

REVIEW OF AUDIT/ENGAGEMENT DOCUMENTATION
ALGA Peer Review Guide (2011)

TO BE USED FOR AUDITS INITIATED AFTER DECEMBER 15, 2011

In order to provide reasonable assurance that applicable standards are properly considered during audits completed within the City Auditor's Office, a Review of Audit/Engagement Documentation form (Form 1) will be completed by the auditor-in-charge of each audit/engagement completed within the City Auditor's Office.

For each item, the auditor will indicate on the form whether "yes" controls were carried out or "no" controls were not carried out during the audit/engagement. There may be some items in this form that are not applicable to the audit organization. In such cases, the auditor should indicate that the item is "N/A". The column on the far right of the form should be used by the auditor to provide explanatory information or comments such as references to policies and procedures or other governing documents, descriptions of test work, the reason why a particular item does not apply to the audit organization, etc.

The items in this form are abbreviated from the full text included in the Audit Organization Description of Quality Control System (Appendix G). In completing this form, the auditor should consider the full text included in the Description of Quality Control System and relevant *Government Auditing Standards* (GAS), which is referenced in each item.

The peer review team will utilize a version of this form in evaluating whether the City Auditor's Office complied with its established system of internal quality control to reasonably assure compliance with applicable standards contained in *Government Auditing Standards, 2011 Revision*. The review team will also review reports, workpapers, records, files, etc., and interview audit organization management and staff, as deemed appropriate, to assess whether established internal controls were carried out during the review period.

Audit/Engagement
Under Review:

Date Form Completed:

Name of Auditor
Completing Form:

FORM 1

Was the Standard Complied With?

GENERAL STANDARDS:	Yes	No	N/A	Reviewer Comments
<u>INDEPENDENCE</u>				
1. The audit organization and the individual auditor, whether government or public, must be independent (GAS 3.02). Quality Control System procedures should include:				
a) Verify auditors were independent during the period covered by the subject matter of the audit and the period of the engagement (3.05)				
b) Identify threats to independence, evaluate their significance, determine if identified threats to independence have been eliminated or are at an acceptable level, and apply and document safeguards as necessary (3.08, 3.20-3.23, 3.24, 3.59)				
c) Evaluate the categories of threats to independence: self-interest, self-review, bias, familiarity, undue influence, management participation, and structural (3.14)				
d) Decline or terminate the audit if threats cannot be eliminated or reduced to an acceptable level. (3.25)				

FORM 1

Was the Standard Complied With?

GENERAL STANDARDS:	Yes	No	N/A	Reviewer Comments
e) Evaluate the impacts of threats identified after report issuance and take appropriate steps. (3.26)				
2. (Quality Control System Review Only)				
3. (Quality Control System Review Only)				
4. Evaluate the impact on independence of any previously performed nonaudit services before accepting the prospective audit. (3.42)				
5. When performance of a nonaudit service could impair independence with respect to a required audit, disclose the nature of the threat that could not be eliminated or reduced to an acceptable level and modify the GAGAS statement accordingly. (3.44)				
6. (Quality Control System Review Only)				
7. (Quality Control System Review Only)				

FORM 1

Was the Standard Complied With?

GENERAL STANDARDS:	Yes	No	N/A	Reviewer Comments
<u>PROFESSIONAL JUDGMENT</u>	_____	_____	_____	_____
8. Use professional judgment (includes exercising reasonable care and professional skepticism) in planning and performing audits and in reporting the results. (3.60, 3.61)	_____	_____	_____	_____
<u>COMPETENCE</u>				
9. Assess skill needs to consider whether the essential skills match those necessary to perform a particular audit. (3.69, 3.70)	_____	_____	_____	_____
10. (Quality Control System Review Only)	_____	_____	_____	_____
11. Staff assigned to conduct an audit should collectively possess the technical knowledge, skills, and experience necessary. (3.72)	_____	_____	_____	_____
12. Auditors performing financial audits or attestation engagements should be knowledgeable of applicable standards and competent in their application. (3.73-3.75)	_____	_____	_____	_____
13. (Quality Control System Review Only)	_____	_____	_____	_____
14. (Quality Control System Review Only)	_____	_____	_____	_____

FORM 1

Was the Standard Complied With?

GENERAL STANDARDS:	Yes	No	N/A	Reviewer Comments
15. External/internal specialists assisting with or performing GAGAS audits are qualified and competent. (3.79-3.81)	_____	_____	_____	_____
	_____	_____	_____	_____
<u>QUALITY CONTROL AND ASSURANCE</u>				
16. (Quality Control System Review Only)	_____	_____	_____	_____
17. (Quality Control System Review Only)	_____	_____	_____	_____
18. (Quality Control System Review Only)	_____	_____	_____	_____

FORM 1

Was the Standard Complied With?

