
Appendix C

Checklist for Review of 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 principal financial statements where the OIG signed the audit report as the principal auditor. This appendix is not intended to be used for the OIG's monitoring of the work of an independent public accountant (IPA) where the IPA signed the report as the principal auditor. This guidance is provided in Appendix F - *Checklist for Review of Monitoring of Audit Work Performed by an Independent Public Accounting Firm*. This appendix is not intended to replace auditor judgment. While this Appendix is comprehensive, the peer review team completing the Appendix may also wish to consult with other guidance as warranted, such as peer review checklists published by the American Institute of Certified Public Accountants (AICPA) (<https://www.aicpa.org/members/div/practmon/systemreview.asp>) and the Government Accountability Office (GAO)/President's Council on Integrity and Efficiency (PCIE) Financial Audit Manual, Volume 2, Section 1003, "Financial Statement Audit Completion Checklist" (<http://www.gao.gov/new.items/d08586g.pdf>).

OIG UNDER REVIEW
& PERIOD REVIEWED: _____

NAME OF AUDIT: Financial Statement Audit of (Agency Name)

CONTROL NO.: _____

REVIEWER(S): _____

DATE COMPLETED: _____

	Yes	No	N/A	Remarks and Findings
<p>1. General Standards</p> <p>Note: In assessing compliance with the generally accepted government auditing standards (GAGAS) general standards for independence, professional judgment, and competence on individual financial audits performed by the OIG, the reviewer(s) should consult the audit organization’s policies and procedures with respect to what is expected to be included in the audit documentation to demonstrate compliance. It is important to keep in mind that certain documentation may be maintained on an organization-wide level and evidence of compliance may not be found in the documentation for individual audits. When assessing the documentation, the reviewer should be alert to issues related to compliance with the general standards for independence, professional judgment, and competence, and make further inquiry as appropriate. Organization-wide testing of some or all aspects of the General Standards may be accomplished in Appendix B and not tested at individual audits. It is up to the audit team to determine the nature and extent of the testing required based on the OIG’s policies and procedures.</p>				
<p>1.1 Independence (<i>Government Auditing Standards</i> (GAS), 3.02-3.15)</p> <ul style="list-style-type: none"> • Did the OIG determine that auditors assigned to the audit are free of personal impairments to independence? (GAS, 3.07) • If there were potential or actual personal impairments to independence identified prior to or during the audit, did the audit organization satisfactorily resolve the conflict? If the OIG was unable to resolve the impairments, did the audit report include a modified GAGAS compliance statement? (GAS, 3.09) • If other auditors or specialists were used, did the audit team assess their independence? If impairments were identified, did the audit team decline to use their work? (GAS, 3.02,3.05) • Did the OIG determine that auditors assigned to the financial statement audit are free of impairments to external independence in both fact and appearance? (GAS, 3.10) • Did the OIG determine that it is free of impairments to organizational independence in both fact and appearance? (GAS, 3.12-.15) • For impairments to independence identified after the report was issued, did the OIG assess the impact on the audit and notified management and other interested parties of the impact? (GAS, 3.06) 				

	Yes	No	N/A	Remarks and Findings
<p>1.2 Professional Judgment (GAS, 3.31-.39)</p> <ul style="list-style-type: none"> • Did the audit team exercise appropriate professional judgment in planning and performing the audit, and reporting the results? (GAS, 3.31) • Did the audit team exercise reasonable care and professional skepticism; apply professional knowledge, skills, and experience; and maintain independence, objectivity, and credibility in assigning staff, defining scope of work, gathering and analyzing evidence and documentation, and evaluating and reporting the results to ensure that the work and staff comply with professional standards and ethical principles? (GAS, 3.32-.37) • Did the audit team document significant decisions affecting the objectives, scope, methodology, findings, conclusions, and recommendations resulting from professional judgment? (GAS, 3.38) <p>1.3 Competence (GAS, 3.40-3.49)</p> <ul style="list-style-type: none"> • Did the audit team collectively possess the appropriate level of education and experience for the assignment? (GAS, 3.42) • Did the audit team collectively possess the technical knowledge, skills, and experience to perform the assignment? (GAS, 3.40) • Does the staff appear to possess adequate knowledge of GAGAS, AICPA auditing and attestation standards, the audited entity’s environment, statistical sampling, information technology, GAAP, and the audited subject matter? (GAS, 3.43-.45) • Did the audit team members meet the GAGAS requirements for Continuing Professional Education? (Step may be tested here or as part of Appendix B.) (GAS, 3.46-.48) • If external specialists were used, did the audit team assess the professional 				

	Yes	No	N/A	Remarks and Findings
qualifications of the specialists and document their findings and conclusions? (GAS, 3.49)				
2. Field Work Standards (GAS, 4.01-4.29)				
<p>2.1 Audit Planning and Supervision (GAS, 4.03a, 4.04a-c; AICPA, Professional Standards, AU section 150.02; Statements on Auditing Standards (SAS) 107-109, 114)</p> <p>2.1.1 Has the audit team documented an understanding with the auditee in the form of an engagement memo or letter generally including the following statements: (GAS, 4.05, SAS 108, AU 311.09)</p> <ul style="list-style-type: none"> • The objective of the audit is the expression of an opinion on the financial statements. • Management is responsible for the entity’s financial statements and the selection and application of the accounting policies. • Management is responsible for establishing and maintaining effective internal control over financial reporting. • Management is responsible for designing and implementing programs and controls to prevent and detect fraud. • Management is responsible for identifying and ensuring that the entity complies with the laws and regulations applicable to its activities. • Management is responsible for making all financial records and related information available to the auditor. • At the conclusion of the engagement, management will provide the auditor with a letter that confirms certain representations made during the audit. • The auditor is responsible for conducting the audit in accordance with GAGAS. Those standards require that the auditor obtain reasonable, rather than absolute, assurance about whether the financial 				

