Implementing a Yellow Book
System of Quality Management, Part 1:
Considerations for Federal OIG Audit Organizations

Presented by the Quality Management Subcommittee's
Working Group on the 2024 Revision to the Yellow Book, Quality Requirements

August 19, 2025

Quality Management Subcommittee (QMC)

Membership is comprised from about 65 Federal OIGs and other organizations, with participation at every level – from Inspectors General, Senior Executives, to those in the earlier stages of their career.

Our mission includes:

- Identify, document, and share resources, insights, and good/best practices to assist the OIG community with its QM activities.
- Provide learning, sharing, and professional development activities (like these forums!) to enhance QM subject matter expertise across the Federal OIG community.
- Foster a network of support and communication for the Federal OIG QM community.

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Disclaimer

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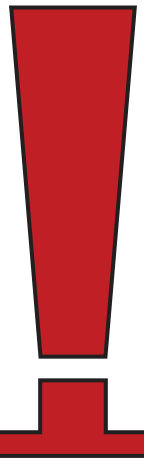


Administrative Items

- Attendance at the **2-Part Forum** will earn you up to 4 hours of CPE – after you complete a quick post-session survey. That will be available to you after the Forum's conclusion on **August 21st**. Please allow 7-10 business days AFTER the conference for the CPE certificate to populate in your CIGIE Admissions Portal account.
- Agenda and Slides for this session will be available in CAP.
- Only speakers and producers can use video and audio, but you can use the chat to talk with your fellow participants and use the Q&A module to ask our presenters questions.
- We'll be monitoring the Chat and the Q&A modules respectively. Please make sure to avoid posting questions in Chat so they don't get lost, but instead in the Q&A Module

Learning Objective

To enhance your awareness and understanding of SQM concepts and explore SQM implementation approaches, specifically for assigning responsibilities and performing quality management risk assessments.

Part 2: August 21 Forum: SQM Implementation Showcase

You are also invited to our follow-up event where OIGs will share how they have begun implementing their SQM.

The learning objective of the **August 21** event is to inform audit practitioner of SQM implementation approaches for OIGs of different missions, sizes, and structures.

Agenda

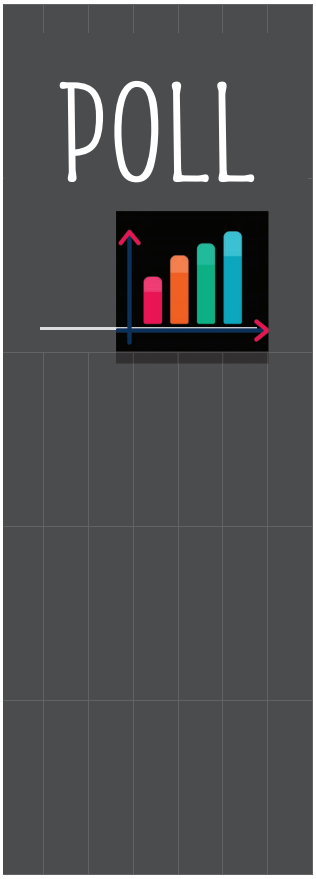
- System of Quality Management (SQM) Milestones
- Assigning SQM Responsibilities
- Quality Management Risk Assessment Process
  - Terminology
  - Quality Objectives
  - Quality Risks
  - Responses
  - Tips
- Monitoring and Remediation Process
- Evaluating the SQM
- Peer Review Guide Subcommittee Update

Introductions

QMC Lead Teams presenting today:

Anthony Kloeppel,
USDA OIG

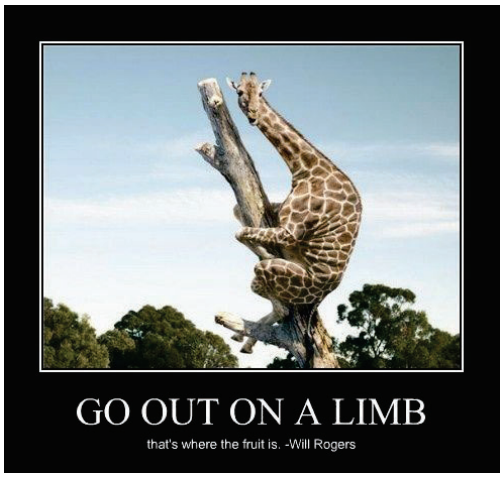
John Manning,
DOJ OIG



Poll Question 1.

How familiar are you with the GAS Chapter 5 quality management standards?

- ☐ Very Familiar – we have or are implementing them
- ☐ Somewhat familiar – I've heard about SQM
- ☐ Not familiar – This is new to me!



This presentation cites GAS yet recognizes that there are SQM matters that are open to interpretation and discussion.

We only offer considerations in presenting requirements to implement your SQM.

