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**Appendix E**

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

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This appendix includes guidance for reviewing performance audits conducted by the Office of Inspector General (OIG). This appendix is not intended to replace auditor judgment, and the peer review team may modify the checklist to ensure coverage as necessary depending on the circumstances of the reviewed entity. This checklist 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. The guidance for the review of IPA monitoring is provided in Appendix F, *Checklist for Review of Monitoring of Audit Work Performed by an Independent Public Accounting Firm*.

OIG UNDER REVIEW  
& PERIOD REVIEWED: \_\_\_\_\_

NAME OF AUDIT: \_\_\_\_\_

CONTROL NO.: \_\_\_\_\_

REVIEWER(S): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

DATE COMPLETED: \_\_\_\_\_

Description	Yes	No	N/A	Comment
<p><b>1. General Standards</b></p> <p>In assessing compliance with the generally accepted government auditing standards (GAGAS) General Standards for Independence, Professional Judgment, and Competence on individual performance audits, the peer review team should consult the reviewed audit organization’s policies and procedures with respect to what is expected to be included as documentation to demonstrate compliance. It is important to keep in mind that certain documentation may be maintained on an organization-wide level and that evidence of compliance may not be found in the audit file for individual audits. When assessing the documentation, the peer review team should be alert to issues related to compliance with the General Standards for Independence, Professional Judgment, and Competence, and make further inquiry as appropriate. Organization-wide testing of the organization’s General Standards is accomplished with appendix B and not tested at individual audits. It is up to the peer review team to determine the nature and extent of the testing required based on the audit organization’s policies and procedures.</p>				
<p><b>1.1 Independence (GAS, 3.02-3.59)</b></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><b>1.2 Professional Judgment (GAS, 3.60)</b></p> <p>a. Taken as a whole, does the audit documentation show that professional judgment (that is, the exercise of reasonable care and professional skepticism) was used in planning and performing the audit and reporting the results? (GAS, 3.60)</p>				

Description	Yes	No	N/A	Comment
<p><b>1.3 Competence (GAS, 3.69-3.81)</b></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> <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>				
<b>2. Field Work Standards – Planning</b>				
<p>2.1 Was work adequately planned and documented, as appropriate, to address the audit objectives, scope and methodology, and did the work include: (GAS, 6.06, 6.07, 6.79)</p> <p>a. Assessing and reducing audit risk to an appropriate level to obtain reasonable assurance that evidence is sufficient to support the auditor’s findings and conclusions?</p> <p>b. Adjustments, as necessary, to reflect any significant changes to the objectives, scope, and methodology?</p>				
<p>2.2 Did the auditors design the methodology to obtain reasonable assurance that the evidence is sufficient and appropriate to support the auditors’ findings and conclusions in relation to the audit objectives and reduce audit risk to an acceptable level? (GAS, 6.10)</p>				
<p>2.3 Did the auditors gain an understanding of the nature and profile of the program and the needs of potential users of the audit report to assess audit risk and its significance within the context of the audit objectives? (GAS, 6.11a, 6.13)</p>				

Description	Yes	No	N/A	Comment
2.4 For internal control that was significant within the context of the audit objectives, did the auditors assess whether internal control had been properly designed and implemented and perform procedures to test the effectiveness of controls? (GAS, 6.11b, 6.16)				
2.5 If information systems controls were used extensively by the organization being audited that are significant to the audit objectives, did the auditors i) obtain an understanding of these controls; ii) evaluate the controls' design and operating effectiveness; and iii) determine which procedures related to the controls are needed? (GAS, 6.11c, 6.16, 6.24, 6.27)				
2.6 When provisions of laws, regulations, contracts, or grant agreements were significant within the context of the audit objectives, did the auditors assess the risk of noncompliance and include procedures to obtain reasonable assurance of detecting instances of noncompliance with provisions of laws, regulations, contracts, and grant agreements? (GAS, 6.11d, 6.28)				
2.7 When the risk of fraud occurring was significant within the context of the audit objectives, did the auditors discuss among the team fraud risks such as incentives or pressures to commit fraud, opportunities, and rationalizations and attitudes; gather and assess information to identify risks of fraud; and include procedures to obtain reasonable assurance of detecting any such fraud and to determine whether fraud had likely occurred and its effect on the audit findings? (GAS, 6.11d, 6.30 - .32)				
2.8 If auditors become aware of abuse that could be quantitatively or qualitatively significant to the program under audit, did the auditors apply audit procedures to ascertain the potential effect of abuse on the program within the context of the audit objectives? (GAS, 6.11d, 6.34)				
2.9 When ongoing investigations or legal proceedings were significant within the context of the audit objectives; did the auditors				