	Yes	No	N/A	Remarks and Findings
<p>statements are free of material misstatement, whether caused by error or fraud. Accordingly, a material misstatement may remain undetected. Also, an audit is not designed to detect error or fraud that is immaterial to the financial statements. If, for any reason, the auditor is unable to complete the audit or is unable to form, or has not formed, an opinion, he or she may decline to express an opinion or decline to issue a report as a result of the engagement.</p> <ul style="list-style-type: none"> • An audit includes obtaining an understanding of the entity and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements, and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, the auditor is responsible for ensuring that those charged with governance are aware of any significant deficiencies that come to his/her attention. • Management is responsible for adjusting the financial statements to correct material misstatements and for affirming to the auditor, in the management representation letter, that the effects of any uncorrected misstatements aggregated by the auditor during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. <p>2.1.2 Did the auditor communicate, in writing, with management, those charged with governance, and other applicable parties, and where applicable: (GAS, 4.06-.07)</p> <ul style="list-style-type: none"> • The nature of planned work and level of assurance to be provided related to internal control over financial reporting and compliance with laws, regulations, 				

	Yes	No	N/A	Remarks and Findings
<p>and provisions of contracts or grant agreements?</p> <ul style="list-style-type: none"> • Any potential restriction on the auditors' reports, in order to reduce the risk that the needs or expectations of the parties involved may be misinterpreted? • The auditor's views about qualitative aspects of the entity's significant accounting practices? (AU 380.34, .37-.38) <p>2.1.3 If the audit was terminated before completion and a report was not issued, did the auditor document the work to the date of termination and the reason(s) for the termination and, if appropriate, communicate such information to management and those charged with governance? (GAS, 4.08)</p> <p>2.1.4 Did the auditor document the audit objectives, scope, and methodology? (AU 311.13 -.18)</p> <p>2.1.5 Did the auditor properly consider and document the following, where applicable: (AU 311.05, 339)</p> <ul style="list-style-type: none"> • An appropriately tailored, written audit plan (or audit program) that includes an overall response to risks of material misstatement and specific audit procedures responsive to risks at the assertion level? (AU 311.05) • An audit plan (or audit program) responsive to the needs of the engagement, the understanding and testing (where applicable) of internal controls, and the assessment of audit risks performed during the planning process? (AU 311.05; 319.02, .05) • Applicable assertions related to account balances, transaction classes, and presentation and disclosure in developing audit objectives, assessing risks of material misstatements, and in designing audit tests? (AU 326.09-.14) • If conditions or risk assessments changed during the audit, or a determination was 				

	Yes	No	N/A	Remarks and Findings
<p>made that sufficient audit evidence has not been obtained, was the audit plan (program) updated to reflect any significant changes made as appropriate? (AU 311.05, 316.68)</p> <p>2.1.6 Did the auditor document whether the entity's financial statements or processes contain complex or troublesome areas, significant estimates (such as environmental and legal liabilities), and areas prone to high fraud risk or high risks?</p> <p>2.1.7 In assessing risk, did the auditor consider the results of previous audits, attestation engagements, and other reviews, and evaluate whether management took appropriate corrective action on findings and recommendations that could have a material effect on the financial statements? (GAS, 4.09)</p> <p>2.1.8 Did the auditor design the audit to provide reasonable assurance of detecting material misstatements resulting from violations of provisions of contracts or grant agreements that could have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives? (GAS, 4.10)</p> <p>2.1.9 Did the auditor consider materiality levels of individual items or in the aggregate that may impact the financial statements? (GAS, 4.26, SAS 107, AU 110)</p> <p>2.1.10 Did the auditor design the audit to provide reasonable assurance that financial statements are free of material misstatements, whether caused by error or fraud? Did documentation include items such as: (GAS, 4.27, SAS 99)</p> <ul style="list-style-type: none"> • An exchange of ideas or "brainstorming" among the audit team members, including the auditor with final responsibility for the audit, about how and where they believe the entity's financial statements might be susceptible to material misstatement due to fraud, how management could perpetrate and conceal fraudulent financial reporting, 				

