Appendix C – Checklist for Review of Financial Audits Performed by the OIG
What I’ll Talk About Today

➢ Current guidance

➢ Standards
  • General
  • Field work
  • Reporting

➢ Questions
Why am I before you today?

- Team member for March 2009 update of the guide
- Performed peer reviews and/or subject to external peer reviews 6 times since 2009; used CIGIE Peer Review guide as internal quality control tool
- Performed Federal financial statement audits, started in 1992
- Team member for most recent version of GAO/PCIE Financial Audit Manual
- Contracting Representative for Federal financial statement audits
Current Guidance

➢ December 2011 Yellow Book

➢ Effective dates for
  ➢ Performance Audits (2011 Yellow Book)
  ➢ Financial Statement Audits (2007 Yellow Book)

➢ CIGIE Appendix C References
General Standards

- General Standards – Should be covered in Appendix B (GAS)
  - Independence
  - Professional Judgment
  - Competence

- Staffing – Experienced financial statement auditors
Field Work Standards

- References both GAS and AICPA Standards

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<thead>
<tr>
<th>AICPA</th>
<th>GAS</th>
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<tbody>
<tr>
<td>✓ Planning &amp; Supervision</td>
<td>✓ Communication</td>
</tr>
<tr>
<td>✓ Internal Controls</td>
<td>✓ Prior Reports</td>
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<tr>
<td>✓ Sufficient appropriate audit evidence</td>
<td>✓ Contracts or grants (material misstatements)</td>
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<td>✓ Elements of a Finding</td>
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<td>✓ Audit Documentation</td>
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# Reporting Standards

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<th>GAS</th>
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<tr>
<td>✓ GAAP</td>
<td>✓ Compliance with GAS</td>
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<tr>
<td>✓ Disclosures</td>
<td>✓ Report on Internal Controls &amp; Compliance</td>
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<tr>
<td>✓ Opinion on FS</td>
<td>✓ Reporting deficiencies (IC &amp; Compliance)</td>
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<td>✓ Significant matters, AU</td>
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<td>✓ Restatement, AU Section 561</td>
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<td>✓ Subsequent events, AU 560</td>
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<td>✓ Views of responsible official</td>
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<td>✓ Report distribution</td>
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Policies and Procedures

Did OIG follow

- **Checklists**
  - FAM 2010 or equivalent
  - FAM 2020 or equivalent

- **Independent referencer**

- **Other quality control procedures**
Conclusion

- The adequacy of the OIG policies and procedures are evaluated in Appendix A:
  - Sufficient evidence
  - Developing elements of a finding
  - Documentation

- If reviewer concludes that the financial audit work has met professional standards, but...
  - Inadequate policies and procedures, or
  - Non-compliance with agency policies and procedures...

...what to do?
Letter of Comment

✓ Non compliance with or inadequate agency procedure would ordinarily be reported as findings in the Letter of Comment and not impact the peer review rating.
Questions

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