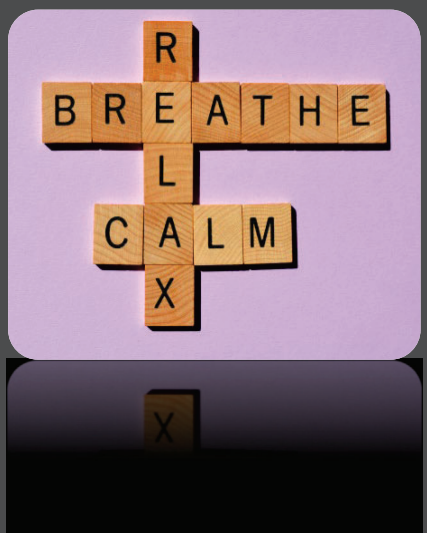
The key is to make sure your SQM is calibrated (and documented) to fit the nature and circumstances of your organization and its engagements.

SQM Objective *(GAS 5.02)*

The objective of a **system of quality management** for engagements performed in accordance with GAGAS is to provide the audit organization with reasonable assurance that the audit organization and its personnel:

- fulfill their responsibilities in accordance with professional standards and applicable laws and regulations and,
- perform and report on engagements in accordance with such standards and requirements.

Take a deep breath…



- Does your audit organization update or revise its policies, programs, and plans?
- Has your organization has issued new guidance responsive to a risk or other concern to make sure your reports are accurate?

If so… you've already taken steps to identify and fix gaps or risks for problems!

SQM formalizes this process to build the audit organization's capacity to foresee and address its particular risks

Overarching SQM principle *(GAS 5.08)*

Apply **professional judgment** in designing, implementing, and operating the SQM and consider the **nature and circumstances** of:

- Your audit organization, such as its size and structure.
- Your engagements, such as who and what are you auditing and what type of audits you are performing.

Scalable to fit the parameters of your organization, large and small.

Deadlines for SQM Implementation and Evaluation Milestones

December 15, 2025

1

Assign SQM Roles and Responsibilities *(GAS 5.13)*

Quality Management Risk Assessment Process *(GAS 5.19)*

Monitoring and Remediation Process *(GAS 5.87)*

December 15, 2026

2

Annual SQM Evaluation *(GAS 5.128)*

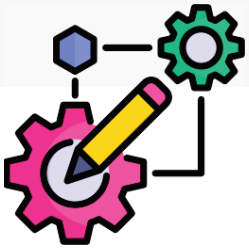
Establishing SQM Responsibilities *(GAS 5.13)*

Assign the overall responsibility and accountability for the audit organization's SQM to a **senior-level official** within the audit organization.

(GAS 5.13a)

Assign operational responsibility for the SQM, or specific aspects of it, to a specific individual or individuals.

(GAS 5.13b)



Prerequisites for SQM Roles & Responsibilities

(GAS 5.14)

Someone who:

- ✓ Has the appropriate Influence, Knowledge, Experience, and Authority.
- ✓ Has the sufficient time and resources to fulfill their SQM responsibilities,
- ✓ Understands Chapter 5 and other GAGAS requirements, and
- ✓ Understands their assigned roles and are being held accountable for fulfilling them.

SQM Responsibilities: Direct Communication Requirement *(GAS 5.15)*

Those assigned operational responsibility for the SQM, or aspects of it, should be in "direct communication" with the senior-level official with overall SQM responsibility.

* If an organization deems it appropriate, the senior-level official responsible for the SQM can also be assigned operational responsibility for the SQM. *(GAS 5.18)*

SQM Responsibilities: Types of Operational Responsibilities

(GAS 5.18)

- Compliance with Independence requirements
- Compliance with CPE requirements
- Compliance with professional standards
- Monitoring and remediation process

Operational responsibilities **do not** have to be one person. They can be assigned to others, but the key is that who is assigned operational responsibilities meet they requirements of GAS 5.14 and 5.15.

SQM Responsibilities: Documentation *(GAS 5.132a, 133a)*

- Support for personnel's consistent understanding of the SQM, including understanding their SQM roles and responsibilities.
- Identify the senior-level official assigned SQM responsibility and accountability.
- Identify individual(s) assigned SQM operational responsibilities.

POLL RESULTS

Poll Question 1.

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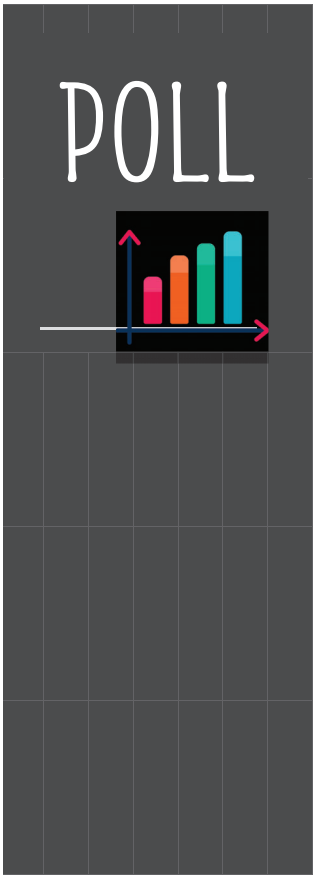


Poll Question 2.

