

THE AUDIT PROCESS

Second Edition (Reprint) – January 3, 2005

With Updated Standard Documentation



Office of Inspector General

Office of Audit Services



The Audit Process

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SD-1B	Cover for Working Paper Folder - for Files that May Contain Restricted Information
SD-2	Audit Contacts
SD-3	Supervisory Involvement in Planning
SD-4	Objective Attributes Recap Sheet (OARS) - Required
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Foreword

This handbook has been developed to give auditors tools to conduct audits and prepare reports. It lays out a systematic approach designed to keep the audit focused, involve all team members throughout the process and facilitate report preparation. Auditors must have a clear understanding of what they are supposed to be doing and how to accomplish the task at hand. At the same time, auditors should be encouraged to develop innovative audit approaches and use their experience and background to identify new audit initiatives. You should be familiar with the [Government Auditing Standards](#) and the *Office of Audit Services (OAS) Audit Policies and Procedures Manual*. These provide the guidance that assures a professional product.

The approach to conducting audits described in this handbook is based on three principles:

- Teamwork is more efficient and effective than a layered, hierarchical system of getting audits done.
- Setting clear, specific objectives for an audit before the field work starts and having the flexibility to refocus and refine the objectives during the audit will provide the direction for the work to stay on track.
- The five attributes should be the focus of the audit team in accomplishing the audit objectives.

This stress is on teamwork and use of the Objective Attributes Recap Sheet (OARS). The OARS is a worksheet that is intended to help the audit team stay focused on the established objectives and develop the attributes for the report. Although the TAP is not applicable to all OAS work, such as investigative assists and CFO, the team approach applies to all OAS work.

To understand the participation of team members and the use of the OARS, we have defined an audit as having four phases. Throughout the audit it is expected that all members of the audit team will be continually interacting with each other. Auditors, including senior auditors, will review and discuss each other's work; audit managers, Regional Inspectors General for Audit Services, and Assistant Inspectors General for Audit Services will participate in decision making during each phase of the audit. On reviews for the Inspector General's signature, the Deputy Inspector General for Audit Services, Office of Counsel to the Inspector General and Audit Management and Policy staff will also participate at critical points in the process.

Where a team member is unable to participate during a portion of the audit, it will be understood that the other team members will carry on and that the progress of the audit will not be delayed. Ideally, team members will function together through all four phases of the audit and the OARS will serve as a tool that will keep the team and the audit focused. Realistically, team members will have a number of priorities demanding their attention. Working with clearly established objectives and using the structure of the attributes should help team members be responsive to their priorities. To accomplish this, it is essential that the team members agree on the audit objectives and finding attributes during the planning phase, at the end of the survey phase and at the start of the reporting phase.

Our mission is to provide a variety of audit services to a variety of customers and this service takes the form of performing audits and reporting on the results. We believe that the OAS can best provide this service through a systematic approach to auditing based on team participation, clear objectives for each assignment and focusing the audit work on development of the attributes of an audit finding.

Although these principles apply to all audits performed by OAS, we recognize that financial statement audits would not come under the guidelines set forth in this handbook. Financial statement audits performed in accordance with the CFO Act are conducted following the Federal Financial Statement Audit Manual issued by the [President's Council on Integrity and Efficiency](#). The primary focus of the audit is on risk analysis and on determining whether agency operations are accurately reflected in the financial statements. Audit results may affect the audit opinion, the report on internal controls or compliance, etc., but may not necessarily include the attributes normally expected in audit findings.

The Audit Process is based on three principles of systematic auditing: teamwork, clear objectives and attributes of a finding, in the context of the four phases of an audit. This part also introduces the primary tool that runs through the audit, the OARS. The OARS is a worksheet that should be used in each phase of the audit. The

OARS should serve as a tool for organizing thoughts, an aid for staying focused on the objectives of the audit, an outline for findings, a focal point for discussion among team members on the progress of the work, and an aid for the independent report review function.

The Audit Process was developed by OAS in 1994 and has been successfully used by OAS auditors. This updated handbook was revised by a committee of OAS auditors members who have extensive experience in the auditing profession and in the Department of Health and Human Services (HHS). The committee considered the recommendations of OAS staff, and revised the original handbook to improve the process and meet the changing needs of OAS.

Committee Members Included:

Peter J. Barbera, Region IV

James P. Edert, Region II

James R. Hargrove, Region VI

Helen M. James, Audit Management and Policy

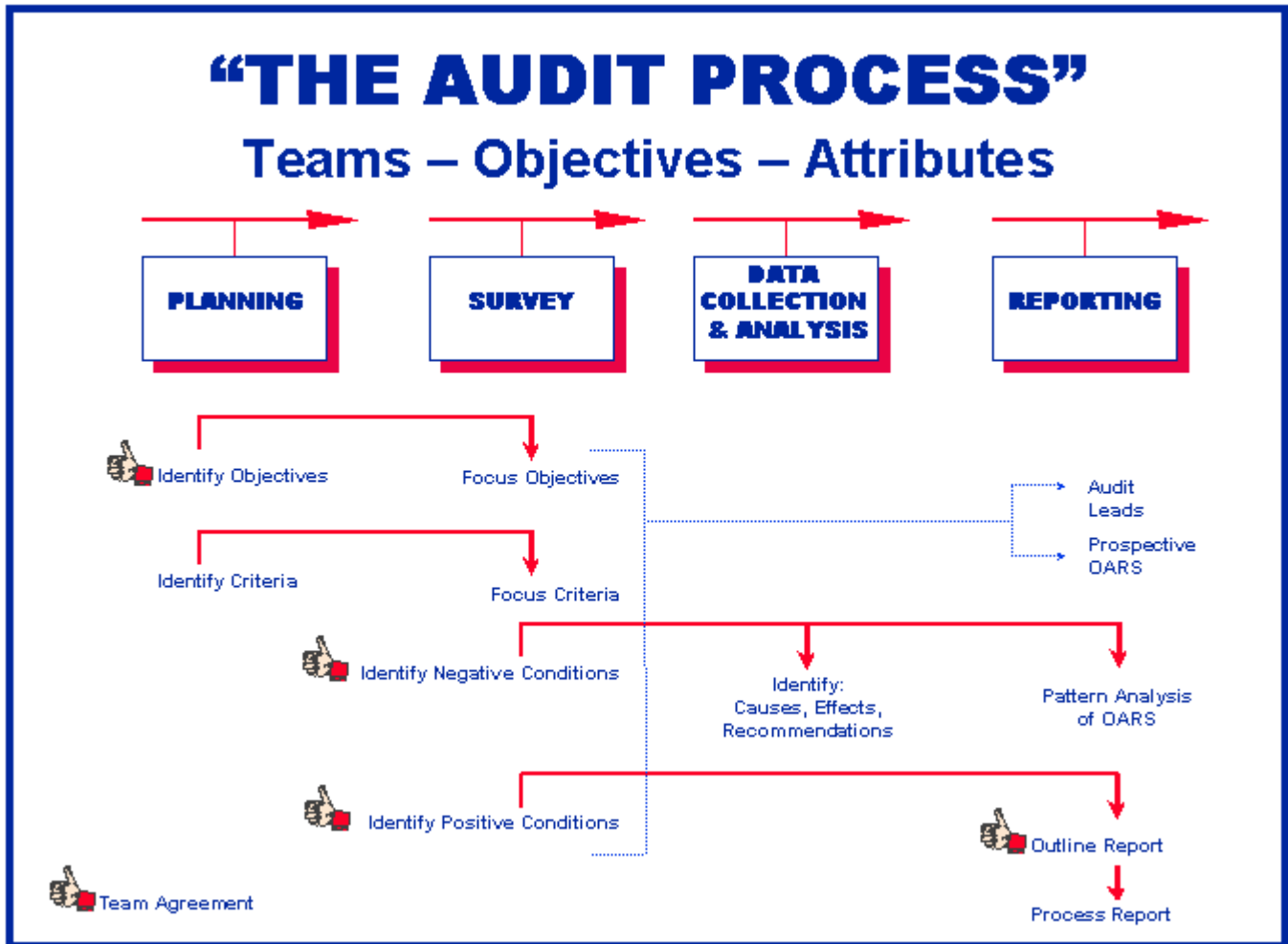
Thomas P. Lenahan, Region IX

Daniel R. Simmons, Audit Management and Policy

Abbreviations and Acronyms

AIG	Assistant Inspector General for Audit Services
API	Audit Planning and Implementation
CFR	Code of Federal Regulations
DIG	Deputy Inspector General for Audit Services
FOIA	Freedom of Information Act
GAGAS	Generally Accepted Government Auditing Standards
HHS	Department of Health and Human Services
IG	Inspector General
INR	Independent Report Reviewer
IRR	Independent Report Review
OARS	Objective, Attributes, Recap Sheet
OAS	Office of Audit Services
OCIG	Office of Counsel to the Inspector General
OIG	Office of Inspector General
RIG	Regional Inspector General for Audit Services
SD	Standard Documentation
TAP	The Audit Process

The Audit Process - TAP At-a-Glance



CHAPTER ONE

Audit Teams, Objectives, Attributes and OARS

AUDIT TEAMS

Audits are most effective when performed by qualified professionals who work together and are focused on clear objectives. The project nature of audits, the professional characteristics of the Office of Audit Services (OAS) staff and the advanced communication technology available to auditors make it possible for teams to function effectively.

Each audit can be viewed as a project, an activity with a start and finish. A team is formed to accomplish the project. Everyone who will participate in the project is part of the team. This includes staff auditors, support staff, senior auditors, supervisors, and managers at both the regional and headquarters levels and, if appropriate, Office of Counsel to the Inspector General (OCIG).

Team members are valued for their knowledge. They know how to perform audits and they understand the governmental environment. However, there are differences between team members that are important to understand if the team is to function productively. Some members may have more hands-on experience, while others may be more skilled in communicating, and others may be stronger in organizational skills. Team members need to recognize these differences and capitalize on the strengths and talents that each member brings to the team.

Quality Communication

The key to effective teamwork is communication. Nothing else is more critical. Everyone on the team needs to know what is going on and needs to participate in a give-and-take discussion as decisions are made. This is the best way the team can achieve understanding, plan the best audit approach and reach consensus.

Team members need to interact for the team to be effective. Team interaction occurs spontaneously in some cases and more formally in other cases. The interaction needs to be timely. Individual team members should not hold back information, ideas or any thoughts on the work of the team. Full participation by all team members is a significant factor in the success of the audit. However, a team member's inability to participate with the team, during any part of the audit, should not slow the work of the team.



Note

Team meetings take many forms, including face-to-face meetings, teleconferencing, e-mail discussions, video-conferencing, and bulletin board discussions.



Team Meetings

During each phase of an audit, meetings of team members are needed. The flowchart of the audit process identifies several points where team meetings should occur. Meetings should be scheduled at major decision points in the process. Meetings should also occur between auditors while they do their day-to-day work. The auditors should share their findings and observations

regarding the audit environment. Meetings with supervisors and managers should occur when any member of a team believes that one is needed. The level of staff participation in team meetings will depend on the objectives of the meeting.

