
Appendix A

Policies and Procedures

OIG UNDER REVIEW
& PERIOD REVIEWED

SECTION 1 PREPARER(S)

DATE COMPLETED

SECTION 2 PREPARER(S)

DATE COMPLETED

Purpose and Instructions

General

This appendix is designed to determine (1) the adequacy of the reviewed audit organization's policies and procedures, and (2) whether those policies and procedures, if properly adopted and implemented, would provide the reviewed audit organization with reasonable assurance of compliance with *Government Auditing Standards* (GAS), commonly referred to as generally accepted government auditing standards (GAGAS). This appendix is designed to satisfy the objectives of both the External Peer Review and the Modified Peer Review as detailed in the Council of the Inspectors General on Integrity and Efficiency *Guide for Conducting Peer Reviews of the Audit Organizations of Federal Offices of Inspector General* (Guide).

The Guide considers the reviewed audit organization's written policies and procedures, to include control measures to ensure compliance, to be a key characteristic of its system of quality control. Moreover, GAS, 3.82, states:

Each audit organization performing audits 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 being reviewed 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.

For ease of use, each section and question in this appendix coincide with the applicable GAS chapters, sections, and paragraphs. The reviewed audit organization completes Section 1 at the beginning of the peer review and the review team completes Section 2 as part of its fieldwork.

Reviewed Audit 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 GAGAS. Respond to the questions in Section 1 by providing specific references to and a copy of your policies and procedures. 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. References should be as detailed as possible to facilitate the peer review team's efforts.

If you conducted GAGAS audits and attestation engagements, collectively referred to as "audits," in the 3 years since the last peer review and do not have written policies and procedures corresponding to the questions, annotate in Section 1 that you do not have policies and procedures in place and then describe

the adopted practices used and how you ensure all audit staff are cognizant of these practices. 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.

If you did not perform GAGAS audits in the 3 years since your last peer review and you did not establish policies and procedures for the audit function because you elected to perform evaluations, inspections, and other non-GAGAS reviews of your Agency, then answer “Not Applicable” in Section 1 at the end of Question 2 and provide an explanation to that effect.

If applicable, policies, procedures, and related documentation with the completed Section 1 responses should be provided to the review team captain before the site visit begins.

Peer Review Team (Section 2)

The work to be done on the established policies and procedures by the peer review team is different under each type of peer review. The descriptions below describe the general techniques used for the External Peer Review and the Modified Peer Review:

External Peer Review

For the External Peer Review, the review team examines and evaluates the established policies and procedures obtained from, and/or practices described by, the reviewed audit organization for adequacy of design when conducting an External Peer Review.

In an External Peer Review, a conclusion should be reached regarding the adequacy of established policies and procedures in terms of whether they, if properly fulfilled, would provide the reviewed audit organization with 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 of “Adequate” or “Inadequate” as designed, or “Not Applicable.” A narrative explanation or cross-reference to an explanation supporting the determination should also be recorded. If the policies and procedures were found to be inadequate as prescribed, ask management how the standards will be met. While Appendix A assists the peer review team in determining the adequacy of policies and procedures, other appendices are used to determine the reviewed audit organization’s compliance with these policies and procedures and with GAGAS.

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. It is important to note, however, that GAGAS represents the overarching criteria. If, for example, the reviewed audit organization’s policies and procedures encompassed 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. While the checklist is comprehensive, the peer review team may, as appropriate, modify it to fit the nature, extent, and circumstances surrounding its review.

Modified Peer Review

For the Modified Peer Review, the team determines whether established policies and procedures are current and consistent with applicable professional standards. Record in Section 2 of this appendix the conclusion of “Adequate” or “Inadequate” as described, or “Not Applicable”. A narrative explanation or cross-reference to an explanation supporting the determination should also be recorded. If the policies and procedures were found to be inadequate as described, document the results and summarize the findings for the Modified Peer Review report and/or letter of comment. For the Modified Peer Review, Appendix A is needed for the review of audit policies and procedures and compliance with policies and procedures and GAGAS is not required, and therefore, other appendices are not needed.

If the OIG did not establish audit policies and procedures because it did not and does not intend to perform GAGAS audits, then the reviewed OIG should add an explanation for this, and the reviewing OIG should use Appendix A as documentation for that circumstance. Not having policies and procedures should not be considered to be a weakness and in this case.

