
Appendix E

**Checklist for Review of Performance Audits
Performed by the Office of Inspector General
– 2011 Revision to GAS**

OIG UNDER REVIEW
& PERIOD REVIEWED: _____

NAME OF AUDIT: _____

CONTROL NO.: _____

REVIEWER(S): _____

DATE COMPLETED: _____

Description	Yes	No	N/A	Comment
<p>1. General Standards</p> <p>In assessing compliance with the generally accepted government auditing standards (GAGAS) general standards for independence, professional judgment, and competence on individual performance audits, the reviewer(s) should consult the reviewed 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 audit file 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 the organization’s general standards is accomplished with appendix B and not tested at individual audits. It is up to the peer review team to determine the nature and extent of the testing required based on the audit organization’s policies and procedures.</p>				
<p>1.1 Independence (GAS, 3.02-3.59)</p> <ul style="list-style-type: none"> • Did the auditors document that they applied the GAGAS conceptual framework approach to independence at the audit organization, audit, and individual auditor levels to identify threats to independence; evaluate the significance of the threats identified, both individually and in the aggregate; and apply safeguards as necessary to eliminate the threats or reduce them to an acceptable level? (GAS, 3.08) • Please refer to the audit organization’s policies and procedures for further information on how the independence documentation is to be maintained (e.g., centrally and/or in the audit documentation for individual audits). 				
<p>1.2 Professional Judgment (GAS, 3.60-3.68)</p> <ul style="list-style-type: none"> • Taken as a whole, does the audit documentation show that professional judgment (that is, the exercise of reasonable care and professional skepticism) was used in planning, performing, and reporting on the audit? (GAS, 3.61) • If applicable, did the auditors appropriately collaborate with stakeholders, specialists, and management in the audit organization when performing the work? (GAS, 3.63) 				
<p>1.3 Competence (GAS, 3.69-3.81)</p> <ul style="list-style-type: none"> • Did the auditors document that staff assigned met the GAGAS requirements for Continuing Professional Education? (Please note that internal specialists who were involved in performing work on the audit need to meet GAGAS Continuing Professional Education requirements.) (GAS, 3.76, 3.81) • If an external specialist assisted in performing the audit or an internal specialist provided consultation on the audit, did the auditors document their determination that the specialist was qualified and competent in his/her area of specialization? (The auditors’ assessment of professional qualifications of the specialist involves the following: (a) the professional certification, license, or other recognition of the competence of 				

Description	Yes	No	N/A	Comment
<p>the specialist in his or her field, as appropriate; (b) the reputation and standing of the specialist in the views of peers and others familiar with the specialist’s capability or performance; (c) the specialist’s experience and previous work in the subject matter; and (d) the auditors’ prior experience in using the specialist’s work.) (GAS, 3.79-3.80, 6.42-6.43)</p> <ul style="list-style-type: none"> • Were sufficient staff and specialists assigned to the audit who collectively have adequate professional competence to perform the audit? (GAS, 6.45) 				
2. Field Work Standards – Planning				
<p>2.1 Is there a written audit plan or planning document that includes, as appropriate: (GAS, 6.06, 6.51)</p> <ul style="list-style-type: none"> • An audit strategy, audit program, project plan, audit planning paper, or other documentation of key decisions about the audit objectives, scope, and methodology and the auditors’ basis for those decisions? (GAS, 6.51) • Updates as necessary to reflect any significant changes to the plan made during the audit? (GAS, 6.06, 6.51) 				
<p>2.2 Did the auditors design the methodology to: (GAS, 6.10)</p> <ul style="list-style-type: none"> • Obtain reasonable assurance that the evidence is sufficient and appropriate to support the auditors’ findings and conclusions in relation to the audit objectives? • Reduce audit risk to an acceptable level? 				
<p>2.3 Did the auditors:</p> <ul style="list-style-type: none"> • Identify potential criteria needed to evaluate matters subject to audit? (GAS, 6.12a) • Use criteria relevant to the audit objectives and that permit consistent assessment of the subject matter? (GAS, 6.37) • Identify sources of information that could be used as evidence, and determine the amount and type of evidence needed to obtain sufficient, appropriate evidence to address the audit objectives and adequately plan audit work? (GAS, 6.12b, 6.38) • Evaluate, if applicable, whether lack of sufficient, appropriate evidence was due to internal control deficiencies or other program weaknesses and whether the lack of sufficient, appropriate evidence could be a basis for audit findings? (GAS, 6.12b, 6.39) 				
<p>2.4 Did the auditors evaluate whether to use the work of other auditors to address some of the audit objectives? (GAS, 6.12c) If the work of other auditors was used, did the auditors:</p> <ul style="list-style-type: none"> • Determine whether other auditors have conducted or are 				