Description	Yes	No	N/A	Comment
evaluate their impact on the current audit? (GAS, 6.11e, 6.35)				
<p>2.10 Did auditors evaluate whether the audited entity had taken appropriate corrective actions to address findings and recommendations from previous engagements that are significant within the context of the audit objectives? In planning the engagement, did the auditors: (GAS, 6.11f, 6.36)</p> <p>a. Ask management to identify previous reviews that directly relate to the objectives of the audit, including whether related recommendations had been implemented?</p> <p>b. Use this information in assessing risk and determining the nature, timing, and extent of the audit work, including determining the extent to which testing the implementation of the corrective actions was applicable to the audit objectives?</p>				
2.11 Did the auditors identify the criteria needed that are relevant to the audit objectives and that permit consistent assessment of the subject matter? (GAS, 6.12a, 6.37)				
2.12 Did the auditors identify potential sources of information that could be used as evidence; determine the amount and type of evidence needed to obtain sufficient, appropriate evidence; and evaluate whether the lack of evidence and its subsequent impact on internal controls could be a basis for an audit finding? (GAS, 6.12b, 6.38, 6.39)				
2.13 Did the auditors evaluate whether to use the work of other auditors and specialists to address some of the audit objectives and their related qualifications and independence? (GAS, 6.12c, 6.40- 6.42)				
2.14 Did the auditors assign sufficient staff and specialists with adequate collective professional competence to perform the audit? (GAS, 6.12d, 6.45)				
2.15 Did the auditors communicate about planning and audit performance to management, those				

Description	Yes	No	N/A	Comment
charged with governance, and others as applicable, including an overview of the objectives, scope, and methodology and the timing of the audit and planned reporting (including any potential restrictions on the report)? (GAS, 6.12e, 6.47, 6.48)				
2.16 Did the auditors prepare a written plan and update it as needed to reflect any significant changes to the plan? (GAS, 6.12f, 6.51)				
<b>3. Field Work Standards – Supervision</b>				
3.1 Was staff properly supervised by audit supervisors or those designated to supervise? (GAS, 6.53)				
3.2 Did the auditors document supervisory review, before the audit report was issued, of the evidence supporting the findings, conclusions, and recommendations contained in the audit report? (GAS, 6.83c)				
<b>4. Field Work Standards – Evidence and Documentation</b>				
4.1 When an audit is terminated before completion, did the auditors document the results of the work up to the date of termination and the reason for the termination? (GAS, 6.50, 7.06)				
4.2 Did the auditors obtain sufficient, appropriate evidence to provide a reasonable basis for their findings and conclusions? (GAS, 6.56)				
4.3 Did the auditors assess whether the evidence is relevant, valid, and reliable? (GAS, 6.57)				
4.4 Did the auditors evaluate whether the evidence taken as a whole was sufficient and appropriate for addressing the audit objectives and supporting findings and conclusions? (GAS, 6.58)				
4.5 Did the auditors evaluate the objectivity, credibility, and reliability of testimonial evidence? (GAS, 6.62)				
4.6 When auditors used/relied on information provided by the audited entity officials as part of their evidence, did they determine what the officials or other auditors had done to obtain				

