did the auditors obtain a general understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework, identify the material amounts and disclosures determined by the provisions of laws and regulations, and make inquiries about the entity’s compliance with laws and regulations? (AU-C §250.12-.14)
 |  |  |  |  |
| 1. If the auditee uses service providers to process functions like payroll and vendor payments, did the auditors include a discussion on using service auditors’ reports for internal controls over the outsourced services? (AU-C §402.09)
 |  |  |  |  |
| 1. If applicable, did the auditor consider whether conditions or events exist that raise substantial doubt about the entity’s ability to continue as a going concern? (AU-C §570.12-.13)
 |  |  |  |  |
| 1. Did the auditors assess the significance of classes of transactions and account balances to the financial statements and identify accounts or audit areas for review. For each audit area, mark **YES** if the auditors properly assessed it as a high-risk audit area; **NO** if the auditor should have assessed it as a high-risk audit area, but did not; and **N/A** if it is not a significant audit area. Inquire further for areas with **NO** responses. (AU-C §300; AU-C §315)
2. Fund Balance with Treasury (FBWT)
 |  |  |  |  |
| 1. Cash and Other Monetary Assets
 |  |  |  |  |
| 1. Accounts Receivable
 |  |  |  |  |
| 1. Other Receivables
 |  |  |  |  |
| 1. Inventory and Related Property
 |  |  |  |  |
| 1. Investments
 |  |  |  |  |
| 1. Property, Plant, and Equipment
 |  |  |  |  |
| 1. Accounts Payable
 |  |  |  |  |
| 1. Payroll and Related Benefits
 |  |  |  |  |
| 1. Other Liabilities
 |  |  |  |  |
| 1. Commitments and Contingencies
 |  |  |  |  |
| 1. Revenues
 |  |  |  |  |
| 1. Expenses
 |  |  |  |  |
| 1. Unexpended Appropriations
 |  |  |  |  |
| 1. Budgetary Financing Sources
 |  |  |  |  |
| 1. Other Accounts
 |  |  |  |  |
| **3. Fieldwork Standards – Conducting the Engagement** |
| 1. Did the auditors identify and assess the risk of material misstatements due to fraud at the financial statement level, and at the assertion level for classes of transactions, account balances, and disclosures? (AU-C §240.25-.33)
 |  |  |  |  |
| 1. Did the auditors 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. If the auditors used analytical procedures in the testing of transactions and account balances significant to the financial statements, did the auditors use substantive analytical procedures in response to assessed risks and perform analytical procedures near the end of the engagement to assist in forming an overall conclusion on the financial statements? (AU-C §520.01; AU-C §520.06)
 |  |  |  |  |
| 1. If the auditors used substantive analytical procedures, did the auditors:
	1. Determine the suitability of the substantive analytical procedures for given assertions, taking into account the assessed risks of material misstatement and test of details, if any? (AU-C §520.05a)
 |  |  |  |  |
| * 1. Evaluate the reliability of data used taking into account the sources, comparability, and nature and relevance of information available and controls over preparation? (AU-C §520.05b)
 |  |  |  |  |
| * 1. Develop an expectation of recorded amounts or ratios and evaluate whether the expectation is sufficiently precise to identify a misstatement that may cause the financial statements to be materially misstated? (AU-C §520.05c)
 |  |  |  |  |
| * 1. Determine the amount of any differences between recorded amounts and expected values and investigate and obtain explanations from management if the difference is material or inconsistent with expectations? (AU-C §520.05d; AU-C §520.07)
 |  |  |  |  |
| 1. For classes of transactions and account balances selected for review and the auditors used sampling techniques, did the auditors:
 |  |  |  |  |
| 1. Consider the purpose of the audit procedure and the characteristics of the population from which the sample will be drawn when designing the audit sample? (AU-C §530.06)
 |  |  |  |  |
| 1. Determine the sample size sufficient to reduce sampling risk to an acceptable level? (AU-C §530.07)
 |  |  |  |  |
| 1. Select items for the sample that are representative of the relevant population and likely to provide a reasonable basis for conclusions about the population? (AU-C §530.08)
 |  |  |  |  |
| 1. Perform appropriate audit procedures on the item selected or on a replacement item, or treat the item as a deviation from the prescribed control or a misstatement if the auditor was unable to apply the designed audit procedures or suitable alternative procedures? (AU-C §530.09-.11)
 |  |  |  |  |
