##### **Appendix E**

##### **Checklist for Performance Audits Performed by the Office of Inspector General**

This appendix includes guidance for reviewing performance audits conducted by the Office of Inspector General (OIG) in accordance with *Government Auditing Standards*⎯commonly referred to as generally accepted government auditing standards (GAGAS). This appendix does not replace auditor judgment; the peer review team may modify the checklist to ensure coverage as necessary depending on the circumstances of the reviewed OIG. This checklist is not intended to be used for the OIG’s monitoring of the work of an independent public accountant (IPA) if the IPA signed the report as the auditor. The guidance for the review of IPA monitoring is in Appendix F, *Checklist for the Monitoring of GAGAS Engagements Performed by an Independent Public Accounting Firm*.

OIG UNDER REVIEW

& PERIOD REVIEWED:

ENGAGEMENT NAME:

ENGAGEMENT NO.:

REVIEWER(S):

DATE COMPLETED:

| **Description** | **Yes** | **No** | **N/A** | **Comments** |
| --- | --- | --- | --- | --- |
| **1. Standards of Independence Professional Judgment, and Competence and Continuing Professional Education[[1]](#footnote-2)** | | | | |
| * 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)[[2]](#footnote-3) |  |  |  |  |
| * 1. 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, and that professional judgment was used in planning and performing the audit and reporting the results? (GAS 3.18-3.20, 3.23, 3.109) |  |  |  |  |
| * 1. Did the staff assigned to the engagement collectively have the competence needed for their assigned roles to address the engagement objectives and perform the work? (GAS 4.02, 4.03, 8.31) |  |  |  |  |
| * 1. Did staff who planned, directed, and performed the audit and reported the results develop and maintain their professional competencies by completing required continuing professional education hours? (GAS 4.16) |  |  |  |  |
| **2. Fieldwork Standards – Planning** | | | | |
| * 1. In planning the work to address the engagement objectives, did the team: |  |  |  |  |
| * + 1. If applicable, document the nature and scope of the work to be performed by specialists and their independence? (GAS 8.32, 8.82) |  |  |  |  |
| * + 1. Prepare a written audit plan and make necessary changes to adjust for significant changes made during the audit? (GAS 8.33) |  |  |  |  |
| * + 1. If other auditors’ work was used, did the auditors obtain evidence about the other auditors’ qualifications and assess their independence? (GAS 8.81) |  |  |  |  |
| * 1. In designing the methodology, did the planning include: |  |  |  |  |
| * + 1. An assessment of significance and audit risk? (GAS 8.05) |  |  |  |  |
| * + 1. Asking management to identify investigative or legal proceedings initiated or in-process that are significant to the objectives and to evaluate their impact on the engagement? (GAS 8.27) |  |  |  |  |
| * + 1. Asking management to identify previous engagements and studies applicable to the audit objectives, and to determine whether the previous work and the implementation of the corrective actions is applicable to the current objectives? (GAS 8.30) |  |  |  |  |
| * + 1. Obtaining an understanding of the nature of the program under audit and the potential use that will be made of the results or report? (GAS 8.36) |  |  |  |  |
| * + 1. Obtaining a sufficient understanding of the information systems controls necessary to assess audit risk and plan the work in the context of the engagement objectives? (GAS 8.60) |  |  |  |  |
| * + 1. Identifying any provisions of laws, regulations, contracts, and grant agreements that are significant in the context of the engagement objectives, and assessing the risk that noncompliance with provisions of laws, regulations, contracts, and grant agreements could occur? (GAS 8.68) |  |  |  |  |
| * + 1. Assessing the risks of fraud occurring that are significant in the context of the engagement objectives, and gathering and identifying the risks and discussing fraud risks, including incentives or pressures to commit fraud, the opportunity for fraud to occur, and rationalizations or attitudes that could increase the risk of fraud? (GAS 8.71) |  |  |  |  |
| * 1. Did the auditors design the methodology to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on the engagement objectives and to reduce audit risk to an acceptably low level? (GAS 8.06) |  |  |  |  |
| * 1. Did the auditors identify and use suitable criteria based on the audit objectives? (GAS 8.07) |  |  |  |  |
