
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 financial statements where the OIG signed the audit report as the auditor. 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) 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>). The team should modify the checklist to fit the circumstances of the peer review. 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 auditor. If the OIG monitored the work of an IPA, use the guidance provided in Appendix F, *Checklist for Review of Monitoring of Audit Work Performed by an Independent Public Accounting Firm*.

For other financial-related audits, the peer review team should consult with peer review checklists published by the AICPA and modify as needed, or prepare a separate checklist for these types of audits.

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>In assessing compliance with General Standards for Independence, Professional Judgment, and Competence on individual financial audits performed by the OIG, the peer reviewer team 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 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 peer review team to determine the nature and extent of the testing required based on the OIG’s policies and procedures.</p>				
<p>1.1 Independence</p> <p>a. Did the auditors document the independence considerations, including identifying threats to independence; evaluating the significance of the threats identified, both individually and in the aggregate, and applying safeguards as necessary to eliminate the threats or reduce them to an acceptable level? Depending on the organization’s policies and procedures, the documentation may be centrally maintained or in the individual audit files. (GAS, 3.24, 3.30, 3.59a., 3.59b)</p> <p>b. Taken as a whole, does the audit documentation show that the auditors were independent of the audited entity during the period of the professional engagement? (GAS 3.02, 3.05)</p>				
<p>1.2 Professional Judgment</p> <p>a. Taken as a whole, does the audit documentation show that the auditors exercised professional judgment (that is, the exercise of reasonable care and professional skepticism) in planning and performing the audit and reporting the results? (GAS 3.60, 3.61)</p>				
<p>1.3 Competence</p> <p>a. Did the staff assigned to the audit collectively have adequate professional competence to address the audit objectives and perform the work? (GAS, 3.69)</p>				

	Yes	No	N/A	Remarks and Findings
<p>b. Did the audit staff and internal specialists who planned and performed the audit and reported on the results of the audit meet GAGAS requirements for continuing professional education? (GAS, 3.76, 3.81)</p> <p>c. For external specialists who assisted in performing the audit or internal specialists who provided consultation on the audit, did the auditors determine that the specialist was qualified and competent in their area of specialization? (GAS 3.79, 3.80)</p>				
2. AICPA Field Work Standards – Planning and Supervision				
<p><i>Documenting Auditee Understanding</i> (AU 210.10; AU 260, AU 300.06c)</p> <p>2.1 Did the audit team document an understanding with the auditee in the form of an engagement memo or letter generally including: (AU 210.10)</p> <p>a. The objective and scope of the audit of the financial statements? (AU 210.10a)</p>				
<p>b. The responsibilities of management, including management’s acknowledgment of its responsibility for: (AU 210.10c, AU 200)</p> <ul style="list-style-type: none"> • The entity’s financial statements and the selection and application of the accounting policies? (AU 210.06b(i)) • Establishing and maintaining effective internal control over financial reporting to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error? (AU 210.06b(ii)) • Designing and implementing programs and controls to prevent and detect fraud? (AU 210.06b(ii)) • Identifying and ensuring that the entity complies with the laws and regulations applicable to its activities? (AU 210.07) 				

	Yes	No	N/A	Remarks and Findings
<ul style="list-style-type: none"> Making all financial records and related information available to the auditor, including unrestricted access to entity personnel from whom the auditor determines it necessary to obtain audit evidence? (AU 210.06b(iii)(1) - AU 210.06b(iii)(3)) 				
c. The auditor's responsibilities? (AU 210.10b)				
d. The inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with professional auditing standards? (AU 210.10d)				
e. Identification of the applicable financial reporting framework for the preparation of the financial statements? (AU 210.10e)				
f. Reference to the expected form and content of any reports to be issued by the auditor and a statement that circumstances may arise in which a report may differ from the expected form and content? (AU 210.10f)				
<p><i>Compliance With Relevant Ethical Requirements</i> (AU 300.06b, AU 220)</p> <p>2.2 Did the auditor evaluate compliance with relevant ethical requirements?</p>				
<p><i>Involvement of Key Audit Team Members</i> (AU 300.05)</p> <p>2.3 Did the auditor involve key members of the audit team in planning the audit, including planning and participating in the discussion among audit team members?</p>				
<p><i>The Overall Audit Strategy</i> (AU 300.07-.08)</p> <p>2.4 Did the auditor establish and document an overall audit strategy that sets the scope, timing, and direction of the audit and that</p>				

	Yes	No	N/A	Remarks and Findings
guides the development of the audit plan? (AU 300.07)				
2.5 In developing the overall audit strategy, (AU 300.08)				
a. Did the auditor identify the characteristics of the audit that define its scope?				
b. Did the auditor ascertain the reporting objectives of the audit in order to plan the timing of the audit and the nature of the communications required?				
c. Did the auditor consider the factors that, in the auditor’s professional judgment, are significant in directing the audit team’s efforts?				
d. Did the auditor consider the results of preliminary audit activities and, when applicable, whether knowledge gained on other audits managed by the audit senior management for the entity is relevant?				
e. Did the auditor ascertain the nature, timing, and extent of resources necessary to perform the audit?				
2.6 Did the auditor establish one or more levels of performance materiality? (AU 320.11)				
<i>Consideration of Direction, Supervision, and Review</i> (AU 300.11, .A16–.A17)				
2.7 Did the auditor plan the nature, timing, and extent of direction and supervision of audit team members and review of their work?				

