CHECKLIST FOR REVIEW OF INTERNAL
QUALITY CONTROL POLICIES AND PROCEDURES

**OIG UNDER REVIEW
& PERIOD REVIEWED:** _____

	Name	Date

REVIEWER(S): _____

_____

_____

_____

TEAM LEADER: _____

_____

_____

**DATE(S)
COMPLETED:** _____

INSTRUCTIONS

This checklist is designed to assist the review team to evaluate and test the OIG's quality control policies and procedures related to the quality control elements of staff qualifications and independence and to evaluate the design of the quality control policies and procedures related to the elements of audit performance and internal review.

In evaluating the quality control procedures the review team should:

(1) Consider the responses to the questionnaire *OIG's Quality Control Policies and Procedures* (questionnaire),

(2) Review written documentation of the policies and procedures identified,

(3) Obtain any needed clarification of the policies and procedures through inquiry of appropriate personnel, and

(4) Review documentation of the OIG's implementation of its policies and procedures. This checklist includes review procedures for reviewing the implementation of policies and procedures in the functional areas of staff qualifications and independence. Checklists for the review of the implementation of the quality control elements of audit performance and internal review are contained in Appendices C through G of this guide.

The review team may need to evaluate the design and/or implementation of quality control policies and procedures at different levels in the OIG. For example, in some OIGs, policies and procedures may be prescribed centrally, but records documenting their implementation may be kept in the field. In such cases, the review team would gain its understanding of the quality control policies and procedures by obtaining the responses to the questionnaire at the central level, but would review and evaluate implementation at the field level. In other cases, the field offices may operate with more autonomy. In such cases, the review team may need to gain its understanding of the quality control policies and procedures by obtaining responses to the questionnaire from each reviewed office, in addition to evaluating implementation at the field level. In some cases, it may be possible and appropriate to review and evaluate implementation of certain quality control policies and procedures at the central level.

In any case, it should be kept in mind that the objective is to reach a conclusion on the internal quality control system for the audit operation of the OIG as a whole.

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	Yes	No	N/A	Remarks and Findings
1. STAFF QUALIFICATIONS				
Hiring				
1.1 Does the OIG maintain a hiring plan or otherwise have a process for identifying professional personnel needs, including needs for specialized skills? (GAS 3.3-3.4)				
1.2 Does the OIG have policies and procedures regarding minimum educational/experience requirements for hiring auditors?				
1.3 Does the OIG conduct background checks on new hires?				
1.4 Review documentation associated with a sample of new hires to determine if OIG policies and procedures regarding minimal education and experience requirements, and background checks were adhered to.				
Consultation				
1.5 Does the OIG have policies and procedures for identifying when consulting services are needed?				
1.6 Does the OIG have internal staff designated as specialists in technical areas that are available for consultation? Review a sample of designated specialists, (either through interview, review of personnel records or a combination of both), to determine whether they appear to have the necessary background to provide expert advice.				
1.7 Does the OIG have policies and procedures for determining whether outside consultants hired to assist on audits will have the skills needed to perform the required tasks? (GAS 3.9)				

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1.8 Do OIG policies and procedures require review by an appropriate level when there is a disagreement between an audit team and a consultant or internal specialist?				
Continuing Education and Training				
1.9 Has the OIG established continuing education and training requirements that meet the Government Auditing Standards requirements? (GAS 3.6-3.7)				
1.10 Review the personnel records or other documents showing continuing education and training received for a sample of auditors to determine if they have met the requirements.				
Assignment of Staff				
1.11 Do the OIG's policies and procedures for assignment of audits to individual offices take into account whether the office has staff with the requisite knowledge, skills and experience needed for the types of audits assigned to the office? (GAS 3.10)				
1.12 Do the OIG's policies and procedures for assigning staff to individual audits appear to provide assurance that the audit team members collectively have the knowledge, skills and experience to perform the audit?				
Conclusion				
1.13 Are the OIG's established policies and procedures appropriately comprehensive, suitably designed, and adequately documented to provide reasonable assurance of meeting the qualification standard contained in Government Auditing Standards? (GAS 3.10)				

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	Yes	No	N/A	Remarks and Findings
2. INDEPENDENCE Personal and External Impairments 2.1 Does the OIG have policies and procedures to determine whether its staff members, other Federal auditors, and non-Federal auditors are free from personal and external impairments to independence, including for nonaudit services? (GAS3 3.15-3.28) 2.2 Does the policy require auditors to report to an appropriate official when there are any impairments pertaining to the audits to which they are assigned? (GAS3 3.15, 3.28) 2.3 Does the OIG have policies and procedures for handling personal and external impairments that have been identified or disclosed? (GAS3 3.15, 3.28) The standard requires the auditor to decline to perform the work, or, if that is not possible, it requires that the personal impairment be reported in the scope section of the audit report. (GAS3 3.13, 3.17) *Organizational Independence* 2.4 Review the OIG's organizational placement within the structure of the Government entity to which it is assigned. Does the OIG's reporting level within the Department or agency result in an organizational impairment? (GAS3 3.29-3.30.10) *Conclusion* 2.5 Are the OIG's policies and procedures appropriately comprehensive, suitably designed, and adequately documented to provide reasonable assurance that the OIG complies with the independence standards?				