| * 1. If the auditors changed the engagement objectives after planning, did they document the revised objectives and the reasons for the changes? (GAS 5.23) |  |  |  |  |
| * 1. Did the auditors communicate an overview of the objectives, scope, methodology, and the timing of the engagement and planned reporting 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 8.20) |  |  |  |  |
| * 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 8.21-8.22) |  |  |  |  |
| * 1. Did the auditors adequately plan the work necessary to address the engagement objectives and reduce audit risk to an acceptably low level? (GAS 8.03-8.04) |  |  |  |  |
| * 1. Was adequate staff assigned to the engagement? (GAS 8.31) |  |  |  |  |
| **3. Fieldwork Standards – Conducting the Engagement** | | | | |
| * 1. If findings and recommendations from prior engagements are significant in the context of the audit objectives, did the auditors evaluate whether the audited entity took appropriate corrective actions to address them? (GAS 8.30) |  |  |  |  |
| * 1. Did the auditors determine whether internal control is significant to the audit objectives? (GAS 8.39) |  |  |  |  |
| * 1. If internal control is significant to the engagement objectives, did the auditors: |  |  |  |  |
| * + 1. Obtain an understanding of the internal control? (GAS 8.40) |  |  |  |  |
| * + 1. Assess the design, implementation, and operating effectiveness of such internal control to the extent necessary to address the objectives? (GAS 8.49) |  |  |  |  |
| * + 1. Evaluate the significance of identified internal control deficiencies in the context of the objectives? (GAS 8.54) |  |  |  |  |
| * + 1. Determine whether it is necessary to evaluate information systems controls? (GAS 8.59) |  |  |  |  |
| * 1. When the auditors determined that information systems controls are significant to the engagement objectives, or when the effectiveness of significant controls depends on the effectiveness of information systems controls, did the auditors do the following: |  |  |  |  |
| * + 1. Evaluate the design, implementation, and operating effectiveness of information systems controls, including other information systems controls that affect the effectiveness of the significant controls or the reliability of information used in performing the significant controls? (GAS 8.60) |  |  |  |  |
| * + 1. Determine the audit procedures related to information systems controls needed to obtain sufficient, appropriate evidence to support findings and conclusions? (GAS 8.61) |  |  |  |  |
| * + 1. If the engagement objective is to evaluate information systems controls, test information systems controls to the extent necessary to address the objective? (GAS 8.62) |  |  |  |  |
| * 1. If provisions of laws, regulations, contracts, and grant agreements are significant in the context of the engagement objectives, did the auditors design and perform procedures to obtain reasonable assurance of detecting instances of noncompliance? (GAS 8.68) |  |  |  |  |
| * 1. If the risk of fraud is significant within the scope of the engagement objectives, did the auditors: |  |  |  |  |
| * + 1. Gather and assess information to identify risks of fraud that could affect the findings and conclusions? (GAS 8.71) |  |  |  |  |
| * + 1. Assess the risk of fraud throughout the engagement? (GAS 8.72) |  |  |  |  |
| * + 1. Extend the necessary steps and procedures to determine whether fraud has likely occurred when information came to the auditors’ attention that fraud that is significant in the context of the engagement objectives may have occurred? (GAS 8.72) |  |  |  |  |
| * + 1. Determine the fraud’s effect on the findings if it has likely occurred? (GAS 8.72) |  |  |  |  |
| * 1. Did the auditors evaluate whether any lack of sufficient appropriate evidence is caused by internal control deficiencies or other program weaknesses, and whether the lack of sufficient, appropriate evidence could be the basis for the findings? (GAS 8.78) |  |  |  |  |
| * 1. If the auditors used the work of 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 audit work performed by the other auditors can be relied on in the context of the audit objectives? (GAS 8.81) |  |  |  |  |
| **4. Fieldwork Standards – Supervision** | | | | |
| * 1. Was staff properly supervised? (GAS 8.87) |  |  |  |  |
| * 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) |  |  |  |  |
| **5. Fieldwork Standards – Evidence** | | | | |