Has your audit organization identified the senior leader who will be responsible and accountable for the SQM?

- ☐ Yes.
- ☐ No. We still have to determine who will serve this role.

DISCUSSION

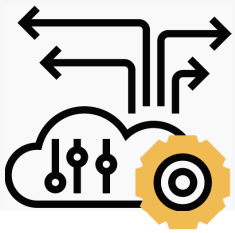
Consider the nature and circumstances of your audit organization and your engagements:

- ✓ Who would be considered a “senior-level official?”
- ✓ What are some considerations when assigning operational responsibilities?
- ✓ What does “in direct communication” mean?
- ✓ How should we document meeting prerequisites for those assigned roles and responsibilities?

Component: Two different types

Process Components

1. Quality Management Risk Assessment
2. Monitoring and Remediation



Quality Components

1. Governance and Leadership
2. Independence, Legal, & Ethical Requirements
3. Acceptance, Initiation, & Continuance of Engagements
4. Engagement Performance
5. Resources
6. Information & Communication

Quality Management Risk Assessment Process

Driven by six quality components with quality objectives specified by in GAS Chapter 5.

Iterative process *(GAS 5.24-25)* that is typically performed:

- ✓At specific intervals (such as annually).
- ✓To respond to SQM deficiencies identified by the monitoring and remediation process.
- ✓As necessary to respond to changes in the nature and circumstance to the audit organization and/or its engagements.

But first, let us review some terms and how they are applied in an SQM environment…

Engagement

A financial audit, attestation engagement, review of financial statements, or performance audit conducted in accordance with GAS. *(GAS 1.27h)*

Partners and Directors

Auditors who plan engagements, perform engagement procedures, or direct or report on engagements and whose work situations are characterized by high levels of ambiguity, complexity, and uncertainty. They may also be responsible for reviewing engagement quality prior to issuing the report and/or signing the report. *(GAS 4.10c)*

Service Provider

In the SQM context, an individual or organization external to the audit organization that provides a human, technological, or intellectual resource that the audit organization uses in its system of quality management or in performing its engagements.
(paragraph 5.79)

"Risk" in the SQM environment

A condition, event, circumstance, action, or inaction… vise-à-vis a quality objective *(GAS 5.35)*

Other Important Terms

Quality Objectives

Each quality component has a set of desired outcomes called **quality objectives**.
(GAS 5.29)

Quality Risk

A condition, event, circumstance, action, or inaction that has a reasonable possibility of occurring *and* would adversely affect one or more quality objectives is a **quality risk**.
(GAS 5.34)

Response

A **response** is the policies and procedures we design and implement to address one or more quality risk.
(GAS 5.40)

Governance and Leadership *(GAS 5.45)*

a. We demonstrate commitment to quality through a culture that exists throughout the audit organization.

b. Our leadership is responsible and accountable for quality.

c. Our leadership demonstrates a commitment to quality through its actions and behaviors.

d. Our organizational structure and assignment of roles, responsibilities, and authority are appropriate to set up and support our SQM.

e. Resource needs are planned for, obtained, allocated, and assigned in a manner consistent with the audit organization's commitment to quality.

Independence, Legal, and Ethical Requirements* *(GAS 5.47)*

a. Our organization and its personnel

   1) Understand the independence, legal, and ethical requirements to which our organization and engagements we conduct are subject and

   2) fulfill their responsibilities in relation to independence, legal, and ethical requirements to which our organization and our engagements are subject.

Independence, Legal, and Ethical Requirements *(continued)*

b. Our service providers who are subject to the independence, legal, and ethical requirements to which our organization and its engagements are subject:

   1) Understand the independence, legal, and ethical requirements that apply to them and

   2) fulfill their responsibilities in relation to independence, legal, and ethical requirements that apply to them.

Acceptance, Initiation, and Continuance of Engagements

(GAS 5.51)

Our organization accepts, initiates, and continues engagements only if it:

a. Complies with professional standards, independence requirements, and applicable legal and ethical requirements;

b. Acts within its legal mandate or authority; and

c. Has the capabilities, including time and resources, to do so.

Engagement Performance *(GAS 5.54)*

a. Our engagement teams understand and fulfill their responsibilities in connection to engagements, including overall responsibility of engagement partner or director for

   1) Managing and achieving quality on the engagement and

   2) Being sufficiently and appropriately involved throughout the engagement.

b. The nature, timing, and extent of direction and supervision of engagement teams and review of work performed are appropriate based on the nature and circumstances of the engagements and the resources assigned or made available to the engagement team.

Engagement Performance *(continued)*

c. Engagement teams exercise appropriate professional judgment, which includes exercising reasonable care and professional skepticism.

d. Consultation on difficult or contentious matters is undertaken and, as appropriate, documented. Conclusions agreed to from the consultation are implemented and, as appropriate, documented.

Engagement Performance *(continued)*

e. Differences of opinion within the engagement team, or between the engagement team and individuals performing activities within the audit organization's SQM, are brought to the attention of officials at the appropriate level of the audit organization; resolved; and, as appropriate, documented.