	Yes	No	N/A	Remarks and Findings
<p><i>Determining the Extent of Involvement of Professionals Possessing Specialized Skills</i> (AU 300.12, AU 220.16, AU 620)</p> <p>2.8 Did the auditor consider whether specialized skills are needed in performing the audit?</p>				
<p><i>Changes to Planning Decisions During the Course of the Audit</i> (AU 300.10, .14, .A15)</p> <p>2.9 Did the auditor document the overall audit strategy, the audit plan, and any changes made during the audit to the overall audit strategy or the audit plan and the reasons for such changes? (AU 300.14)</p>				
<p>2.10 Did the auditor consider, prior to the auditor's identification and assessment of the risks of material misstatement, such matters as the following: (AU 300.A2)</p> <p>a. The analytical procedures to be applied as risk assessment procedures?</p>				
<p>b. A general understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework?</p>				
<p>c. The determination of materiality?</p>				
<p>d. The involvement of specialists?</p>				
<p>e. The performance of other risk assessment procedures?</p>				
<p><i>Considerations in Initial Audit Engagements</i> (AU 300.13, AU 510)</p> <p>2.11 If the auditors are performing the audit on the financial statement for the first time, did the auditors perform procedures to determine whether the opening balances are properly stated?</p>				
<p><i>Consideration of Fraud</i> (AU 240)</p> <p>2.12 Did the auditor properly document compliance with fraud risk considerations? (AU 240.44)</p>				
<p>2.13 Did the auditor document discussions among audit team members in planning the</p>				

	Yes	No	N/A	Remarks and Findings
audit regarding the susceptibility of the entity's financial statements to material misstatement due to fraud, how management could perpetrate and conceal fraudulent financial reporting, and how assets of the entity could be misappropriated? (AU 240.15)				
2.14 Did the auditor document discussions with members of management and others within the entity with whom the auditor made inquiries about the risks of fraud? (AU 240.17–.21)				
2.15 Did the auditor document consideration of preliminary analytical procedures, including procedures specifically related to revenue? (AU 240.22)				
2.16 Did the auditor document other information obtained that indicates risks of material misstatement due to fraud? (AU 240.23)				
2.17 Did the auditor document the identification and the assessment of material misstatement due to fraud at the financial statement level and at the assertion level for classes of transactions, account balances, and disclosures? (AU 240.25)				
2.18 Did the auditor document the reasons supporting a conclusion that improper revenue recognition is not a risk of material misstatement due to fraud? (AU 240.26)				
2.19 Did the auditor document the assessed risks of material misstatements due to fraud as significant risks and, accordingly, to the extent not already done so, did the auditor also obtain an understanding of the entity's related controls, including control activities, relevant to such risks, including the evaluation of whether such controls have been suitably designed and implemented to mitigate such fraud risks? (AU 240.27)				

	Yes	No	N/A	Remarks and Findings
2.20 Did the auditor document the overall responses to address the assessed risks of material misstatement due to fraud at the financial statement assertion level and the auditor’s incorporation of an element of unpredictability in the selection of the nature, timing, and extent of audit procedures? (AU 240.28–.30)				
2.21 Did the auditor document the identification of management’s override of controls as a significant risk? (AU 240.31–.32) <ul style="list-style-type: none"> a. The risks of management’s override of controls should be addressed apart from any conclusions regarding the existence of more specifically identifiable risks. b. Appropriate procedures should be performed, including testing the appropriateness of journal entries and other adjustments made in preparation of the financial statements, reviewing accounting estimates for bias, and evaluating significant transactions that are outside the normal course of business for the entity. 				
2.22 Did the auditor document the evaluation of the accumulated results of auditing procedures and whether they affect the assessment of risks of material misstatement due to fraud made earlier in the audit or indicate a previously unrecognized risk of material misstatement due to fraud? (AU 240.34)				
2.23 Did the auditor document the evaluation of misstatements, whether material or not, and whether they are indicative of fraud and whether management was involved? (AU 240.34–.37)				
2.24 Did the auditor document the nature of communications about fraud made to management and those charged with governance? (AU 240.39–.41)				
2.25 Did the auditor document the nature of the communications about fraud made to				

	Yes	No	N/A	Remarks and Findings
regulatory and enforcement authorities? (AU 240.42)				
<i>Information Technology (IT) Considerations</i> (AU 300, AU 310, AU 315, AU 320, AU 330)				
2.26 Did the auditor properly identify risks associated with the role of IT, including:				
a. Identification of the role of IT relative to financial transactions and financial reporting? (AU 315.A53–.A60)				
b. Consideration of risk of material misstatement associated with financial transactions and financial reporting? (AU 320)				
c. Obtaining sufficient knowledge of the information system, including the related business processes relevant to financial reporting? (AU 315.A84–.A90)				
d. Obtaining an understanding of how the entity has responded to risks arising from IT? (AU 315.22)				
e. Identification and assessment of potentially mitigating controls for those inherent risks, including application and general computing controls? (AU 315.A54–.A60)				
f. Possessing the required expertise to address the risks associated with IT or obtaining the assistance of a specialist? (AU 300.A18–.A19)				
g. Sufficiently identifying and addressing risks associated with IT and internal controls, either internally or through the use of a specialist? (AU 315.22)				
2.27 Did the auditor properly identify and document the linkage between further audit procedures (test of controls, substantive procedures, or both) and the IT risk assessment? (AU 330) This could include the following:				
a. The auditor documented the				

	Yes	No	N/A	Remarks and Findings
understanding of the entity and its environment. (AU 315)				
b. The auditor used a professional who has the IT skills to determine the effect of IT on the audit, understand the IT controls, or design and perform tests of IT controls or substantive procedures. (AU 310.A19)				
<i>Auditor's Specialist, if applicable</i> (AU 620, AU 315, AU 330) 2.28 If an auditor's specialist was used (for example, actuary, appraiser, engineer, environmental consultant, or geologist), did the auditor apply the appropriate procedures to evaluate the qualifications and findings of the specialist? (AU 620.08-.12)				
2.29 When developing an understanding of the entity and its environment relative to evaluation of the risk of material misstatements and the response to the audit evidence obtained, did the auditor: a. Perform risk assessment procedures, including inquiries of management and others within the entity, analytical procedures, and observation and inspection? (AU 315.05-.11)				
b. Obtain an understanding of the entity and its environment and components of its internal controls in order to assess the risk of material misstatements at the assertion level and to design and perform further audit procedures responsive to assessed risks? (AU 315.12-.25)				
c. Understand the auditor's responsibility to identify risks of material misstatement at the financial statement level and at the relevant assertion level related to classes of transactions, account balances, and disclosures? (AU 315.26-.27)				
d. Identify significant risks and obtain an				