| 1. Investigate the nature and cause of any deviations or misstatements identified, and evaluate their effect on the purpose of the audit procedure and on other areas of the audit? (AU-C §530.12)
 |  |  |  |  |
| 1. Project the results of audit sampling to the population? (AU-C §530.13)
 |  |  |  |  |
| 1. Evaluate the results of the sample and sampling risk and whether the use of sampling provided a reasonable basis for the conclusion about the population? (AU-C §530.14)
 |  |  |  |  |
| 1. When classes of transactions and account balances selected for review include material accounting estimates, did the auditors:
2. Obtain an understanding of (1) the requirements of the applicable financial reporting framework relevant to accounting estimates and related disclosures and (2) management's process for identifying the transactions, events, and conditions related to the accounting estimates that need to be recognized or disclosed in the financial statements? (AU-C §540.08)
 |  |  |  |  |
| 1. Assess and identify the risks of material misstatement for accounting estimates? (AU-C §540.08)
 |  |  |  |  |
| 1. Compare accounting estimates included in prior period financial statements with the subsequent re-estimation for the current period? (AU-C §540.09)
 |  |  |  |  |
| 1. Determine whether management appropriately applied the requirements of the applicable financial reporting framework relevant to the accounting estimate? (AU-C §540.12a)
 |  |  |  |  |
| 1. Determine whether management’s process for making the accounting estimates or changes to prior period estimates are appropriate and applied consistently? (AU‑C §540.12b)
 |  |  |  |  |
| 1. Consider whether specialized skills or knowledge-related aspects of the accounting estimates are required to assess management’s process or determine the risk of material misstatements? (AU‑C §540.14)
 |  |  |  |  |
| 1. When auditors assessed risks of material misstatement related to accounting estimates as high, did the auditors: (AU-C §540.13a)
 |  |  |  |  |
| 1. Test the process used by management to make the accounting estimates, including the data on which the estimate is based and the operating effectiveness of the related controls? (AU-C §540.13b; AU‑C §540.13c)
 |  |  |  |  |
| 1. Develop a point estimate or range to evaluate management’s estimates? (AU-C §540.13d)
 |  |  |  |  |
| 1. For accounting estimates that give rise to significant risks, did the auditors evaluate:
2. How management considered alternative assumptions or outcomes and why they were rejected? (AU-C §540.15a)
 |  |  |  |  |
| 1. Whether significant assumptions used by management are reasonable? (AU-C §540.15b)
 |  |  |  |  |
| 1. Whether management intended to carry out specific courses of action and its ability to do so? (AU-C §540.15c)
 |  |  |  |  |
| 1. Whether the accounting estimate is reasonable if management has not adequately addressed the effects of estimation uncertainty? (AU-C §540.16)
 |  |  |  |  |
| 1. When classes of transactions and account balances selected for review could include related party relationships and transactions, did the auditors:
2. Consider the susceptibility of misstatement due to fraud or error that could result from related party relationships and transactions? (AU-C §550.13)
 |  |  |  |  |
| 1. Inquire of management the identity of any related parties, the nature of the relationships with related parties, and the type and purpose of the transactions with related parties? (AU-C §550.14; AU‑C §550.17)
 |  |  |  |  |
| 1. Inquire of management and others in the entity about the controls over related party transactions? (AU-C §550.15)
 |  |  |  |  |
| 1. Inspect outside confirmations, minutes of meetings, and other records for indications of the existence of related party relationships or transactions that management did not previously identify or disclose? (AU-C §550.16)
 |  |  |  |  |
| 1. Determine whether transactions with related parties were conducted at arm's length? (AU-C §550.25)
 |  |  |  |  |
| 1. Did the auditors perform audit procedures designed to identify subsequent events that require adjustment of, or disclosure in, the financial statements? (AU-C §560.09-.11)
 |  |  |  |  |
| 1. If conditions exist to raise concerns about the entity’s ability to continue as a going concern, did the auditors perform procedures to address the risk and evaluate the entity’s ability to continue as a going concern? (AU-C §570.14-.32)
 |  |  |  |  |
| 1. If the auditors are also engaged to perform an audit of internal control over financial reporting that is integrated with an audit of financial statements, did the auditors comply with the requirements of AU-C §940?