Engagement Performance *(continued)*

f. Engagement documentation of the work performed, results obtained, and conclusions reached is assembled on a timely basis and is appropriately maintained and retained to meet the needs of the audit organization and comply with professional standards, independence requirements, and applicable legal and ethical requirements.

g. Audit procedures and audit reports are appropriate in the context of the engagement objectives.

Resources *(GAS 5.74)*

a. Personnel are hired, developed, and retained who have the competence and capabilities to consistently **perform quality engagements** and carry out responsibilities related to the operation of the audit organization's SQM.

b. Our personnel develop and maintain the appropriate competence to **perform their roles** and are held accountable or recognized for doing so through timely evaluation, compensation, promotion, and/or other incentives.

Resources *(Continued)*

c. Auditors who are performing work in accordance with GAGAS meet the meet the CPE requirements.

d. Our organization has sufficient resources to consistently perform quality engagements and enable the operation of the audit organization's SQM.

e. Individuals assigned to engagements or to perform activities within the SQM have appropriate competence and capabilities, including sufficient time, to perform their duties.

Resources *(continued)*

f. Appropriate technological and intellectual resources are obtained or developed, implemented, maintained, and used to enable the operation of the audit organization's SQM and the performance of engagements.

g. Human, technological, or intellectual resources from service providers are appropriate for use in the audit organization's SQM and in performing engagements.

Information and Communication *(GAS 5.81)*

a. Our information system identifies, captures, processes, and maintains relevant and reliable information that supports the SQM.

b. Relevant and reliable information is communicated to personnel and engagement teams to enable them to understand and carry out their responsibilities within the SQM.

Information and Communication *(Continued)*

c. Our personnel and engagement teams communicate relevant and reliable information to the audit organization when performing activities within the SQM or engagements.

d. Relevant and reliable information is communicated to external parties.

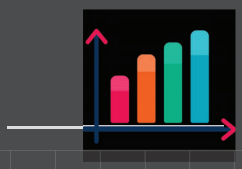
POLL RESULTS

Poll Question 2.

Has your audit organization already identified the senior leader who will be responsible and accountable for the SQM?

- ☐ Yes.
- ☐ No. We still have to determine who will serve this role.

POLL



Poll Question 3.

True or False: Your audit organization should address all the quality objectives outlined in GAS.

- ☐ True
- ☐ False

DISCUSSION

Considering the nature and circumstances of your audit organization and its engagements:

- ✓ Are there quality objectives missing?
- ✓ How would you document establishing the quality objectives?
- ✓ Who are your audit organization's partners or directors?
- ✓ Who might be service providers?

Kickstarting
The Quality Management Risk Assessment Process

Now that the quality objectives are set, how to go about identifying quality risks?

Recall that a risk is any condition, event, circumstance, action, or inaction related to your **audit organization** and/or your **engagements** that could adversely affect one or more quality objectives (individually or in combination). *(GAS 5.35)*

What risks to quality are out there?

Risks can be at the organizational level, engagement level, or both

GAS 5.36 – Audit organization risks	GAS 5.37 – Engagement risks
• Complexity and operating characteristics. • Strategic and operational decisions and actions. • Management style of leadership. • Resources, including support from service providers. • Laws, regulations, standards, and environment in which it operates.	• Types of engagements performed, and reports issued. • Types of entities for which and upon with such engagements are undertaken.

Assessing Risks for Quality Risks

Assess the identified risks to the quality objective for likelihood and magnitude. This determines which risks are quality risks.

For the risk, consider:

- ✓ How would it affect a quality objective from being achieved? How long would it affect the quality objective from being achieved?
- ✓ How frequently would it occur?
- ✓ How long would it take to mitigate the effect?

(GAS 5.38)

Assessing Risks for Quality Risks *(Continued)*

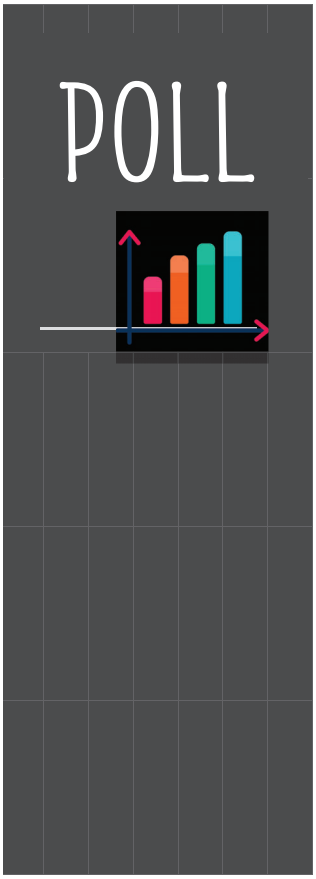
- ✓ Not all risks are quality risks – only those risks that are likely **and** impactful (would affect a quality objective) based on the nature and circumstances of your organization and engagements.
- ✓ You can use formal ratings or scores (but you do not have to!) *(GAS 5.39)*
- ✓ If a risk is a quality risk, **it requires a response to address it** *(GAS 5.41)*

POLL RESULTS

Poll Question 3.