	Yes	No	N/A	Remarks and Findings
<p>and how assets of the entity could be misappropriated?</p> <ul style="list-style-type: none"> • An emphasis on the importance of maintaining professional skepticism throughout the audit regarding the potential for material misstatement due to fraud? • Discussion among the audit team members about the susceptibility of the entity’s financial statements to material misstatement due to fraud? Such discussion should include a consideration of the known external and internal factors affecting the entity that might (a) create incentives/pressures for management and others to commit fraud, (b) provide the opportunity for fraud to be perpetrated, and (c) indicate a culture or environment that enables management to rationalize committing fraud. <p>2.1.11 Did the auditor design the audit to provide reasonable assurance of detecting material misstatements resulting from illegal acts that could have a direct and material impact on the financial statements? (GAS, 4.28; AU 317.02, 317.05, 316.01)</p> <p>2.1.12 Did the auditor coordinate with investigations and inspections on matters related to ongoing investigations or legal proceedings, and evaluate the impact on the audit? (GAS, 4.29)</p> <p>2.1.13 Did the auditor use non-Federal auditors and specialists in the audit?</p> <ul style="list-style-type: none"> • Did the auditor document the planned responsibilities to be taken of non-Federal auditors’ work or the work of specialists? • Did the auditor review the most recent peer review and assess whether the non-Federal auditors’ work met professional standards? • Did the auditor review resumes to determine whether non-Federal auditors and specialists are qualified/competent? 				

	Yes	No	N/A	Remarks and Findings
<p>2.1.14 If the auditor used analytical procedures during planning, did the auditor follow the guidelines established by AU 329.06-.08, <i>Analytical Procedures</i>, and consider the following:</p> <ul style="list-style-type: none"> • Did the analytical procedures focus on enhancing the auditor's understanding of the entity's environment and the transactions and events that have occurred since the last audit date, and on identifying areas that may represent specific risks relevant to the audit? (AU 329.06) • Did the analytical procedures, combined with the auditor's knowledge of the business, serve as a basis for additional inquiries and effective planning? (AU 329.07) • Did the auditor consider both financial data and relevant non-financial information? (AU 329.08) 				
<p>2.1.15 Did auditors document, before the audit report was issued, evidence of supervisory review of the work performed supporting findings, conclusions, and recommendations contained in the report? (GAS, 4.20)</p>				
<p>2.1.16 Based on the audit documentation and discussions with the engagement team, were all reviewer questions and notes addressed?</p>				
<p>2.1.17 Was appropriate consideration given to past adjustments and to the risk that the current period's financial statements are materially misstated when prior-period likely misstatements are considered together with likely misstatements arising in the current period? (AU 312.53)</p>				
<p>2.1.18 Did the auditor document the engagement team member(s) who performed and reviewed the audit work and the dates performed and reviewed? (AU 339.18)</p>				

	Yes	No	N/A	Remarks and Findings
<p>2.1.19 Did the audit documentation provide evidence that the auditor with final responsibility: (SAS 108)</p> <ul style="list-style-type: none"> • Communicated with members of the audit team regarding the susceptibility of the financial statements to material misstatement due to error or fraud, with special emphasis on fraud? (AU 311.29) • Emphasized to members of the audit team the need to maintain a questioning mind and to exercise professional skepticism in gathering and evaluating audit evidence? (AU 311.29) • Informed assistants of the responsibilities and the objectives of the audit? (AU 311.30) • Directed assistants to bring to his or her attention significant accounting and auditing issues raised during the audit? (AU 311.30) • Reviewed (may delegate parts of the review to others) the work performed by each assistant, and ensured the work was adequately documented and supported the conclusions presented in the auditor’s report? (AU 311.31) • Made assistants aware of the procedures to be followed when differences of opinion concerning accounting and auditing issues exist among audit team members? (AU 311.32) <p>2.2 Internal Controls (GAS, 4.03b, AU 150.02)</p> <p>2.2.1 Did audit documentation support that the auditor obtained a sufficient understanding of the entity and its environment, including internal controls, to assess the risk of material misstatement and plan the audit, and to design the nature, timing, and extent of tests to be performed? (GAS, 4.03b)</p> <p>2.3 Audit Documentation (GAS, 4.03c, 4.04c- e; SAS 103; AU 150.02, 339.03)</p> <p>2.3.1 Did audit documentation support that the evidence obtained by the auditor was of a</p>				

	Yes	No	N/A	Remarks and Findings
<p>sufficient and appropriate level that would enable them to provide a reasonable basis for an opinion regarding the financial statements under audit? (GAS 4.03c)</p> <p>2.3.2 Determine the adequacy of the audit evidence and documentation by considering whether the OIG ensured that: (GAS, 4.21)</p> <ul style="list-style-type: none"> • If the auditor departed from a presumptively mandatory GAGAS requirement, the auditor documented the justification for the departure and how other procedures performed were sufficient. (GAS, 4.21) • If applicable, the auditor documented audit evidence that is contradictory or inconsistent with final conclusions, and addressed the contradiction or inconsistency. (AU 339.16-.17) <p>2.3.3 If specific information came to the auditors' attention that provided evidence concerning the existence of possible violations of provisions of contracts or grant agreements that could have a material indirect effect on the financial statements, did the auditors apply audit procedures specifically directed to ascertaining whether such violations have occurred? (When the auditors conclude that a violation of provisions of contracts or grant agreements has or is likely to have occurred, they should determine the effect on the financial statements as well as the implications for other aspects of the audit.) (GAS, 4.11)</p> <p>2.3.4 If during the audit, auditors became aware of abuse that could be quantitatively or qualitatively material to the financial statements, did the auditors apply audit procedures specifically directed to ascertain the potential effect on the financial statements or other financial data significant to the audit objectives? (After performing additional work, auditors may discover that the abuse represents potential fraud or illegal acts. Because the determination of abuse is subjective,</p>				