| * 1. Did the auditors obtain sufficient, appropriate evidence to provide a reasonable basis for addressing the engagement objectives and supporting the findings and conclusions? (GAS 8.90) |  |  |  |  |
| * 1. Did the auditors assess whether the evidence is relevant, valid, and reliable? (GAS 8.91) |  |  |  |  |
| * 1. Did the auditors determine whether adequate appropriate evidence exists to address the engagement objectives and support the findings and conclusions to the extent that would persuade a knowledgeable person that the findings are reasonable? (GAS 8.92) |  |  |  |  |
| * 1. When auditors used information provided by the audited entity as part of their evidence, did they determine what the officials or other auditors had done to obtain assurance over the reliability of the information? (GAS 8.93) |  |  |  |  |
| * 1. Did the auditors evaluate the objectivity, credibility, and reliability of testimonial evidence? (GAS 8.94) |  |  |  |  |
| * 1. Did the auditors perform 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 8.108) |  |  |  |  |
| * 1. When evaluating the overall sufficiency and appropriateness of evidence, did the auditors evaluate the expected significance of evidence to the audit objectives, findings, conclusions, available corroborating evidence, and the level of audit risk? (GAS 8.109) |  |  |  |  |
| * 1. Did the auditors apply additional procedures, as appropriate, to overcome any limitations or uncertainties in evidence that are significant to the findings and conclusions? (GAS 8.110) |  |  |  |  |
| * 1. For findings, did the auditors develop the criteria, condition, cause, and effect to the extent that these elements are relevant and necessary to achieve the engagement objective? (GAS 8.116) |  |  |  |  |
| * 1. When internal controls are significant to the engagement objective, did the auditors consider internal control deficiencies when developing the cause element of identified findings? (GAS 8.117) |  |  |  |  |
| **6. Fieldwork Standards – Documentation** | | | | |
| * 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 from the documentation the nature, timing, extent, and results of procedures performed; the evidence obtained; and its source and the conclusions reached, including evidence that supports the auditors’ significant judgments and conclusions? (GAS 8.132) |  |  |  |  |
| * 1. Did the auditors prepare the engagement documentation in reasonable form and content for the circumstances of the audit, which contained evidence supporting the findings, conclusions, and recommendations before the report was issued? (GAS 8.133-8.134) |  |  |  |  |
| * 1. Did the auditors document: (GAS 8.135) |  |  |  |  |
| 1. The objectives, scope, and methodology of the audit? |  |  |  |  |
| 1. The work performed and evidence obtained to support significant judgments and conclusions? |  |  |  |  |
| 1. Supervisory review, before the report was issued, of the evidence supporting the findings, conclusions, and recommendations contained in the report? |  |  |  |  |
| * 1. If auditors did not comply with applicable GAGAS requirements, did they document the departure from GAGAS, the impact on the engagement, and the auditors’ conclusions? (GAS 2.03-2.04, 2.19, 8.136) |  |  |  |  |
| **7. Reporting Standards – Compliance with GAGAS and Format** | | | | |
| * 1. When the auditors complied with all applicable GAGAS requirements, did they use the unmodified GAGAS compliance statement in the report? (GAS 2.17a, 9.03) |  |  |  |  |
| * 1. When the auditors did not comply with all applicable GAGAS requirements, did they include a modified GAGAS compliance statement in the report that the requirements were not followed or that the auditors did not follow GAGAS? (GAS 2.17b, 2.18, 3.84, 9.05) |  |  |  |  |
| * 1. When a modified GAGAS statement is used, did the auditors disclose the applicable requirements not followed, the reasons for not following the requirements, and how not following the requirements affected, or could have affected, the engagement and the assurance provided? (GAS 2.18, 3.84) |  |  |  |  |
| * 1. Did the auditors issue a report communicating the results of the engagement? (GAS 9.06) |  |  |  |  |
| * 1. Did the auditors use a form of the report appropriate for its intended use and in writing or some other retrievable form? (GAS 9.07) |  |  |  |  |
| **8. Reporting Standards – Report Content** | | | | |
| * 1. Did the report contain the audit objectives, scope, and methodology, including: (GAS 9.10) |  |  |  |  |