Regardless of whether an External Peer Review or a Modified Peer Review is required, the scope of the peer review should include the activities carried out by the OIG on the work of independent public accountants (IPAs) hired to conduct GAGAS audits. In these circumstances, the reviewing OIG uses Appendix F to complete the review the IPA monitoring activities.

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
<p>1. GOVERNMENT AUDITING: FOUNDATION AND ETHICAL PRINCIPLES</p>		
<p>2. STANDARDS FOR USE AND APPLICATION OF GAGAS</p>		
<p>Any requirements related to Chapters 1 and 2 of GAS are incorporated in sections 3 through 7 of this document.</p>		
<p>3. GENERAL STANDARDS</p>		
<p>Independence</p>		
<p>3.1 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 (i) the financial statements or subject matter audit, or (ii) the professional engagement? (GAS, 3.02, 3.03, 3.05) b. Identify threats to independence? (GAS, 3.08a) c. Evaluate the significance of the threats identified, both individually and in the aggregate? (GAS, 3.08b, 3.20-3.22) d. Apply safeguards as necessary to eliminate the threats or reduce them to an acceptable level? (GAS, 3.08c, 3.23) e. Document the safeguards applied to the identified potential threats to independence? (GAS, 3.24) f. Decline work because a significant threat to independence exists and safeguards cannot reduce or eliminate threats? (GAS, 3.25) 		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
<p>3.2 What are your policies and procedures for addressing the following broad categories of threats to independence? (GAS, 3.14)</p> <ul style="list-style-type: none"> a. Self-interest threat b. Self-review threat c. Bias threat d. Familiarity threat e. Undue influence threat f. Management participation threat g. Structural threat 		
<p>3.3 What are your policies and procedures for applying the appropriate safeguards to identified threats? Examples of safeguards include: (GAS, 3.08c, 3.16-3.17)</p> <ul style="list-style-type: none"> a. Consulting with professional organizations, regulatory bodies, or another auditor; b. Involving another audit organization to perform or re-perform part of the audit; c. Having a professional staff member who was not a member of the audit team review the work performed; and d. Removing an individual from an audit team when that individual’s financial or other interests or relationships pose a threat to independence. 		
<p>3.4 What are your policies and procedures for evaluating the threat to independence when it is identified after the audit report is issued,</p>		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
<p>including: (GAS, 3.26)</p> <ul style="list-style-type: none"> a. Notifying entity management, those charged with governance, other known users, those on the distribution list, and if applicable, website users? b. 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>3.5 What are your policies and procedures to identify, evaluate, and reduce or eliminate the threat to independence related to nonaudit services, including:</p> <ul style="list-style-type: none"> a. Determining, before agreeing to provide a nonaudit service, whether providing such service would create a threat to independence, either by itself or in aggregate with other nonaudit services provided, or with respect to any GAGAS audit performed? (GAS, 3.34) b. Obtaining management’s assurance that management performs their management functions and assumes management responsibilities when auditors are performing nonaudit services for the entity for which they also perform audits? (GAS, 3.37) c. Establishing and documenting the auditor’s understanding with the audited entity’s management or those charged with governance the (1) objectives of the 		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
<p>nonaudit service, (2) services to be performed, (3) audited entity’s acceptance of its responsibilities, (4) auditor’s responsibilities, and (5) any limitations of the nonaudit service? (GAS, 3.39)</p> <p>d. Evaluating the impact of previously performed nonaudit services on the auditors’ independence on a prospective or current engagement and addressing any threats identified? (GAS, 3.42)</p> <p>e. 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? (GAS, 3.44)</p>		
<p>3.6 What are your policies and procedures for documenting independence considerations, including: (GAS, 3.59)</p> <p>a. Threats to independence that require the application of safeguards, and safeguards applied, to reduce or eliminate such threats?</p> <p>b. If applicable per GAS, 3.30, other required safeguards if the audit organization is structurally located within a government entity and structural threats to independence are not mitigated by constitutional or statutory safeguards?</p>		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
<p>c. Consideration of the audited entity management’s ability to effectively oversee nonaudit services to be provided by the audit organization/auditor?</p> <p>d. The auditor’s understanding with the audited entity for which the auditor will perform nonaudit services?</p>		
Professional Judgment		