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3. DUE PROFESSIONAL CARE				
3.1 Through inquiry and observation, determine whether audit staff has appropriate access to applicable audit standards and other reference material necessary to conduct its work. (GAS 3.26-3.29)				
3.2 Review documentation and make appropriate inquiries to determine if the OIG effectively communicates its audit policies and procedures and changes thereto to its audit staff.				
3.3 Does the OIG have a policy requiring all applicable audit standards to be followed in conducting its audits? (GAS 3.29)				
3.4 Does the OIG have policies and procedures for handling situations in which an applicable standard is not followed in an audit? (The standard requires the OIG to report this fact in the scope section of the report, together with the reasons why and any known effect of not following the standard.) (GAS 3.29)				
3.5 Do the OIG's policies and procedures for determining that certain standards do not apply to an audit provide reasonable assurance that such a conclusion is not reached in error? Do they require that the determination be documented the working papers? (GAS 3.29)				
4. QUALITY CONTROL				
4.1 Does the OIG have quality control procedures for assuring that audits are conducted in accordance with applicable auditing standards and audit policies? Examples of such procedures include independent referencing, quality control instruments such as checklists, etc., and a concurring review process. (Implementation of such procedures should be tested during the review of individual audits.) (GAS 3.31-3.36)				

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4.2 Are the quality control checklists that are used up to date?				
5. AUDIT PLANNING				
5.1 Based on responses to the questionnaire and review of the audit policies and procedures, (including a review of required checklists, forms and questionnaires), are the OIG's policies and procedures suitably designed to provide reasonable assurance of complying with applicable audit standards in the following areas:				
a. The consideration of matters in AU 311.03 (financial statement audits only)?				
b. The determination and following of standards that apply to financial related audits? (GAS 4.39-4.40)				
c. The following matters in GAS 6.2-6.6 (performance audits only)?				
(1) Defining the objectives, methodology and scope of the audit? (GAS 6.2-6.3)				
(2) Significance and the needs of potential users of the report? (GAS 6.7-6.8)				
(3) Obtaining sufficient background information on the organization, program, activity, or function being audited? (GAS 6.9-6.10)				
(4) Legal and regulatory environment? (GAS 6.5)				
(5) Management controls? (GAS 6.5)				
(6) The criteria to evaluate the subject matter of the audit? (GAS 6.11)				

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(7) Skill, knowledge and availability of the personnel to staff the assignment? (GAS 6.17-6.18)				
(8) Coordination with other auditors, including work already conducted and work currently planned, when appropriate? (GAS 6.14-6.16)				
(9) Potential sources of data and its validity? (GAS 6.53-6.62)				
d. The use of an audit program? (AU 311.05, GAS 6.19-6.21)				
e. Follow-up on prior findings? (GAS 4.10-4.11, 6.12-13)				
f. Use of internal auditors? (AU 322, GAS 6.44)				
g. Use of the work of other independent auditors? (AU 543, GAS 6.15)				
6. AUDIT PERFORMANCE				
6.1 Based on responses to the questionnaire and review of the audit policies and procedures, (including a review of required checklists, forms and questionnaires), are the OIG's policies and procedures suitably designed to provide reasonable assurance of complying with applicable audit standards in the following areas:				
a. Supervision? (AU 311.11-311.14, GAS 6.22-6.25)				
b. Evidential matter? (AU 326.01, GAS 6.46-6.62)				
c. Working papers? (AU 339.01-05, GAS 4.34-38, 6.63-6.65)				

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d. Consideration of internal (management) controls? (AU 319; GAS 4.21-33, 6.39-43)				
e. Compliance with laws, regulations and provisions of grants and contracts; and program abuse? (GAS 4.12-4.20, 6.26-6.37)				
7. AUDIT REPORTING				
7.1 Based on responses to the questionnaire and review of the audit policies and procedures, (including a review of required checklists, forms and questionnaires), are the OIG's policies and procedures suitably designed to provide reasonable assurance of complying with applicable audit standards in the following areas:				
a. Reporting compliance with *Government Auditing Standard*s? (GAS 5.11, 7.24)				
b. Reporting on the scope and results of testing of compliance and internal controls? (GAS 5.15-17, 5.27, 7.26-27, 7.34-37				
c. Reporting findings of noncompliance and reportable conditions? (GAS 5.18-20, 5.26-5.28, Chapter 7.				
d. Timely report distribution? (GAS 5.32-35, 7.66-7.69)				
e. Reporting on audit of financial statements? (AU 508) (GAS 5.2-5.3)				
f. Determining and complying with applicable reporting standards for financial related audits? (GAS 5.36-37)				

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8. AUDIT FOLLOW-UP PROCESS

	Yes	No	N/A	Remarks and Findings
8.1 Does the OIG or the agency have policies and procedures to establish specific guidelines, including designated time frames, for agency officials to respond to audit recommendations?				
8.2 Does the OIG or the agency have policies and procedures that require notification to the OIG or other follow-up official indicating when corrective action is implemented and the recommendations can be closed?				