| * + 1. Communicating the engagement objectives in a clear, specific, neutral, and unbiased manner, including relevant assumptions and, if applicable, certain issues that were outside the engagement’s scope? (GAS 9.11) |  |  |  |  |
| * + 1. Describing the scope of the work performed and any limitations so that report users can reasonably interpret the findings, conclusions, and recommendations in the report without being misled, and also report any significant constraints imposed on the audit approach, including denials of, or excessive delays in, access to records or individuals? (GAS 9.12) |  |  |  |  |
| * + 1. Explaining the relationship between the population and the items tested; identifying entities, geographic locations, and the period covered; reporting the kinds and sources of evidence; and explaining any significant limitations or uncertainties based on the auditors’ overall assessment of the sufficiency and appropriateness of the evidence in the aggregate? (GAS 9.13) |  |  |  |  |
| * + 1. Describing the audit methodology and how the completed work supports the audit objectives in sufficient detail to allow knowledgeable users of the reports to understand how the auditors addressed the objectives, including evidence-gathering and evidence-analysis techniques; significant assumptions made; comparative techniques applied; the criteria used; and the sample design and why the design was chosen, including whether the results can be projected to the intended population? (GAS 9.14) |  |  |  |  |
| * 1. Did the auditors present sufficient, appropriate evidence in the report to support the findings and conclusions in relation to the audit objectives? (GAS 9.18) |  |  |  |  |
| * + 1. Did the auditors provide recommendations for corrective action if findings were significant in the context of the objectives? (GAS 9.18) |  |  |  |  |
| * + 1. Did the auditors report conclusions based on the audit objectives and findings? (GAS 9.19) |  |  |  |  |
| * + 1. If 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 in the context of the audit objectives and (2) such disclosure is necessary to avoid misleading the report users about the findings and conclusions? (GAS 9.20) |  |  |  |  |
| * + 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 9.21) |  |  |  |  |
| * + 1. If applicable, did the auditors 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, and did the auditors limit their conclusions appropriately if the results could not be projected? (GAS 9.21) |  |  |  |  |
| * + 1. Did the auditors disclose significant facts relevant to the audit objectives known to them that, if not disclosed, could mislead knowledgeable users, misrepresent the results, or conceal significant improper or illegal practices? (GAS 9.22) |  |  |  |  |
| 1. When feasible, did the auditors recommend actions to (1) correct deficiencies and other findings identified during the engagement and (2) improve programs and operations when the potential for improvement in programs, operations, and performance is substantiated by the reported findings and conclusions? (GAS 9.23) |  |  |  |  |
| 1. Did the auditors’ recommendations flow logically from the findings and conclusions? |  |  |  |  |
| 1. Were the recommendations directed at resolving the cause of identified deficiencies and findings? |  |  |  |  |
| 1. Did the recommendations clearly state recommended actions? |  |  |  |  |
| 1. When internal control is significant in the context of the audit objectives, did the auditors report (1) the scope of their work on internal control or components or principles and (2) any deficiencies in internal control that are significant in the context of the audit objectives and based on the work performed? (GAS 9.29-9.30) |  |  |  |  |
| 1. If the auditors detected deficiencies in internal control that were not significant to the audit objectives but warranted the attention of those charged with governance, did they include those deficiencies in the report or communicate those deficiencies in writing to audited entity officials? If the written communication is separate from the report, did the auditors refer to the separate written communication in the audit report? (GAS 9.31) |  |  |  |  |
| 1. Did the auditors report a matter as a finding when they concluded that noncompliance with provisions of laws, regulations, contracts, and grant agreements or fraud either has occurred or is likely to have occurred that is significant in the context of the audit objectives? (GAS 9.35, 9.40) |  |  |  |  |