<p>3.7 What are your policies and procedures to ensure that professional judgment is exercised in planning and performing the audit, and in reporting the results? (GAS, 3.60)</p>		
Competence		
<p>3.8 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 evaluation of staff to maintain a competent workforce. (GAS, 3.69-3.70)</p>		
<p>3.9 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, including licensed certified public accountants, necessary to be competent for the type of work being performed before beginning work on that assignment?</p>		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
(GAS, 3.72-3.75)		
3.10 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? (GAS, 3.76-3.78, 3.81)		
3.11 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? (GAS, 3.79-3.80)		
Quality Control and Assurance		
3.12 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: (GAS, 3.82a, 3.83, 3.85-3.91) a. Leadership responsibilities for quality within the audit organization? b. Independence, legal, and ethical requirements? c. Initiation, acceptance, and continuance of the audits?		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
d. Human resources requirements? e. Audit performance, documentation, and reporting requirements? f. The monitoring of quality?		
3.13 How do you document your quality control policies and procedures, communicate them to staff, and document compliance with the policies and procedures? (GAS, 3.84)		
3.14 What are your policies and procedures for the safe custody and retention of audit documentation to satisfy legal, regulatory, and administrative requirements for records retention, and for addressing controls over accessing and updating electronic documentation? (GAS, 3.92)		
3.15 What are your policies and procedures for the monitoring of quality in the audit organization and to annually analyze and summarize the results of the monitoring process? (GAS, 3.93-3.95)		
3.16 What are your policies and procedures to ensure that your most recent peer review report is publicly available? (GAS, 3.105)		
4. STANDARDS FOR FINANCIAL AUDITS		
General		
4.1 What are your policies and procedures for directing staff to comply with the American Institute of Certified Public Accountants (AICPA) Statement on Auditing Standards		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
(SAS)? (GAS, 4.01)		
Planning		
4.2 What are your policies and procedures for auditor communication, including pertinent information to individuals contracting for or requesting the audit; to cognizant legislative committees when auditors perform the audit pursuant to a law or regulation, or they conduct the work for the legislative committee that has oversight of the audited entity; or to those charged with governance? (GAS, 4.03-4.04)		
4.3 What are your policies and procedures for evaluating whether the audited entity has taken appropriate corrective action to address findings and recommendations from previous financial audits? (GAS, 4.05)		
4.4 What are your policies and procedures for detecting material misstatements resulting from violations of laws and regulations, provisions of contracts or grant agreements, or from abuse? (GAS, 4.06-4.08)		
4.5 What are your policies and procedures for ensuring that 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? (GAS, 4.09)		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
Evidence and Documentation		
4.6 What are your policies and procedures for ensuring that auditors plan and perform procedures to develop the elements of the findings to achieve the audit objectives (criteria, condition, cause, and effect or potential effect)? (GAS, 4.10-4.14)		
4.7 What are your policies and procedures for: <ul style="list-style-type: none"> a. Documenting supervisory reviews, before the report release date, of the evidence supporting the findings, conclusions, and recommendations contained in the audit report? (GAS, 4.15a) b. Documenting departures from the GAGAS requirements and the impact on the audit and on the auditors’ conclusion? (GAS, 4.15b) c. Providing other auditors with documentation in a timely manner when work is being used by other auditors? (GAS, 4.16) 		
Reporting Requirements		
4.8 What are your policies and procedures for citing compliance with GAGAS in financial audit reports? (GAS, 4.18)		
4.9 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		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
<p>grant agreements, including: (GAS, 4.19-4.22)</p> <ul style="list-style-type: none"> a. A description of the scope of the auditors’ testing of internal control over financial reporting and compliance with laws, regulations, contracts, and grant agreements? b. When applicable, a statement in the report that the auditors are issuing additional reports relating to internal controls and compliance with laws, regulations, contracts, and grant agreements? 		
<p>4.10 What are your policies and procedures for reporting deficiencies in internal controls identified as significant deficiencies or material weaknesses? (GAS, 4.23-4.24)</p>		
