##### **Appendix D1**

##### **Checklist for Examination Engagements Performed by the Office of Inspector General**

This appendix includes guidance for reviewing the Office of Inspector General’s (OIG’s) examination engagements conducted in accordance with *Government Auditing Standards*⎯commonly referred to as generally accepted government auditing standards (GAGAS)⎯and the American Institute of Certified Public Accountants’ (AICPA’s) Statements on Standards for Attestation Engagements (SSAE). When an auditor conducts an examination engagement under GAGAS, the engagement must be conducted in accordance with the SSAE[[1]](#footnote-2) and additional GAGAS requirements. For additional information, the peer review team should consult the guidance in SSAE 18 applicable to examination engagements and the AICPA’s Peer Review Program checklists for attestation engagements for additional information. This appendix is not intended to replace auditor judgment; the peer review team may modify the checklist to ensure coverage as necessary.

OIG UNDER REVIEW

& PERIOD REVIEWED:

ENGAGEMENT NAME:

ENGAGEMENT NO.:

REVIEWER(S):

DATE COMPLETED:

|  | **Yes** | **No** | **N/A** | **Comments** |
| --- | --- | --- | --- | --- |
| **1. Standards of Independence Professional Judgment, Competence and Continuing Professional Education, and GAGAS Compliance[[2]](#footnote-3)** | | | | |
| 1. Did the auditors document the independence considerations as appropriate, including identifying threats to independence, evaluating the significance of the threats identified, and applying safeguards as necessary to eliminate the threats or reduce them to an acceptable level? (GAS 3.27-3.33, 3.84, 3.90, 3.107)[[3]](#footnote-4) |  |  |  |  |
| 1. Taken as a whole, does the examination documentation show that the auditors were independent of the audited entity during the period of the professional engagement and that professional judgment was used in planning and performing the examination and reporting the results? (GAS 3.18-3.20, 3.23, 3.109) |  |  |  |  |
| 1. Did the staff assigned to the examination collectively have the competence needed for their assigned roles to address the objectives and perform the work? (GAS 4.02, 4.03) |  |  |  |  |
| 1. Did the staff who planned, directed, performed, and reported the results of the examination, develop and maintain their professional competencies by completing the required continuing professional education hours? (GAS 4.16) |  |  |  |  |
| 1. If the auditors cite GAGAS compliance, did they comply with GAGAS requirements in addition to the relevant AICPA SSAEs for examination? (GAS 7.05) |  |  |  |  |
| **2. Fieldwork Standards – Planning** | | | | |
| 1. In planning the work to address the engagement objectives, did the team establish an overall engagement strategy to set the scope, timing, and direction of the engagement, including: |  |  |  |  |
| 1. Identifying the characteristics of the engagement that define its scope and ascertain the reporting objectives of the engagement? (AT-C §205.12a) |  |  |  |  |
| 1. Considering the factors that are significant in directing the engagement team's efforts? (AT-C §205.12b) |  |  |  |  |
| 1. Considering the results of preliminary engagement activities, preparing a written examination plan, and making necessary changes to adjust for significant changes made during the engagement? (AT-C §205.12c) |  |  |  |  |
| 1. Ascertaining the nature, timing, and extent of resources necessary to perform the engagement? (AT-C §205.12d) |  |  |  |  |
| 1. Considering materiality for the subject matter? (AT-C §205.16) |  |  |  |  |
| 1. Considering the relevance and reliability of information used as evidence? (AT‑C §205.23) |  |  |  |  |
| 1. Did the auditors communicate an overview of the objectives, scope, methodology, the timing of the examination engagement and planned reporting, and any potential restrictions on the report with appropriate parties⎯including management of the audited entity, those charged with governance, individuals contracting for or requesting the engagement, and cognizant legislative committees? (GAS 7.09) |  |  |  |  |
| 1. Did the auditors retain written documentation of the communications with the audited entity and, if applicable, the process followed and conclusions reached in identifying the appropriate individuals to receive the required communications? (GAS 7.10) |  |  |  |  |
| 1. In developing the plan (methodology), did the auditors include a description of the following: |  |  |  |  |
| 1. The nature, timing, and extent of planned risk assessment procedures? (AT-C §205.13a, .19, .20) |  |  |  |  |