Description	Yes	No	N/A	Comment
<p>conducting audits relevant to the audit objectives? (GAS, 6.40)</p> <ul style="list-style-type: none"> • Perform procedures that provided a sufficient basis for using that work? In this regard, did the auditors obtain evidence concerning the other auditors' qualifications and independence and determine whether the scope, quality, and timing of the audit work performed by the other auditors was adequate for reliance in the context of the current audit objectives? (Procedures that auditors may have performed include reviewing the other auditors' report, audit plan, or audit documentation, and/or performing tests of the other auditors' work.) (GAS, 6.41) • Request and review the other audit organization's latest peer review report and any other written communication issued? (GAS, 3.107) 				
<p>2.5 Did the auditors evaluate whether to use the work of specialists to address some of the audit objectives? (GAS, 6.12c, 6.42, 6.46) If the work of specialists was used, did the auditors:</p> <ul style="list-style-type: none"> • Assess the independence of the specialists? (GAS, 6.42) (Please note that professional qualifications of the specialist were covered in the Competence section of this checklist.) • Document the nature and scope of the work to be performed by the specialists, including the objectives and scope of their work, the intended use of the work to support the audit objectives, the procedures and findings, and assumptions and methods used? (GAS, 6.46) 				
<p>2.6 As appropriate, did the auditors communicate an overview of the objectives, scope, and methodology and the timing of the audit and planned reporting (including any potential restrictions on the report) to management officials, those charged with governance, and others as applicable? (GAS, 6.12e, 6.47)</p> <ul style="list-style-type: none"> • In those situations where there was not a single individual or group to oversee the strategic direction of the audited entity and the fulfillment of its accountability obligations or in other situations where the identity of those charged with governance is not clearly evident, did the auditors document the process followed and conclusions reached for identifying the appropriate individuals to receive the required auditor communications? (GAS, 6.48) • Did the auditors document their communications with management, those charged with governance, and others? (Please note that written communication is preferred but not required by GAGAS.) (GAS, 6.49) 				
<p>2.7 Did the auditors' assessment of audit risk and its significance within the context of the audit objectives reflect consideration of the following: (GAS, 6.07, 6.11)</p>				

