
Appendix B

Checklist for Review of Adherence to General Standards

OIG UNDER REVIEW
& PERIOD REVIEWED:

REVIEWER(S):

DATE COMPLETED:

This appendix provides guidance for reviewing the audit organization’s compliance with *Government Auditing Standards* (GAS), commonly referred to as generally accepted government auditing standards (GAGAS), and established policies and procedures related to the General Standards of Independence, Competence, Professional Judgment, and Quality Control and Assurance. The General Standards cover both the audit organization and the individual auditor. In those cases where the standards cover the audit organization, the steps in this appendix cover the audit organization’s compliance with GAGAS. The individual auditor’s and the team’s compliance with the General Standard should be tested during the reviews of selected audits and attestation engagements and are covered by appendices C through E. Whether testing the audit organization, the audit team, or the individual auditor, the checklist covers common GAGAS areas and may be modified to meet the nature and extent of testing needed, depending on the audit organization’s policies and procedures, circumstances, and risk factors.

Testing	Overall Conclusions
1. INDEPENDENCE	
<p>1.1 Review the audit organization’s placement within the structure of the government entity to which it is assigned. Does the audit organization’s reporting level within the agency impact its ability to objectively perform its work and report results? (GAS, 3.14g, 3.27–3.31)</p> <p>1.2 Obtain a list and description of all nonaudit services the audit organization provided to its agency from the period of its last External Peer Review. Did the audit organization evaluate whether providing these services created a threat to its independence as an organization? Was the evaluation appropriate? (GAS, 3.14b, 3.33–3.58)</p> <p>1.3 Assess the completeness of the nonaudit services described by the audit organization in the previous step by reviewing the Office of Inspector General’s semi-annual reports to Congress or similar reports, and annual planning documents for indicators of any additional nonaudit services that may have been performed by the audit organization. Inquire about any such indicators and assess the potential impact to the audit organization’s independence.</p> <p>1.4 Assess whether the audit organization’s documentation of independence considerations provided evidence of the auditor’s judgments in forming conclusions regarding compliance with independence requirements. Did the audit organization/auditors document: (GAS, 3.59)</p> <ul style="list-style-type: none"> • Threats to independence that required the application of safeguards, along with safeguards applied, in accordance with the conceptual framework? • Safeguards required for the audit organization if it is structurally located within a government entity and it is considered independent based on those safeguards? • The consideration of the audited entity management’s ability to effectively oversee a nonaudit service to be provided by the audit organization? 	

Testing	Overall Conclusions
<ul style="list-style-type: none"> The auditor’s understanding with an audited entity for which the auditor performed a nonaudit service? 	
<p>2. COMPETENCE</p>	
<p>2.1 Does the audit organization have a process for recruitment, hiring, continuous development, assignment, and evaluation of staff to maintain a competent workforce? (GAS, 3.70)</p> <p>2.2 Through interviews and observation, determine whether audit staff has access to applicable audit standards and other reference materials necessary for planning and performing audit work. (GAS, 3.72-3.74)</p> <p>2.3 Determine if the auditors and internal specialists who performed work in accordance with GAGAS (including planning, directing, and performing audit procedures, or reporting on a GAGAS audit) maintained their professional competence through continuing professional education (CPE). The peer review team should test compliance with GAGAS through a review of documentation that may be maintained in personnel files, individual audit files, or consolidated CPE files or databases. (GAS, 3.76, 3.81)</p> <p>2.4 Determine if the audit organization has quality control procedures to help ensure that auditors meet the CPE requirements, including documentation of the CPE completed. (GAS, 3.78)</p>	
<p>3. QUALITY CONTROL AND ASSURANCE</p>	
<p>3.1 Determine if the audit organization established a system of quality control that is designed to provide reasonable assurance of compliance with professional standards and applicable legal and regulatory requirements. The nature, extent, and formality of the quality control system will vary based on the organization’s size, number of offices and geographic dispersion, knowledge and experience of its personnel, nature and complexity of its audit work, and cost-benefit considerations. (GAS, 3.82a, 3.83)</p> <p>3.2 Determine if the documented quality control policies and procedures (covered by Appendix A) are communicated to organization personnel. (GAS, 3.84, 3.86–3.88)</p> <p>3.3 Determine if the audit organization documented compliance with its quality control policies and procedures and maintained such documentation for a period of time sufficient to enable those performing monitoring procedures and peer reviews to evaluate the extent of the audit organization’s compliance with its quality control policies and procedures. (GAS, 3.84)</p> <p>3.4 For audit documentation retained electronically, determine whether the organization established effective information systems controls over accessing and updating the audit documentation. The controls are intended to protect the integrity, accessibility, and retrievability of audit information from being compromised if documentation is</p>	

Testing	Overall Conclusions
<p>altered, added to, or deleted without the auditor’s knowledge or if the documentation is lost, or damaged. (GAS, 3.92)</p> <p>3.5 Determine if the audit organization is performing monitoring procedures that enable it to assess (a) compliance with established policies and procedures, applicable professional standards, and legal and regulatory requirements; and (b) whether the system of quality control for audits and attestation engagements is appropriately designed and operating effectively? The nature and extent of the monitoring will depend on policies, procedures, risks, and circumstances. (GAS, 3.93–3.94)</p> <p>3.6 Determine if the organization annually analyzed and summarized the results of its monitoring process; communicated any deficiencies noted during the monitoring process to appropriate personnel; and made recommendations for appropriate remedial action. As applicable, determine if corrective action was taken. (GAS, 3.95)</p> <p>3.7 For the individual audit or attestation engagement included in the External Peer Review sample that were also examined by the audit organization’s quality control program, determine if the significant conclusions reached by the audit organization are reasonable and consistent with those of the External Peer Review team. If not, ascertain the reasons for the differences. For example, were the differences attributable to the application of reasonable professional judgment or a deficiency in design or performance of the related quality control procedures? (GAS, 3.98b, 3.99)</p> <p>3.8 Determine if the audit organization met the peer review requirements of GAGAS through an independent peer review once every 3 years, sufficient in scope to meet GAGAS. (GAS, 3.82b, 3.96–3.97)</p> <p>a. For an audit organization receiving its first peer review, determine whether the review covers a period that is no later than 3 years from the date the organization began its first GAGAS audit.</p> <p>b. Determine if the audit organization obtained an extension from the Council of the Inspectors General on Integrity and Efficiency Audit Committee and the Government Accountability Office if the issuance of the last peer report exceeded the due date by 3 months or more.</p> <p>3.9 Determine if the audit organization made its most recent peer review report publicly available. This requirement does <u>not</u> apply to the letter of comment, if one was issued. (GAS, 3.105)</p> <p>3.10 Determine if the audit organization provided a copy of the peer review report to those charged with governance, as applicable. (GAS, 3.105)</p>	
END OF CHECKLIST	