	Yes	No	N/A	Remarks and Findings
understanding of the entity’s controls, including control activities, relevant to those risks, and, based on that understanding, evaluate whether such controls have been suitably designed and implemented to mitigate such risks? (AU 315.28–.30)				
e. If the auditor assessed that it was not possible or practicable to obtain sufficient appropriate audit evidence only from substantive procedures related to some risks, obtain an understanding of the entity’s controls over such risks? (AU 315.31)				
f. Design and perform substantive procedures for all relevant assertions related to each material class of transactions, account balances, and disclosure? (AU 330.18–.24)				
<i>Service Auditor Reports</i> (AU 402) 2.30 If the auditee uses service providers to process specific functions such as payroll, vendor payments and the like, did the auditor include a discussion on using service auditors’ reports for internal controls over the outsourced services?				
<i>Related Party Transactions</i> (AU 300, AU 315, AU 550) 2.31 Were specific procedures for determining the existence of intra-governmental transactions and examining identified related party transactions applied? (AU 550)				
2.32 Did the auditor properly consider and document the overall audit strategy and the nature, timing, and extent of risk in the development of the audit plan and strategy and completion of the audit programs? (AU 300.A21–.A23)				
2.33 Did the auditor document its planning and risk assessment for each risk area, including the entity’s financial statements or processes that contain complex or troublesome areas, significant estimates				

	Yes	No	N/A	Remarks and Findings
(such as environmental and legal liabilities), and areas prone to high fraud risk? (AU 300, AU 315)				
<i>Audit Areas</i> (AU 300–315)				
2.34 Assess the auditor’s assessment and performance related to each audit area. (AU 300–315). Listed below are examples of account classifications or audit areas that may be significant to the financial statements. The auditor may have identified other accounts or audit areas that are significant that the peer reviewer should consider when reviewing the audit documentation. For the each audit area, mark YES , if the auditor appropriately assessed it as a high-risk audit area; NO , if the auditor should have assessed it as a high-risk audit area, but did not; and N/A , if it is not a significant audit area. Inquire further for areas with NO responses.				
a. Fund Balance with Treasury (FBWT)				
b. Cash				
c. Accounts Receivable				
d. Other Receivables				
e. Stockpile Materials				
f. Inventories and Related Property				
g. Investments				
h. Property, Plant, and Equipment				
i. Other Properties				
j. Accounts Payable and Accrued Liabilities				
k. Capital Leases				
l. Pensions and Other Post-Employment Benefits				
m. Other Liabilities				
n. Commitments and Contingencies				

	Yes	No	N/A	Remarks and Findings
o. Revenues				
p. Costs				
q. Unexpended Appropriations				
r. Cumulative Results of Operation				
s. Budgetary Financing Sources				
t. Other Financing Sources				
u. Earmarked Funds				
3. AICPA Field Work Standards – Documentation and Evidence				
3.1 For audit areas that the auditor considers significant, material, or high risk during planning, did the auditor prepare audit documentation in sufficient detail to provide a clear understanding of the work performed, including: (AU 318)				
a. The nature, timing, and extent of auditing procedures performed to comply with GAGAS and other applicable standards and requirements?				
b. The results of the audit procedures performed and the audit evidence obtained?				
c. The conclusions reached on significant matters?				
d. That the accounting records agree or reconcile with the audited financial statements or other audited information?				
<i>Audit Sampling</i> (AU 530)				
3.2 Did the auditor consider the following with regard to audit sampling:				
a. The purpose of the audit procedure and the characteristics of the population from which the sample will be drawn, when designing the audit sample? (AU 530.06)				
b. Did the auditor determine the sample size sufficient to reduce sampling risk				

	Yes	No	N/A	Remarks and Findings
to an acceptably low level? (AU 530.07)				
c. Did the auditor select items for the sample in such a way that the auditor can reasonably expect the sample to be representative of the relevant population and likely to provide the auditor with a reasonable basis for conclusions about the population? (AU 530.08)				
d. If the auditor was unable to apply the designed audit procedures, or suitable alternative procedures to a selected item, was the item treated as a deviation from the prescribed control (in the case of tests of controls) or a misstatement (in the case of tests of details)? (AU 530.11)				
e. Did the auditor project the results of audit sampling to the population? (AU 530.13)				
f. Did the auditor evaluate the results of the sample, including sampling risk, and whether the use of audit sampling has provided a reasonable basis for conclusions about the population that has been tested? (AU 530.14)				
<i>Substantive Analytical Procedures</i> (AU 520)				
3.3 If the auditor used analytical procedures as substantive procedures, did the auditor properly consider and document professional guidelines regarding such procedures? Did the auditor: (AU 520)				
a. Determine the suitability of particular substantive analytical procedures for given assertions, taking into account the assessed risks of material misstatement, and test of details for these assertions? (AU 520.05a)				
b. Evaluate the reliability of data from which the auditor's expectation of recorded amounts or ratios is developed? (AU 520.05b)				