There are three critical points during the process when all team members must fully understand and agree on the audit objectives and finding attributes. They are during the planning phase, at the end of the survey phase and at the beginning of the reporting phase. For example, on reviews for the Inspector General's signature, the Deputy Inspector General for Audit Services (DIG), Audit Management and Planning (AMP) staff, OCIG, the cognizant Division Director and Regional Inspector General for Audit Services (RIG) and staff should agree on the preliminary expectations for the project during the planning phase. At the end of the survey phase, the audit team should agree on the refined objectives and plan to proceed with the review, or agree to conclude the review. At the beginning of the reporting phase, the team should review and agree on the attributes of developed findings and the manner of reporting these findings.

The purposes of the meetings are to exchange information and improve the quality of the audit. Each team member should be well informed regarding the workings and results of the audit.

Team members should review each other's work and serve as sounding boards to work out difficult and complex issues. Auditors working cooperatively can help assure the quality of each other's work.

OBJECTIVES

Setting clear, specific objectives is the key to efficient auditing. Audits that have clear, specific objectives use fewer audit resources and are completed in less time. Establishing clear objectives provides a structure and discipline that helps the audit team focus on the expected results and avoid confusion. Clear objectives also help ensure that the audit work will be conducted timely and efficiently, and that the work will produce the desired results.

[Government Auditing Standards](#) provide that all audits begin with objectives, and that those objectives determine the type of audit to be conducted and the audit standards to be followed. The standards further provide that the objectives of an audit extend throughout each phase of the audit, from the selection of the scope of work and staff, to the conduct of the audit, and the timing and nature of reports.

There are many advantages in auditing to clear, specific objectives:

Accomplishes More With Less: Time invested in determining an audit's objectives is time well spent because an audit with clear objectives is less likely to result in wasted resources, delays and poor quality reports. Once the objectives are established, the scope and methodology of the field work can be planned. Each team member should understand what the review is expected to accomplish.

Builds Team Identity and a Sense of Ownership in the Audit:

Clear, specific objectives present a challenge for the team. Meaningful challenges are the catalyst that pulls a team together and motivates it to perform. Team members should work cooperatively to accomplish the audit objectives, including sharing their work with each other and

NOTE

Audit risk is made up of three components: **inherent risk**, **control risk** and **detection risk**.

Inherent Risk: The susceptibility of an assertion or conclusion to be misstated because of a factor other than a failure of internal control. (For example, pension liabilities are by their nature more complex than accounts payable.)

Control Risk: A misstatement that could occur in an assertion or conclusion because of a failure of internal control. (For example, an undetected major defalcation is more probable under weak internal controls than under well-designed control.)

Detection Risk: The chance that the auditor will not detect a material problem. (For example, poorly designed audit procedures may not detect a material overstatement of assets on the balance sheet.)



reviewing each other's audit documentation. This cooperative approach provides assurance that the audit team accomplishes the objectives, remains focused, addresses the attributes, provides documentation of the audit work and meets auditing standards.

Controls and Minimizes Audit Risk: Setting clear and specific objectives minimizes audit risk. Audit risk is minimized by focusing on the objectives of the audit when conducting the field work, making reviews of the field work based on the objectives and developing the report from the information obtained in the course of accomplishing the objectives.

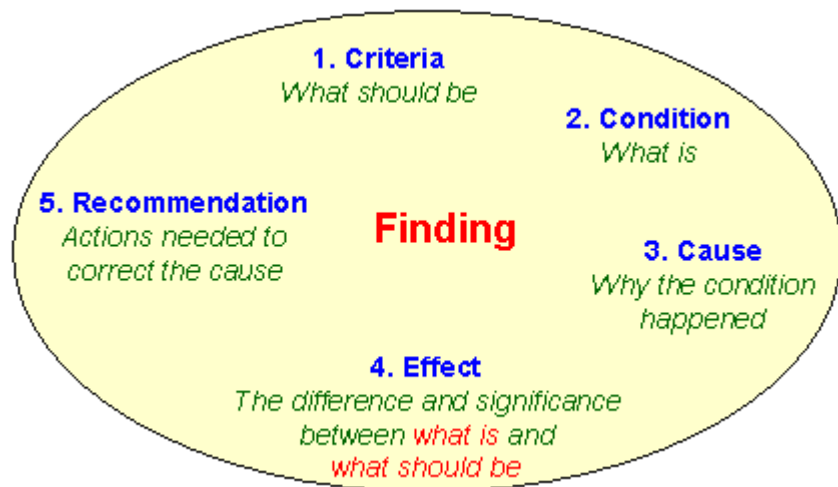
Provides Tools for the Audit Team to Conduct an Efficient and Effective Audit: When the objectives of the audit are precisely stated, the audit team has a clearer understanding of the extent of its responsibilities. Accordingly, the team can design specific audit tests to fulfill those responsibilities.

Aids in Writing the Report: Specific objectives provide a blueprint for writing the report. The audit team can begin writing by addressing each objective. Specific objectives provide the focus for identifying the attributes of a finding and organizing the report.

Provides a Logical and Documented Progression Through the Phases of the Audit: Before field work begins, an Objective Attributes Recap Sheet (OARS) is started for each objective. An OARS, properly planned and tailored to a particular objective, focuses and refocuses the audit team throughout the audit process. The audit team then performs the steps necessary to obtain evidence to support a conclusion on the objective.

ATTRIBUTES OF A FINDING

While the elements needed for an audit finding depend on the objectives of the audit, a well-developed audit finding generally contains five attributes:



Development of the attributes guides the audit team in organizing and analyzing relevant evidence and helps ensure that all necessary information for a finding is identified, developed and adequately documented. In audits

where the attributes are not identified or are unclear, the result can be a collection of facts that provides little or no direction for writing, reviewing or reading the audit report. On the other hand, if the integrity of the audit attributes is maintained, the reader of the audit report can be led through the evidence, clearly establishing the credibility of the audit team's position.

During the audit, the audit team should determine which attribute each piece of relevant evidence supports. As these decisions are made, each item in the audit documentation can be placed in a natural attribute sequence and included on an OARS relating to the appropriate audit objective. Then, when drafting the report, the audit team can pull together the information needed for each section of the report. A description of each attribute follows.

NOTE

More than one source of criteria may be used in an audit finding. Such a practice is especially beneficial when one criterion strengthens and supports another. For example, a Federal regulation may be adopted by a state agency and become part of the state plan. By citing both the Federal regulation and the state plan, the audit team reinforces the basis for the position presented in the finding.



Criteria

Criteria are the standards against which the audit team measures the activity or performance of the auditee. Other information, such as prior events and historical practices, can be included with the criteria to help understand the issues. Criteria can come in many forms, including Federal laws and regulations, state plans, contract provisions and program guidelines. Legislative intent may also be used as persuasive authority to support the criteria and enhance the conclusion of the audit team. Remember to involve OCIG in the planning phase when establishing criteria

Condition

The condition is a factual statement describing the results of the audit. It tells what was found during the audit. It answers each objective either positively or negatively. The condition describes what the auditee did or is doing compared to the standard established by the criteria.

A complete discussion of the condition could include background information about the auditee's systems and procedures and a description of how the systems and procedures are put into practice.

Cause

Knowing why or how a condition occurred is essential to developing meaningful recommendations. The audit team needs to have a clear understanding of the cause when developing recommendations that will correct the problem and be accepted by management.

Each condition may have more than one cause, with one underlying cause, that involves management and management decisions. Therefore, the underlying or root cause of the condition should be directed at the policies, procedures and practices established by management. The root cause should be developed to the point where it is clear that corrective action will remedy or prevent recurrence of the condition.

The discussion of cause should identify:

- Specific actions or inactions by officials
- Functional level at which no action or improper action was taken
- Missing or weak internal controls

The reasons for incorrect actions also need to be clearly understood. Knowing these reasons establishes the tone and direction for the recommendations.

Effect

Having identified a difference between what is (condition) and what should be (criteria), the audit team needs to determine the impact of this difference on the program, activity or function being audited. The discussion of the effect should include:

- The significance of this difference in quantitative terms, if possible
- The method used to calculate the quantitative impact, if applicable
- The programmatic impact of any adverse conditions
- Whether the impact on the program or function is ongoing or represents a one-time occurrence

Such considerations will enable the reader of the audit report to grasp the relevance of the incorrect actions and understand the need for implementing the recommendations.

Recommendations

A recommendation is a clear statement of the action that must be taken to correct the problem identified by the audit. Recommendations should address the underlying or root cause and be specific, feasible and cost effective. They should be addressed to the parties that can implement them.

OARS

Concept

An OARS, properly planned and tailored to a particular audit objective, focuses and refocuses the audit team throughout the audit process. It provides a logical and documented progression through the phases of the audit.

Each OARS should be a one or two page document outlining the audit objective and attributes.



The OARS serves several fundamental and interrelated purposes.

- Focuses the audit team on the audit objective during the audit process
- Assists the audit team in performing a timely and critical analysis of the evidence obtained
- Facilitates meaningful supervisory and management review
- Integrates report preparation throughout the audit process



The OARS assists the audit team throughout the audit process.

- Establish clear audit objectives
- Focus field work on the audit objectives
- Establish communications among audit team members
- Assess day-to-day progress
- Develop and analyze findings
- Prepare for conferences and briefings
- Draft a report during the field work



An OARS also helps supervising the review.

- Plan the review
- Assess review progress
- Review audit documentation
- Analyze findings
- Conduct conferences
- Review draft reports

Audits are normally performed in four phases:

- Planning
- Survey
- Data Collection and Analysis
- Reporting

Throughout these four phases, the OARS should be used in planning, organizing and documenting the audit process. Also, the OARS becomes the key to developing the audit report during the field work.

NOTE

When it is difficult to briefly identify on the OARS either the audit objective or attributes, it may be an indication that the objective is too general. The audit objective may need to be divided into subobjectives and additional OARS created.

Content of the OARS

The OARS identifies the:

- **Objective:** The purpose of the audit work, an explanation of why it is undertaken and what the audit team is trying to accomplish.
- **Attributes of the Finding:** The condition, criteria, cause, effect and recommendation.
- **Comments by Auditee Personnel:** The relevant comments made by auditee personnel with whom the finding was discussed.

An OARS is illustrated below.

Objective Attributes Recap Sheet	
Objective	_____
Criteria	_____
Condition	_____
Cause	_____
Recommendation	_____
Comments By Auditee Personnel	_____

Figure 1-1

CHAPTER TWO

Four Phases of the Audit Process

PHASE 1 - PLANNING

The planning phase (Figure 2-1) is the initial step of the audit process. In this phase, the audit team is formed and the team gains an understanding of the reasons for the audit and identifies the objectives. The audit team then begins planning the audit.