| 1. The nature, timing, and extent of planned procedures? (AT-C §205.13b, .21) |  |  |  |  |
| 1. Other planned procedures that are required to be carried out so the engagement complies with the attestation standards? (AT-C §205.13c) |  |  |  |  |
| 1. Obtain an understanding of the subject matter and other circumstances sufficient to identify and assess the risks of material misstatement in the subject matter, respond to the assessed risks, and obtain reasonable assurance to support the opinion? (AT-C §205.14b) |  |  |  |  |
| 1. Obtain an understanding of internal controls over the preparation of the subject matter relevant to the engagement? (AT-C §205.15) |  |  |  |  |
| 1. Identify and assess risks of material misstatements? (AT-C §205.18) |  |  |  |  |
| 1. If the law or regulation requiring an examination engagement specifically identifies the entities to be examined, did the auditors communicate pertinent information that in the auditors’ professional judgment needs to be communicated to (1) the individuals contracting for or requesting the examination and (2) any legislative committees that have ongoing oversight responsibilities for the audited entity? (GAS 7.09) |  |  |  |  |
| 1. Ask management to identify previous engagements and studies applicable to the subject matter and whether previous work and the implementation of the corrective actions are applicable and significant to the current subject matter? (GAS 7.13) |  |  |  |  |
| 1. Ask management to identify investigative or legal proceedings initiated or in-process that are significant to the engagement objectives and to evaluate their impact on the engagement? (GAS 7.14) |  |  |  |  |
| 1. Consider whether risk assessment procedures and other procedures related to understanding the subject matter indicate risk of material misstatement due to fraud or noncompliance with laws, regulations, contracts, or grant agreements? (GAS 7.17; AT-C §205.32a) |  |  |  |  |
| 1. If the auditors changed the engagement objectives during the engagement, did they document the revised objectives and the reasons for the changes? (GAS 5.23) |  |  |  |  |
| 1. If the auditors changed the risk of material misstatement during the engagement, did they revise the assessment and the planned procedures? (AT-C §205.34) |  |  |  |  |
| **3. Fieldwork Standards – Conducting the Engagement** | | | | |
| 1. If findings and recommendations from prior engagements directly relate to the subject matter or an assertion about the subject matter, did auditors evaluate whether the audited entity took appropriate corrective actions to address them? (GAS 7.13) |  |  |  |  |
| 1. If the subject matter is internal controls or if the auditor intends to rely on the operating effectiveness of relevant controls, did the auditors do the following: (AT-C §205.24-.26)    1. Perform test of controls to determine the operating effectiveness? |  |  |  |  |
| * 1. Make inquiries and perform other procedures or additional test of controls if there were deviations in the controls tested? |  |  |  |  |
| * 1. Perform test of details or analytical procedures? |  |  |  |  |
| 1. If auditors used analytical procedures or sampling or tested estimates, did the auditors do the following: (AT-C §205.27-.31) |  |  |  |  |
| * 1. Determine the suitability of the procedures and reliability of the data acquired, develop expectations, and obtain explanations for differences? |  |  |  |  |
| * 1. Determine whether the audited entity applied proper criteria to the estimate, the estimate is appropriate and applied consistently, and the data is reliable and supported? |  |  |  |  |
| * 1. Determine whether the sampling methodology is appropriate and supported? |  |  |  |  |
| 1. Did the auditors extend the AICPA requirements concerning noncompliance with laws and regulations to contracts and grant agreements noncompliance, including the following: (GAS 7.17) |  |  |  |  |
| * 1. Making inquiries of appropriate parties to determine whether they have knowledge of any actual, suspected, or alleged fraud or noncompliance with laws, regulations, contracts, or grant agreements? (AT‑C §205.32b) |  |  |  |  |
| * 1. Evaluating whether there are unusual or unexpected relationships in the subject matter, or between the subject matter and other related information, that indicate risks of material misstatement due to fraud or noncompliance with laws, regulations, contracts, or grant agreements? (AT-C §205.32c) |  |  |  |  |
| * 1. Evaluating whether other information obtained indicates risk of material misstatement due to fraud or noncompliance with laws, regulations, contracts, or grant agreements? (AT‑C §205.32d) |  |  |  |  |