	Yes	No	N/A	Remarks and Findings
<p>c. Develop an expectation of recorded amounts or ratios and evaluate whether the expectation is sufficiently precise to identify a misstatement that, individually or when aggregated with other misstatements, may cause the financial statements to be materially misstated? (AU 520.05c)</p>				
<p>d. Determine the amount of any difference of recorded amounts from expected values that is acceptable without further investigation, and compare the recorded amounts with expectations? (AU 520.05d)</p>				
<p>e. Investigate differences, when the auditor identifies fluctuations or relationships that are inconsistent with other relevant information or that differ from expected values by a significant amount, by: (AU 520.07)</p> <ul style="list-style-type: none"> • Inquiring of management and obtaining appropriate audit evidence relevant to management’s responses, and • Performing other audit procedures, as necessary? 				
<p>f. Document the following: (AU 520.08):</p> <ul style="list-style-type: none"> • Expectation of recorded amounts or ratios and factors considered in the auditor’s development when those amounts were not readily determinable from the audit documentation? • Results of comparison of recorded amounts or ratios developed from recorded amount to expected amounts? • Additional auditing procedures performed relating to the investigation of fluctuations or relationships that are inconsistent with other relevant information or that differ from expected values by a significant amount and the results of 				

	Yes	No	N/A	Remarks and Findings
such additional procedures?				
<p><i>Material Accounting Estimates (AU 540)</i></p> <p>3.4 Did the auditor properly consider and document the procedures applied to material accounting estimates, when applicable? Consider the following:</p> <p>a. The auditor should obtain an understanding of the following in order to provide a basis for the identification of the risks of material misstatement for accounting estimates: (AU 540.08)</p> <ul style="list-style-type: none"> • The requirements of the applicable financial reporting framework relevant to accounting estimates, including related disclosures; • How management identifies those transactions, events, and conditions that may give rise to the need for accounting estimates to be recognized or disclosed in the financial statements; and • How management makes the accounting estimates and data on which they are based. 				
<p>b. The auditor should review the outcome of accounting estimates included in prior period financial statements or, when applicable, their subsequent re-estimation for the purpose of the current period. (AU 540.09)</p>				
<p>c. When responding to the assessed risks of material misstatement, the auditor should: (AU 540.13)</p> <ul style="list-style-type: none"> • Determine whether events occurring up to the date of the auditor’s report provide evidence regarding the accounting estimate; • Test how management made the accounting estimate and the data on which it is based; • Test the operating effectiveness of the controls over how management made the accounting estimate, 				

	Yes	No	N/A	Remarks and Findings
<p>together with appropriate substantive procedures; and</p> <ul style="list-style-type: none"> • Develop a point estimate or range to evaluate management’s point estimate. 				
<p>d. If management has not adequately addressed the effects of estimation uncertainty on the accounting estimates that give rise to significant risks, the auditor should, if considered necessary, develop a range with which to evaluate the reasonableness of the accounting estimate. (AU 540.16)</p>				
<p><i>Representation Letters</i> (AU 501, AU 551, AU 558, AU 580)</p> <p>3.5 Did the auditor obtain written representations from current management with appropriate responsibilities for the financial statements and knowledge of the matters concerned? (AU 580) Consider the following:</p>				
<p>a. The representation letter was properly dated and covered all periods referred to in the auditor’s report. (AU 580.20)</p>				
<p>b. The letter contains an acknowledgement that management has fulfilled its responsibility for preparation and fair presentation of the financial statements and for internal controls relevant to the preparation and fair presentation of the financial statements. (AU 580.10)</p>				
<p>c. The letter acknowledges that management has provided the auditor with all relevant information and access, and all transactions have been recorded and are reflected in the financial statements. (AU 580.11g)</p>				
<p>d. The letter disclosed management’s representations related to fraud, laws and regulations, litigations and claims, and subsequent events. (AU 580.12 - .18)</p>				

	Yes	No	N/A	Remarks and Findings
e. The letter provides representations about whether management believes the effects of uncorrected misstatements are immaterial to the financial statements as a whole. A summary of such items should be included, or attached to, the written representation. (AU 580.14)				
f. If the auditor determines that it is necessary to obtain one or more written representations to support other audit evidence relevant to the financial statements or more specific assertions in the financial statements, the auditor should request such other representations. (AU 580.19)				
3.6 Did the auditor obtain written representations from current management with appropriate responsibilities for the financial statements and knowledge of the matters concerned regarding specific representations related to a governmental audit? Consider the following:				
a. Management has disclosed all instances of identified or suspected noncompliance with laws, regulations, and provisions of contracts and grant agreements whose effects should be considered by management when preparing the financial statements (for example, tax or debt limits and debt covenants). (AU 580.13)				
b. Management has indicated whether it believes the effects of the uncorrected financial statement misstatements are immaterial, individually and in the aggregate, to the financial statements as a whole. (AU 580.14)				
c. Management acknowledges: (AU 558.05c) <ul style="list-style-type: none"> • Its responsibility for the required supplemental information (RSI); • That the RSI is measured and presented in accordance with 				

	Yes	No	N/A	Remarks and Findings
<p>prescribed guidelines;</p> <ul style="list-style-type: none"> • Whether the methods of measurement or presentation have changed from those used in the prior period and, if so, the reasons for such changes; and • Any significant assumptions or interpretations underlying the measurement or presentation of RSI. 				
<p>d. Management: (AU 551.07g)</p> <ul style="list-style-type: none"> • Acknowledges its responsibility for the presentation of the supplementary information (SI) in accordance with the applicable criteria; • Believes the SI, including its form and content, is fairly presented in accordance with applicable criteria; • Acknowledges that the methods of measurement or presentation have not changed from those used in the prior period or, if the methods of measurement or presentation have changed, the reasons for such changes; • Acknowledges about any significant assumptions or interpretations underlying the measurement of the SI; and • Acknowledges that when SI is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the SI no later than the date of issuance by the entity of the SI and the auditor's report thereon. 				
<p>3.7 Did the auditor obtain timely and appropriate responses from the entity's attorneys concerning litigation, claims, and assessments, or document the basis for not seeking direct communication with the entity's legal counsel? (AU 501.18-.24)</p>				