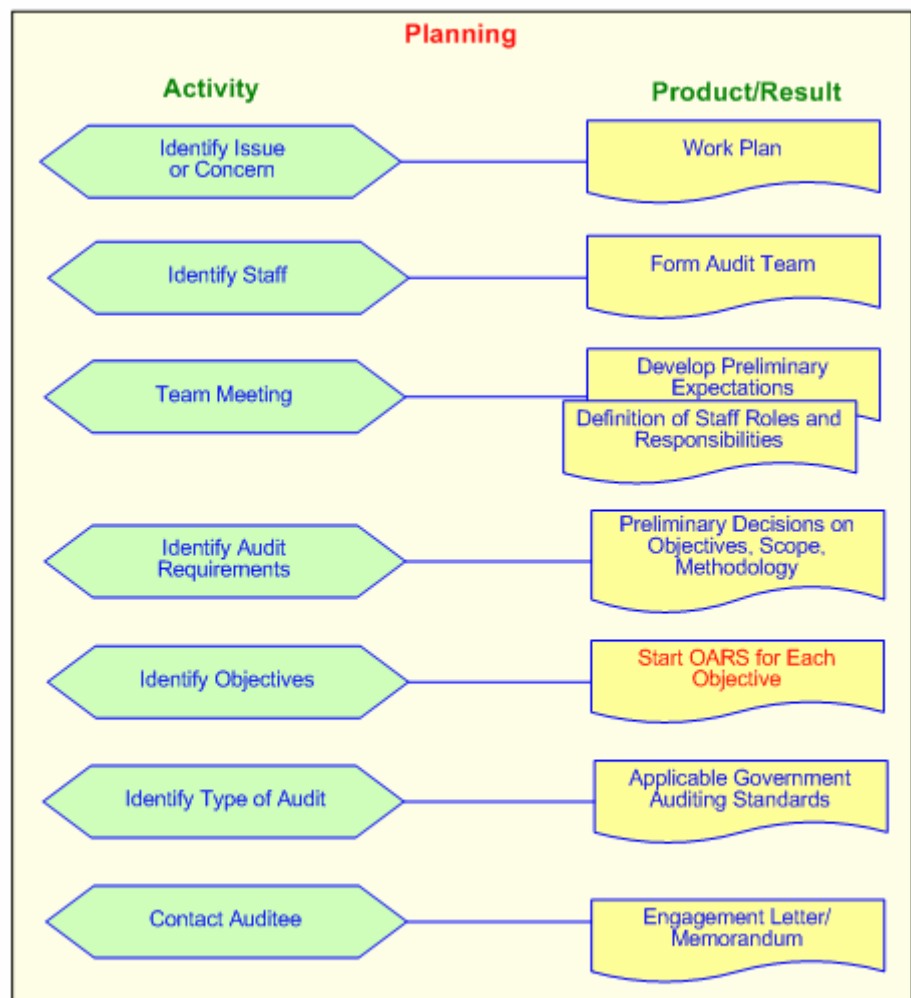


Figure 2-1
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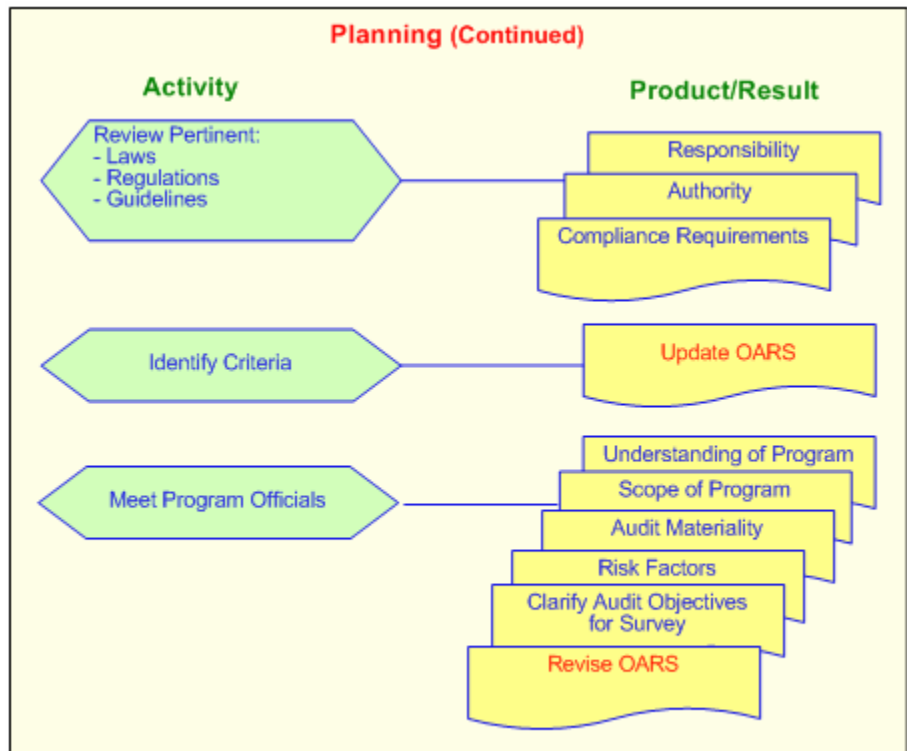


Figure 2-1
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Identify an Issue or Concern - An issue or concern with audit potential can be identified through a variety of sources, including Congress, HHS OPDIV/STAFFDIVs, other Office of Inspector General (OIG) components and research performed by OAS. These issues and concerns are incorporated into the OIG work plan.

Identify Staff - When a decision is made to proceed with a project, the audit team is formed. Everyone assigned to the team should be notified that they are part of the team.

Team Meeting - The audit team establishes audit and time requirements and makes appropriate staff assignments. In determining staffing and time requirements, consideration is given to the number and experience of team members assigned to the audit. Risk factors of the audit are considered in making these determinations. Staff days and timeframes should be budgeted. For requested audits, the team should discuss with the requestor what is expected and the level of importance or significance of the request. These discussions should be documented. Also during this phase, preliminary expectations relative to the contents of the report are developed. It is important that the audit team targets in the beginning what will be delivered at the end.

NOTE

The audit team should focus on questions such as:

- Are the requestor's expectations translatable into audit objectives?
- Are the requestor's expectations achievable or realistic?
- Can the request be accomplished by an audit?
- Does the request justify the commitment of audit resources?



Identify Audit Requirements - The audit requirements, in terms of objectives, scope and methodology, also need to be considered in this phase. Final decisions about these items, however, will not be made until the survey ([Phase 2](#)).

The first step of this process is to clearly and precisely identify the objectives of the audit. At this point, a separate OARS should be prepared for each objective.

The audit team should discuss the scope and methodology of the review. The scope and methodology of the review will be refined during the survey phase of the audit.

The team should identify the OAS requirements that need to be accomplished. These requirements include establishing a Common Identification Number, a Basic Audit Record for the Audit Information Management System and an audit start notice. The [OAS Audit Policies and Procedures Manual](#) has specific requirements for sampling plans and estimation plans.

Identify the Type of Audit - The audit team should identify the type of review to be performed.

Contact Auditee - The auditee is notified of the audit and the specific time and location for the entrance conference should be requested.

In this planning phase ([Figure 2-1](#)), the audit team should also review the laws, regulations or guidelines relevant to the objectives of the audit. The audit team meets with program officials to gain an understanding of how the program or activity is supposed to function. Program officials can provide information on the program and potential problem areas. Information obtained at this meeting can be used to establish audit materiality, assess audit risk and clarify audit objectives.



SPECIFICALLY

- What is to be done?
- Who is to do it?
- What are the goals and objectives to be achieved?
- What population is to be served?
- How much can be spent on what?

Review of Criteria - Laws, regulations and guidelines in a governmental environment set forth program requirements. Depending on the audit objectives, the audit team needs to research the criteria to determine compliance requirements.

It is important to determine a criteria hierarchy. In other words, if laws, regulations and guidelines on the same program appear to contradict each other, the audit team must decide which criterion takes precedence. In cases where the criteria are not clear, or when laws and regulations are significant to the audit objectives, the audit team should seek a legal opinion from the Office of Counsel to the Inspector General.

The audit team is expected to use professional judgment in determining the laws and regulations that could have a significant effect on the audit objectives. Applicable criteria could include state and local regulations as well as policies of the auditee.

A variety of sources of information can assist the audit team in determining the relevant criteria. These include:

- Federal program officials
- State program officials
- Prior audits
- The auditee

Information on Federal, state and other programs is also available on the Internet. For example, Federal laws and regulations are available, as well as congressional hearing reports that can provide insight into the legislative intent. Additional information on HHS programs such as Medicare and Medicaid may also be available on the Internet from commercial information sources. These organizations generally compile information from all sources that affect a particular program or activity.

In performing research, various types of criteria could be reviewed, including:

- Federal and state laws, regulations and guidelines
- Court Cases
- Departmental Appeals Board decisions
- Auditee policies and procedures

Meeting With Program Officials - At this stage of the audit, a meeting with program officials can provide meaningful insight into how a program really works. For example, a program can operate quite differently from what Congress intended. Factors that create this difference can include the newness of the program, the complexity of the legislation or the ability of a particular auditee to operate a program or activity successfully. For external audits, program officials generally have communicated with auditees or may have performed their own program reviews. For internal audits, program officials would have the results of their reviews under the Federal Managers' Financial Integrity Act.

NOTE

Information is available from a wide variety of sources and the examples given above are by no means exhaustive. The key point, however, is that it is up to the audit team to decide what criteria are relevant to accomplish the audit objectives.



Program officials may also be aware of other audits or reviews that have been performed. These audits or reviews can provide useful information regarding the auditee. Program officials usually have knowledge about the size of a program, the level of funding and how long auditees have been funded. In making decisions as to which auditees to select, it can be helpful to know how many auditees operate a particular program and the level of funding for each auditee. It may also be useful to know how much experience an auditee has in operating a program. Program officials may be able to provide insights into how successful an auditee has been in operating a program.

Discussions with program officials can assist the audit team in making preliminary decisions on audit materiality. In addition to funding levels, information may be provided on significant or sensitive issues that could affect materiality thresholds.

Program officials can be helpful in alerting the audit team to risk factors that could affect its approach to the audit. Information may be provided on the auditee's management operating style, the quality of its accounting records and its emphasis on maximizing Federal reimbursement. Finally, information obtained from program officials can be used to clarify audit objectives on the OARS. At this stage of the audit process, it is appropriate to consider the need for a legal opinion or interpretation from the Office of Counsel to the Inspector General.

PHASE 2 - Survey

FOR EXAMPLE

On an audit with the overall objective to determine if a state agency is properly paying medical bills for Medicaid recipients, the audit team would be expected to refine this broad objective. During the assessment of the control environment and the risk analysis the audit team may have identified three aspects of criteria that it considers to have a high potential for error. These may relate to recipient eligibility, amount of payments and timeliness of payments. The team would refine the overall objective by focusing on three subobjectives: Is the state agency ensuring that medical bills are paid for individuals who are eligible according to Federal and state criteria? Is the state agency ensuring that payments made for medical claims are limited to the amount allowable as determined by Federal and state criteria? Is the state agency making payments timely and in accordance with Federal and state criteria?

The survey phase (Figure 2-2) includes steps necessary to assemble information that will enable the audit team to make decisions concerning the nature, timing and extent of detailed audit work. The survey includes a timely gathering and analysis of information so that potential audit areas can be identified and plans made to review and test internal controls over these areas. Survey work may be more extensive for first time reviews than for previously performed audits.

Focus Objectives and Identify Subobjectives - Focusing the objectives is a function of the internal control assessment and risk analysis which can be done systematically through the process of the survey.

The purpose of the survey is to identify areas of potential audit risk and design audit work to minimize that risk. The audit team should target its resources in areas with the most risk. This requires that the audit team gain an understanding of the internal controls. With this understanding, the team should identify the controls that are relevant to the objectives of the audit. The team should then assess the relative control risk for each control.