Description	Yes	No	N/A	Comment
<ul style="list-style-type: none"> • The nature and profile of the program and the needs of potential users of the audit report? (GAS, 6.11a, 6.13–6.15) • For internal control that is significant within the context of the audit objectives, did the auditors assess whether internal control has been properly designed and implemented and perform procedures designed to obtain sufficient, appropriate evidence to support their assessment about the effectiveness of those controls? (GAS, 6.11b, 6.16–6.22) • When obtaining an understanding of the internal controls significant to the audit objectives, did the auditors determine whether it was necessary to evaluate information systems controls and their design and effectiveness? (GAS, 6.11c, 6.16, 6.23–6.27) • When provisions of laws, regulations, contracts, or grant agreements are significant within the context of the audit objectives, did the auditors design and perform procedures to obtain reasonable assurance of detecting instances of noncompliance with provisions of laws, regulations, contracts, or grant agreements? (GAS, 6.11d, 6.28–6.29) • With respect to the risk of fraud occurring that is significant within the context of the audit objectives, did the auditors discuss among the team fraud risks that are significant within the scope of the audit objectives and gather and assess information to identify risks of fraud that could affect the findings and conclusion? (GAS, 6.11d, 6.30) • When factors or risks related to fraud that has occurred or is likely to have occurred were identified that auditors believe were significant within the context of the audit objectives, did the auditors design procedures to obtain reasonable assurance of detecting any such fraud? (GAS, 6.31) • When information came to the auditors’ attention indicating that fraud, significant within the context of the audit objectives, may have occurred, did the auditors extend the audit steps and procedures, as necessary, to determine (1) whether fraud had likely occurred, and (2) if so, its effect on the audit findings? (GAS, 6.32) • If the auditors became aware of abuse that could be quantitatively or qualitatively significant to the program under audit, did the auditors apply audit procedures to ascertain the potential effect on the program under audit within the context of the audit objectives? (It should be noted that because the determination of abuse is subjective, auditors are <u>not</u> required by GAGAS to detect abuse in performance audits.) (GAS, 6.11d, 6.33–6.34) • With respect to investigations or legal proceedings initiated or ongoing that are significant within the context of the audit 				

Description	Yes	No	N/A	Comment
<p>objectives, did the auditors evaluate their impact on the current audit? (GAS, 6.11e, 6.35)</p> <ul style="list-style-type: none"> With respect to corrective actions by the audited entity to address findings and recommendations from previous engagements that are significant within the context of the audit objectives, did the auditors ask management to identify previous audits, attestation engagements, performance audits, or other studies that directly related to the objectives of the audit, including whether related recommendations had been implemented? Did the auditors use this information in assessing risk and determining the nature, timing, and extent of the audit work, including determining the extent to which testing the implementation of the correctives actions was applicable to the audit objectives? (GAS, 6.11f, 6.36) 				
3. Field Work Standards – Supervision				
3.1 Is there documentation that audit staff was properly supervised by audit supervisors or those designated to supervise auditors? (GAS, 6.53-6.55, 6.83.c)				
3.2 Did the auditors document supervisory review, before the audit report was issued, of the evidence supporting the findings, conclusions, and recommendations contained in the audit report? (GAS, 6.53, 6.83c)				
4. Field Work Standards – Audit Evidence and Documentation				
<p>4.1 Did the auditors obtain sufficient, appropriate evidence to provide a reasonable basis for their findings and conclusions? Specifically, did the auditors: (GAS, 6.56-6.72)</p> <ul style="list-style-type: none"> Evaluate whether the evidence taken as a whole was sufficient and appropriate for addressing the audit objectives and supporting findings and conclusions? (GAS, 6.58-6.59) Evaluate the objectivity, credibility, relevancy, validity, and reliability of testimonial evidence? (GAS, 6.60-6.62) Determine what the officials or other auditors did to obtain assurance over the reliability of information provided by auditee officials and relied upon by the auditors as part of their evidence? (GAS, 6.65) Assess the sufficiency and appropriateness of computer-processed information? Did the assessment include considerations regarding the completeness and accuracy of the data for the intended purposes? (GAS, 6.66) Determine the sufficiency of evidence by determining whether enough appropriate evidence exists to address the audit objectives and support the findings and conclusions? (GAS, 6.67-6.69) 				