	Yes	No	N/A	Remarks and Findings
<p>auditors are not required to provide reasonable assurance of detecting abuse.) (GAS, 4.12 -.13)</p> <p>2.3.5 When the auditor identified deficiencies, were workpapers written to include criteria, condition, cause, and effect or potential effect? (GAS, 4.14-.18)</p> <p>2.3.6 If statistical or nonstatistical sampling was used for tests of controls in the audit engagement, did the auditor consider the following professional guidelines:</p> <ul style="list-style-type: none"> • The specific objective of the test of controls, tolerable rate, allowable risk of assessing control risk too low, and characteristics of the population when planning the sample? (AU 350.31) • Whether the sample was selected in such a way that it could be expected to be representative of the population? (AU 350.39) • Whether the nature, timing and extent of planned substantive procedures were reevaluated, as appropriate, if the sample results did not support the planned assessed level of control risk for an assertion? (AU 350.40-.43) • Whether, in evaluating the sample, appropriate consideration was given to items for which the planned test of controls or alternative procedure could not be performed, for example, because the documentation was missing? (AU 350.40) <p>2.3.7 If statistical or nonstatistical sampling was used for substantive tests of details in the audit engagement, did the auditor properly consider the following:</p> <ul style="list-style-type: none"> • Whether the auditor appropriately considered the specific audit objective, preliminary judgments about materiality levels, acceptable level of risk of incorrect acceptance, and characteristics of the population when planning the sample? (AU 350.16) 				

	Yes	No	N/A	Remarks and Findings
<ul style="list-style-type: none"> • Whether the sample was selected in such a way that it could be expected to be representative of the population? (AU 350.24) • Whether the misstatements in the sample were projected to the population from which the sample was selected? (AU 350.26) • Whether, in evaluating the sample, appropriate consideration was given to items for which the planned substantive tests or alternative procedures could not be performed? (AU 350.25) • Whether appropriate consideration was given, in the aggregate, to projected misstatements resulting from all audit sampling applications and to all known misstatements from non-sampling applications in evaluating whether the financial statements taken as a whole may be materially misstated? (AU 350.30) <p>2.3.8 If the auditor used analytical procedures in the review stages of the audit, did the auditor properly consider professional guidelines regarding such procedures? (AU 329.09-23) Consider the following:</p> <ul style="list-style-type: none"> • The effectiveness and efficiency of analytical procedures, the plausibility and predictability of data relationship, and the availability and reliability of the data; (AU 329.09-19) • If substantive analytical procedures indicated a misstatement might exist, a request for management to investigate, and if necessary, expanded audit procedures to determine whether such misstatement did exist; (AU 329.20-21) • Proper documentation of the use of analytical procedures that are used as the principal substantive test of a significant financial statement assertion; (AU 329.22) • Use of analytical procedures in the overall review stage of the 				

	Yes	No	N/A	Remarks and Findings
audit. (AU 329.23) 2.3.9 Were specific procedures for determining the existence of intra-governmental transactions and examining identified related parties applied? (AU 334) 2.3.10 Did the auditor properly consider and document the procedures applied to material accounting estimates, where applicable? Consider the following: <ul style="list-style-type: none"> • An evaluation of the reasonableness of significant accounting estimates made by management; (AU 342) • Acknowledgment that management has considered the financial statement misstatements aggregated by the auditor during the current engagement and pertaining to the latest period presented and has concluded that any uncorrected misstatements are immaterial both individually and in the aggregate, to the financial statements taken as a whole. (AU 333.06g) 2.3.11 If the auditor's procedures disclosed instances or indications of illegal acts, did the auditor apply procedures and evaluate the results of those procedures in accordance with professional standards? (AU 317) Consider: <ul style="list-style-type: none"> • Follow up in accordance with professional standards; (AU 317.10-11) • Communications directly with those charged with governance if the illegal act(s) involved senior management, and document that communication, and obtain assurance that all other illegal acts that came to the auditor's attention, except those that are clearly inconsequential, were adequately communicated; (AU 317.17) • The implications of the detected illegal act in relation to other aspects of the audit, including the reliability of the client's representations. (AU 317.16) 2.3.12 Did the auditor consider information and				

	Yes	No	N/A	Remarks and Findings
<p>apply appropriate professional guidance with respect to events occurring subsequent to the date of the audit report? Consider the following:</p> <ul style="list-style-type: none"> • Did the auditor consider appropriate procedures regarding events subsequent to the balance sheet date, through the date of the auditor’s report? (AU 560.10) • Did the auditor give appropriate consideration to additional evidence that became available prior to the issuance of the financial statements? (AU 560.03) • If the auditor became aware, subsequent to the report date, of information that may have existed at the report date and that might have affected the audit report on the financial statements had the auditor then been aware of such information, did the auditor consider the guidance in professional standards in determining an appropriate course of action, and does the matter appear to be properly resolved? (AU 561) • If there is an indication that the auditor concluded that one or more auditing procedures considered necessary at the time of the audit of the financial statements in the circumstances were omitted from the audit, did the auditor consider the guidance in professional standards in determining an appropriate course of action, and does the matter appear to be properly resolved? (AU 390) • If there was a delay in releasing the audit report, did the auditor perform additional procedures to comply with the requirement of AU Section 560, Subsequent Events, as amended? (AU 339.23) <p>2.3.13 Did the auditor substantively meet the professional standards regarding auditor communications as follows:</p> <ul style="list-style-type: none"> • Any significant difficulties encountered during the audit? (AU 380.34b, .39) 				