There are several approaches to making a risk analysis and internal control assessment. Regardless of the method followed, the team must consider all factors relevant to the audit objective. These factors include materiality, significance of legal and regulatory requirements, and the visibility and nature of the government programs.

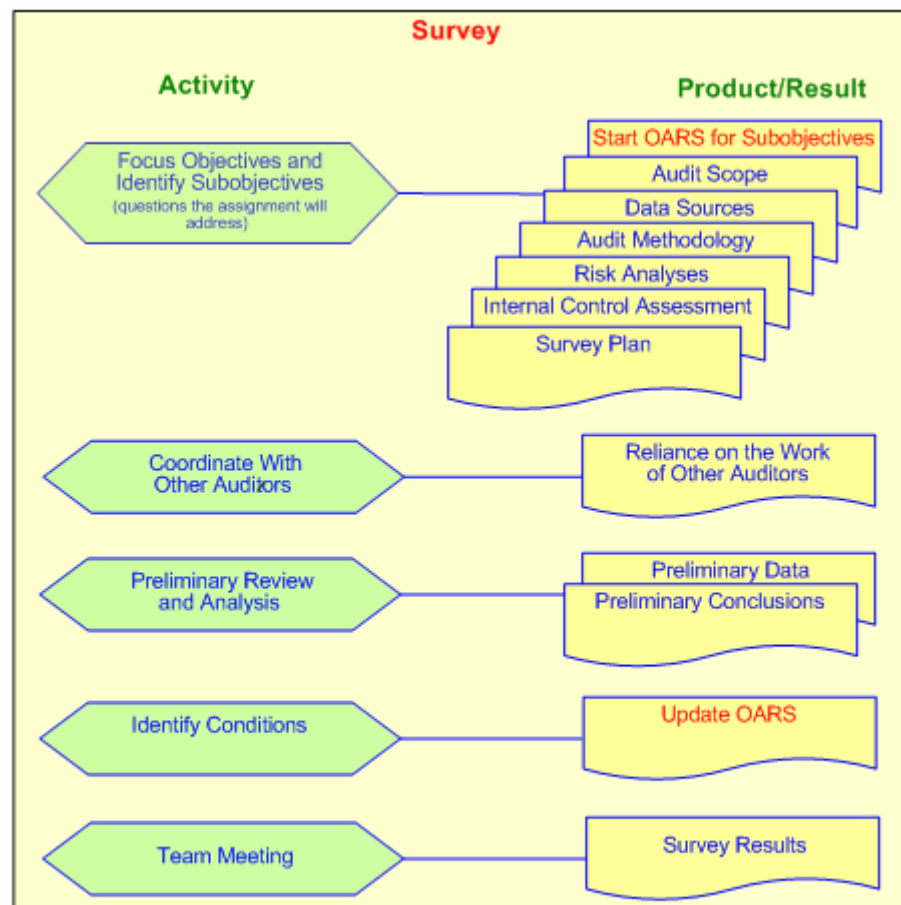


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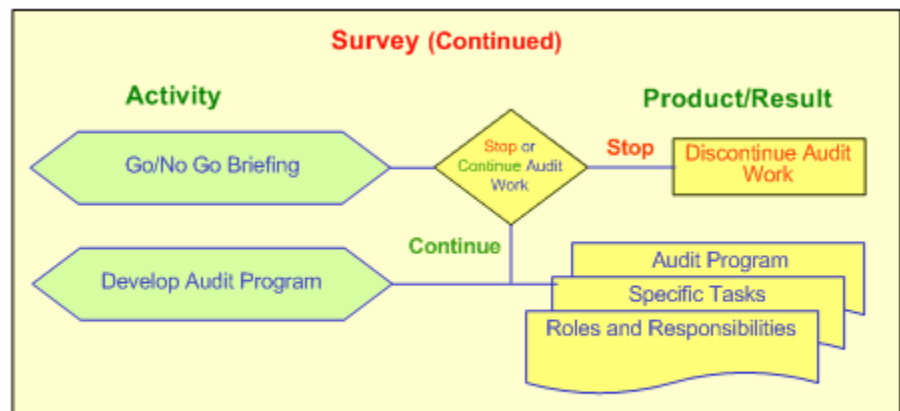


Figure 2-2
(Continued)

Through a careful process of analyzing risk and assessing internal controls, the team must ensure that the audit objectives cover the areas of highest risk consistent with resource limitations. The team should refine the overall objective(s) established in the planning phase and establish subobjectives when necessary.

Subobjectives are the specific steps that have to be accomplished to achieve the overall objective. These subobjectives can be related to specific criteria, conditions or causes and may be developed throughout the audit process.

Survey Plan - A survey plan can be readily developed based on the objectives and subobjectives. The more specific the objectives and subobjectives, the more focused the survey work will be. The survey involves analytical and transaction testing of the controls. The audit team should test enough transactions to be satisfied that the controls actually function as intended.

If there is no adverse condition, the team should close out the audit. On the OARS, the team should identify the objective, criteria and condition. The condition should be expressed in positive terms.

If there are both positive and adverse conditions to report, the positive conditions should be reported, usually in the report summary.

Coordinate with Other Auditors - The audit team should determine the extent of reliance on the work of others, such as state auditors, external auditors, internal auditors and other Federal auditors.

Preliminary Review and Analysis - As the survey proceeds, the audit team should continue to update the OARS for each objective or subobjective. The OARS should help the audit team quickly focus on the condition. As the condition is identified, the OARS should be updated. If the condition noted is a negative situation, then the audit team should identify the potential effect of the difference between "what should be" and "what is." The potential cause of an adverse condition should also be determined. Both the potential cause and effect should be discussed with the auditee.

Team Meeting - After preliminary review and analysis, the audit team should meet. The meeting may include the staff auditors, audit manager, advanced

**POSSIBLE MEETING
AGENDA**

- OARS
- "Go/No-Go" Decisions
- Scope of Audit
- Staff Time
- Elapsed Time
- Criteria Problems
- Legal Opinions
- Audit Leads
- Travel Costs
- Advanced Techniques



techniques staff, RIG and headquarters staff. The team will review the OARS and discuss the results of the survey.

"Go/No-Go" - During the survey phase, a "go/no-go" decision is made and included in audit documentation. If a decision is made to continue the review, the team will develop an audit program.

Audit Program - The results of the team meeting and the information contained on the OARS becomes the basis for the audit program. Data collection and analysis steps are developed for each objective and subobjective. The audit program may also identify target dates for completion of detailed audit work and preparation of the final report. In subsequent phases of the review, the audit program should be cross-referenced to the audit documentation supporting the audit steps. Thus, the audit program and the OARS become the audit team's primary mechanisms for assessing the day-to-day progress of the review.

Audit Leads - Issues outside the scope of the audit objectives should be identified and discussed at the team meeting.

PHASE 3 – DATA COLLECTION AND ANALYSIS

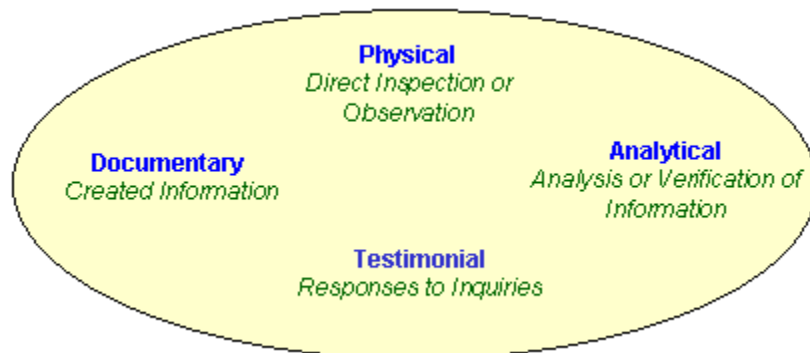
In the data collection and analysis phase ([Figure 2-3](#)), the audit team gathers and analyzes the evidence needed to determine the cause and quantify the effect of the condition identified in the survey. Recommendations are also developed to address the identified causes. At this time, the OARS is updated to include cause, effect and recommendation.

[Government Auditing Standards](#) provide that this evidence collected and analyzed by the audit team must be sufficient, competent and relevant to afford a reasonable basis for the team's judgments and conclusions regarding the organization, program, activity or function under audit. A record of the audit team's work, including this evidence, should be retained in the audit documentation. Further details on the types of evidence and on audit documentation follow.

TYPES OF EVIDENCE

Evidence may be defined as the data and information which auditors obtain during a review to document findings and support opinions and conclusions. It is that which tends to prove or disprove any matter in question or to influence the auditor's opinion. Evidence gives the audit team a rational basis for forming judgments. A considerable amount of the audit team's work consists of obtaining, examining and evaluating evidential matter. The measure of the validity of evidence for audit purposes lies in the nature of the evidence and the judgment of the audit team. In this respect, audit evidence differs from legal evidence which is circumscribed by rigid rules.

Evidence may be categorized as follows.



Physical

Physical evidence is obtained by direct inspection or observation of activities of people, property or events. Such evidence may be documented in the form of memoranda summarizing the matters inspected or observed, photographs, charts, maps or other types of physical evidence.

When possible, important inspections or observations should be made by two team members. In some cases, arrangements should be made for agency or contractor representatives to accompany the audit team to corroborate observations.

Documentary

Documentary evidence consists of created information such as accounting records, invoices, letters, contracts and management information on performance.

Testimonial

Testimonial evidence consists of statements received in response to inquiries or through interviews. Statements important to the audit should be corroborated when possible with additional evidence. Also, testimonial evidence needs to be evaluated from the standpoint of whether the individual may be biased or only has partial knowledge about the matter under audit. Uncorroborated testimonial evidence is the weakest form of evidence.

Analytical

Analytical evidence is obtained through analysis or verification of information. Analytical evidence can consist of:

- Computations
- Comparisons with:
 - Prescribed standards
 - Past operations
 - Other operations, transactions or performances
 - Laws or regulations
 - Legal decisions
- Evaluations of physical, documentary or testimonial information

AUDIT DOCUMENTATION

Audit documentation serves as a record of the results of the audit and the basis of the auditors' conclusions. Audit documentation also provides the principal support for the auditors' representation regarding observance of the standards, including that the audit was properly planned, supervised and reported.

Audit documentation prepared and analyzed during this phase may include:

- Excerpts of auditee policies, procedures and documents
- Write-ups of meetings, inquiries and interviews
- Spreadsheets and schedules
- Computer generated information

Such audit documentation should be used by the audit team to:

- Identify the criteria
- Support the condition
- Determine the effect
- Identify the cause
- Develop the recommendations

The OARS provides structure to the audit documentation which assists the audit team in assessing on a day-to-day basis the completeness, accuracy, clarity, relevance and overall quality of the evidence.