Description	Yes	No	N/A	Comment
assurance over the reliability of information provided? If necessary, did the auditors perform additional testing to obtain such assurance? (GAS, 6.65)				
4.7 Did the auditors assess the sufficiency and appropriateness of computer-processed information provided by the auditee officials or extracted by the auditors? (GAS, 6.66)				
4.8 For sufficiency of evidence, did the auditors determine whether enough appropriate evidence exists to address the audit objectives and support the findings and conclusions? (GAS, 6.67)				
4.9 Did the auditors determine the overall sufficiency and appropriateness of evidence to provide a reasonable basis for the findings and conclusions within the context of the audit objectives? (GAS, 6.69)				
4.10 Did the auditors perform and document an assessment of the collective evidence used to support findings and conclusions, including the results of any specific assessments conducted to conclude on the validity and reliability of specific evidence? (GAS, 6.69)				
4.11 Did the auditors evaluate the expected significance of evidence to the audit objectives, findings, and conclusions, available corroborating evidence, and the level of audit risk? (GAS, 6.71)				
4.12 Did the auditors apply additional procedures, as appropriate, to overcome limitations or uncertainties in evidence that is significant to the audit findings and conclusions? (GAS, 6.72)				
4.13 Did the auditors develop the elements of a finding necessary to address the audit objectives, and when appropriate, recommendations for corrective action? (GAS, 6.73)				
4.14 Did the auditors prepare audit documentation, including objectives, scope, and methodology, in sufficient detail to enable an experienced auditor, having no previous connection to the				

Description	Yes	No	N/A	Comment
audit, to understand 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, 6.79, 6.83a-6.83b)				
4.15 Did the auditors prepare audit documentation, in reasonable form and content for the circumstances of the audit, that contained evidence supporting the findings, conclusions, and recommendations before the report was issued? (GAS, 6.80, 6.81)				
4.16 When auditors did not comply with applicable GAGAS requirements, did they document the departure from GAGAS and the impact on the audit and on the auditors' conclusions, including (1) assessing the significance of the noncompliance to the audit objectives, along with their reasons for not following the requirement(s); and (2) determining the type of GAGAS compliance statement? (GAS, 2.25, 6.84)				
<b>5. Reporting Standards – Reporting</b>				
5.1 Did the auditors issue an audit report communicating the results of the audit? (GAS, 7.03)				
5.2 Did the auditors use a form of the audit report appropriate for its intended use and in writing or some other retrievable form? (GAS, 7.04)				
5.3 If, after the report is issued, the auditors discover that they did not have sufficient, appropriate evidence to support the reported findings or conclusions, did they: (GAS, 7.07)				
a. Communicate that circumstance to those charged with governance, the appropriate officials of the audited entity, the appropriate officials of the organization requiring or arranging for the audit, and other known users in the same manner as that used to originally distribute the report?				
b. Remove the report from their website and if applicable, post a public notice that the report was removed?				

Description	Yes	No	N/A	Comment
c. Determine whether to conduct additional work to reissue the report, including any revised findings or conclusions?				
d. Repost the original report if the additional audit work did not result in a change in findings or conclusions?				
<b>6. Reporting Standards – Report Contents</b>				
6.1 Did the audit report include a description of the audit objectives, the scope, and the methodology used to address the audit objectives, including: (GAS, 7.08-7.09)				
a. Communicating the audit objectives in a clear, specific, neutral, and unbiased manner that included relevant assumptions, and if appropriate, state that certain issues were outside the scope of the audit to avoid misunderstandings about the broader aspect of the scope? (GAS, 7.10)				
b. Describing the scope of the work performed and any limitations so that users could reasonably interpret the findings, conclusions, and recommendations in the report without being misled, and if appropriate, report any significant constraints imposed on the audit approach by information limitations or scope impairments, including denials or excessive delays of access to records or individuals? (GAS, 7.11)				
c. When using sampling, as applicable, explaining the relationship between the population and the items tested; identifying organizations, geographic locations, and the period covered; reporting the kinds and sources of evidence used; 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, 7.12)				
d. Reporting the methodology by explaining how the completed work supported the audit objectives in sufficient details to allow knowledgeable users of their reports				

Description	Yes	No	N/A	Comment
<p>to understand how the auditors addressed the audit objectives, including evidence gathering and analysis techniques; significant assumptions made; comparative techniques applied; criteria used; and, sampling results and methodology when used? (GAS, 7.13)</p>				
<p>6.2 With respect to reporting findings, did the auditors present sufficient, appropriate evidence to support the findings and conclusions in relation to the audit objectives? (GAS, 7.08, 7.14)</p> <p>a. If the auditors were able to sufficiently develop the elements of a finding, did they provide recommendations for corrective action if the recommendations were significant within the context of the audit objectives? (GAS, 7.14)</p>				
<p>b. As applicable, did the auditors describe limitations or uncertainties with the reliability or validity of evidence if (1) the evidence is significant to the findings and conclusions within the context of the audit objectives and (2) such disclosure is necessary to avoid misleading the report users about the findings and conclusions? Did the auditors describe the limitations or uncertainties regarding evidence in conjunction with the findings and conclusions, in addition to describing those limitations or uncertainties as part of the objectives, scope, and methodology? (GAS, 7.15)</p>				
<p>c. Did the auditors place their findings in perspective by describing the nature and extent of the issues being reported and the extent of the work performed that resulted in the finding? Did the auditors, as appropriate, relate the instances identified to the population or the number of cases examined and quantify the results in terms of dollar value, or other measures? If the results could not be projected, did the auditors limit their conclusions appropriately? (GAS, 7.16)</p>				
<p>d. Did the auditors disclose significant facts</p>				