True or False: Your audit organization should address all the quality objectives outlined in GAS.

- ☐ True
- ☐ False



Poll Question 4.

True or false: All audit risks should be assessed as quality risks.

- ☐ True
- ☐ False

Quality Management Risk Assessment: Setting the stage

The risk assessment needs to (1) identify and assess quality risks and (2) design and implement responses to quality risks:

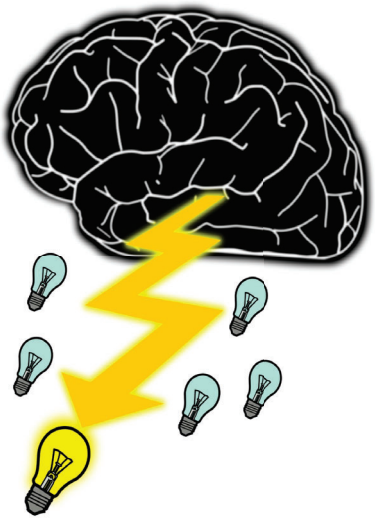
- ✓**Who** within your audit organization should be part of the efforts to identify risks, document assessment decisions, and steward the quality management risk assessments? Recall the requirements at GAS 5.14 ("I-K-E-A")
- ✓**What** are the resources needed (SMEs, etc.) to execute the risk assessment and implement its results (responses) successfully?
- ✓**When** will you hold your first quality management risk assessment? The quality management risk assessment is an iterative process (not a one-and-done). Will the first session address all quality objectives at once or will you have a series of meetings, each one focusing on certain quality objectives?

More on this later…

Quality Management Risk Assessment Tip: Host a brainstorming session

✓**How?** Host a brainstorming session with your POCs and SMEs with the goal of identifying risks to assess. Considering the quality objective, think and discuss, from a quality perspective:

- What could go wrong considering the nature and circumstances of your audit organization and engagements?
- What your organization has to do (or is currently doing) to make sure things go right?
- Set roles for the session – someone to lead, someone to keep notes, etc.



Quality Management Risk Assessment Tip: Host a brainstorming session *(Continued)*

- While identifying risks, do not get stuck or caught up on one area. Get the issue/concern documented and then flush it out later.
- QM risk assessments are **iterative processes**, so future quality management risk assessments will identify more risks as additional assessments are performed.

☞ ***Consider framing the initial question as the inverse or negative of the quality objective (the not)***

Example – Quality Objective for Engagement Performance

GAS 5.55(a) - Our engagement teams understand and fulfill their responsibilities in connection to engagements, including overall responsibility of engagement partner or director for:

1) Managing and achieving quality on the engagement and
2) Being sufficiently and appropriately involved throughout the engagement.

What are the risks to the following:

- Our engagement teams **DO NOT** understand and **WILL NOT** fulfill their responsibilities in connection to engagements.
- Engagement managers **DO NOT** understand and **WILL NOT** fulfill their responsibilities to managing and achieving quality on the engagement or be sufficiently and appropriately involved throughout the engagement.

Note: These are broad statements. It may take a few assessment iterations to determine the appropriate level for the identified risk to avoid being either too granular or too high. The quality management risk assessment is a continuing process!

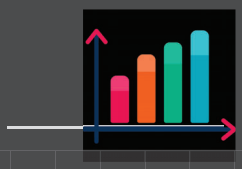
POLL RESULTS

Poll Question 4.

True or False: All audit risks should be assessed as quality risks.

- ☐ True
- ☐ False

POLL



Poll Question 5.

Which statement is INCORRECT? Quality Management Risk Assessments are typically performed:

- ☐ Periodically (such as each year).
- ☐ When the new staff member is assigned to an audit.
- ☐ Whenever you identify new quality objectives.
- ☐ When there are changes to the structure of your audit organization.

Tip: Inventory internal guidance and procedures already in place *(examples)*

- Agency and audit guidance;
- Audit guides and programs, tools, job aids, and checklists;
- Agency and audit strategic plans, mission, vision, and values.
- Audit plans and workplans;
- Award and recognition programs;
- Training and professional development opportunities and offerings;
- Organization, engagement, and individual performance measures and plans;
- IT systems, user guides; and
- Hiring and human resource guidance, requirements, and procedures.