| * 1. Responding appropriately to fraud or suspected fraud and noncompliance or suspected noncompliance with laws, regulations, contracts, or grant agreements affecting the subject matter this identified during the engagement? (AT-C §205.33) |  |  |  |  |
| 1. If the auditors used the work of specialists, did they perform procedures to provide a sufficient basis for understanding and assessing the specialists’ field of expertise, qualifications, and objectivity and adequacy of the work to the scope and timing of the engagement? (AT-C §205.36-38) |  |  |  |  |
| 1. If the auditors used the work of internal or other auditors, did they perform procedures to provide a sufficient basis for using the work, including determining whether the scope, quality, and timing of the work performed by the other auditors can be relied on in the context of the engagement objectives? (AT‑C §205.39-44, §105.31) |  |  |  |  |
| **4. Fieldwork Standards – Evidence** | | | | |
| 1. When using information produced by the entity, did the auditors evaluate whether the information is sufficiently reliable for their purposes, including determining the accuracy, completeness, and preciseness of the information? (AT-C §205.35) |  |  |  |  |
| 1. If findings were identified, did the auditors plan and perform procedures to develop the criteria, condition, cause, and effect of the findings to the extent that these elements are relevant and necessary to achieve the examination engagement objectives? (GAS 7.19) |  |  |  |  |
| 1. Did the auditors consider internal control deficiencies in their evaluation of identified findings when developing the cause element of the identified findings? (GAS 7.20) |  |  |  |  |
| **5. Fieldwork Standards – Supervision and Documentation** | | | | |
| 1. Was staff properly supervised? (AT-C §105.33; GAS 5.36-5.37) |  |  |  |  |
| 1. If difficult or contentious issues arose among team members during the engagement, did the auditors follow the OIG’s policies and procedures for consulting with an appropriate individual, agreeing on the scope and nature of the consultation, and documenting the parties' understanding of the resulting conclusions reached and implemented? (GAS 5.24) |  |  |  |  |
| 1. Did the auditors document supervisory review of the evidence that supports the findings, conclusions, and recommendations before the date of the examination report? (GAS 7.33a) |  |  |  |  |
| 1. If the engagement does not comply with GAGAS, did the auditors document any departures from the GAGAS requirements and the effect on the examination engagement and on the auditors’ conclusions? (GAS 7.33b) |  |  |  |  |
| 1. Did the auditors prepare the engagement documentation in sufficient detail to enable an experienced auditor with no previous connection to the engagement to understand the nature, timing, extent, and results of the procedures performed and the evidence obtained, its source, and the conclusions reached⎯including evidence that supports the auditors’ significant judgments and conclusions? (GAS 7.34) |  |  |  |  |
| 1. Did the auditors prepare the engagement documentation in a timely manner and restrict access and prevent changes to the files after the report is issued? (AT-C §105.34-.41) |  |  |  |  |
| **6. Reporting Standards – Reporting Compliance with GAGAS and Report Format** | | | | |
| 1. When auditors complied with GAGAS, did they appropriately cite compliance with GAGAS and other professional standards, and did they include a statement in the report that they conducted the engagement in accordance with GAGAS? (GAS 7.39) |  |  |  |  |
| 1. If a separate written communication was issued to report deficiencies in internal controls noncompliance with provisions of laws, regulations, contracts, and grant agreements or instances of fraud, did the auditors: (GAS 7.40) |  |  |  |  |
| * 1. State in the report that they are issuing additional reports? |  |  |  |  |
| * 1. Make a reference to the separate reports? |  |  |  |  |
| * 1. Include a statement that the reports are an integral part of the examination engagement included? |  |  |  |  |
| **7. Reporting Standards – Report Content** | | | | |
| 1. Did the auditors include in the examination report all internal control deficiencies considered to be significant deficiencies or material weaknesses? (GAS 7.42) |  |  |  |  |
| 1. Did the auditors include in their examination report relevant information about noncompliance and fraud that has a material effect on the subject matter or assertion or is significant to the engagement objectives? (GAS 7.44) |  |  |  |  |