Description	Yes	No	N/A	Comment
relevant to the objectives of their work and known to them which, if not disclosed, could mislead knowledgeable users, misrepresent the results, or conceal significant improper or illegal practices? (GAS, 7.17)				
6.3 Did the auditors report deficiencies in internal control that were significant within the context of the audit objectives? (GAS, 7.18)				
a. Did the audit report describe the auditors' scope of work on internal control? (GAS, 7.19)				
b. If the auditors detected deficiencies in internal control that were not significant to the objectives of the audit but warranted the attention of those charged with governance, did the auditors include those deficiencies either in the report or communicate those deficiencies <u>in writing</u> to audited entity officials? Did the auditors refer to that written communication in the audit report if the written communication was separate from the audit report? (GAS, 7.19)				
6.4 Did the auditors report instances of fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements or abuse that occurred or are likely to have occurred and are significant within the context of the audit objectives? (GAS, 7.18)				
a. If the auditors concluded, based on sufficient, appropriate evidence, that fraud, noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse either occurred or was likely to have occurred which was significant within the context of the audit objectives, did the auditors report the matter as a finding? (GAS, 7.21)				
b. If the auditors detected instances of fraud, noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse that were not significant within the context of the audit objectives but warranted the attention of those charged				

Description	Yes	No	N/A	Comment
with governance, did they communicate those findings <u>in writing</u> to audited entity officials? (GAS, 7.22)				
6.5 Did the auditors communicate to those charged with governance when management failed to satisfy legal or regulatory requirements and report known or likely fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements or abuse to external parties specified in law or regulation? (GAS, 7.24a)				
6.6 Did the auditors communicate to those charged with governance when management failed to take timely and appropriate steps to respond to known or likely fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements or abuse that (1) is significant to the findings and conclusions and (2) involves funding received directly or indirectly from a government agency? (GAS, 7.24b)				
6.7 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 in these two circumstances: (GAS, 7.24-7.26)  a. To external parties specified in law or regulation 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 because management failed to satisfy legal and regulatory requirements to report the information to the specified external parties, first in paragraph 6.5? (GAS, 7.24a)				
b. To the funding agency if the audited entity still does not take timely and appropriate action as soon as practicable after the auditor reported the information to those charged with governance, first in paragraph 6.6? (GAS, 7.24b)				
c. If applicable, did the auditors report the information as indicated in paragraphs				

Description	Yes	No	N/A	Comment
6.5.-6.7.b (above) even if the auditor(s) have resigned or were dismissed from the assignment before completion? (GAS, 7.25)				
d. 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, 7.26)				
6.8 Did the auditors report conclusions based on the audit objective and the audit findings? (GAS, 7.08, 7.14, 7.27)				
6.9 Did the auditors recommend actions to correct deficiencies and other findings identified during the audit and to improve programs and operations when the potential for improvement in programs, operations, and performance is substantiated by the reported findings and conclusions? (GAS, 7.28)				
a. Did the auditors' recommendations flow logically from the findings and conclusions?				
b. Were the recommendations directed at resolving the cause of the identified deficiencies and findings?				
c. Did the recommendations clearly state recommended actions?				
6.10 When the auditors complied with all applicable GAGAS requirements, did they use the unmodified GAGAS compliance statement in the audit report? (GAS, 2.24a, 7.08, 7.30)				
6.11 When the auditors did not comply with all applicable GAGAS requirements, did they include a modified GAGAS compliance statement in the report? (GAS, 2.24b, 7.31)				
a. Did the auditors use a statement that included either (1) the language in GAS, 7.30, modified to indicate the requirements that were not followed or (2) language that the auditor did not comply with GAGAS?				