Description	Yes	No	N/A	Comment
<ul style="list-style-type: none"> • Perform and document an overall assessment of the collective evidence used to support findings and conclusions, including the results of any specific assessments conducted to conclude on the validity and reliability of specific evidence? (GAS, 6.69-6.70) • Evaluate the expected significance of evidence to the audit objectives, findings, and conclusions, available corroborating evidence, and the level of audit risk? (GAS, 6.71) • Apply additional procedures, as appropriate, to overcome limitations or uncertainties in evidence significant to the audit findings and conclusions? (GAS, 6.72) 				
<p>4.2 Did the auditors develop the elements of a finding necessary to address the audit objectives, and when appropriate, recommendations for corrective action? (GAS, 6.73-6.77)</p> <ul style="list-style-type: none"> • When significant or the need for corrective follow-up action is urgent, did the auditors communicate early with those charged with governance or management the deficiencies in internal control, fraud, noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse? (GAS, 6.78) (Note: While GAGAS requires auditors to develop the elements of a finding necessary to address the audit objectives, GAGAS does not require as a standard, early communication of deficiencies. Accordingly, any matters related to early communication identified by the peer review team would be a potential finding for the Letter of Comment and would not impact the peer review rating.) 				
<p>4.3 Did the auditors prepare audit documentation related to planning, conducting, and reporting the audit? (GAS, 6.79)</p> <ul style="list-style-type: none"> • Was documentation prepared in sufficient detail to enable an experienced auditor, having no previous connection to the audit, to understand from the audit documentation the nature, timing, extent, and results of audit procedures performed, the audit evidence obtained and its source, and the conclusions reached, including evidence that supports the auditors' significant judgments and conclusions? (GAS, 6.79, 6.83a-6.83b) • Did the auditors prepare audit documentation that contained evidence supporting the findings, conclusions, and recommendations before the report was issued? (GAS, 6.80) • Did the auditors prepare the form and content of documentation to meet the circumstances of the particular audit? (GAS, 6.81) • If the auditors did not comply with applicable GAGAS requirements, did the auditors document the departure from the GAGAS requirements and the impact on the audit and on the auditors' conclusions? (GAS, 6.84) 				

Description	Yes	No	N/A	Comment
5. Reporting Standards – Reporting				
<p>5.1 Did the auditors issue an audit report communicating the results of the audit? (GAS, 7.03)</p> <ul style="list-style-type: none"> • Was the form of the audit report appropriate for its intended use and in writing or some other retrievable form? (GAS, 7.04) • If the auditors discovered that they did not have sufficient, appropriate evidence to support the reported findings or conclusions after the report was issued, did they communicate that circumstance to those charged with governance, the appropriate officials of the audited entity, the appropriate officials of the organizations requiring or arranging for the audit, and other known users in the same manner as that used to originally distribute the report? If the report was posted to the auditors’ publicly accessible website, was the report removed and a public notice posted that the report was removed? (GAS, 7.07) • Did the auditors determine whether to conduct additional audit work to reissue the report, including any revised findings or conclusions or repost the original report if the additional audit work did not result in a change in findings or conclusions? (GAS, 7.07) 				
6. Reporting Standards – Report Contents				
<p>6.1 Did the audit report include a description of the audit objectives, the scope, and the methodology used for the addressing the audit objectives? (GAS, 7.08-7.09)</p> <ul style="list-style-type: none"> • Did the auditors communicate the audit objectives in a clear, specific, neutral, and unbiased manner that included relevant assumptions? If the audit objectives were limited but broader objectives could have been inferred by users, did the auditors state that certain issues were outside the scope of the audit to avoid misunderstanding? (GAS, 7.10) • Did the auditors describe the scope of the work performed and any limitations so that users could reasonably interpret the findings, conclusions, and recommendations in the report without being misled? If applicable, did the auditors report any significant constraints imposed on the audit approach by information limitations or scope impairments, including denials or excessive delays of access to certain records or individuals? (GAS, 7.11) • Did the auditors, as applicable, explain the relationship between the population and the items tested; identify organizations, geographic locations, and the period covered; report the kinds and sources of evidence used; and explain any significant limitations or uncertainties based on the auditors’ overall assessment of the sufficiency and appropriateness of the 				