 |  |  |  |  |
| **4. Fieldwork Standards – Supervision** |
| 1. Was staff properly supervised? (GAS 5.36-5.37)
 |  |  |  |  |
| 1. If difficult or contentious issues arose among team members during the engagement, did the auditors follow the OIG’s policies and procedures for consulting with an appropriate individual, agreeing on the scope and nature of the consultation, and documenting the parties' understanding of the resulting conclusions reached and implemented? (GAS 5.24)
 |  |  |  |  |
| 1. Did the auditors document supervisory review, before the report release date, of the evidence that supports the findings and conclusions contained in the audit report? (GAS 6.31)
 |  |  |  |  |
| **5. Fieldwork Standards – Evidence** |
| 1. Did the auditors 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. If the auditors identified significant deficiencies or material weaknesses in internal controls, did they report matters relating to the internal control to management and those charged with governance in a timely manner? (AU-C §265.09-15)
 |  |  |  |  |
| 1. When auditors identify findings, did they perform procedures to develop the criteria, condition, cause, and effect of the findings to the extent that these elements are relevant and necessary to achieve the audit objectives? (GAS 6.17)
 |  |  |  |  |
| 1. Did the auditors consider internal control deficiencies in their evaluation of identified findings when developing the cause element of the identified findings? (GAS 6.18)
 |  |  |  |  |
| 1. For subsequent events discovered before and after the report release date and omitted procedures, did the auditors:
2. Discuss the matter with management and determine whether the financial statements need revision? (AU-C §560.12; AU-C §560.15)
 |  |  |  |  |
| 1. If the financial statements were revised, perform additional procedures needed for the revision and obtain revised written management representation? (AU-C §560.13a; AU-C §560.16; AU-C §580.09)
 |  |  |  |  |
| 1. Assess the effect of the omitted procedure on the auditor's ability to support the previously expressed opinion on the financial statements, perform omitted procedures, and take action on the report? (AU-C §230.14; AU-C §585.06-.08)
 |  |  |  |  |
| 1. Did the auditors obtain written representations from current management with appropriate responsibilities for the financial statements and knowledge of the various matters identified by the auditors, and at various stages of the engagement? (AU-C §580.09; AU-C §725.07g; AU-C §730.05)
 |  |  |  |  |
| 1. Did the auditors communicate in writing to audited entity officials when: (GAS 6.44)
	1. identified or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements comes to the auditor’s attention during the audit that has an effect on the financial statements or other financial data significant to the audit objectives that is less than material but warrants their attention; or
	2. the auditor has obtained evidence of identified or suspected instances of fraud that have an effect on the financial statements or other financial data significant to the audit objectives that are less than material but warrants their attention?