Responses

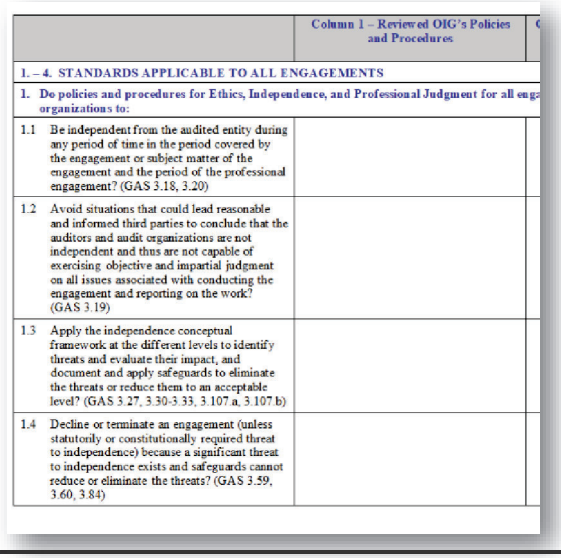
GAS 5.40: "Policies and procedures" the audit organization takes to address one or more quality risks.

Nature, timing, and extent depend on the assessments of the risk – can operate at various levels within the audit organization.

Responses may give rise to further quality risks.

Again, if the assessment deems a risk a quality risk, **it requires a response to address it**. *(GAS 5.41)*

Tip: Check out your Peer Review Appendices



	Column 1 – Reviewed OIG's Policies and Procedures	C
1. – 4. STANDARDS APPLICABLE TO ALL ENGAGEMENTS		
1. Do policies and procedures for Ethics, Independence, and Professional Judgment for all enga organizations to:		
1.1 Be independent from the audited entity during any period of time in the period covered by the engagement or subject matter of the engagement and the period of the professional engagement? (GAS 3.18, 3.20)		
1.2 Avoid situations that could lead reasonable and informed third parties to conclude that the auditors and audit organizations are not independent and thus are not capable of exercising objective and impartial judgment on all issues associated with conducting the engagement and reporting on the work? (GAS 3.19)		
1.3 Apply the independence conceptual framework at the different levels to identify threats and evaluate their impact, and document and apply safeguards to eliminate the threats or reduce them to an acceptable level? (GAS 3.27, 3.30-3.33, 3.107.a, 3.107.b)		
1.4 Decline or terminate an engagement (unless statutorily or constitutionally required threat to independence) because a significant threat to independence exists and safeguards cannot reduce or eliminate the threats? (GAS 3.59, 3.60, 3.84)		

Appendix A, Col 1 entries provide a cross walk of your agency guidance to specific GAS requirements.

Other testing appendices (C through F) list engagement-level requirements that may be helpful in considering risks facing certain quality objectives

Engagement Quality Review

A **type of a response** to address quality risks. *(GAS 5.139)*

Objective evaluation of an engagement team's significant judgments and conclusions performed before the audit report is released. *(GAS 5.70)*

Not required *(GAS 5.73),* but the audit organization needs to determine whether an engagement quality review is an appropriate response to address one or more quality risks. *(GAS 5.55e)*

Criteria that an audit organization may consider for quality risks that would trigger an engagement quality review at GAS 5.72.

Detailed requirements (!!!) – eligibility, performance, completion, and documentation.

Required Actions

... look and feel like responses, don't they?

Independence, Legal, and Ethical Requirements *(GAS 5.48)*

1. Establish guidance for addressing threats to independence and applicable legal and ethical requirements.
2. At least annually, obtain written affirmation of compliance with its independence protocols from all personnel required to be independent.

Required Actions *(Continued)*

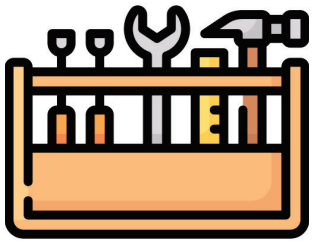
... look and feel like responses, don't they?

Engagement Performance *(GAS 5.55)*

- Assign responsibility to engagement partner or director for determining that:
  1. they have taken the overall responsibly for managing and achieving quality on the engagement, and
  2. independence and ethical requirements have been fulfilled before issuing the audit.
- Document results of and reasons for terminating an engagement before completion.
- Document when and why in an instance when an engagement objective changes
- Determine whether an engagement quality review is an appropriate response.

Toolkit: Examples of Various Quality Risks and Responses

- Presents over 70 potential quality risks.
- Just ideas offered as a starting point!
- Every audit organization will have its own assortment of quality risks based on the nature and circumstance of its organization and its engagements.
- The results of the quality management risk assessment process **has to work and fit for you and your organization.**



Toolkit Appendix B: Examples of Various Quality Risks and Responses

Engagement teams understand and fulfill their responsibilities in connection to engagements, including the overall responsibility of an engagement partner or director for (1) managing and achieving quality on the engagement and (2) being sufficiently and appropriately involved throughout the engagement (GAS 5.54a).[10]	
Potential Quality Risks	**The audit organization may respond by:**
Engagement team members do not understand and/or do not fulfill their individual engagement responsibilities.	Implementing *policies and procedures* that: • Ensure audit management assigns, explains, and documents collective and individual engagement responsibilities to team members. • Require audit management to assess and assure team competency relative to the engagement objective. • Stipulates that engagement work products and processes receive appropriate supervision. Providing *training and professional development* that: • Instructs personnel on their specific roles and responsibilities. • Offer mentoring opportunities for personnel to acquire and/or improve audit techniques, skills, and approaches. Deploying *tools, templates, and/or other resources* for its personnel to use to help fulfill engagement roles.