<p>4.11 What are your policies and procedures for reporting on fraud, abuse, and noncompliance with provisions of laws, regulations, contracts, and grant agreements? (GAS, 4.23, 4.25-4.27)</p>		
<p>4.12 What are your policies and procedures for developing and presenting findings to include the four elements (criteria, condition, cause, and effect or potential effect) in a report, including the nature and extent of the work performed and instances compared to the population? (GAS, 4.28-4.29)</p>		
<p>4.13 What are your policies and procedures for reporting findings of known or likely fraud;</p>		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
noncompliance with provisions of laws, regulations, contracts, or grant agreements; or abuse, directly to parties outside the audited entity and obtaining confirmations from outside parties as needed? (GAS, 4.30-4.32)		
4.14 What are your policies and procedures for reporting views of responsible officials? (GAS, 4.33)		
4.15 What are your policies and procedures for reporting confidential and sensitive information? (GAS, 4.40-4.44)		
4.16 What are your policies and procedures for distributing audit reports? (GAS, 4.45)		
5. STANDARDS FOR ATTESTATION ENGAGEMENTS		
General and Reporting Standards for All Attestation Engagements		
5.1 What are your policies and procedures for directing staff to comply with the AICPA attestation standards? (GAS, 5.01)		
5.2 What are your policies and procedures for determining the type of attestation engagements to use and the applicable AICPA and GAGAS requirements and considerations? (GAS, 5.02)		
5.3 What are your policies and procedures for citing compliance with GAGAS in attestation reports when the work performed complies with both GAGAS and AICPA? (GAS, 5.19, 5.51, 5.61)		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
<p>5.4 What are your policies and procedures for reporting classified, confidential, and sensitive information and distributing attestation engagement reports? (GAS, 5.39, 5.43, 5.44, 5.52, 5.62)</p>		
<p>Additional Field Work Standards for Examination Engagements</p>		
<p>5.5 What are your policies and procedures for auditor communications, including pertinent information to individuals contracting for or requesting the examination engagement; to cognizant legislative committees when auditors perform the examination engagement pursuant to a law or regulation, or they conduct the work for the legislative committee that has oversight of the audited entity, or to those charged with governance? (GAS, 5.04-5.05)</p>		
<p>5.6 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 that could have a material effect on the subject matter, or an assertion about the subject matter? (GAS, 5.06)</p>		
<p>5.7 What are your policies and procedures to ensure the auditors design the engagement to detect instances of fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that may have a material effect on the subject matter or an assertion about the subject matter? (GAS,</p>		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
5.07)		
5.8 What are your policies and procedures for applying procedures to ascertain the potential effect on the subject matter or an assertion about the subject matter when auditors become aware of abuse that could be significant to the objective of the examination engagement? (GAS, 5.09)		
5.9 What are your policies and procedures for ensuring that auditors avoid interfering with current investigations or legal proceedings while pursuing indications of fraud, violations with provisions of laws, regulations, contracts or grant agreements, or abuse? (GAS, 5.10)		
5.10 What are your policies and procedures for ensuring that auditors plan and perform procedures to develop the elements of the findings to achieve the examination engagement objective (criteria, condition, cause, and effect or potential effect)? (GAS, 5.11-5.15)		
5.11 What are your policies and procedures for ensuring that the documentation exists and: (GAS, 5.16) a. Is in sufficient detail to provide an understanding of the work performed (including the nature, timing, extent, and results of procedures performed); the evidence obtained and its source; and the conclusions reached? (GAS, 5.16a)		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
<p>b. Has evidence of supervisory reviews, before the report is issued, and that evidence supports the findings, conclusions, and recommendations in the report? (GAS, 5.16b)</p> <p>c. Includes discussions on any departures from the GAGAS requirements and the impact the departure has on the engagement and the auditors’ conclusions? (GAS, 5.16c)</p>		
<p>5.12 What are your policies and procedures to ensure auditors and documentation are made available to other auditors or reviewers in a timely manner, when work is being used by other auditors? (GAS, 5.17)</p>		
<p>Additional Reporting Standards for Examination Engagements</p>		