 |  |  |  |  |
| 1. Did the auditors obtain sufficient, appropriate evidence, such as confirmation from outside parties, to corroborate representations by management of the audited entity that it has reported audit findings in accordance with provisions of laws, regulations, and funding agreements? (GAS 6.55)
 |  |  |  |  |
| 1. Did the auditors obtain timely and appropriate responses from the entity’s attorneys concerning litigation, claims, and assessments, and potential claims that counsel is aware of, and also obtain an assessment of the outcome and an estimate of the financial implications, including the costs involved? (AU‑C §501.18‑.24)
 |  |  |  |  |
| **6. Fieldwork Standards – Documentation** |
| 1. Did the auditors document their understanding of the entity and its environment and the assessment of the risks of material misstatement; their evaluation of accumulated results and determination whether they represent material misstatements due to fraud at the different financial statement levels; and communication with management, those charged with governance, and regulatory and enforcement authorities? (AU-C §240.43-.46)
 |  |  |  |  |
| 1. Does documentation show that the auditors were alert to other procedures that may identify noncompliance with laws and regulations and provisions of contracts and grants? (GAS 6.15; AU-C §250.15)
 |  |  |  |  |
| 1. If the auditors’ procedures disclosed instances or indications of noncompliance with laws and regulations and provisions of contracts and grants, did the auditor perform procedures to evaluate the possible effect on the financial statements; discuss with management, those charged with governance, and regulatory authorities; and identify effects on other aspects of the engagement? (GAS 6.15; AU-C §250.27; AU-C §250.17-.23)
 |  |  |  |  |
| 1. Did the auditors document a description of the identified or suspected noncompliance with laws and regulations and provisions of contracts and grants and the results of discussions with management and, when applicable, those charged with governance and other parties inside or outside the entity? (GAS 6.15; AU-C §250.28)
 |  |  |  |  |
| 1. Did the auditors document communications with those charged with governance? (AU-C §260.12-.20)
 |  |  |  |  |
| 1. Did the engagement documentation provide evidence of the auditors’ basis for a conclusion about achieving the overall objectives of the audit and evidence that the engagement was planned and performed in accordance with GAGAS and applicable legal and regulatory requirements? (AU-C §230.02)
 |  |  |  |  |
| 1. Was the engagement documentation sufficient to enable an experienced auditor with no previous connection to the engagement to understand the nature, timing, and extent of the procedures performed to comply with GAGAS and applicable legal and regulatory requirements; the results of the procedures performed and the evidence obtained; and significant findings or issues arising during the engagement, the conclusions, and significant professional judgments? (AU-C §230.08)
 |  |  |  |  |
| 1. If applicable, did procedures related to the significant contracts or agreements include abstracts or copies of those contracts or agreements? (AU-C §230.10)
 |  |  |  |  |
| 1. Did the auditors document discussions of significant findings or issues with management, those charged with governance, and others? (AU-C §230.11)
 |  |  |  |  |
| 1. If the auditors identified information that is inconsistent with the auditors’ final conclusion regarding a significant finding or issue, did they document how they addressed the inconsistency? (AU-C §230.12)
 |  |  |  |  |
| 1. If the auditors departed from a presumptively mandatory GAGAS requirement, did they document the justification for the departure and how other procedures performed in the circumstances were sufficient to achieve the intent of that requirement? (AU-C §230.13)
 |  |  |  |  |
| 1. Did the auditors document the report release date in the engagement documentation? (AU-C §230.15)
 |  |  |  |  |
| 1. Was the auditors’ documentation assembled in an engagement file, and was the administrative process of assembling the final file completed on a timely basis⎯no later than 60 days following the report release date? (AU-C §230.16)
 |  |  |  |  |