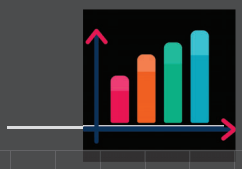
POLL RESULTS

Poll Question 5.

Which statement is INCORRECT? Quality Management Risk Assessments are typically performed:

- ☐ Periodically (such as each year).
- ☐ When the new staff member is assigned to an audit.
- ☐ Whenever you identify new quality objectives.
- ☐ When there are changes to the structure of your audit organization.

POLL



Poll Question 6.

Audit organizations must set up an SQM that includes engagement quality reviews.

- ☐ Yes
- ☐ No

Quality Management Risk Assessment Documentation

(GAS 5.132 and 5.133)

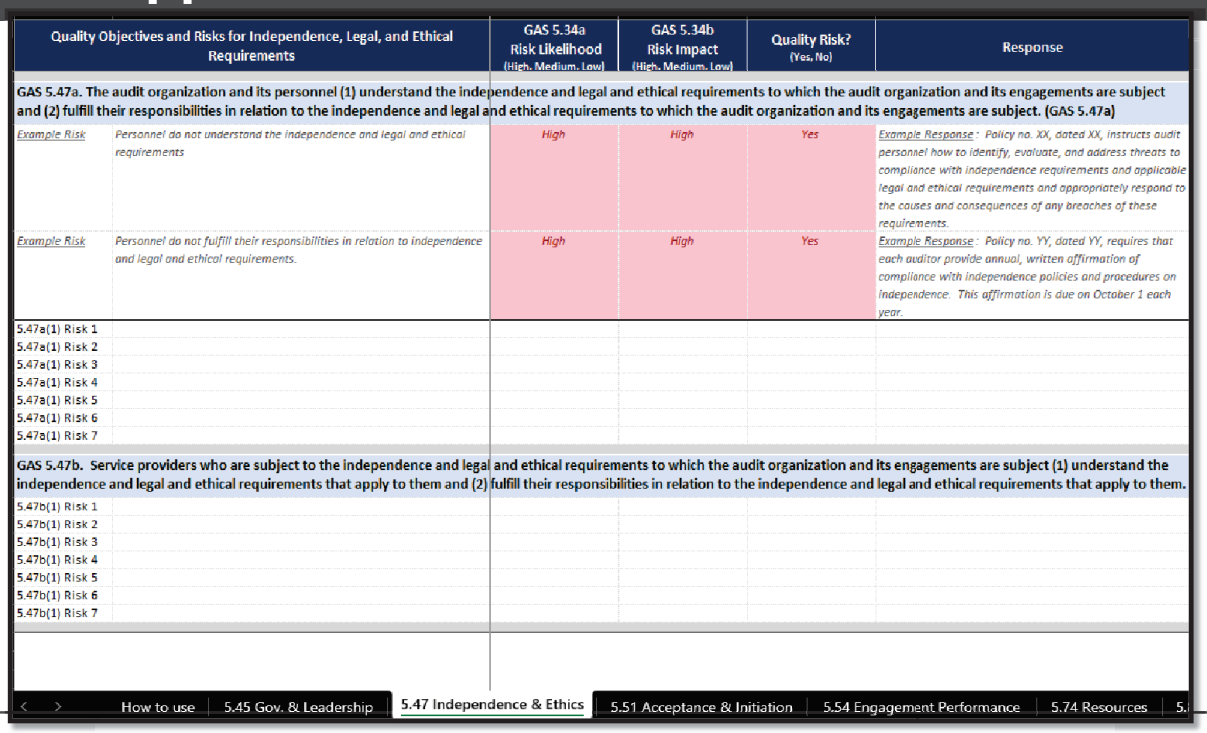
Requirement:

- Supports the consistent implementation and operation of responses to quality risks, particularly to the senior-level official assigned SQM responsibility and accountability.
- Provides evidence of the quality management risk assessment, to include quality objectives, quality risks, and description of response(s) and how they address the quality risks.

Toolkit Appendix A

- **NOT REQUIRED.** Offered as an example of a way an organization can document risk assessment process.
- Tabs for each quality component.
- Track risks by quality objective.
- Documents the application of professional judgment in assessing the likelihood and impact of the risk.
- Identifies quality risks.
- Narratives to documents action taken as a response to each quality risk to show how response addresses quality risk.