| 1. If the auditors detected instances of noncompliance with provisions of laws, regulations, contracts, and grant agreements or instances of fraud that were not significant in the context of the audit objectives but warranted the attention of those charged with governance, did they communicate those findings in writing to audited entity officials? (GAS 9.36, 9.41) |  |  |  |  |
| 1. Did the auditors report to those charged with governance the audited entity management’s failure (1) to satisfy legal or regulatory requirements to report instances of noncompliance with provisions of laws, regulations, contracts, and grant agreements or instances of fraud or (2) to take timely and appropriate steps to respond to noncompliance that is significant to the subject matter or when the audited entity receives funding from a government agency? (GAS 9.45) |  |  |  |  |
| 1. Did the auditors directly report known or likely noncompliance with provisions of laws, regulations, contracts, and grant agreements or fraud to parties outside the audited entity when the audited entity did not report this information to specified external parties as soon as practicable after the auditors’ communication with those charged with governance about management’s failure to report? (GAS 9.45a) |  |  |  |  |
| * + 1. Did the auditors report known or likely noncompliance with provisions of laws, regulations, contracts, and grant agreements or fraud directly to the funding agency if the audited entity did not take timely and appropriate steps as soon as practicable after the auditors’ communication with those charged with governance about the audited entity’s failure to take timely action? (GAS 9.45b) |  |  |  |  |
| * + 1. Did the auditors obtain confirmations from outside parties to corroborate representations by audited entity management that it has reported audit findings in accordance with provisions of laws, regulations, or funding agreements or report such information directly to those charged with governance and external parties unable to corroborate management’s representations? (GAS 9.47) |  |  |  |  |
| **9. Reporting Standards – Views of Responsible Officials, Distribution, and Reporting Confidential or Sensitive Information** | | | | |
| 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 9.10, 9.50-9.51) |  |  |  |  |
| 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? |  |  |  |  |
| 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 did they include the summary in their report? |  |  |  |  |
| 1. If management comments were inconsistent or in conflict with the findings, conclusions, or recommendations in the draft report, did the auditors evaluate the validity of the audited entity's comments? (GAS 9.52) |  |  |  |  |
| 1. If the auditors disagreed with management’s comments, did they explain their reasons? |  |  |  |  |
| 1. If the auditors agreed with management’s comments, did they modify the report as necessary if they found the comments to be valid and supported with sufficient, appropriate evidence? |  |  |  |  |
| 1. If the audited entity refused to provide comments or was unable to provide comments within a reasonable period of time and the auditors issued the report without the comments, did the auditors state in the report that the audited entity did not provide comments? (GAS 9.53) |  |  |  |  |
| 1. Did the OIG distribute the audit report to those charged with governance, the appropriate audited entity officials, the appropriate oversight bodies, organizations requiring or arranging for the audits, other officials who have legal oversight authority or who may be responsible for acting on findings and recommendations, and others authorized to receive such reports? (GAS 9.58) |  |  |  |  |
| 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 9.10, 9.61) |  |  |  |  |
| * 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 revise the report language, as necessary, to avoid report users drawing inappropriate conclusions from the information presented? (GAS 9.62) |  |  |  |  |
| * 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 9.63) |  |  |  |  |
| **10. Overall Assessment** | | | | |
| * 1. Based on the results of the checklist and other work performed, conclude whether in performing and reporting on this audit, 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. When 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 reviewing 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 areas 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-2)
2. 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-3)