	Yes	No	N/A	Remarks and Findings
<ul style="list-style-type: none"> • Any disagreements with management? (AU 380.34d, .42) • Corrected and uncorrected misstatements, other than those that are trivial, brought to management’s attention as a result of the audit? (AU 380.34c, .35a, 40–41) • Representations the auditor has requested from management? (AU 380.35b) • Management’s consultation with other accountants, if any? (AU 380.43) • Any significant issues arising from the audit that were discussed or communicated to management? (AU 380.44) • Any other findings or issues considered significant or relevant to those charged with governance regarding their oversight of the financial reporting process, such as any threats to auditor independence? (AU 380.34, 45-47) • Establish a mutual understanding by communicating the form, timing, and expected content of the auditor’s communication with those charged with governance? (AU 380.48–.50) • Communicate, in a timely manner, and in writing, the significant audit findings when, in the auditor’s judgment, oral communication would not be adequate; and include in the written communication a restriction on the use of the communication to management and those charged with governance? (AU 380.51-58) • Documented the information communicated, if the communication was oral, by appropriate memoranda or notations in the audit documentation? (AU 380.64) <p>2.3.14 For audit areas that the auditor considers significant or material, did the auditor prepare audit documentation in sufficient</p>				

	Yes	No	N/A	Remarks and Findings
<p>detail to provide a clear understanding of the work performed? For those areas, the documentation should include:</p> <ul style="list-style-type: none"> • The nature, timing, and extent of auditing procedures performed to comply with GAGAS and other applicable standards and requirements; • The results of the audit procedures performed and the audit evidence obtained; • The conclusions reached on significant matters; • That the accounting records agree or reconcile with the audited financial statements or other audited information. <p>Listed below are examples of account classifications or audit areas that may be significant to the financial statements. The principal auditor may have identified other accounts or audit areas that are significant that the peer reviewer should consider when reviewing the audit documentation.</p> <ol style="list-style-type: none"> 1. Fund Balance with Treasury (FBWT) <input type="checkbox"/> Not a significant audit area 2. Cash <input type="checkbox"/> Not a significant audit area 3. Accounts Receivables <input type="checkbox"/> Not a significant audit area 4. Other Receivables <input type="checkbox"/> Not a significant audit area 5. Stockpile Materials <input type="checkbox"/> Not a significant audit area 6. Property, Plant, and Equipment <input type="checkbox"/> Not a significant audit area 7. Inventories and Related Property <input type="checkbox"/> Not a significant audit area 8. Investments <input type="checkbox"/> Not a significant audit area 				

	Yes	No	N/A	Remarks and Findings
9. Property, Plant, and Equipment <input type="checkbox"/> Not a significant audit area				
10. Other Properties <input type="checkbox"/> Not a significant audit area				
11. Accounts Payable and Accrued Liabilities <input type="checkbox"/> Not a significant audit area				
12. Capital Leases <input type="checkbox"/> Not a significant audit area				
13. Pensions and Other Post-Employment Benefits <input type="checkbox"/> Not a significant audit area				
14. Other Liabilities <input type="checkbox"/> Not a significant audit area				
15. Commitments and Contingencies <input type="checkbox"/> Not a significant audit area				
16. Revenues <input type="checkbox"/> Not a significant audit area				
17. Costs <input type="checkbox"/> Not a significant audit area				
18. Unexpended Appropriations <input type="checkbox"/> Not a significant audit area				
19. Cumulative Results of Operation <input type="checkbox"/> Not a significant audit area				
20. Budgetary Financing Sources <input type="checkbox"/> Not a significant audit area				
21. Other Financing Sources <input type="checkbox"/> Not a significant audit area				
22. Earmarked Funds <input type="checkbox"/> Not a significant audit area				
2.3.15 Did the auditor obtain written, timely and appropriate representations from management for all periods for which financial statements are included as covered in the auditor's report? (AU 333) Consider the following: <ul style="list-style-type: none"> • The representation letter was dated as of the date as of the auditor's 				

	Yes	No	N/A	Remarks and Findings
<p>report; (AU 333.09)</p> <ul style="list-style-type: none"> • The letter disclosed acknowledgment that management has considered the financial statement misstatements aggregated by the auditor during the current engagement and pertaining to the latest period presented, and has concluded that any uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole; (AU 333.06g) • The letter disclosed management’s representations related to fraud; (AU 333.06h-j) • The management representation letter was signed by the appropriate agency personnel; (AU 333.10) • If the entity represents that an attorney was not consulted during the year, an appropriate representation that the client has not consulted an attorney was disclosed. (AU 333.06p, 11) <p>2.3.16 Did the auditor obtain timely and appropriate responses from the entity’s attorneys concerning litigation, claims, and assessments? (AU 337.08-14)</p> <p>2.3.17 Did the auditor assemble the audit file within 60 days following the report date? (AU 339.27)</p> <p>2.3.18 Did the auditor inquire from management about the risk of fraud as follows: (SAS 99, AU 316.20)</p> <ul style="list-style-type: none"> • Whether management has knowledge of any fraud or suspected fraud affecting the entity? • Whether management is aware of allegations of fraud or suspected fraud affecting the entity, for example, received in communications from employees, former employees, investigators, or others? • Management’s understanding about the risks of fraud in the entity, including any specific fraud risks the entity has 				