<p>5.13 What are your policies and procedures to ensure that auditors report on the following: (GAS, 5.20-5.24)</p> <p>a. Significant deficiencies and material weaknesses in internal control, including those communicated early? (GAS, 5.20, 5.22)</p> <p>b. Instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the subject matter or an assertion about the subject matter and any other instances that warrant the attention of those charged with governance? (GAS, 5.20, 5.24a)</p> <p>c. Noncompliance with provisions of</p>		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
<p>contracts or grant agreements that have a material effect on the subject matter or an assertion about the subject matter of the examination engagement? (GAS, 5.20, 5.24b)</p> <p>d. Abuse that has a material effect on the subject matter or an assertion about the subject matter of the examination engagement? (GAS, 5.20, 5.24c)</p> <p>e. Making a reference to a separate report if or when the above items are reported separately? (GAS, 5.20, 5.21)</p>		
<p>5.14 What are your policies and procedures for communicating instances of noncompliance with provisions of contracts and grant agreements or abuse that have an effect on the subject matter or an assertion about the subject matter but are less than material but warrant the attention of those charged with governance? (GAS, 5.25)</p>		
<p>5.15 What are your policies and procedures for developing and presenting the elements of a finding to include criteria, condition, cause, and effect or potential effect in a report? (GAS, 5.27-5.28)</p>		
<p>5.16 What are your policies and procedures for reporting known or likely fraud, noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse directly to parties outside the audited entity when managements fails to (i) report</p>		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
such information to satisfy legal or regulatory requirements or (ii) take timely and appropriate steps to respond to such information? (GAS, 5.29-5.31)		
5.17 What are your policies and procedures for reporting views of responsible officials, when applicable, concerning findings, conclusions, and recommendations on deficiencies in internal control, fraud, noncompliance with provisions laws, regulations, contracts, or grant agreements, or abuse; or indicating in the report that comments were not provided? (GAS, 5.32, 5.38)		
5.18 What are your policies and procedures for including a copy of the officials’ comments or summary of the comments, and an evaluation of the comments in the report? (GAS, 5.34-5.35)		
5.19 What are your policies and procedures for evaluating the validity of the comments when they are inconsistent with the findings, conclusions, or recommendations, or when planned corrective action is inadequate; and following-up and revising the report as necessary? (GAS, 5.37)		
Additional Fieldwork and Reporting Standards for Review Engagements and Agreed-Upon Procedures Engagements		
5.20 What are your policies and procedures for ensuring that auditors communicate significant deficiencies; material weaknesses; instances of fraud, noncompliance with		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
provisions of laws, regulations, contracts, or grant agreements; or abuse to the audited entity and those charged with governance? (GAS, 5.49, 5.59)		
5.21 What are your policies and procedures to ensure auditors establish an understanding with the audited entity regarding the services to be performed for each engagement? (GAS, 5.54, 5.64)		
5.22 What are your policies and procedures to ensure that (i) a review report conclusion be in the form of a negative assurance and (ii) an agreed-upon procedures report be in a form of procedures and findings? (GAS, 5.56, 5.66)		
5.23 What are your policies and procedures to ensure that a review and an agreed-upon-procedures engagement report includes a statement that a review is substantially less in scope than an audit and an examination, and an agreed-upon procedures engagement is substantially less in scope than an audit and examination engagement? (GAS, 5.57, 5.67)		
6. FIELD WORK STANDARDS FOR PERFORMANCE AUDITS		
Planning		
6.1 What are your policies and procedures to ensure the work is adequately planned and documented, and updates to the plan are made, as necessary, to accomplish the audit objectives? (GAS, 6.06-6.07)		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
<p>6.2 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 to the audit objectives and to reduce audit risk to an acceptable level? (GAS, 6.10)</p>		
<p>6.3 What are your policies and procedures to ensure auditors assess audit risk and significance within the context of their audit objectives? (GAS, 6.11)</p>		
<p>6.4 What are your policies and procedures to: (GAS, 6.12)</p> <ul style="list-style-type: none"> a. Identify criteria, and potential sources, amount, and type of evidence needed? (GAS, 6.37-6.39) b. Evaluate whether to use the work of other auditors and specialists and their qualifications and independence? (GAS, 6.40-6.42, 6.46) c. Assign sufficient staff members who collectively have adequate skills and professional competence? (GAS, 6.45) d. Communicate about the planning and performance of the audit with auditee management? (GAS, 6.47-6.48, 6.50) e. Prepare a written audit plan? (GAS, 6.51) 		
