

**CHECKLIST FOR PEER REVIEW OF OIG MONITORING OF
FINANCIAL STATEMENT AUDITS PERFORMED BY
AN INDEPENDENT PUBLIC ACCOUNTANT**

OIG UNDER REVIEW
& PERIOD REVIEWED: _____

NAME OF AUDIT: _____

CONTROL NO.: _____

	NAME	DATE
REVIEWER (S):	_____	_____
	_____	_____
	_____	_____
	_____	_____
	_____	_____
	_____	_____

DATE COMPLETED: _____

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INTRODUCTION

This checklist is designed to determine whether an Office of Inspector General (OIG) has policies and procedures to monitor audits performed by Independent Public Accountants (IPA) and whether those policies and procedures are being followed. This checklist should be used when peer reviewing an engagement where an IPA is contracted to perform the financial statement audit or a portion of the audit. It may also be used, with appropriate modification, as a guide to evaluate Attestation Engagements contracted with an IPA.

It is important that a sound process be followed when contracting for audit services. Policies and procedures, beginning with the solicitation and award of the contract and continuing through the monitoring of performance, should be in place.

OIG's are responsible for determining whether the work contracted to IPA's is performed in accordance with *Government Auditing Standards*, guidance issued by the Office of Management and Budget, and any other applicable regulations. An OIG must use professional judgment in fulfilling its responsibilities.

This checklist for assessing the monitoring of financial statement audits contracted to IPA's of federal agencies is based on guidance in the GAO/PCIE Financial Audit Manual (FAM). If the OIG did not adopt and follow the FAM, the reviewer should determine whether appropriate alternative procedures were performed.

For financial statement audits, Section 650 of the GAO/PCIE Financial Audit Manual¹ provides a framework for OIGs to follow when using an IPA to perform financial statement audits. Section 650 gives guidance on the level of review and documents to be obtained. It also provides guidance on reporting the results of the audit and the OIG's assessment of the work performed by the IPA.

¹ A copy of the GAO/PCIE Financial Audit Manual Section 650 may be obtained at <http://www.gao.gov/special.pubs/01765G/>

The reviewer should determine whether the OIG has policies and procedures in place to determine whether the audits contracted to IPA's are performed in accordance with applicable audit standards and other guidance. Professional judgment should be used to determine whether the documentation maintained by the OIG supports this assessment, and that the documentation supports the assessments reached by the OIG in reporting the results of the audit and their review.

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	Yes	No	N/A	Remarks and Findings
1. GENERAL				
1.1 Does the OIG have policies and procedures for regarding the use of IPA's and monitoring of contract performance?				
1.2 Do the policies discuss the extent of OIG review and responsibilities for reporting the results of the audit?				
1.3 Does the OIG have internal quality control procedures (i.e.. checklist or other documents) to monitor the overall monitoring procedures? Note: For financial statement audits the use of the GAO /PCIE Financial Audit Manual (FAM) would generally indicate that the organization has procedures for monitoring IPA's and reporting the results. Section 650 of the FAM relates to the use of other auditors and gives guidance on the use of IPA' s by an OIG.				

	Yes	No	N/A	Remarks and Findings
<p>2. CONTRACTING PROCESS</p> <p>2.1 If the OIG issued a new contract or competitive task order during the review period, did the process address the following items:</p> <ul style="list-style-type: none"> - Qualifications and experience of the firm. - Qualification and experience of the proposed staff. - Technical approach. - Whether the auditor's approach and scope uses due professional care. - Independence of the firm to consider any existing, ongoing, or planned non-audit services. - Request an explanation of the firm's internal quality control system to include such items as workpaper review procedures, and continuing professional education requirements. - Request for the firm's latest peer review report, related letter of comment, and the firm's response to those comments <p>(Note: If the peer review is more than one year old, the OIG should inquire about the firm's internal inspection program or equivalent and the results of the most recent review. If the firm will not provide specific information to the OIG request, the reviewer should assess the procedures the OIG used to assess the firm's internal quality control procedures.)</p> <ul style="list-style-type: none"> - Audit scope and objectives - Requirement to perform the audit in accordance with Government Auditing Standards and other statutory, regulatory, or OMB requirements. - Establishment of milestones for completion of the audit (or major portions) and the submission of deliverables. - Provisions for the review of deliverables and access to the audit workpapers by the OIG. 				

	Yes	No	N/A	Remarks and Findings
<p>CONTRACTING PROCESS (Cont.)</p> <p>2.2 If the OIG did not issue a new contract or competitive task order (i.e. they exercised a contract option), did the OIG</p> <ul style="list-style-type: none"> - Update their assessment of the firm's independence to consider any existing, ongoing, or planned non-audit services? - Update their understanding of the firm's internal quality control system to consider such items as workpaper review procedures, and continuing professional education requirements? - Request a copy of the firm's latest peer review report, related letter of comment, and the firm's response to those comments? <p>(Note: If the peer review is more than one year old, the OIG should inquire about the firm's internal inspection program or equivalent and the results of the most recent review. If the firm will not provide specific information to the OIG request, the reviewer should assess the procedures the OIG used to assess the firm's internal quality control procedures.)</p>				
<p>3. MONITORING THE AUDIT</p> <p>3.1 Do the OIG files document the planned level of review (low, medium, or high) and the reasons for their assessment?</p>				
<p>3.2 Do the OIG files document the planned extent of responsibility for reporting the results of the audit and the assessment of the IPA's conclusions?</p>				

	Yes	No	N/A	Remarks and Findings
MONITORING THE AUDIT (Cont.)				
3.3 Is the level of planned reporting consistent with the level of planned review?				
3.4 During the performance of the audit did the OIG: <ul style="list-style-type: none"> - Meet with the firm to discuss the audit objectives and approach, and determine whether they are consistent with those in the contract and proposal - Participate in the entrance conference - Participate in status meeting and other meetings - Review deliverables - Perform site visits - Periodically review the progress of the audit, discuss problems encountered, the need to revise milestones, and other significant audit results. - Perform supplemental tests (if applicable) 				

	Yes	No	N/A	Remarks and Findings
<p>4. COMPLETION OF THE AUDIT</p> <p>4.1 After completion of the audit (may also be performed in whole or part on an on-going basis during the audit) did the OIG:</p> <ul style="list-style-type: none"> - Review the IPA report (s) for compliance with Government Auditing Standards and other applicable requirements - Review the IPA working papers for compliance with Government Auditing Standards and other applicable requirements. <p>(Note: The extent of review and maintenance of supporting documents by the OIG will depend on the planned level of review identified in step 3.1. For financial statement audits, examples of the specific documents that should be reviewed and/ or maintained for each level of review can be found in the GAO/PCIE Financial Audit Manual Section 650 Appendix A</p>				
<p>5. QUALITY CONTROL</p> <p>5.1 Were the OIG's quality control procedures performed? (i.e. review of OIG workpapers and report)</p>				

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