	Yes	No	N/A	Remarks and Findings
<i>Compliance With Laws and Regulations ? (AU 250)</i>				
3.8 Did the auditor inspect correspondence, if any, with relevant licensing or regulatory authorities? (AU 250.14b)				
3.9 If the auditor’s procedures disclosed instances or indications of noncompliance with laws and regulations that have a direct and material effect on the various opinion units within the basic financial statements, did the auditor properly consider, perform, and document tests of compliance with applicable laws and regulations in accordance with professional standards, including:				
a. Follow up in accordance with professional standards? (AU 250.17–.20)				
b. Report the noncompliance with laws and regulations to those charged with governance in accordance with professional standards? (AU 250.21–.23)				
c. Document a description of the identified or suspected noncompliance with laws and regulations and the results of discussions with management and, when applicable, those charged with governance and other parties inside or outside the entity? (AU 250.28)				
<i>Fraud; Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements; and Abuse (GAS, 4.06 – 4.09; AU 240; AU 250)</i>				
3.10 In addition to the AICPA requirements concerning fraud and noncompliance with provisions of laws and regulations, did the auditor extend the AICPA requirements pertaining to the auditors’ responsibilities for laws and regulations to also apply to consideration of compliance with provisions of contracts or grant agreements? (GAS, 4.06)				
3.11 If indications of possible abuse that could				

	Yes	No	N/A	Remarks and Findings
be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives were identified, did the auditor apply procedures to determine the potential effect on the financial statements or other data significant to the audit objectives? (GAS, 4.08)				
<i>Going Concern Considerations (AU 570)</i> 3.12 Did the auditor evaluate whether there was substantial doubt about the entity’s ability to continue as a going concern for a reasonable period of time? (AU 570.08–.09)				
3.13 If the auditor believed that there was substantial doubt about the entity’s ability to continue as a going concern for a reasonable period of time, did the auditor perform appropriate procedures? Consider if: a. The auditor obtained information about management’s plans that are intended to mitigate the effect of such conditions or events and evaluated the likelihood that such plans could be implemented effectively. (AU 570.10–.11)				
b. The auditor documented: (AU 570.22) <ul style="list-style-type: none"> • The conditions or events that led to the belief that there is substantial doubt about the entity’s ability to continue as a going concern for a reasonable period of time. • The elements of management’s plans that the auditor considered to be particularly significant to overcoming the adverse effects of the conditions or events. • The auditing procedures performed and evidence obtained in connection with the auditor’s evaluation of management’s plans. • The auditor’s conclusions about 				

	Yes	No	N/A	Remarks and Findings
<p>whether substantial doubt about the entity’s ability to continue as a going concern for a reasonable period of time remains or is alleviated.</p> <ul style="list-style-type: none"> The consideration and effect of the auditor’s conclusion on the financial statements, disclosures, and the audit report. 				
<p>c. The auditor considered the need for disclosure of the principal conditions and events that initially caused the auditor to believe there was substantial doubt together with the mitigating factors if the auditor’s substantial doubt was alleviated. (AU 570.13)</p>				
<p>d. The auditor’s report included an emphasis-of-matter paragraph that adequately reflects the auditor’s conclusion and was expressed through the use of the terms “substantial doubt” and “going concern” if the auditor’s substantial doubt was not alleviated. (AU 570.15–.16)</p>				
<p>e. The auditors obtained written representations from management that include: (AU 570.14)</p> <ul style="list-style-type: none"> Management’s plans that are intended to mitigate the adverse effects of conditions or events that indicate there is substantial doubt about the entity’s ability to continue as a going concern for a reasonable period of time and the likelihood that those plans can be effectively implemented. A statement that the financial statements disclose all the matters of which management is aware that are relevant to the entity’s ability to continue as a going concern, including principal conditions or events and management’s plans. 				

	Yes	No	N/A	Remarks and Findings
<p><i>Communication of Internal Control Related Matters</i> (AU 265)</p> <p>3.14 Did the auditor report matters relating to the internal control to management and those charged with governance in a timely manner? Consider if:</p> <p>a. Deficiencies in internal control were identified during the audit; the auditor performed an evaluation of each deficiency to determine, on the basis of the work performed, if the deficiencies constituted significant deficiencies or material weaknesses. (AU 265.09)</p>				
<p>b. Deficiencies in internal control that were not material weaknesses, would a prudent officials, having knowledge of the same facts and circumstances, likely reach the same conclusion as the auditor’s conclusion. (AU 265.10)</p>				
<p>c. Other deficiencies in internal control identified during the audit that have not been communicated to management by other parties and that, in the auditor’s professional judgment, are of sufficient importance to merit management’s attention were communicated either in writing or orally. If other deficiencies in internal control are communicated orally, the auditor should document the communication. (AU 265.12b)</p>				
<p>d. The auditor complied with the requirement not to issue a written report stating that no significant deficiencies were identified during an audit. (AU 265.16)</p>				
<p>3.15 Did the written communication regarding significant deficiencies and material weaknesses include or state the following: (AU 265.14):</p> <p>a. The purpose of the audit was to express an opinion on the financial statements, but not to express an opinion on the effectiveness of the</p>				

	Yes	No	N/A	Remarks and Findings
entity's internal control over financial reporting?				
b. The auditor is not expressing an opinion on the effectiveness of internal control?				
c. The definition of the term material weakness and, when relevant, significant deficiency?				
d. An explanation of potential effects of any significant deficiencies or material weaknesses?				
e. An appropriate alert restricting the use of the communication?				
<i>Subsequent Events</i> (AU 560, AU 585)				
3.16 Did the auditor consider information and apply appropriate professional guidance with respect to events occurring subsequent to the report release date? Consider the following:				
a. The auditor considered appropriate procedures regarding events subsequent to the balance-sheet date through the date of the auditor's report. (AU 560.09-.10)				
b. The auditor gave appropriate consideration to additional evidence that becomes available prior to the issuance of the financial statements. (AU 560.12-.14)				
c. If the auditor, subsequent to the report release date, became aware of facts that may have existed at that date that might have affected the report on the financial statements had the auditor then been aware of such information, the auditor considered the guidance in professional standards in determining an appropriate course of action and the matter appears to be properly resolved. (AU 560.15-.18)				
d. If there is an indication that the auditor concluded that one or more auditing				