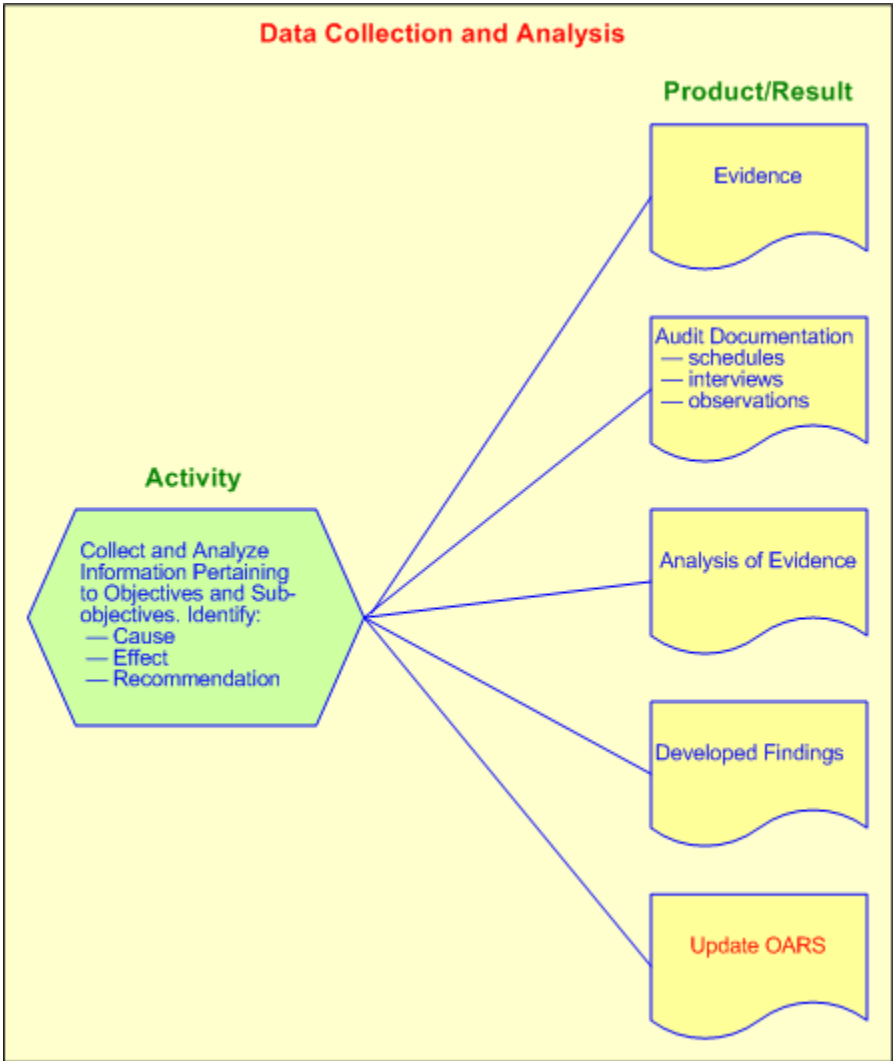


Figure 2-3

PHASE 4 - REPORTING

Auditing and report writing are not separate activities but represent a single integrated process. The audit team should begin anticipating and visualizing the report as early as the planning phase. Sections of the report should be written as the attributes are developed. Normally the report is assembled and crafted into a cohesive and comprehensive document after the data collection and analysis phase is completed ([Figure 2-4](#)).

Team Meeting - Assembling the draft report begins with a meeting of the audit team. The OARS serves as the focal point for the team's discussion and is used in preparing the draft report. The OARS summarizes the work performed and contains the attributes of the findings. Positive findings should be reported.

The audit team outlines the report by organizing and consolidating the OARS into one or more findings through pattern analysis. Pattern analysis is an analytical process whereby the audit team identifies common attributes to organize the findings. Using pattern analysis, the audit team can determine if the multiple conditions identified are the result of one root cause.

For example, five OARS showed five adverse conditions and causes. When comparing these five conditions and causes, it became apparent that four of the five conditions are the result of one root cause. Therefore, since recommendations address root cause, pattern analysis showed two reportable findings rather than five separate findings.

NOTE

In searching for the root cause, the audit team repeatedly probes the issue by asking "why." For example, it might be apparent that an employee's incorrect action led to the condition. By asking "why," however, the audit team may find that while this may be the immediate cause of the condition, it is not the root, or underlying, cause. In this example, the team might find that the employee's incorrect action was because of inadequate training. Probing further that is, again asking "why," the team may determine that auditee management had elected not to institute a training program. Thus, a decision by management not to provide training was the root cause that led to the condition.



Normally, the pursuit of cause should stop when the audit team can recommend corrective action that realistically can be implemented and can be expected to correct the condition.

A record of the team's decisions is included in the audit documentation and circulated to team participants. This record should also document any decisions not to report a tentative finding along with the team's reasoning.

Writing the Draft Report - The draft report organizes the audit results into a logical and coherent document. The report should be organized in sections designed to clearly identify the entity reviewed, the methods used, findings containing well-developed attributes, auditee comments and OIG response and attachments. The specific contents of any report, however, will vary depending on the type of review performed.

The OARS should be completed at the conclusion of the data collection and analysis phase. The OARS serve as an outline for the finding. The opening or summary paragraph of a finding consists of the attributes. The subsequent sections of the finding can be organized by attribute and should follow the organization of the opening paragraph. The results and conclusions sections of the audit documentation will provide the basis for writing the findings.

Independent Report Review (IRR) - The IRR is an internal quality control procedure that helps to ensure that draft and final reports are accurate, adequately supported and logical.

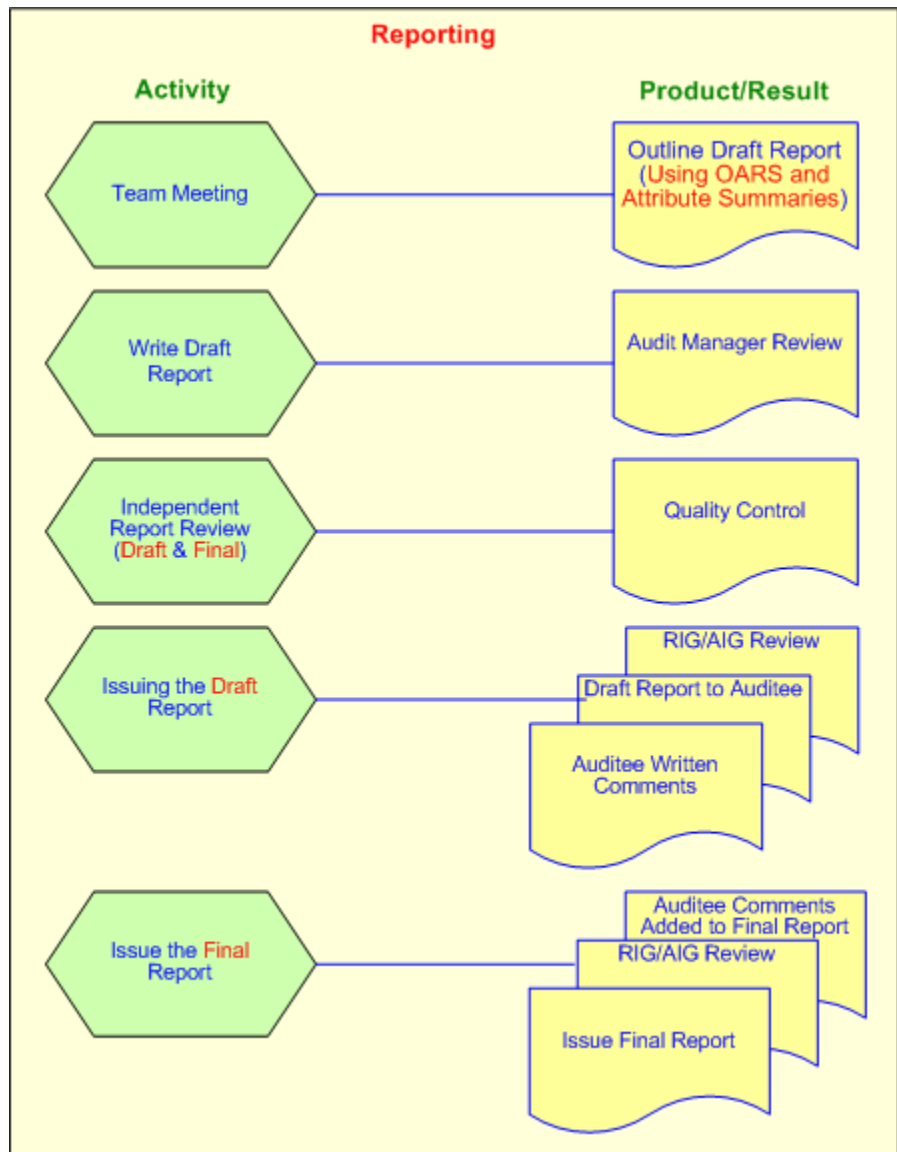


Figure 2-4

Issuing the Draft Report - Once the draft report is completed, the report is reviewed by the RIG and/or the Assistant Inspector General for Audit Services (AIG). If the report will be issued by the region, the RIG will usually transmit the draft report to the auditee for comment. If the report is to be signed by the DIG or the Inspector General (IG), it is reviewed and approved by the AIG, and submitted to AMP. The AMP performs an independent quality control review to ensure that the report complies with [Government Auditing Standards](#) and the [OAS Audit Policies and Procedures Manual](#). Depending on the addressee, the draft report is then signed by the DIG or the IG and sent to the auditee for comments.

Issuing the Final Report - When the auditee's comments are received, the audit team will review and assess them. If the auditee disagrees with the findings and recommendations of the report, the audit team will attempt to resolve the disagreement. This may require additional work to verify information provided by the auditee or to resolve questions raised by the auditee. Based on the auditee's comments, the audit team may decide to

change or delete a portion of the report or prepare a rebuttal to the comments. Changes made to the report should be submitted for IRR.

After the auditee's comments have been incorporated and any additional IRR takes place, the final report is submitted to the RIG and/or AIG for review and approval.

CHAPTER THREE

Standard Documents

We have developed sixteen standard documents that are often used on OAS audits. These standard documents pertain to the administrative requirements of an audit as well as audit work. They are intended to assist in planning, organizing and documenting the audit. Also, they should facilitate review by providing the reviewer with a structured understanding of what to expect in each set of audit documentation.

Standard documents are not intended to supersede professional judgment. Because the nature of OAS work is so diverse, there will be reviews for which some of the standard documentation or some aspects of the standard documentation cannot be applied.

The standardized documentation are described below. While most of the forms are optional, some are required by the [OAS Audit Policies and Procedures Manual](#). The three required forms are:

- **Objective Attributes Recap Sheet**
(Chapter 10-01, *Audit Policies*, Section 10-01-30, *The Audit Process*.)
- **Sample Planning Document**
(Chapter 20-02, Sampling and Estimation Techniques in Auditing, Section, 20-02-50, Statistical Samples and Estimates.)
- **Estimate Planning Document**
(Chapter 20-02, Sampling and Estimation Techniques in Auditing, Section, 20-02-110, Estimates Involving No OAS Sampling)

SD NO.	TITLE / DESCRIPTION
SD -1A	Cover for Audit Documentation Folder Cover page for each hardcopy audit documentation folder.
SD -1B	Cover for Audit Documentation Folder - for Files that May Contain Restricted Information Cover page for each hardcopy audit documentation folder which contain information which may not be releasable under 45 CFR Part 5 (FOIA). Special safeguarding measures should be followed at all times. See OAS Audit Policies and Procedures Manual, Chapter 20-06, Evidence and Audit Documentation, Section 20-06-110, Safeguarding, Subsection 20-06-110-01, Special Circumstances.
SD - 2	Audit Contacts Identifies names, titles, addresses and telephone numbers of key auditee and program officials.
SD - 3	Supervisory Involvement in Planning Documents supervisory involvement in the planning phase of the audit.
SD - 4	Objective Attributes Recap Sheet (OARS) - Required Click here to see how OARS, TAP and TeamMate relate. Identifies the objective and attributes of an audit and provides a logical and documented progression through the phases of the audit.
SD - 5	Internal Controls Assessment Documents field work standard for performance audits is that auditors obtained an understanding of management controls that are relevant to the audit.