Description	Yes	No	N/A	Comment
<p>evidence in the aggregate? (GAS, 7.12)</p> <ul style="list-style-type: none"> • In reporting audit methodology, did the auditors explain how the completed audit work supported the audit objectives, including the evidence gathering and analysis techniques, in sufficient detail to allow knowledgeable users of their reports to understand how the auditors addressed the audit objectives? • Did the auditors identify significant assumptions made in conducting the audit; describe comparative techniques applied; describe the criteria used; and, when sampling significantly supports the auditors' findings, conclusions, or recommendations, describe the sample design and state why the design was chosen, including whether the results can be projected to the intended population? (GAS, 7.13) 				
<p>6.2 With respect to reporting findings, did the auditors present sufficient, appropriate evidence to support the findings and conclusions in relation to the audit objectives? (GAS, 7.08, 7.14)</p> <ul style="list-style-type: none"> • If the auditors were able to sufficiently develop the elements of a finding, did they provide recommendations for corrective action if the recommendations were significant within the context of the audit objectives? (GAS, 7.14) • As applicable, did the auditors describe limitations or uncertainties with the reliability or validity of evidence if (1) the evidence is significant to the findings and conclusions within the context of the audit objectives and (2) such disclosure is necessary to avoid misleading the report users about the findings and conclusions? Did the auditors describe the limitations or uncertainties regarding evidence in conjunction with the findings and conclusions, in addition to describing those limitations or uncertainties as part of the objectives, scope, and methodology? (GAS, 7.15) • Did the auditors place their findings in perspective by describing the nature and extent of the issues being reported and the extent of the work performed that resulted in the finding? Did the auditors, as appropriate, relate the instances identified to the population or the number of cases examined and quantify the results in terms of dollar value, or other measures? If the results could not be projected, did the auditors limit their conclusions appropriately? (GAS, 7.16) • Did the auditors disclose significant facts relevant to the objectives of their work and known to them which, if not disclosed, could mislead knowledgeable users, misrepresent the results, or conceal significant improper or illegal practices? (GAS, 7.17) 				

Description	Yes	No	N/A	Comment
<p>6.3 Did the auditors report deficiencies in internal control that are significant within the context of the audit objectives? (GAS, 7.18)</p> <ul style="list-style-type: none"> • Did the audit report describe the auditors' scope of work on internal control? (GAS, 7.19) • If the auditors detected deficiencies in internal control that were not significant to the objectives of the audit but warranted the attention of those charged with governance, did the auditors include those deficiencies either in the report or communicate those deficiencies <u>in writing</u> to audited entity officials? Did the auditors refer to that written communication in the audit report if the written communication was separate from the audit report? (GAS, 7.19) 				
<p>6.4 Did the auditors report instances of fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements or abuse that occurred or are likely to have occurred and are significant within the context of the audit objectives? (GAS, 7.18)</p> <ul style="list-style-type: none"> • If the auditors concluded, based on sufficient, appropriate evidence, that fraud, noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse either occurred or was likely to have occurred which was significant within the context of the audit objectives, did the auditors report the matter as a finding? (GAS, 7.08, 7.18, 7.21) • If the auditors detected instances of fraud, noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse that were not significant within the context of the audit objectives but warranted the attention of those charged with governance, did they communicate those findings <u>in writing</u> to audited entity officials? (GAS, 7.22) 				
<p>6.5 Did the auditors report conclusions based on the audit objective and the audit findings? (GAS, 7.08, 7.14, 7.27)</p>				
<p>6.6 Did the auditors recommend actions to correct deficiencies and other findings identified during the audit and to improve programs and operations when the potential for improvement in programs, operations, and performance (when substantiated by the reported findings and conclusions)? (GAS, 7.28)</p> <ul style="list-style-type: none"> • Did the auditors' recommendations flow logically from the findings and conclusions? • Were the recommended actions directed at resolving the cause of the identified deficiencies and problems and were clearly stated? 				
<p>6.7 When the auditors complied with all applicable GAGAS requirements, did they use the unmodified GAGAS compliance statement in the audit report? (GAS, 2.24a, 7.08, 7.30)</p>				