	Yes	No	N/A	Remarks and Findings
procedures considered necessary at the time of the audit of the financial statements in the circumstances were omitted from the audit, the auditor considered the guidance in professional standards in determining an appropriate course of action and the matter appears to be properly resolved. (AU 585)				
<i>Evaluating Audit Findings</i> (AU 700.20, AU 705) 3.17 If the auditor concluded that, or is unable to conclude whether, the financial statements (opinion units) are materially misstated, did the auditor appropriately modify the opinion in the auditor’s report on the financial statements?				
<i>Communication With Those Charged With Governance</i> (AU 260) 3.18 Did the auditor substantively meet the professional standards regarding auditor communications? Did the auditor:				
a. Properly determine the appropriate persons within the audited entity’s governance structure with whom to communicate? (AU 260.07–.09)				
b. Communicate, to those charged with governance, the auditor’s responsibilities for forming and expressing an opinion on the financial statements under the applicable financial reporting framework, and that the audit does not relieve management or those charged with governance of their responsibilities, when applicable? (AU 260.10)				
c. Communicate the form, timing, and expected general content of the auditor’s communication with those charged with governance? (AU 260.15)				
d. Communicate, in a timely manner, and in writing, the significant audit findings when, in the auditor’s judgment, oral communication would				

	Yes	No	N/A	Remarks and Findings
not be adequate; and include in the written communication that it is intended solely for the information and use of those charged with governance and management, and is not intended to be, and should not be, used by anyone other than these specified parties? (AU 260.16–.17)				
e. Evaluate whether the two-way communication between the auditor and those charged with governance has been adequate for the purpose of the audit? If the auditor has not evaluated the adequacy of two-way communication, did the auditor evaluate the effect, if any, on the auditor’s assessment of risks of material misstatement and ability to obtain sufficient appropriate audit evidence and then take appropriate action? (AU 260.19)				
f. Document whether the information was communicated and if the communication was oral, include when and to whom it was communicated? (AU 260.20)				
<i>Audit Documentation</i> (AU 230, AU 300, AU 330, AU 334, AU-C 450, AU-C 600) 3.19 Did the audit documentation provide evidence of the auditor’s basis for a conclusion about the achievement of the overall objectives of the auditor and evidence that the audit was planned and performed in accordance with GAGAS and applicable legal and regulatory requirements? (AU 230.02)				
3.20 Was the audit documentation sufficient to enable an experienced auditor having no previous connection to the audit to understand the nature, timing, and extent of procedures performed; results of the procedures performed; audit evidence obtained; and significant findings or issues arising during the audit, the conclusions reached thereon, and significant professional judgments made in reaching				

	Yes	No	N/A	Remarks and Findings
those conclusions? (AU 230.08-.09)				
3.21 For audit procedures related to the inspection of significant contracts or agreements, did the auditor include abstracts or copies of those contracts or agreements in the audit documentation? (AU 230.10)				
3.22 Did the auditor document discussions of significant findings or issues with management, those charged with governance, and others, including the nature of significant findings or issues discussed and when and with whom the discussions took place? (AU 230.11)				
3.23 If the auditor departed from a presumptively mandatory generally accepted auditing standards (GAAS) or GAGAS requirement, did the auditor document the justification for the departure and how other procedures performed in the circumstances were sufficient to achieve the intent of that requirement? (AU 230.13)				
3.24 If the auditor performed new or additional audit procedures or drew new conclusions after the date of the auditor's report, did the auditor document the circumstances encountered; the new or additional procedures performed, audit evidence obtained, conclusions reached, and their effect on the auditor's report; and when and by whom the resulting changes to audit documentation were made and reviewed? (AU 230.14)				
3.25 Did the auditor document the report release date in the audit documentation? (AU 230.15)				
3.26 Was the auditor's documentation consistent with the assembling of the audit documentation file and completion of the administrative process of assembling the audit file on a timely basis, no later than 60 days following the report release date? (AU 230.16)				

	Yes	No	N/A	Remarks and Findings
3.27 Did the auditor’s documentation establish reasonable procedures for retention of and access to audit documentation in accordance with OIG requirements? (AU 230.17)				
3.28 If the auditor found it necessary to modify existing audit documentation or add new audit documentation after the documentation completion date, did the auditor document the specific reasons for making the change and when and by whom it was made and reviewed? (AU 230.18)				
3.29 If applicable, is a record of the significant changes to the overall strategy and audit plan and resulting changes to the planned nature, timing, and extent of audit procedures that explains why the significant changes were made and why the overall strategy and audit plan were finally adopted for the audit? Does it also reflect the appropriate response to the significant changes occurring during the audit? (AU 300.A23)				
3.30 Did the auditor perform substantive procedures on items related to confirmations and reconciliations including journal entries, adjusting and closing entries, subsidiary accounts, Fund Balance with Treasury and other intergovernmental balances, and fund financial statements? (UA 330.04, UA 334.09)				
3.31 If the audit involves group and component financial statements, did the auditor establish levels of performance materiality for each level, component and group? (AU-C 600.32)				
3.32 Did the auditor document a summary of misstatements identified during the audit, unless considered trivial and whether they have been corrected? (AU-C 450.12b)				
3.33 Did the auditor document the conclusion about whether uncorrected misstatements are material, individually or in the				