SD NO.	TITLE / DESCRIPTION (Continued)
SD - 6	<p>Compliance with Legal Requirements</p> <p>Documents pertinent legal and regulatory requirements.</p>
SD - 7	<p>Risk Analysis Work Sheet</p> <p>Documents the overall level of audit risk.</p>
SD - 8	<p>Considering Others Work</p> <p>Documents the reliance on the work of others.</p>
SD - 9	<p>Sample Planning Document - Required</p> <p>Used whenever an audit requires approval of a statistical sampling specialist.</p>
SD - 10	<p>Estimate Planning Document - Required</p> <p>Used whenever an audit requires approval of a statistical sampling specialist.</p>
SD - 11	<p>Entrance Conference Record</p> <p>Records the entrance conference.</p>
SD - 12	<p>Audit Report Checklist</p> <p>Used by the audit team in reviewing the audit report.</p>
SD - 13	<p>Type of Review and GAGAS Certifications</p> <p>Certifies compliance with generally accepted Government auditing standards (GAGAS) requirements. Government Auditing Standards place responsibility on the auditor and the audit organization to follow all applicable standards in conducting government audits. The auditors' determination that certain standards do not apply should be included in the audit documentation.</p>
SD - 14	<p>Independent Report Review Checklist</p> <p>Documents the final review of the audit.</p>
SD - 15	<p>Audit Leads</p> <p>Documents issues identified during the audit that are outside the scope of the audit objectives should be considered for future audits.</p>

APPENDICES

Objective Attributes Recap Sheet (OARS)

OBJECTIVE ATTRIBUTES RECAP SHEET	
OBJECTIVE	_____ _____
CRITERIA	_____ _____
CONDITION	_____ _____
EFFECT	_____ _____
CAUSE	_____ _____
RECOMMENDATION	_____ _____
COMMENTS BY AUDITEE PERSONNEL	_____ _____ _____