Description	Yes	No	N/A	Comment
<p>6.8 When the auditors did not comply with all applicable GAGAS requirements, did they include a modified GAGAS compliance statement in the report? (GAS, 2.24b, 7.31)</p> <ul style="list-style-type: none"> • Did the auditors use a statement that included either (a) the language in GAS 7.30, modified to indicate the requirements that were not followed or (b) because of the significance of the departure(s) from the requirements, language that the auditor was unable to and did not perform the audit in accordance with GAGAS? (GAS, 2.24b, 7.31) • When auditors did not comply with applicable requirement(s), did they (a) assess the significance of the noncompliance to the audit objectives; (b) document the assessment, along with their reasons for not following the requirement(s); and (c) determine the type of GAGAS compliance statement? (GAS, 2.25) 				
<p>6.9 Did the auditors obtain and report the views of responsible officials of the audited entity concerning the findings, conclusions, and recommendations included in the audit report, as well as any planned corrective actions? (GAS, 7.32)</p> <ul style="list-style-type: none"> • If the auditors received written comments from the responsible officials, did the auditors include in the report a copy of the officials' written comments, or a summary of the comments received? (GAS, 7.34) • When the responsible officials provide oral comments only, did the auditors prepare a summary of the oral comments and provide a copy of the summary to the responsible officials to verify that the comments were accurately stated? (GAS, 7.34) (Note: GAS, 7.36 discusses situations where it may be appropriate to obtain oral comments only.) • Did the auditors include an evaluation of the comments in the report, as appropriate? (GAS, 7.35) • Did the auditors evaluate the validity of the audited entity's comments if the comments were inconsistent or in conflict with the findings, conclusions, or recommendations in the draft report, or if planned corrective actions did not adequately address the auditors' recommendations? If the auditors disagreed with the comments, did the auditors explain their reasons for disagreement in the report? Conversely, did the auditors modify their report as necessary if they find the comments valid and supported with sufficient, appropriate evidence? (GAS, 7.37) • If the audited entity refused to provide comments or were unable to provide comments within a reasonable period of time, <u>and</u> the auditors issued the report without receiving comments from the audited entity, did the auditors indicate in the report that the audited entity did not provide comments? (GAS, 7.38) 				

Description	Yes	No	N/A	Comment
<p>6.10 If certain pertinent information was prohibited from public disclosure or was excluded from the report due to its confidential or sensitive nature, did the auditors disclose in the report that information was omitted and the reason or other circumstances that made the omission necessary? (GAS, 7.39)</p> <ul style="list-style-type: none"> • When circumstances called for omission of certain information, did the auditors evaluate whether the omission could have distorted the audit results or concealed improper or illegal practices? (GAS, 7.42) • If the audit organization was subject to public records laws, did the auditors determine whether public records laws could impact the availability of classified or limited use reports and determine whether other means of communicating with management and those charged with governance were more appropriate? (GAS, 7.43) 				
7. Reporting Standards – Distributing Reports				
<p>7.1 Did the audit organization distribute the audit report to those charged with governance, to the appropriate audited entity officials, and to the appropriate oversight bodies or organizations requiring or arranging for the audits? As appropriate, did the auditors also distribute copies of the reports to other officials who have legal oversight authority or who may be responsible for acting on audit findings and recommendations, and to others authorized to receive such reports? Did the auditors document any limitation on report distribution? (GAS, 7.44, 7.44a)</p>				
8. OIG Quality Control Policies and Procedures				
<p>8.1 Did the auditors follow the audit organization’s quality control policies and procedures for performance audits (e.g., use of checklists, independent report referencing, etc.)? (GAS, 3.82a, 3.83, 6.82)</p> <p>Note: The adequacy of the audit organization’s policies and procedures was evaluated in appendix A. If the reviewer concludes that the performance 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.</p>				
<p>8.2 For threats to independence identified after the audit report was issued, did the auditors assess the impact on the audit and notify management and other interested parties of the impact? (GAS, 3.26)</p>				

Description	Yes	No	N/A	Comment
9. Overall Assessment				
9.1 Based on the results of the checklist and other work performed, conclude whether in performing and reporting on this audit, the audit organization complied with (1) GAGAS and (2) its policies and procedures. <u>Appropriate inquiries about exceptions should be made with the auditors and management of the audit organization to determine the underlying reasons.</u>				
END OF CHECKLIST				