	Yes	No	N/A	Remarks and Findings
aggregate, and the basis for the conclusion? (AU-C 450.12c)				
4. GAGAS Field Work Standards – Supervision and Audit Documentation				
4.1 Did the auditors communicate pertinent information that in the auditor’s professional judgment needs to be communicated to individuals contracting for or requesting the audit, and to cognizant legislative committees when auditors performed the audit pursuant to a law or regulation or when they conducted the work for the legislative committee that has oversight of the audited entity? (GAS, 4.03)				
4.2 When there is not a single individual or group that both oversees 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, 4.04)				
4.3 Did the auditors evaluate whether the entity took appropriate corrective action to address findings and recommendations from previous audits that could have a material effect on the financial statements or other financial data significant to the audit objectives? (GAS, 4.05)				
4.4 Did the auditors use the information gathered in regards to findings and recommendations from previous audits in planning the audit and to assess risk and determine the nature, timing, and extent of current audit work? (GAS, 4.05)				
4.5 Did the auditors extend the AICPA requirements pertaining to the auditors’ responsibilities for laws and regulations to compliance with provisions of contracts or grant agreements? (GAS, 4.06)				
4.6 If the auditors identified possible abuse				

	Yes	No	N/A	Remarks and Findings
that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives, did the auditors apply procedures to determine the potential effect on the financial statements or other data significant to the audit objectives? (GAS, 4.08)				
4.7 If applicable, did the auditors evaluate whether initiated or on-going investigations or legal proceedings may impact the current audit? (GAS, 4.09)				
4.8 If deficiencies in internal control, noncompliance with provisions of laws, regulations, contracts, or grant agreements; fraud; or abuse were identified, did the auditors plan and perform procedures to develop the findings to contain the elements of criteria, condition, cause, and effect or potential effect, as applicable to the audit objectives? (GAS, 4.10-4.14)				
4.9 Does the audit documentation contain evidence of supervisory review, before report release date, of the evidence that supports findings, conclusions, and recommendations contained in the auditors' report? (GAS, 4.15a)				
4.10 If the auditors did not comply with applicable GAGAS requirements (mandatory requirements and presumptively mandatory requirements where alternative procedures were not sufficient to achieve the standard's objectives), did the audit documentation include the departure, and the impact on the audit and on the auditors' conclusions when the audit is not in compliance with applicable GAGAS requirements due to law, regulation, scope limitations, restrictions on access to records, or other issues impacting the audit? (GAS, 4.15b)				
4.11 If applicable, did the auditors make appropriate staff, as well as audit documentation, available upon request and in a timely manner to other auditors or				

	Yes	No	N/A	Remarks and Findings
reviewers? (GAS, 4.16)				
5. AICPA Reporting Standards				
5.1 Does the audit report state whether the financial statements are presented in accordance with generally accepted accounting principles (GAAP)? (AU 700.35-36)				
5.2 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? (AU 708)				
5.3 Is the report in writing and does it include appropriate language in the circumstances? (AU 700.22-.43)				
5.4 If the auditor determined that informative disclosures are not adequate, does the auditor state so in the auditor's report? (AU 700.21)				
5.5 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? (AU 700.19-.20, AU 705)				
5.6 Is the report dated in conformity with the requirements of professional standards? (AU 700.41) The audit report should be dated no earlier than the date on which the auditor has obtained sufficient appropriate evidence on which to base the auditor's opinion on the financial statement: <ul style="list-style-type: none"> • The audit documentation has been reviewed; • Included related notes; and • Management has asserted that it has taken responsibility for those financial statements. 				
5.7 Does the report appropriately include the basic elements required under professional standards, and is appropriate language used				

	Yes	No	N/A	Remarks and Findings
for modifying the report in the circumstances described in such standards? (AU 700. 22-.41, .A2, .A19-.A25; AU 800) It should:				
a. Include the word “independent” in the title; (AU 700.23)				
b. Be addressed as required by the circumstances of the audit; (AU 700.24 and .A19)				
c. Identify the entity whose financial statements have been audited and the title of each statement that the financial statements comprise; state that the financial statements have been audited, and specify the date or period covered by each financial statement that the financial statements comprise; (AU 700.25)				
d. Include a section with the heading, “Management’s Responsibility for the Financial Statements;” (AU 700.26)				
e. Describe management’s responsibility for the preparation and fair presentation of the financial statements; (AU 700.27-.28 and .A24-.A25)				
f. Include a section with the heading, “Auditor’s Responsibility” and state that the responsibility of the auditor is to express an opinion on the financial statements based on the audit; (AU 700.29-.30)				
g. State that the audit was conducted in accordance with GAAS and identify the U. S. as the country of origin of those standards; (AU 700.31,A2)				
h. Include a statement that the audit involves performing to obtain evidence about the amounts and disclosure in the financial statements, the procedure selected depend on the auditors’ judgment, and evaluating the policies and the reasonableness of estimates				

	Yes	No	N/A	Remarks and Findings
used; (AU 700.32)				
i. Include a state whether the auditor believes that the audit evidence the auditor has obtained is sufficient and appropriate to provide a basis for the auditor's opinion; (AU 700.33)				
j. Include a section titled "Opinion" or "Opinions," if there are multiple opinion units; (AU 700.34)				
k. Identify the applicable financial reporting framework and its country of origin; (AU 700.36)				
l. Be appropriately modified in accordance with professional standards if the basis of presentation is a comprehensive basis of accounting other than GAAP. (AU 800)				
5.8 Has the report been modified with explanatory language to cover applicable circumstances in the entity's financial statements such as a material changes between accounting periods, significant or unusual items, inconsistencies, omissions, and the like? (AU-C 705)				
5.9 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 700.54)				
5.10 If supplementary information accompanies the basic financial statements, does the auditor include either (1) an explanatory paragraph following the opinion paragraph in the auditor's report on the financial statements or (2) in a separate report on the supplementary information that contains: a. A statement that the audit was conducted for the purpose of forming an opinion on the financial statements				