Figure 1-1

The Audit Process – Phase I

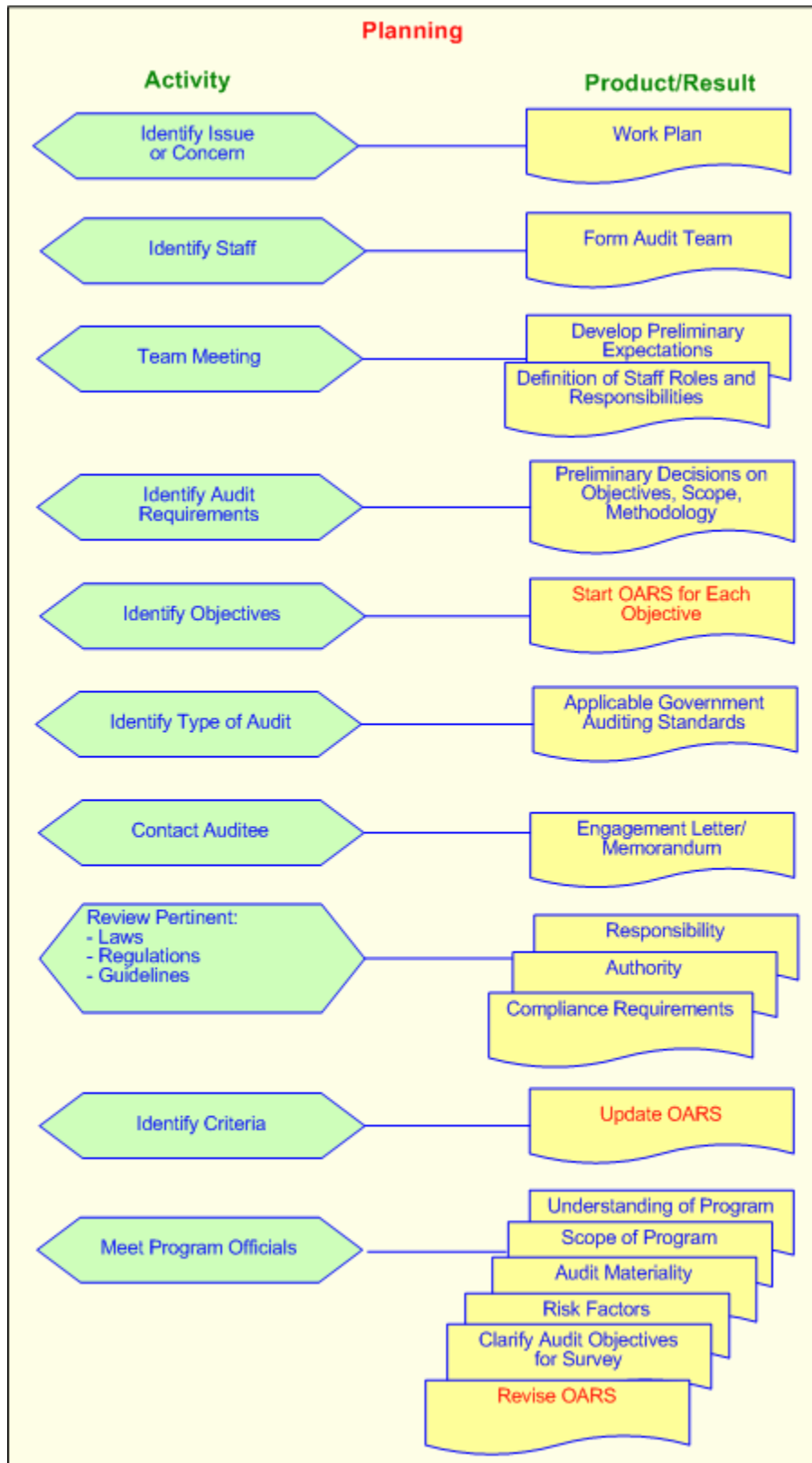


Figure 2-1

The Audit Process - Phase II

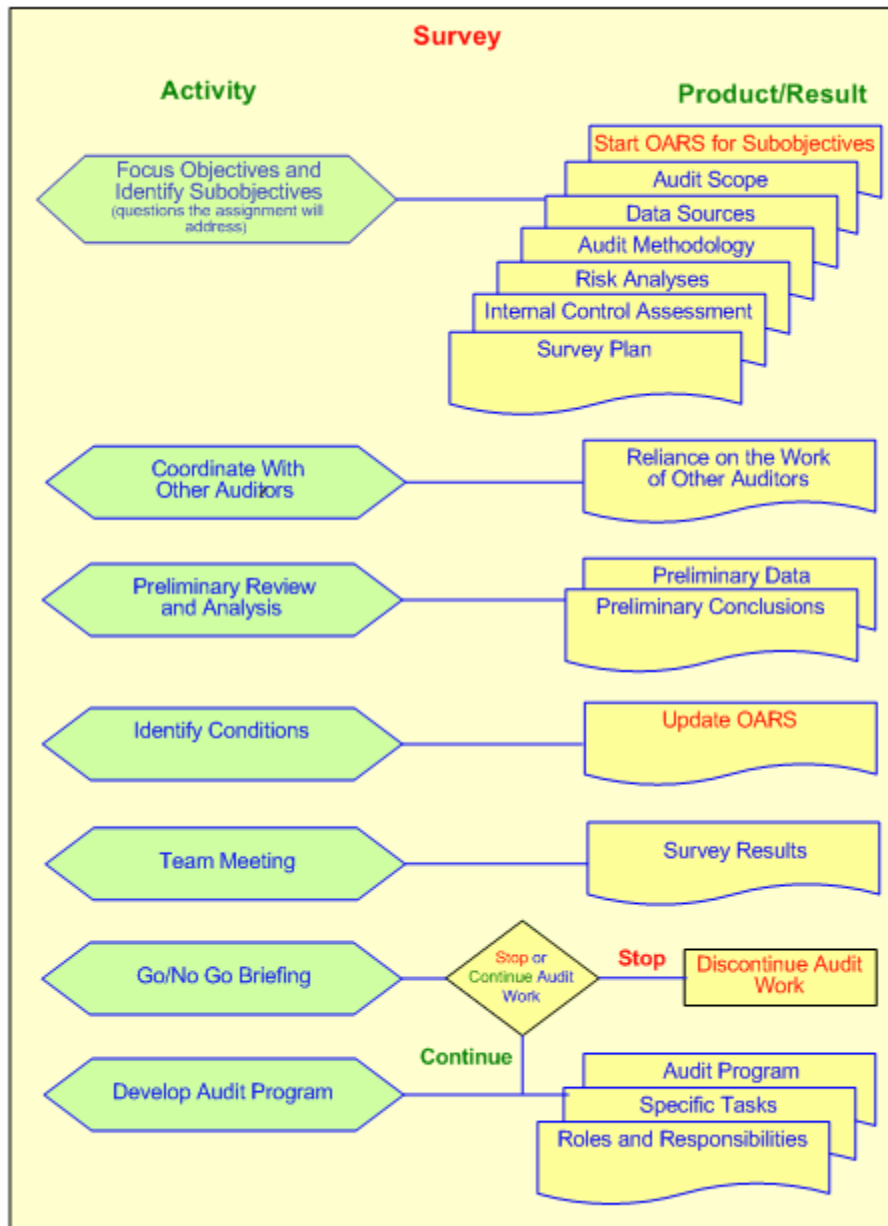


Figure 2-2

The Audit Process - Phase III

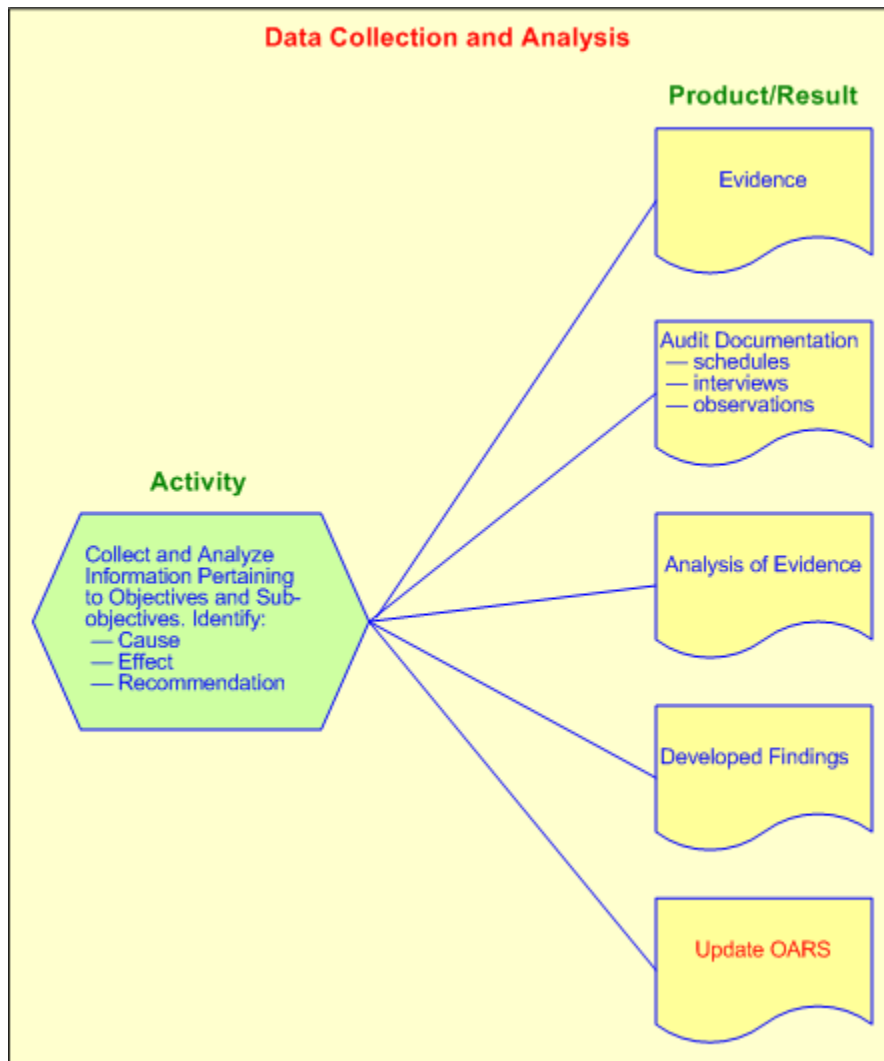


Figure 2-3

The Audit Process - Phase IV

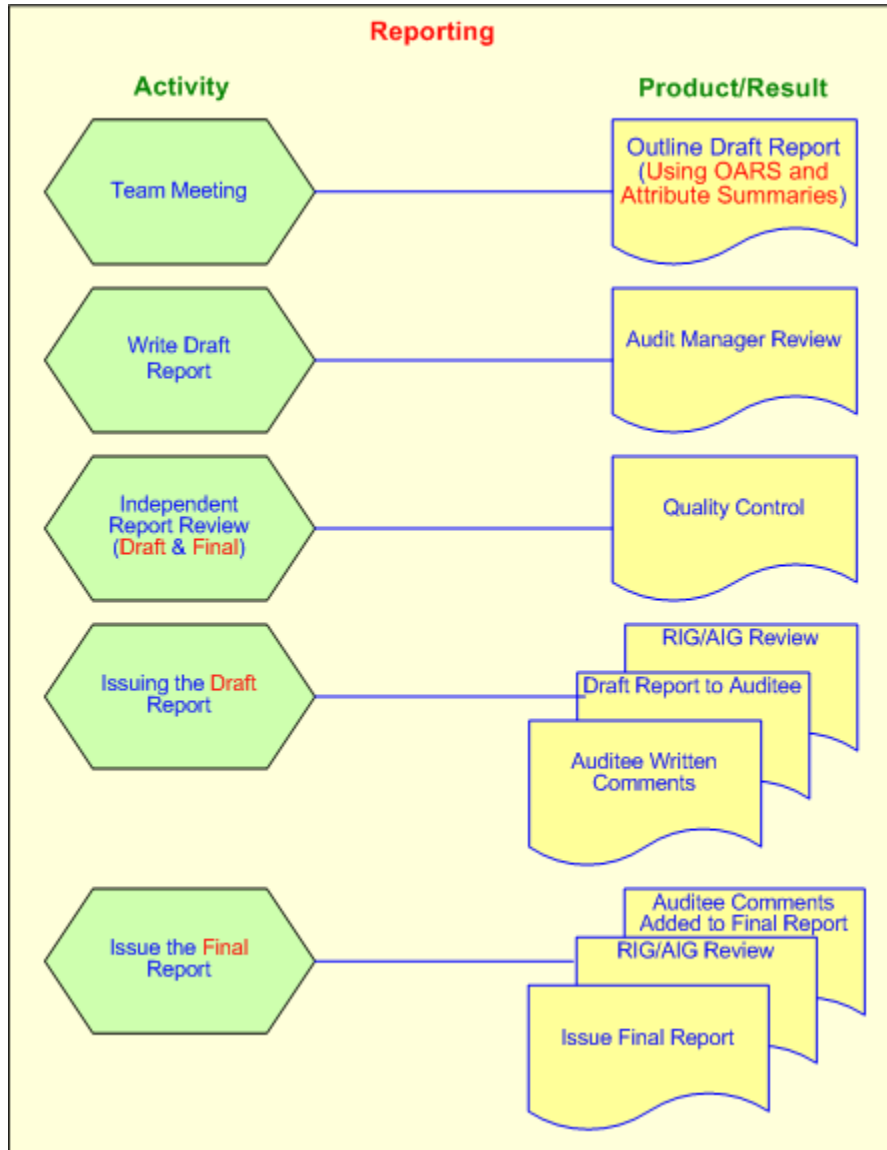


Figure 2-4

ATTACHMENTS

(Standard Documentation)

**U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL
OFFICE OF AUDIT SERVICES
REGION/DIVISION _____**

**CIN:
AUDITEE:**



CIN:

AUDITEE:

AUDIT ASSIGNMENT:

AUDIT ASSIGNMENT:

**FOLDER
OF**

**Index Series
Folder ____ of ____**

**U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL
OFFICE OF AUDIT SERVICES
REGION/DIVISION _____**

**CIN:
AUDITEE:**

Place Label Here - WARNING - CAUTION REQUIRED

This file contains information which may not be releasable under 45 CFR Part 5 (FOIA). Special safeguarding measures should be followed at all times.



AUDIT ASSIGNMENT:

CIN:

AUDITEE:

AUDIT ASSIGNMENT:

**FOLDER
OF**

**Index Series
Folder ____ of ____**

AUDIT CONTACTS

NAME

ADDRESS

EMAIL

TELEPHONE

FAX

AUDITEE

OFFICIAL TO
WHOM REPORT
ADDRESSED

AUDITEE
LIASON

HHS OPERATING
ACTION OFFICIAL

HHS AUDIT
LIASON OFFICIAL

OTHER KEY
OFFICIALS

SUPERVISORY INVOLVEMENT IN PLANNING

The following areas were covered in planning the review:

TOPIC	AUDITOR'S INITIALS	DATE DISCUSSED
1. Staffing requirements:		
2. Individual staff member roles, responsibilities and assigned audit tasks:		
3. Scope and objectives of audit:		
4. Development and revision, if needed, of the audit program.		
5. Audit methodology, including advanced techniques:		
6. Reporting requirements (targets, report format and any other special requirements):		
7. Time requirements (hours and elapsed time to complete the audit):		

CIN:

OBJECTIVE ATTRIBUTES RECAP SHEET

-

OBJECTIVE:

CRITERIA:

CONDITION:

EFFECT:

CAUSE:

RECOMMENDATION:

**COMMENTS BY
AUDITEE
PERSONNEL:**

INTERNAL CONTROLS ASSESSMENT

Government Auditing Standards require that auditors should obtain an understanding of internal controls that are relevant to the audit. When internal controls are significant to audit objectives, auditors should obtain sufficient evidence to support their judgments about those controls.

Check the applicable statement and provide justification for the decision.

_____ **This audit required an assessment of internal controls. The following internal controls were reviewed:**

- 1.
- 2.
- 3.
- 4.
- 5.

_____ **This audit does not require an assessment of internal controls to satisfy audit objectives for the following reason(s):**

COMPLIANCE WITH LEGAL REQUIREMENTS

BACKGROUND: The Government Auditing Standards for performance audits requires auditors to gain an understanding of the laws and regulations applicable to the program being audited. When such laws, regulations and other compliance requirements are significant to audit objectives, auditors should design the audit to provide reasonable assurance about compliance with them.

1. Identify the laws and regulations that are significant to the objectives of the law.
W/P: _____

2. Assess the risk that illegal acts have occurred.
W/P: _____

3. Audit procedures taken to provide reasonable assurance of detecting illegal acts.
W/P: _____

RISK ANALYSIS WORK SHEET

This working paper documents the overall level of risk in the audit. Successful audits are a result of a number of factors including the integrity of auditee and adequate supervisory involvement in planning and performing the audit. The effective performance of an audit will also include an appropriate level of professional skepticism, and the allocation of sufficient audit resources to high-risk areas. Assessing the audit risk factors requires substantial professional judgment. The particular matters to be considered and the significance of each should be determined based on the circumstances of each audit assignment.

If a particular factor does not apply to this audit, indicate by "N/A" in the comments column. The scale to identify the risk ranges from low (**L**) to high (**H**). Anything that falls between low and high can be identified as medium (**M**). If the conditions or circumstances in this audit indicate higher or lower risk than normal, describe them in the column on the right. If other risk factors are important for this audit, include them in the Other category (item 9).

For financial statements audit complete section I; for all other audits, complete section II. Complete both sections, I and II, for assignments that include audits financial statements and other objectives.

Section I – Financial Statements Audits

I	Internal Control Assessment				
	Auditors should obtain a sufficient understanding of internal control to plan the audit and determine nature, timing and extent of tests to be performed.				
		L	M	H	Comments
1	Control over entity’s computer processing <ul style="list-style-type: none"> • The extent to which computer processing is used • The complexity of the entity’s computer operations • The organizational structure of the computer processing activities 				
2	Control Over Compliance With Laws and Regulations <ul style="list-style-type: none"> • Management’s awareness (<i>low or medium risk</i>) or lack of awareness (<i>high risk</i>) of applicable laws and regulations applicable to its activities 				

		L	M	H	Comments
3	Safeguarding of assets <ul style="list-style-type: none"> Unauthorized acquisitions, use or disposition of assets Lack of control over activities, such as lack of documentation for major transactions Failure to adequately monitor decentralized operations Large volume of dollar amount of cash, checks, securities, expenditures, etc, Lack of cost accounting/allocation system Difficult to audit transactions and balances <i>few=low; average=medium many=high</i> 				

Section II – All Other Audits

II	Internal Controls Auditors should obtain an understanding of internal controls that are relevant to the audit. When internal controls are significant to audit objectives, auditors should obtain sufficient evidence to support their judgment about those controls. Internal controls include policies and procedures that management has implemented to reasonably ensure that a program meets its objectives, data are valid and reliable, use of resources is consistent with laws and regulations, and resources are safeguarded against waste, loss and misuse.				
		L	M	H	Comments
1	Program Operations <ul style="list-style-type: none"> Policies and procedures are implemented to ensure that a program meets its objectives <i>implemented=low; not implemented=high</i> 				
2	Validity and reliability of data <ul style="list-style-type: none"> Policies and procedures implemented to reasonably ensure that valid and reliable data are obtained, maintained and fairly disclosed in reports. <i>implemented=low; not implemented=high</i> 				
		L	M	H	Comments
3	Safeguarding resources <ul style="list-style-type: none"> Policies and procedures implemented to reasonably ensure that resources are safeguarded against waste, loss and misuse. <i>implemented=low;</i> 				

	<i>not implemented=high</i>				
4	Compliance with Laws and Regulations (SWP-6) <ul style="list-style-type: none"> • Policies and procedures implemented to reasonably ensure that resource use is consistent with laws and regulations. <i>implemented=low; not implemented=high</i> • Management's awareness or lack of awareness of applicable laws and regulations • Entity's policies and procedures regarding operating practices and codes of conduct • Cumbersome regulatory requirements • Existence of contractor services 				
5	Prior Audit Findings <i>Few/immaterial=low; many or significant=high</i>				
6	Environmental Assessment <ul style="list-style-type: none"> • Organizational structure <i>centralized =low; decentralized =high</i> • Management operating style <i>group oversight=low; single person=high</i> • Staff turnover • Understaffed <i>no=low; yes=high</i> • Board of directors participation • Complexity of paper transactions • Required expertise of personnel • Going-concern assumption <i>adequate=low; questionable=high</i> 				
7	Relationship With Auditee <i>recurring audit=low; new audit=high</i>				
8	Emphasis on maximizing Federal reimbursement <i>little=low; very high=high</i>				
		L	M	H	Comments
9	Other Risk Factors in This Audit <ul style="list-style-type: none"> • • • • 				

Considering the risk factors identified above, the following modifications are deemed appropriate:

- No modification deemed necessary
 - Assigning more experienced personnel or increasing level of supervision
 - Changing nature, timing or extent of planned audit procedures
 - Exercising higher degree of professional skepticism
 - Other (explain)
-
-
-
-
-

Assessment of audit risk and effect on audit plan:

CONSIDERING THE WORK OF OTHERS

BACKGROUND: Our policy states that we will make maximum use of the work of others in accomplishing audit objectives, by relying on the work of others, when appropriate. If the audit team is considering using the work of other auditors, the team must make an assessment of the other auditors and their work. They must also decide whether they will assume responsibility for that work. Auditors should review Chapter 20-05 of our policies and procedures manual for guidance in making these assessments. The following steps should be considered in determining the extent of reliance to place on the work of others.