| 1. Did the auditors communicate in writing to audited entity officials (1) noncompliance with laws, regulations, contracts, and grant agreements and (2) instances of fraud that are less than material but have an effect on the subject matter or assertion and warrant management’s attention? (GAS 7.45) |  |  |  |  |
| 1. Did the auditors develop the elements of the findings to help management or oversight officials of the audited entity understand the need for corrective action? (GAS 7.48) |  |  |  |  |
| 1. Did the auditors put 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 findings? (GAS 7.49) |  |  |  |  |
| 1. Did the auditors directly report any identified or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements or any instances of fraud to parties outside the reviewed entity when management fails to (1) report such information to satisfy legal or regulatory requirements or (2) take timely and appropriate steps to respond to such information? (GAS 7.51-7.53) |  |  |  |  |
| **8. Reporting Standards – Obtaining and Reporting the Views of Responsible Officials** | | | | |
| 1. 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 7.55) |  |  |  |  |
| * 1. If the auditors received written comments from the responsible officials, did they include in the report a copy of the officials' written comments or a summary of the comments received? (GAS 7.56) |  |  |  |  |
| * 1. 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 represented, and include the summary in their report? (GAS 7.56) |  |  |  |  |
| 1. If the reviewed entity’s comments are inconsistent with, or in conflict with, the auditors’ findings, conclusions, or recommendations, did the auditors evaluate the validity of such comments and explain the reasons for any disagreements or modify their report if comments are valid? (GAS 7.57) |  |  |  |  |
| 1. If the reviewed entity refused to provide comments or was unable to do so in a timely manner, did the auditors state this in their report? (GAS 7.58) |  |  |  |  |
| **9. Reporting Standards – Report Distribution and Reporting Confidential or Sensitive Information** | | | | |
| 1. If certain pertinent information was prohibited from public disclosure or was excluded from the report because of its confidential or sensitive nature, did the auditors disclose in the report that information was omitted and the circumstances that made the omission necessary? (GAS 7.61) |  |  |  |  |
| * 1. 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, and did they revise the report language, as necessary, to avoid report users drawing inappropriate conclusions from the information presented? (GAS 7.62) |  |  |  |  |
| * 1. If the audit organization was subject to public records laws, did the auditors determine whether public records laws could affect the availability of classified or limited use reports, and did they determine whether other means of communicating with management and those charged with governance were more appropriate? (GAS 7.63) |  |  |  |  |
| 1. Did the OIG distribute the engagement 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 engagement? (GAS 7.69) |  |  |  |  |
| **10. Overall Assessment** | | | | |
| 1. Based on the results of the checklist and other work performed, conclude whether in performing and reporting on this engagement, the OIG complied with GAGAS and its policies and procedures. Appropriate inquiries about exceptions should be made with the audit team to determine the underlying reasons. |  |  |  |  |
| **END OF CHECKLIST** | | | | |

1. The applicable AICPA standards for examination engagements include SSAE 18’s AT-C 105, *Concepts Common to All Attestation Engagements,* and AT-C 205, *Examination Engagements*. [↑](#footnote-ref-2)
2. In assessing compliance with GAGAS for Independence, Professional Judgment, and Competence and Continuing Professional Education on individual engagements, the peer review team should consult the reviewed OIG’s audit policies and procedures with respect to documents to be included to demonstrate compliance. Certain documents may be maintained centrally, and the evidence of compliance may not be found in the individual engagement file. When assessing the documentation, the peer review team should be alert to issues related to compliance with GAGAS and make further inquiries as appropriate. Organization-wide testing of these standards for is accomplished with Appendix B and not tested at the individual engagements. The peer review team should determine the methodology required to test the OIG’s compliance with GAGAS based on the OIG’s audit policies and procedures. [↑](#footnote-ref-3)
3. For the purposes of CIGIE’s March 2020 Guide, “GAS” is used when citations are made to specific paragraphs from *Government Auditing Standards*. [↑](#footnote-ref-4)