	Yes	No	N/A	Remarks and Findings
<p>identified or account balances or classes of transactions for which a risk of fraud may be likely to exist?</p> <ul style="list-style-type: none"> • Programs and controls the entity has established to mitigate specific fraud risks the entity has identified, or that otherwise help to prevent, deter, and detect fraud, and how management monitors those programs and controls? • For an entity with multiple locations, (a) the nature and extent of monitoring of operating locations or business segments, and (b) whether there are particular operating locations or business segments for which a risk of fraud may be more likely to exist? • Whether and how management communicates to employees its views on business practices and ethical behavior? 				
3. Reporting Standards (GAS, 5.01 – 5.44)				
<p>3.1 Accounting Principles Followed/Observed (GAS, 5.03a-b):</p> <ul style="list-style-type: none"> • Does the audit report state whether the financial statements are presented in accordance with GAAP? (GAS, 5.03a) • Does the audit report identify those circumstances in which GAAP had not been consistently observed in the current period in relation to the preceding period? (GAS, 5.03b) <p>3.2 Disclosures (GAS, 5.03c):</p> <ul style="list-style-type: none"> • If the auditor determined that informative disclosures are not adequate, does the auditor state so in the auditor’s report? (GAS, 5.03c) <p>3.3 Expression of Opinion (GAS, 5.03d):</p> <p>3.3.1 Does the audit report contain an expression of opinion regarding the financial statements, taken as a whole, or an assertion to the effect that an opinion cannot be expressed? (GAS, 5.03d)</p> <p>3.3.2 Is the report dated in conformity with the</p>				

	Yes	No	N/A	Remarks and Findings
<p>requirements of professional standards? (AU 530)</p> <ul style="list-style-type: none"> • The audit report should be dated no earlier than the date on which the auditor has obtained sufficient audit evidence to support the financial statement opinions. (Appropriate audit evidence includes evidence that the audit documentation has been reviewed and that the entity’s financial statements, including disclosures, have been prepared and that management has asserted that they have taken responsibility for them.) <p>3.3.3 Does the report appropriately include the basic elements required under professional standards, and is appropriate language used for modifying the report in the circumstances described in such standards? (AU 420.08, 508.08–.65, 623.05) Consider the following:</p> <ul style="list-style-type: none"> • The title includes the word “independent”; (AU 508.08a) • The report refers to all periods for which financial statements are presented; (AU 508.08, .65) • A reference to the country of origin of the accounting principles used to prepare the financial statements; (AU 508.08h) • The appropriate modifications for presentation of the financial statements if the basis of presentation is a comprehensive basis of accounting other than generally accepted accounting principles; (AU 623.05) • A consistency explanatory paragraph to the auditor’s report is included for a change in reporting entity not resulting from a transaction or event. (AU 420.08) <p>3.3.4 If the financial statements of a prior period are presented and have been audited by a predecessor auditor whose report is not presented, has the successor auditor included the appropriate reference to the predecessor auditor in the introductory paragraph? (AU 508.74)</p>				

	Yes	No	N/A	Remarks and Findings
<p>3.3.5 If supplementary information accompanies the basic financial statements, does the auditor describe in the report the degree of responsibility, if any, the auditor is taking? (AU 551) Consider the following:</p> <ul style="list-style-type: none"> • The report should identify the accompanying information; • The report should state that the accompanying information is presented for purposes of additional analysis and is not a required part of the basic financial statements; • The report should include either an opinion on whether the accompanying information is fairly stated in all material respects in relation to the basic financial statements taken as a whole, or a disclaimer of opinion, depending on whether the information has been subjected to the auditing procedures applied in the audit of the basic financial statements. <p>3.4 GAGAS Compliance (GAS, 5.04a, 5.05, 5.06):</p> <p>3.4.1 If the audit organization complied with all applicable GAGAS requirements, does the auditor’s report include a statement that the audit organization performed the engagement in accordance with GAGAS? (GAS, par. 5.05)</p> <p>3.4.2 If the audit organization did not follow all applicable GAGAS requirements, was the scope section of the report properly modified to disclose that an applicable standard was not followed, the reasons therefore, and how not following the standard affected, or could have affected, the audit results? (GAS, 1.12–.13)</p> <ul style="list-style-type: none"> • An audited entity receiving a GAGAS audit report may also request the auditor to issue a financial audit report for purposes other than complying with a GAGAS audit. GAGAS do not prohibit auditors from issuing a separate report conforming only to AICPA or other 				