DETERMINATION OF OTHER AUDIT COVERAGE:

1. Has the organization, program, or activity currently under review ever been audited or reviewed by any other internal or external auditors or program offices, such as State auditors, CPAs, internal auditors, or other Federal auditors? If so, obtain name, address, and contact information. _____
2. Through inquiry, determine if the prior audit work covers the same period as the current audit, and whether the prior audit coverage addressed topics that are directly related to the audit objectives of the current audit. _____
3. If the prior audit work appears related to your objectives, arrange to review the other auditor and their work. _____

ASSESSING THE OTHER AUDITOR

To rely on the work of others, the audit team must be satisfied with the other auditors' qualifications, independence and quality control systems.

1. Does the audit staff collectively possess the knowledge and experience necessary to perform the audit? _____
2. Does the audit organization have a program to ensure that its staff meet the continuing education requirements of the Government Auditing Standards? _____
3. If the work of Certified Public Accountants (CPA) is under consideration, check if the CPA meets the licensing requirements of the jurisdiction where the auditee is located and if the license is current. _____
4. If not already known, make inquiries about the professional reputation of the other auditor. _____
5. Assure that the audit organization and the auditors are free from any independence impairments as defined in the Government Auditing Standards. _____

6. Does the organization have an internal quality control system in place, and do they participate in an external quality control review program? _____

ASSESSING THE OTHER AUDITORS' WORK

The audit team must be satisfied with the audit work performed by the other auditor. Using professional judgment in determining the extent of review, the audit team should perform the following steps in assessing that work.

1. Visit the other auditor and discuss the audit procedures they followed, and the results they obtained. W/P: _____
2. Inquire if the auditor is familiar with Government Auditing Standards and if they were followed during their review. W/P: _____
3. Review the audit program and determine if the steps performed relate to the work planned under the current review. W/P: _____
4. Review the working papers for content, scope of work, sufficiency of evidence, indications of supervisory review, knowledge of criteria, and other aspects deemed necessary in the circumstances. W/P: _____
5. Conduct other tests of the auditors' compliance with Government Auditing Standards as deemed necessary to rely on their work. W/P: _____

RELYING ON THE WORK OF NONAUDITORS

When relying on the work of nonauditors (physicians, statistical specialists, and so forth), the audit team faces similar considerations. The audit team should:

1. Assess the nonauditors' professional reputation, qualifications, and independence. W/P: _____
2. Obtain an understanding of the methods and assumptions used by the nonauditors. W/P: _____
3. Consider further tests as deemed necessary, including reviewing supporting documentation, and the results of the work conducted. W/P: _____

CONCLUSION

1. Record reasons for decision to use or not use the work of the other auditor, and whether the audit team will assume responsibility for the work of the other auditor. (Research the reporting implications if the team assumes responsibility.) W/P: _____

HHS - OIG OFFICE OF AUDIT SERVICES
SAMPLE PLANNING DOCUMENT FOR CIN: _____
TITLE: _____

APPROVALS	SIGNATURE	DATE
Audit Manager	_____	_____
Statistical Specialist	_____	_____
RIG	_____	_____
Lead Region RIG	_____	_____
AIG	_____	_____
Statistician	_____	_____

1. Audit Objective:

2. Population:

3. Sampling Frame:

4. Sample Unit:

5. Survey Information:

6. Sample Design:

7. Sample Size:

8. Source of Random Numbers:

9. Method of Selecting Sample Items:

10. Elapsed Time To Locate Sample and Audit Time per Sampling Unit:

11. Characteristics To Be Measured:

12. Treatment of Missing Sample Items:

13. Estimation Methodology:

14. Other Evidence:

15. Description of How Results Will Be Reported:

HHS - OIG OFFICE OF AUDIT SERVICES
ESTIMATE PLANNING DOCUMENT FOR CIN: _____
TITLE: _____

<u>APPROVALS</u>	<u>SIGNATURE</u>	<u>DATE</u>
Audit Manager	_____	_____
Statistical Specialist	_____	_____
RIG	_____	_____
Lead Region RIG	_____	_____
AIG	_____	_____
Statistician	_____	_____

1. Audit Objectives:

2. Description of Estimates To Be Calculated:

3. Estimation Methodology:

4. Sources of Data:

5. Validation of Data Sources:

6. Reasons for Using Data:

NOTE: THIS FORM SHOULD BE USED WHEN ESTIMATES ARE CALCULATED USING DATA AND INFORMATION OTHER THAN OAS SAMPLE RESULTS.

ENTRANCE CONFERENCE RECORD

Location/time:

Date:

I. INTRODUCTIONS (List attendees below or on a separate roster -see page 4 of 4):

<u>NAME AND TITLE</u>	<u>ORGANIZATION</u>	<u>TELEPHONE-Email</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

II. OPENING COMMENTS:

A. Office of Inspector General (OIG):

The mission of the Office of Inspector General (OIG) as mandated by Public Law 95-452, as amended, is to protect the integrity of the Department of Health and Human Services (HHS) programs, as well as the health and welfare of beneficiaries served by those programs. This statutory mission is carried out through a nationwide network of audits, investigations, and inspections.

B. Office of Audit Services (OAS):

The OAS is one of three major offices within the OIG for the Department of Health and Human Services (HHS). The OIG's Office of Audit Services (OAS) provides all auditing services for HHS, either by conducting audits with its own audit resources or by overseeing audit work done by others. Audits examine the performance of HHS programs and/or its grantees and contractors in carrying out their respective responsibilities and are intended to provide independent assessments of HHS programs and operations in order to reduce waste, abuse and mismanagement and to promote economy and efficiency throughout the Department.

III. AUDIT INFORMATION:

A. Objectives:

B. Background and criteria:

C. Scope:

1. Audit will be done in accordance with generally accepted government auditing standards.
2. Audit period:
3. Other specifics regarding the scope, such as restrictions or special emphasis:

D. Time frames:

1. Start:
2. Target for completion of fieldwork:
3. Target for draft report:

E. Staffing and facility needs:

1. Workspace requirements for auditors as follows:
2. Special assistance required of auditee personnel:

IV. OIG/OAS REPORTING PROCEDURES:

- A. Draft report**
- B. Formal exit conference, if considered necessary**
- C. Final report**

V. OTHER MATTERS:

A. Key contacts:

- 1. _____
- 2. _____
- 3. _____
- 4. _____
- 5. _____

B. Questions and answers:

C. Other notes of the conference:

AUDIT REPORT CHECKLIST

VERIFIED BY:

NAME

DATE

- | | | |
|--|-------|-------|
| 1. Are the reports cross-referenced to the working papers? | _____ | _____ |
| 2. Is a copy of the auditee's official written comments on the draft report included in the working paper file? | _____ | _____ |
| 3. Is a transmittal letter attached? | _____ | _____ |
| 4. Is a report distribution list attached? | _____ | _____ |
| 5. Are figures used uniformly throughout the report (summary, findings/ recommendations and exhibits)? | _____ | _____ |
| 6. Are the dates of the audit, title of the report and the name of auditee consistent on the cover and throughout the report? | _____ | _____ |
| 7. Does the Scope section of the report include appropriate comments regarding internal controls? | _____ | _____ |
| 8. Do the recommendations contained in the report follow from specific findings included in the report? | _____ | _____ |
| 9. Does the report summary contain the audit objectives and address the significant matters discussed in the body of the report? | _____ | _____ |
| 10. Do the findings/recommendations elaborate on significant matters discussed in the summary of the report? | _____ | _____ |
| 11. Have annotated copies of the final report been distributed? | _____ | _____ |

TYPE OF REVIEW AND GAGAS CERTIFICATIONS

TYPE OF REVIEW PERFORMED

FINANCIAL AUDIT: _____

PERFORMANCE AUDIT: _____

OTHER (Describe): _____

CERTIFICATION OF CONFORMANCE

This review has been conducted in conformance with all applicable *Government Auditing Standards* and *OAS Audit Policies and Procedures*, except as discussed on the following working paper:

Auditor-In-Charge _____

Date _____

Senior Auditor _____

Date _____

Audit Manager _____

Date _____

Note: If the audit was performed using TeamMate, the signature blocks do NOT need to be signed and dated by hand, signing-off in TeamMate is sufficient.

INDEPENDENT REPORT REVIEW CHECKLIST

Date Submitted to Reviewer:	
Independent Reviewer (INR):	
	INR Initials/ Date Reviewed
<p>1. Verified that the reported information is accurately and completely cross-referenced to the working papers.</p> <p>In performing this step, the INR should verify that every figure, date and statement of fact is correctly reported by examining satisfactory evidence in the working papers or performing necessary mathematical or clerical checks. Generally, it should not be necessary to go beyond the top schedules of the working papers although selected critical items may be checked to detailed supporting working papers.</p> <p>(If the report is not is accurately and completely cross-referenced to the working papers, the report should be returned to audit team for appropriate action before proceeding further.)</p>	
2. Determined that the report is adequately supported by relevant, competent and sufficient audit evidence in the working papers.	
3. Verified that a statistical specialist has examined and approved the manner in which estimates have been developed and presented in the report. The INR is not expected to review these technical matters.	
4. Checked each figure, date or statement of fact for consistency within the report.	
5. Checked the web executive summary (final reports only) for consistency with the final report.	

NOTE: All exceptions to the above verification items and other recommendations are to be listed in TeamMate coaching note or on a separate working paper.

INR's Signature: _____

Date Completed: _____

AUDIT LEADS

1. **CONDITION:** _____

2. **POTENTIAL CAUSE:** _____

3. **OTHER ISSUES:** _____

4. **AUDIT CONTACT:** _____

5. **SENT TO DIVISION DATE:** _____