| 1. If the auditors modified existing documentation or added new documentation after the documentation completion date, did they document the specific reasons for making the change and when and by whom it was made and reviewed? (AU-C §230.18)
 |  |  |  |  |
| 1. Did the auditors document the significant decisions reached from team discussions; the key elements of the understanding obtained regarding each of the aspects of the entity and its environment and the internal control components, and the sources of information; the risk assessment procedures performed; the identified and assessed risks of material misstatement at the financial statement level and at the relevant assertion level; and the risks identified and related controls? (AU-C §315.33)
 |  |  |  |  |
| 1. Did the auditors perform substantive procedures for all relevant assertions related to each material class of transactions, account balance, and disclosure? (AU-C §330.18)
 |  |  |  |  |
| 1. Did the auditors include in the documentation:
	1. The overall responses to address the assessed risks of material misstatement at the financial statement level, and the nature, timing, and extent of the further audit procedures performed to comply with GAGAS and other applicable standards and requirements? (AU-C §330.30a)
 |  |  |  |  |
| * 1. The linkage of those procedures with the assessed risks at the relevant assertion level? (AU-C §330.30b)
 |  |  |  |  |
| * 1. The results of the procedures, including the conclusions when such conclusions are not otherwise clear? (AU-C §330.30c)
 |  |  |  |  |
| * 1. The conclusions reached about relying on controls that were tested in a previous engagement if the auditor plans to use evidence about the operating effectiveness of controls obtained in previous engagements? (AU-C §330.31)
 |  |  |  |  |
| * 1. That the financial statements agree or reconcile with the underlying accounting records? (AU-C §330.33)
 |  |  |  |  |
| 1. If the auditors used substantive analytical procedures, did they document the following: (AU-C §520.08):
 |  |  |  |  |
| * 1. Expectation of recorded amounts or ratios and factors considered in the auditors’ development when those amounts were not readily determinable from the documentation?
 |  |  |  |  |
| * 1. Results of comparison of recorded amounts or ratios developed from recorded amounts to expected amounts?
 |  |  |  |  |
| * 1. Additional procedures performed relating to the investigation of fluctuations or relationships that are inconsistent with other relevant information or that differ from expected values by a significant amount, and the results of such additional procedures?
 |  |  |  |  |
| 1. When classes of transactions and account balances selected for review include material accounting estimates, did the auditors document: (AU-C §540.22)
 |  |  |  |  |
| 1. For those accounting estimates that give rise to significant risks, the basis for the auditor’s conclusions about the reasonableness of accounting estimates and their disclosures?
 |  |  |  |  |
| 1. Any indicators of possible management bias?
 |  |  |  |  |
| 1. Did the auditors document any departures from GAGAS requirements and the effect on the engagement and the auditors’ conclusions when the engagement is not in compliance with applicable GAGAS requirements because of law, regulation, scope limitations, restrictions on access to records, or other issues affecting the engagement? (GAS 6.32)
 |  |  |  |  |
| 1. Did the auditors document a summary of misstatements identified, unless considered trivial, whether they have been corrected, and the auditor’s conclusion about whether uncorrected misstatements are material, individually or in the aggregate, and the basis for that conclusion? (AU-C §450.12)
 |  |  |  |  |
| **7. Reporting Standards – Compliance with GAGAS and Format** |
| 1. When auditors complied with GAGAS and other professional standards, did they include a statement in the report that they conducted the engagement in accordance with GAGAS? (GAS 6.36)
 |  |  |  |  |
| 1. If a separate written communication was issued to communicate deficiencies in internal controls noncompliance with laws, regulations, contracts, and grant agreements, or instances of fraud, did the auditors state in the report that they are issuing additional reports?