	Yes	No	N/A	Remarks and Findings
standards. (GAS, 5.06)				
3.5 Internal Controls and Compliance with Laws and Regulations and Contracts and Grants (GAS, 5.04b-c, 5.07-5.22):				
3.5.1 Did the audit organization report on internal controls over financial reporting and on compliance with laws, regulations, and provisions of contracts or grant agreements? (GAS, 5.07)				
3.5.2 Did the audit organization state in its reports if the audit tests support an opinion on internal control over financial reporting and on compliance with laws, regulation, and provisions of contracts or grant agreements? (GAS, 5.08)				
<ul style="list-style-type: none"> • If the audit organization reports these internal control and compliance matters in a separate report from the report on the financial statements: <ol style="list-style-type: none"> (1) Did the audit organization include a reference to the separate reports in the report on the financial statements? (GAS, par. 5.08) (2) Did the audit organization include a statement that the reports on internal control and compliance are an integral part of a GAGAS audit and important in assessing the results of the audit? (GAS, 5.09) 				
3.5.3 If the audit organization issued a management letter, did the reports on internal control and compliance refer to that management letter? (GAS, 5.09)				
3.5.4 If the audit organization did not issue a management letter, but otherwise communicated inconsequential internal control deficiencies, fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse, did the audit organization document such communication? (GAS, 5.14, .16)				
3.5.5 If the audit documentation provides evidence of any of the following, do the reports on internal control and compliance and other matters properly report:				

	Yes	No	N/A	Remarks and Findings
<p>(GAS, 5.10-17)</p> <ul style="list-style-type: none"> • Significant deficiencies in internal control over financial reporting, identifying those considered material weaknesses? • All instances of fraud and illegal acts unless inconsequential to the financial statements? • Violations of provisions of contracts or grant agreements that could have a material effect on the financial statements or other financial data significant to the audit? • Instances of abuse that could have a quantitatively or qualitatively material effect on the financial statements? <p>3.5.6 Did the auditor’s reports (separate or combined) on internal control and compliance and other matters based upon an audit of financial statements performed in accordance with GAGAS include all required elements as follows: (GAS, 5.07-11)</p> <ul style="list-style-type: none"> • A statement that the auditor has audited the financial statements of the auditee and a reference to the auditor’s report on the entity’s financial statements and, if applicable, a description of any departures from the standard report? • A statement that the audit was conducted in accordance with GAAS and an identification of the United States as the country of origin of those standards, and with the standards applicable to financial audits contained in GAGAS issued by the Comptroller General of the United States? • A statement that in planning and performing the audit, the auditor considered the entity’s internal control over financial reporting in order to determine the auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide an opinion on internal control over 				

	Yes	No	N/A	Remarks and Findings
<p>financial reporting, and accordingly, does not express an opinion on the effectiveness of internal control over financial reporting?</p> <ul style="list-style-type: none"> • The definition of control deficiency and significant deficiency and, if applicable, a statement that deficiencies were identified that are considered to be significant deficiencies? • A statement that the consideration of internal control would not necessarily disclose all matters in internal control over financial reporting that might be significant deficiencies or material weaknesses? • If significant deficiencies are noted, a statement that certain deficiencies were identified that the auditor considers to be significant deficiencies? • If applicable, a description of the significant deficiencies identified (including the views of responsible officials and their planned corrective action) or reference to a separate schedule in which the significant deficiencies, views, and planned corrective action are described? • The definition of a material weakness? • If no significant deficiencies are identified, a statement that no material weaknesses were noted; or, if significant deficiencies are noted, a statement that the auditor’s consideration of internal control would not necessarily identify all deficiencies that might be significant deficiencies and a statement about whether the auditor believes any of the significant deficiencies are material weaknesses? • A statement that as part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, the auditor has performed tests of the entity’s compliance with certain provisions of laws, regulations, 				

	Yes	No	N/A	Remarks and Findings
<p>contracts, and grant agreements (noncompliance with which could have a direct and material effect on the determination of financial statement amounts)?</p> <ul style="list-style-type: none"> • A statement that the objective of the financial statement audit is not to provide an opinion on compliance with those provisions, and, accordingly, the auditor does not express such an opinion? • A statement that notes whether the results of tests disclosed instances of noncompliance or other matters that are required to be reported under GAGAS and, if they are, describes the matters (including the views of responsible officials and their planned corrective action) or refers to the separate schedule in which the noncompliance, views, and planned corrective action are described? • A statement that the auditor did not audit the entity’s responses and expresses no opinion on it if the entity’s responses (views of responsible officials and corrective action plan) to the findings are included in the report or the separate schedule of findings? • If applicable, a statement that other matters (that is, (1) deficiencies in internal control that are not significant deficiencies, and (2) immaterial violations of provisions of contracts or grant agreements and immaterial abuse, other than those that are clearly inconsequential) were communicated to the entity in a management letter? • A separate paragraph at the end of the report indicating the report is intended solely for the information and use of management as well as those charged with governance, any others within the entity, and, if applicable, legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties? • The manual or printed signature of the 				

	Yes	No	N/A	Remarks and Findings
<p>audit organization?</p> <ul style="list-style-type: none"> • The date of the auditor’s report? <p>3.5.7 If applicable, did the audit organization report known or likely fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse directly to external parties (1) when the entity fails to satisfy legal or regulatory requirements to report such information themselves, or (2) when the findings are material to the subject matter, involve funding from an other government agency, and the entity has failed to timely report such information to the funding agency? (GAS, 5.18–.19)</p> <p>3.5.8 If the entity was required to report known or likely fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse to outside parties and asserted that they have indeed met such requirements, did the audit organization obtain sufficient evidence, such as confirmations, to corroborate management’s assertions? (GAS, 5.20)</p> <p>3.5.9 Were engagement findings presented in accordance with the guidance in GAGAS, including the guidance on elements of a finding? (GAS, 4.14–.18, 5.21–.22)</p> <p>3.6 Significant Matters to Be Reported, Restatements, and Subsequent Events (GAS, 5.04d, 5.23-.31):</p> <p>3.6.1 Did the audit organization appropriately consider any significant matters regarding the financial statements that are worthy of emphasis and consider whether such information should be reported? (GAS, 5.23–.25)</p> <p>3.6.2 If applicable, did the audit organization advise entity management to make appropriate disclosures when the audit organization determines that (1) it is likely that previously-issued financial statements are misstated and (2) the misstatement is or reasonably could be material to the financial statements? (GAS, 5.27)</p> <p>3.6.3 When previously-issued financial</p>				