<p>6.5 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</p>		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
<p>information to help the auditors assess relevant risks such as program visibility, sensitivity, age, size, oversight, strategic plan, objectives, and external factors? (GAS, 6.13)</p>		
<p>6.6 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? (GAS, 6.16)</p>		
<p>6.7 What are your policies and procedures to ensure auditors obtain an understanding of information systems controls and determine the audit procedures needed when information systems are used extensively throughout the program under audit and the fundamental business processes related to the audit objectives? (GAS, 6.24, 6.27)</p>		
<p>6.8 What are your policies and procedures for: (GAS, 6.28)</p> <ul style="list-style-type: none"> a. Identifying provisions of laws, regulations, contracts, or grant agreements that are significant within the context of the audit objectives? b. Assessing the risk that noncompliance with the provisions of laws, regulations, contracts, or grant agreements could occur? c. Designing procedures to obtain reasonable assurance of detecting instances of noncompliance with the provisions of laws, regulations, contracts, or grant 		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
<p>agreements that are significant within the context of the audit objectives?</p>		
<p>6.9 In relation to fraud, what are your policies and procedures to ensure auditors: (GAS, 6.30-6.32)</p> <ul style="list-style-type: none"> a. Discuss fraud risks, such as incentives and pressures to commit fraud, the opportunity for fraud to occur and the rationalization and attitudes that could allow individuals to commit fraud? b. 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? c. Design procedures to obtain reasonable assurance of detecting fraud when auditors identify factors or risks related to fraud that has occurred or is likely to have occurred that they believe is significant within the context of the audit objectives? d. 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? 		
<p>6.10 What are your policies and procedures, when auditors become aware of abuse that could be quantitatively or qualitatively significant to</p>		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
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? (GAS, 6.34)		
6.11 What are your policies and procedures for evaluating the impact of and ensuring that auditors avoid interfering with current investigations or legal proceedings while pursuing indications of fraud, illegal acts, and violations of provisions of contracts or grant agreements, or abuse? (GAS, 6.35)		
6.12 What are your policies and procedures for evaluating whether the audited entity has taken appropriate corrective actions to address findings and recommendations from previous audits that are significant within the context of the audit objectives? (GAS, 6.36)		
Supervision		
6.13 What are your policies and procedures for ensuring that the audit is properly supervised? (GAS, 6.53)		
6.14 What are your policies and procedures for documenting supervisory reviews of the audit work before the report is issued, of the evidence supporting the findings, conclusions, and recommendations contained in the audit report? (GAS, 6.83c)		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
Evidence and Documentation		
6.15 What are your policies and procedures regarding the preparation of appropriate documentation for engagements terminated prior to completion? (GAS, 6.50, 7.06)		
6.16 What are your policies and procedures to ensure that auditors obtain sufficient, appropriate evidence that encompasses adequacy, relevance, validity, and reliability in support of findings and/or conclusions? (GAS, 6.56-6.58)		
6.17 What are your policies and procedures to ensure auditors evaluate the objectivity, credibility, and reliability of testimonial evidence? (GAS, 6.62)		
6.18 What are your policies and procedures on the use of sampling methodology? (GAS, 6.64)		
6.19 What are your policies and procedures for assessing the reliability, sufficiency and appropriateness of evidence provided by the audited entity, including computer-processed information? (GAS, 6.65-6.66)		
6.20 What are your policies and procedures to ensure that auditors determine and document the overall sufficiency and appropriateness of evidence to provide a reasonable basis for the findings and conclusions within the context of the objectives? (GAS, 6.67, 6.69, 6.71-6.72)		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
<p>6.21 What are your policies and procedures for planning and performing steps to develop the elements of a finding necessary to address the audit objectives? (GAS, 6.73)</p>		
<p>6.22 What are your policies and procedures to ensure documentation related to planning, conducting, and reporting of each audit is prepared in sufficient detail and before the report is issued, to include: (GAS, 6.79)</p> <ul style="list-style-type: none"> a. The work performed and evidence that supports the significant judgments, findings, conclusions, and recommendations? (GAS, 6.80, 6.83b) b. Appropriate form and content to meet the circumstances of the audit? (GAS, 6.81) c. The objectives, scope, and methodology of the audit? (GAS, 6.83a) 		