	1. Was a reference to the separate reports and a statement that the reports are an integral part of the engagement included? (GAS 6.43)
 |  |  |  |  |
| **8. Reporting Standards – Report Content** |
| 1. Does the report appropriately include the basic elements required by the standards, including: (AU-C §700.19-.43)
 |  |  |  |  |
| * 1. The word “independent” in the title? (AU-C §700.23)
 |  |  |  |  |
| * 1. Properly addressed? (AU-C §700.24)
 |  |  |  |  |
| * 1. Identification of the entity whose financial statements have been audited, the title of the statements and that they were audited, and the date or period covered? (AU-C §700.25)
 |  |  |  |  |
| * 1. Descriptions of management’s and auditors’ responsibilities? (AU-C §700.27-.30)
 |  |  |  |  |
| * 1. A statement that the engagement was conducted in accordance with GAGAS and the requirement to plan and perform the engagement to obtain reasonable assurance about whether the financial statements are free from material misstatement? (GAS 6.36; AU-C §700.31-.32; AU-C §700.42-.43)
 |  |  |  |  |
| * 1. A statement whether the auditors believe that the evidence obtained is sufficient and appropriate to provide a basis for the auditors’ opinion and the opinion(s)? (AU-C §700.33-.35)
 |  |  |  |  |
| * 1. An opinion regarding the financial statements, taken as a whole, or a modification to the opinion; or if an opinion cannot be expressed, conclude whether, the financial statements are materially misstated (for example, qualified or adverse opinion or disclaimer of opinion)? (AU-C §700.19-.21; AU-C §705.17-.28)
 |  |  |  |  |
| * 1. A statement whether the financial statements are presented in accordance with generally accepted accounting principles (GAAP) or those circumstances in which GAAP had not been consistently observed in the current period in relation to the preceding period? (AU-C §700.36; AU-C §708.07)
 |  |  |  |  |
| * 1. If applicable, addressing the auditors’ other reporting responsibilities on the financial statements in addition to the auditors’ responsibility under GAGAS? (AU-C §700.37-.38)
 |  |  |  |  |
| 1. For subsequent events discovered before the report release date, did the auditors consider revising the report date or modifying the report opinion as applicable? (AU-C §560.13-.14)
 |  |  |  |  |
| 1. For subsequent events discovered after the report release date, did the auditors consider modifying the report opinion as applicable? (AU-C §560.16-.18)
 |  |  |  |  |
| 1. If the auditors conclude that the noncompliance to laws, regulations, and provisions of contracts and grants; deficiencies in internal controls; and instances of fraud have a material effect on the financial statements, did they properly report them? (GAS 6.39, 6.41, 6.42; AU-C §250.24; AU-C §265.11)
 |  |  |  |  |
| 1. When providing an opinion or a disclaimer on financial statements, did the auditors report as findings any significant deficiencies or material weaknesses in internal control over financial reporting that the auditors identified? (GAS 6.40)
 |  |  |  |  |
| 1. When presenting findings, did the auditors 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)
 |  |  |  |  |
| 1. Did the auditors place their findings in perspective by describing the nature and extent of the issues being reported and the extent of the work performed that resulted in the finding? (GAS 6.51)
 |  |  |  |  |
| * 1. If applicable, did the auditors relate the instances identified to the population or the number of cases examined and quantify the results in terms of dollar value or other measures? (GAS 6.51)
 |  |  |  |  |
| * 1. If the results cannot be projected, did the auditors limit their conclusions appropriately? (GAS 6.51)
 |  |  |  |  |
| 1. Did the auditors report identified or suspected noncompliance with provisions of laws, regulations, contracts, and grant agreements, as well as instances of fraud, directly to parties outside the reviewed entity when management fails to (1) report such information to satisfy legal or regulatory requirements or (2) take timely and appropriate steps to respond to such information? (GAS 6.53)
 |  |  |  |  |
| 1. Is the report dated after the date when the auditors obtained sufficient appropriate evidence to base the auditor’s opinion on the financial statements and:
2. Was the documentation reviewed? (AU-C §700.41a)
3. Were all of the statements that the financial statements comprise and related notes prepared? (AU-C §700.41b)
4. Did management assert that it has taken responsibility for the financial statements? (AU-C §700.41c)
 |  |  |  |  |