	Yes	No	N/A	Remarks and Findings
as a whole?				
b. A statement that the supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements?				
c. A statement that the supplementary information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements?				
d. A statement that the supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures?				
e. The appropriate opinion on the accompanying information?				
6. GAGAS Reporting Standards				
6.1 Did the auditors' report include a statement that the audit organization performed the audit in accordance with GAGAS or a modified GAGAS statement? (GAS, 2.24, 2.25, 4.18)				
6.2 Did the auditors report on internal controls over financial reporting and compliance with provision of laws, regulations, contracts, and grant agreements, regardless of deficiencies identified? (GAS, 4.19)				
6.3 Did the auditors describe, either in the same report, or in separate reports, the scope of work related to internal control and compliance with laws, regulation, and provisions of contracts or grant agreements and whether the work supports an opinion on the effectiveness of controls and compliance? (GAS, 4.20)				
6.4 If the auditors report internal control and compliance matters in a separate report did they make reference to the separate report in the report on the financial statements				

	Yes	No	N/A	Remarks and Findings
and state that the report is an integral part of a GAGAS audit and important in assessing the results of the audit? (GAS, 4.22)				
6.5 If the audit documentation provides evidence of any of the following, do the reports on internal control and compliance and other matters properly report: (GAS, 4.23)				
a. Significant deficiencies and material weaknesses in internal control?				
b. Instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance?				
c. Noncompliance with provisions of contracts or grant agreements that has a material effect on the audit?				
d. Abuse that has a material effect on the audit?				
6.6 If the audit documentation provides evidence of any of the following either has occurred is likely to occur, do the reports on internal control and compliance include relevant information about: (GAS, 4.25)				
a. Fraud and noncompliance with provisions of laws or regulations that have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives and any other instances that warrant the attention of those charged with governance?				
b. Noncompliance with provisions of contracts or grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives?				

	Yes	No	N/A	Remarks and Findings
c. Abuse that is material, either quantitatively or qualitatively?				
6.7 Did the auditors communicate in writing, to those charged with governance, when the auditors detect instances of noncompliance with provisions of contracts and grant agreements or abuse that have an effect on the financial statements or other financial data significant to the audit objectives that are less than material but warrant the attention of those charged with governance? (GAS, 4.26)				
6.8 When presenting findings on deficiencies in internal control, fraud, noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, did the auditors develop the elements of a finding to the extent necessary to include findings related to deficiencies reported in previous audits that have not been remediated? (GAS, 4.28)				
6.9 When presenting findings, 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 being performed that resulted in the finding? (GAS, 4.28)				
6.10 When presenting findings, did the auditors also relate the instances identified to the population or number of cases examined and quantify the results or limit the conclusions appropriately if the results cannot be projected? (GAS, 4.28)				
6.11 Did the auditors report known or likely fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements or abuse directly to parties outside the audited entity including: (GAS, 4.30-4.32) a. To those charged with governance when the entity management fails to (i) satisfy legal or regulatory requirements to report such information to external				

	Yes	No	N/A	Remarks and Findings
parties specified in laws or regulations; or (ii) timely respond to known or likely fraud, noncompliance, and abuse that have a material effect on the financial statements and involves funding issues? (GAS, 4.30a-b)				
b. To the specified external parties if the audited entity still does not report the information as soon as practicable after the auditor reported the information to those charged with governance for fraud that does not deal with funding issues? (GAS, 4.30a)				
c. To the funding agency if the audited entity still does not report the information as soon as practicable after the auditor reported the information to those charged with governance for fraud that deals with funding issues? (GAS, 4.30b)				
d. If applicable, did the auditors report the information as indicated in the paragraphs above even if the auditor(s) have resigned or were dismissed from the assignment before completion? (GAS, 4.31)				
e. Did the auditors obtain sufficient, appropriate evidence to corroborate assertions by management that it has reported such findings in accordance with laws, regulations, and funding agreements? (GAS, 4.32)				
6.12 For reported findings related to internal control deficiencies; fraud; noncompliance with provisions of laws, regulations, contracts, or grant agreements; or abuse, did the auditors obtain and report the views of responsible officials as well as planned corrective action? (GAS, 4.33)				
6.13 When management provides written comments to findings and recommendations, did the auditors include a copy of the entity's written comments or a summary of the comments received?				

	Yes	No	N/A	Remarks and Findings
(GAS, 4.35)				
6.14 When management provides written comments to findings and recommendations, did the auditors also include an evaluation of the comments as appropriate, including any technical comments received? (GAS, 4.36)				
6.15 If the views of responsible officials are inconsistent or in conflict with the findings, conclusions, or recommendations or that planned corrective actions do not adequately address the recommendations, did the auditors evaluate the validity of such comments, and either modify their report if the response is valid or explain the reasons for disagreement if the response is not valid? (GAS, 4.38)				
6.16 If the entity refuses to provide comments or is unable to do so in a timely manner, did the auditors indicate as such in their report? (GAS, 4.39)				
6.17 If certain information is prohibited from public disclosure or is excluded from the report due to confidentiality or sensitive nature, did the auditors evaluate the impact of the omitted information and state in the report that certain information was omitted and the reason that makes the omission necessary? (GAS, 4.40, 4.43)				
6.18 When the audit organization is subject to public records law requirements, did the auditors include a determination of forms of communications with management and those charged with governance when those laws impact the availability of classified or limited use reports? (GAS, 4.44)				
6.19 Was the audit report submitted to those charged with governance, the appropriate audited entity officials, and the appropriate oversight bodies or organizations arranging for the audit? (GAS, 4.45a)				

	Yes	No	N/A	Remarks and Findings
7. OIG Quality Control Policies and Procedures				
7.1	<p>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, 3.93a) Note: The adequacy of the OIG’s policies and procedures was evaluated in Appendix A. If the reviewer 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.</p>			
8. Overall Assessment				
8.1	<p>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. Appropriate inquiries about exceptions should be made with the auditors and management of the audit organization to determine the underlying reasons.</p>			
END OF CHECKLIST				