Description	Yes	No	N/A	Comment
<p>b. When modified GAGAS statement is used, did the auditors include the applicable requirement(s) not followed, the reasons for not following the requirement(s), and how not following the requirement(s) affected, or could have affected, the audit and the assurance provided?</p>				
<p>6.12 Did the auditors obtain and report the views of responsible officials of the audited entity concerning the findings, conclusions, and recommendations included in the audit report, as well as any planned corrective actions? (GAS, 7.32, 7.34-.35, 7.37-.38)</p> <p>a. If the auditors received written comments from the responsible officials, did the auditors include in the report a copy of the officials' written comments, or a summary of the comments received? (GAS, 7.34)</p>				
<p>b. When the responsible officials provide oral comments only, did the auditors prepare a summary of the oral comments and provide a copy of the summary to the responsible officials to verify that the comments were accurately stated? (GAS, 7.34)</p>				
<p>c. Did the auditors include an evaluation of the comments in the report, as appropriate? (GAS, 7.35)</p>				
<p>d. Did the auditors evaluate the validity of the audited entity's comments if the comments were inconsistent or in conflict with the findings, conclusions, or recommendations in the draft report, or if planned corrective actions did not adequately address the auditors' recommendations? If the auditors disagreed with the comments, did the auditors explain their reasons for disagreement in the report? Conversely, did the auditors modify their report as necessary if they find the comments valid and supported with sufficient, appropriate evidence? (GAS, 7.37)</p>				
<p>e. If the audited entity refused to provide comments or were unable to provide</p>				

Description	Yes	No	N/A	Comment
<p>comments within a reasonable period of time, <u>and</u> the auditors issued the report without receiving comments from the audited entity, did the auditors indicate in the report that the audited entity did not provide comments? (GAS, 7.38)</p>				
<p>6.13 If certain pertinent information was prohibited from public disclosure or was excluded from the report due to its confidential or sensitive nature, did the auditors disclose in the report that information was omitted and the reason or other circumstances that made the omission necessary? (GAS, 7.08, 7.39)</p> <p>a. When circumstances called for omission of certain information, did the auditors evaluate whether the omission could have distorted the audit results or concealed improper or illegal practices? (GAS, 7.42)</p>				
<p>b. If the audit organization was subject to public records laws, did the auditors determine whether public records laws could impact the availability of classified or limited use reports and determine whether other means of communicating with management and those charged with governance were more appropriate? (GAS, 7.43)</p>				
<p><b>7. Reporting Standards – Distributing Reports</b></p>				
<p>7.1 Did the audit organization distribute the audit report to those charged with governance, to the appropriate audited entity officials, and to the appropriate oversight bodies or organizations requiring or arranging for the audits? As appropriate, did the auditors also distribute copies of the reports to other officials who have legal oversight authority or who may be responsible for acting on audit findings and recommendations, and to others authorized to receive such reports? Did the auditors document any limitation on report distribution? (GAS, 7.44, 7.44a)</p>				
<p><b>8. OIG Quality Control Policies and Procedures</b></p>				
<p>8.1 Did the auditors follow the organization’s quality control policies and procedures for performance audits (e.g., use of checklists,</p>				

Description	Yes	No	N/A	Comment
independent report referencing, etc.)? (GAS, 3.93a, 6.82 ) <b>Note:</b> The adequacy of the audit organization’s policies and procedures was evaluated in appendix A. If the reviewer concludes that the performance audit reviewed met professional standards, inadequate policies and procedures or noncompliance with policies and procedures would ordinarily be reported in the Letter of Comment and not impact the peer review rating.				
8.2 For threats to independence identified after the audit report was issued, did the auditors assess the impact on the audit and notify management and other interested parties of the impact? (GAS, 3.26)				
<b>9. Overall Assessment</b>				
9.1 Based on the results of the checklist and other work performed, conclude whether in performing and reporting on this audit, the audit organization complied with (1) GAGAS and (2) its policies and procedures. Appropriate inquiries about exceptions should be made with the auditors and management of the audit organization to determine the underlying reasons.				
<b>END OF CHECKLIST</b>				