| 1. If applicable, did the auditors include emphasis-of-matter or other-matter paragraphs or separate reports for special circumstances, including (1) financial statements of the prior period that were audited by a predecessor auditor or were not audited, (2) supplemental information and required supplemental accompanying the financial statements, (3) change in accounting principle that has a material effect on the financial statements, and (4) similar items relevant to the users’ understanding of the auditors’ report? (AU-C §700.55; AU-C §706.06; AU-C §708.06; AU-C §725.09; AU-C §730.07-.09)
 |  |  |  |  |
| **9. Reporting Standards – Views of Responsible Officials, Distribution, and Confidential or Sensitive Information** |
| 1. Did the auditors obtain and report the views of responsible officials of the audited entity concerning the findings, conclusions, and recommendations in the report, as well as any planned corrective actions? (GAS 6.57)
 |  |  |  |  |
| * 1. If auditors received written comments from the responsible officials, did they include in their report a copy or summary of the comments received? (GAS 6.58)
 |  |  |  |  |
| * 1. When the responsible officials provide oral comments only, did the auditors prepare a summary of the oral comments, provide a copy of the summary to the responsible officials to verify that the comments are accurately represented, and include the summary in their report? (GAS 6.58)
 |  |  |  |  |
| 1. When the audited entity’s comments are inconsistent or in conflict with the auditors’ findings, conclusions, or recommendations, did the auditors evaluate the validity of the audited entity’s comments and explain the reasons for any disagreements or modify their report as necessary if they find the comments valid? (GAS 6.59)
 |  |  |  |  |
| 1. If the reviewed entity refused to provide comments or was unable to do so in a timely manner, did the auditors indicate this in their report? (GAS 6.60)
 |  |  |  |  |
| 1. If certain information is prohibited from public disclosure or was excluded from a report because of its confidential or sensitive nature, did the auditors disclose in the report that certain information has been omitted and the circumstances that make the omission necessary? (GAS 6.63)
 |  |  |  |  |
| * 1. When circumstances call for omission of certain information from the report, did the auditors evaluate whether this omission could distort the results or conceal improper or illegal practices and revise the report language as necessary to avoid report users drawing inappropriate conclusions from the information presented? (GAS 6.64)
 |  |  |  |  |
| * 1. If the OIG was subject to public records laws, did the auditors determine whether public records laws could affect the availability of classified or limited use reports and determine whether other means of communicating with management and those charged with governance would be more appropriate? (GAS 6.65)
 |  |  |  |  |
| 1. Did the OIG distribute the engagement report to those charged with governance, to the appropriate audited entity officials, and to the appropriate oversight bodies or organizations requiring or arranging for the engagement? (GAS 6.70)
 |  |  |  |  |
| **10. Overall Assessment** |
| 1. Based on the results of the checklist and other work performed, conclude whether in performing and reporting on this engagement, the audit organization complied with GAGAS and its policies and procedures. Appropriate inquiries about exceptions should be made with the auditors and management of the audit organization to determine the underlying reasons.
 |  |  |  |  |
| **END OF CHECKLIST** |

1. The applicable AICPA standards for financial statement audits include SASs AU-C §200 to AU-C §700. [↑](#footnote-ref-2)
2. Financial Audit Manual, Volume 2, Section 1003, *Financial Statement Audit Completion Checklist,* is available at GAO’s website, <https://www.gao.gov/assets/700/692531.pdf>. [↑](#footnote-ref-3)
3. When assessing compliance with GAGAS for Independence, Professional Judgment, and Competence and Continuing Professional Education on individual engagements, the peer review team should consult the reviewed OIG’s audit policies and procedures with respect to documents to be included to demonstrate compliance. Certain documents may be maintained centrally, and the evidence of compliance may not be found in the individual engagement file. When reviewing documentation, the peer review team should be alert to issues related to compliance with GAGAS and make further inquiries as appropriate. Organization-wide testing of these areas is accomplished with Appendix B and not tested at the individual engagements. The peer review team should determine the methodology required to test the OIG’s compliance with GAGAS based on the OIG’s audit policies and procedures. [↑](#footnote-ref-4)
4. 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-5)