<p>6.23 What are your policies and procedures for ensuring that audit documentation identifies departures from GAGAS requirements and the impact on the audit and the auditors' conclusions? (GAS, 6.84)</p>		
<p>6.24 What are your policies and procedures to ensure that auditors and documentation are made available, within legal requirements, to other auditors or reviewers in a timely manner, when work is being used by other auditors? (GAS, 6.85)</p>		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
7. REPORTING STANDARDS FOR PERFORMANCE AUDITS		
<p>7.1 What are your policies and procedures to ensure that a report is issued to communicate the results of each completed performance audit, including ensuring that the form of the audit report is appropriate for its intended use and is in writing or in some other retrievable form? (GAS, 7.03-7.04)</p>		
<p>7.2 What are your policies and procedures to cover potential re-issued or reposted reports on the website when auditors discovered that they did not have sufficient, appropriate evidence to support the reported findings or conclusions after the report was issued? Do policies and procedures cover: (GAS, 7.07)</p> <ul style="list-style-type: none"> a. Communication to those charged with governance, appropriate officials of the audited entity or of the organizations requiring or arranging for the audit, and other known users in the same manner that was used to originally distribute the report? b. If applicable, removing the report from your website and posting a public notice that the report was removed? c. Determining whether to conduct additional work to reissue the report, including any revised findings or conclusions and if applicable, reposting the original report if the additional audit work did not result in a change in findings 		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
or conclusions?		
<p>7.3 What are your policies and procedures to ensure that the audit report contains, as appropriate: (GAS, 7.08)</p> <ul style="list-style-type: none"> a. The audit objectives, scope, and methodology? (GAS, 7.09-7.11) b. Explanation of relationships between items tested and the population, organizations, geographic information, periods covered, kinds and sources of evidence obtained, any limitations and uncertainties, and how the completed work supports the audit objectives? (GAS, 7.12-7.13, 7.15) c. Sufficient, appropriate evidence to support the findings and conclusions in relation to the audit objectives? (GAS, 7.14) d. The findings in perspective with a description of the nature of the issues and the work performed to reach the conclusions? (GAS, 7.16) e. Significant facts relevant to the objectives of the work which if not disclosed would mislead users, misrepresent the results, or conceal improper or illegal practices? (GAS, 7.17) f. The scope of the work on, and any 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 		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
significant within the context of the audit objectives? (GAS, 7.18-7.19, 7.21-7.22)		
7.4 What are your policies and procedures for reporting known or likely fraud; noncompliance with provisions of laws; regulations, contracts, or grant agreements; or abuse directly to parties outside the audited entity when managements fails to (i) report such information to satisfy legal or regulatory requirements or (ii) take timely and appropriate steps to respond to such information? (GAS, 7.24-7.26)		
7.5 What are your policies and procedures to ensure that the audit report contains conclusions based on the audit objectives and the audit findings? (GAS, 7.27)		
7.6 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? (GAS, 7.28)		
7.7 What are your policies and procedures for citing compliance with GAGAS in performance audit reports or modifying the statement when not in compliance with GAGAS? (GAS, 7.30-7.31)		

	Section 1 – Reviewed OIG Responses and References	Section 2 – Peer Review Team Comments and Conclusions
7.8 What are your policies and procedures for reporting views of responsible officials concerning finding, conclusions, and recommendations on deficiencies and planned corrective actions, or indicating in the report that comments were not provided? (GAS, 7.32, 7.38)		
7.9 What are your policies and procedures for including a copy of the officials’ comments or summary of the comments, and an evaluation of the comments in the report? (GAS, 7.34-7.35)		
7.10 What are your policies and procedures for evaluating the validity of the audited entity’s comments when they are inconsistent with the findings, conclusions, or recommendations, or when planned corrective action is inadequate; and following up and revising the report as necessary? (GAS, 7.37)		
7.11 What are your policies and procedures for reporting classified, confidential and sensitive information? (GAS, 7.39, 7.42, 7.43)		
7.12 What are your policies and procedures for distributing performance audit reports? (GAS 7.44)		
END OF CHECKLIST		