Toolkit Appendix A



Quality Objectives and Risks for Independence, Legal, and Ethical Requirements		GAS 5.34a Risk Likelihood (High, Medium, Low)	GAS 5.34b Risk Impact (High, Medium, Low)	Quality Risk? (Yes, No)	Response
GAS 5.47a. The audit organization and its personnel (1) understand the independence and legal and ethical requirements to which the audit organization and its engagements are subject and (2) fulfill their responsibilities in relation to the independence and legal and ethical requirements to which the audit organization and its engagements are subject. (GAS 5.47a)					
Example Risk	*Personnel do not understand the independence and legal and ethical requirements*	*High*	*High*	*Yes*	*Example Response: Policy no. XX, dated XX, instructs audit personnel how to identify, evaluate, and address threats to compliance with independence requirements and applicable legal and ethical requirements and appropriately respond to the causes and consequences of any breaches of these requirements.*
Example Risk	*Personnel do not fulfill their responsibilities in relation to independence and legal and ethical requirements.*	*High*	*High*	*Yes*	*Example Response: Policy no. YY, dated YY, requires that each auditor provide annual, written affirmation of compliance with independence policies and procedures on independence. This affirmation is due on October 1 each year.*
5.47a(1) Risk 1					
5.47a(1) Risk 2					
5.47a(1) Risk 3					
5.47a(1) Risk 4					
5.47a(1) Risk 5					
5.47a(1) Risk 6					
5.47a(1) Risk 7					
GAS 5.47b. Service providers who are subject to the independence and legal and ethical requirements to which the audit organization and its engagements are subject (1) understand the independence and legal and ethical requirements that apply to them and (2) fulfill their responsibilities in relation to the independence and legal and ethical requirements that apply to them.					
5.47b(1) Risk 1					
5.47b(1) Risk 2					
5.47b(1) Risk 3					
5.47b(1) Risk 4					
5.47b(1) Risk 5					
5.47b(1) Risk 6					
5.47b(1) Risk 7					

How to use | 5.45 Gov. & Leadership | 5.47 Independence & Ethics | 5.51 Acceptance & Initiation | 5.54 Engagement Performance | 5.74 Resources | 5.

Moving forward

How often do should your agency perform a risk assessment? *(GAS 5.25)*

- At specific periodic intervals, such as annually.
- To respond to deficiencies identified in the monitoring and remediation process.
- As necessary to respond to changes in the nature and circumstances in the audit organization and/or its engagements.

Tip: Note and assess risks stemming from changes in nature and circumstances of your…

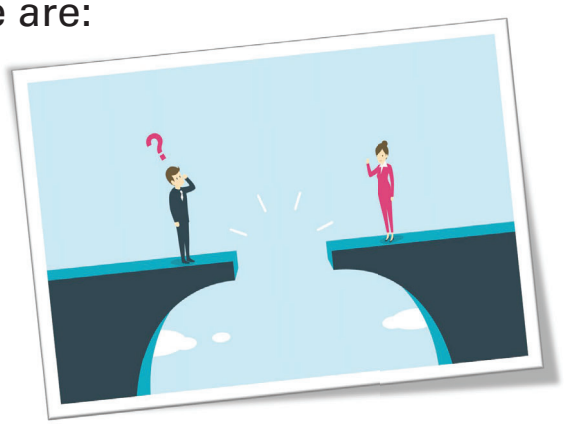
Audit organization, such as its size and structure

Engagements, such as the types and subjects of review

Tip: Perform a gap analysis

Check to see if there are:

Quality risks that lack a response?



Established guidance that are not yet aligned to a quality risk?

POLL RESULTS

Poll Question 6.

Audit organizations must set up an SQM that includes engagement quality reviews.

- ☐ Yes
- ☐ No

DISCUSSION

- ✓ Who from your organization should be part of the quality management risk assessment process?
- ✓ What are ways that you may document your quality management risk assessments?

Monitoring and Remediation Process *(GAS 5.90)*

Activities that:

- provide relevant, reliable, and timely information about the design, implementation, and operation of the system of quality management;
- take appropriate actions to respond to identified deficiencies so that they are remediated on a timely basis; and
- enable the audit organization to assess compliance with professional standards and with policies and procedures it has established to address quality risks.
- More to come!

Evaluating the SQM *(GAS 5.128-5.129)*

- Senior-level official assigned SQM accountability and responsibility should evaluate the SQM at least annually. The **evaluation** should consider the:
  - Quality Management Risk Assessment Process, including its quality objectives, quality risks, and responses.
  - Monitoring and remediation process.
- **Conclusion** on whether the SQM provides a reasonable assurance that its objective is being achieved.
- **December 15, 2026** - More to come![2]

The content within this presentation does not necessarily reflect or represent the official policy, procedures, positions, or perspectives the Quality Management Subcommittee (QMC)

- ✓ **Program Guide**
- ✓ **Appendix A**

Questions?
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Peer Review Guide Subcommittee Update

Questions?

See you at Implementing a Yellow Book System of Quality Management, Part 2: OIG SQM Implementation Showcase

Presented by the Quality Management Subcommittee's Working Group on the 2024 Revision to the Yellow Book, Quality Requirements

August 21, 2025, at 1 p.m. ET

Where is my CPE certificate?

Will be released in the CAP portal following our **8/21 session**.

Honor system, so if you only attended one session, adjust the CPE certificate accordingly.

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... and to <u>you</u> for your participation!

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Kelly McFadden

Amanda Freeman

Suzanne Snow

Samantha D'Introno

See You