	Yes	No	N/A	Remarks and Findings
<p>statements were determined to be materially misstated, did the audit organization perform the following: (GAS, 5.27-.31)</p> <ul style="list-style-type: none"> • Evaluate the timeliness and appropriateness of the entity’s disclosure, actions to correct the misstatements, and notification of those likely relying on the misstated financial statements? • When previously issued statements are reissued, perform audit procedures sufficient to reissue or update the auditor’s report on restated financial statements? • Report directly to appropriate officials (such as those charged with governance, oversight bodies, and Federal agencies) when the audited entity fails to take the necessary steps to report to such officials? <p>3.6.4 When restated financial statements are issued, did the audit organization include an explanatory paragraph in their report and include the following (whether issued separately or as comparative statements): (GAS, 5.26-.29)</p> <ul style="list-style-type: none"> • A statement disclosing the restatement? • A statement that the previously issued auditor’s report should not be relied upon and is replaced by the auditor’s report on the restated financial statements? • A reference to the notes to the restated financial statements that discusses the restatement? • If applicable, a reference to the report on internal control that contains any significant deficiency identified that was the cause of the misstatement and uncorrected previously issued financial statements? <p>3.6.5 Did the auditor consider information and apply appropriate professional guidance with respect to events occurring subsequent to the date of the audit report? (AU 390,</p>				

	Yes	No	N/A	Remarks and Findings
<p>560, 561) Consider the following:</p> <ul style="list-style-type: none"> • Did the auditor consider appropriate procedures regarding events subsequent to the balance sheet date, through the date of the auditor's report? (AU 560.10) • Did the auditor give appropriate consideration to additional evidence that becomes available prior to the issuance of the financial statements? (AU 560.03) • If the auditor became aware, subsequent to the report date, of information that may have existed at the report date and that might have affected the audit report on the financial statements had the auditor then been aware of such information, did the auditor consider the guidance in professional standards in determining an appropriate course of action, and does the matter appear to be properly resolved? (AU 561) • If there is an indication that the auditor concluded that one or more auditing procedures considered necessary at the time of the audit of the financial statements in the circumstances then existing were omitted from the audit, did the auditor consider the guidance in professional standards in determining an appropriate course of action, and does the matter appear to be properly resolved? (AU 390) <p>3.7 Views of Responsible Officials and Report Distribution (GAS, 5.04f-h)</p> <p>3.7.1 For reported findings related to internal control deficiencies or fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse, did the audit organization obtain and report the views of responsible officials as well as planned corrective action? (GAS, 5.32-.34)</p> <ul style="list-style-type: none"> • Providing a draft report with findings for review and comment helps the auditors develop a report that is fair, complete, and objective. Obtaining comments in writing is preferred, but oral comments are acceptable, such as when auditors do 				

	Yes	No	N/A	Remarks and Findings
<p>not expect major disagreements with findings, conclusions, and recommendations in the draft report. (GAS, 5.33, .36)</p> <p>3.7.2 If the views of responsible officials are inconsistent with or in conflict with the audit organization’s findings, conclusions, or recommendations, did the audit organization evaluate the validity of such comments, and did either modify their report if valid or explain the reasons for disagreement if not valid? (GAS, 5.37)</p> <p>3.7.3 If the entity refuses to provide comments or is unable to do so in a timely manner, did the audit organization indicate such in their report? (GAS, 5.38)</p> <p>3.7.4 If certain information is prohibited from public disclosure or is excluded from the report due to confidentiality or its sensitive nature, did the report state that certain information was omitted and the reason that makes the omission necessary? (GAS, 5.39-.42)</p> <p>3.7.5 Was the audit report submitted to those charged with governance, the appropriate officials of the responsible party and the appropriate oversight bodies or organizations arranging for the audit? (GAS, 5.44)</p> <p>3.7.6 When more than one independent auditor or audit organization is involved in the audit, did the principal auditor appropriately acknowledge the other auditor’s involvement using either the reference option or inclusion option in the report on internal control and compliance over financial reporting? (AU 543.03)</p>				
4. OIG Quality Control Policies and Procedures				
<p>4.1 Did the auditors follow the OIG’s quality control policies and procedures for financial audits (e.g., use of checklists, independent report referencing, etc.)? (GAS, 3.50a) Note: The adequacy of the OIG’s policies and procedures was evaluated in Appendix A. If the reviewer</p>				

	Yes	No	N/A	Remarks and Findings
concludes that the financial audit reviewed met professional standards, inadequate policies and procedures or noncompliance by the auditors with policies and procedures would ordinarily be reported as a finding in the Letter of Comment and not impact the peer review rating.				
END OF CHECKLIST				