**FINANCIAL AND
ATTESTATION
STANDARDS¹:**

AICPA STANDARDS

19. Follow AICPA standards and similar GAS. (2007 4.01, 4.02, 4.03, 6.01, 6.02, 6.03, 6.04, 6.10, 6.11)

<u>Yes</u>	<u>No</u>	<u>N/A</u>	<u>Reviewer Comments</u>
_____	_____	_____	_____

AUDITOR COMMUNICATION

20. Communicate understanding of services to be performed, planned testing, level of assurance, and reporting. (2007 4.05-4.08, 5.38, 6.06-6.08)

_____	_____	_____	_____
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**PREVIOUS AUDITS AND
ATTESTATION ENGAGEMENTS**

21. Follow up on findings from prior audits/engagements. (2007 4.09, 6.09)

_____	_____	_____	_____
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**FRAUD, ILLEGAL ACTS,
VIOLATIONS AND ABUSE**

22. Design work to provide reasonable assurance of detecting material financial misstatements, fraud, illegal acts, and violations that are significant to audit objectives. (2007 4.10, 4.11, 4.26-4.28, 6.13)

_____	_____	_____	_____
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¹ The 2011 Government Auditing Standards are effective for financial audits and attestation engagements for periods ending on or after December 15, 2012. Therefore, until implementation this portion of the Description of Quality Control System references the 2007 Government Auditing Standards.

FORM 1

Was the Standard Complied With?

**FINANCIAL AND
ATTESTATION
STANDARDS¹:**

	<u>Yes</u>	<u>No</u>	<u>N/A</u>	<u>Reviewer Comments</u>
23. Be alert for indications of material abuse. (2007 4.12, 4.13, 6.14)	_____	_____	_____	_____
24. Do not interfere with investigations or legal proceedings. (2007 4.29, 5.17, 6.29)	_____	_____	_____	_____

ELEMENTS OF A FINDING

25. Develop the elements of a finding that are relevant and necessary to achieve audit objectives. (2007 4.14-4.18, 6.15-6.19)	_____	_____	_____	_____
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DOCUMENTATION

26. Adequately document work prior to report issuance. (2007 4.19-4.22, 6.20-6.23)	_____	_____	_____	_____
27. Establish P&P regarding record retention and requests from outside parties. (2007 4.22-4.24, 6.24-6.26)	_____	_____	_____	_____

REPORTING

28. Follow AICPA standards and applicable GAS for financial audits and attestation engagements. (2007 5.01-5.03, 6.01-6.02, 6.30-6.31)	_____	_____	_____	_____
29. Cite GAS in report, disclose when not followed. (2007 1.12-1.13, 5.05-5.06, 6.32)	_____	_____	_____	_____

FORM 1

Was the Standard Complied With?

**FINANCIAL AND
ATTESTATION
STANDARDS¹:**

	<u>Yes</u>	<u>No</u>	<u>N/A</u>	<u>Reviewer Comments</u>
30. Report on internal control and compliance with laws, regulations, and provisions of contracts or grant agreements. (2007 5.07-5.09)	_____	_____	_____	_____
31. For financial audits and for attestation engagements as applicable to the objectives, report significant deficiencies in internal control, identifying those considered material weaknesses, consequential fraud and illegal acts, violations of contracts or grant agreements, and abuse. (2007 5.10-5.11, 6.33-6.34)	_____	_____	_____	_____
32. Report known or likely fraud to those charged with governance and when applicable, to external parties under specific circumstances. (2007 5.18, 6.39)	_____	_____	_____	_____
33. Presentation of findings should develop the elements of the findings to the extent necessary to achieve the audit objectives. (2007 5.21-5.22, 6.42-6.43)	_____	_____	_____	_____
34. Advise management to determine effects of new information affecting previously issued financial statements and to make disclosure if material. (2007 5.26)	_____	_____	_____	_____

FORM 1

Was the Standard Complied With?

**FINANCIAL AND
ATTESTATION
STANDARDS¹:**

	<u>Yes</u>	<u>No</u>	<u>N/A</u>	<u>Reviewer Comments</u>
35. Advise management to make disclosures when: (1) it is likely previously-issued financial statements are misstated, and (2) the misstatement is or could be material. (2007 5.27)	_____	_____	_____	_____
36. Report views and planned corrective actions of responsible officials. (2007 5.32-5.38, 6.44-6.50)	_____	_____	_____	_____
37. Report the nature of and requirement for omitted information. (2007 5.39-5.43, 6.51-6.55)	_____	_____	_____	_____
38. Submit reports to appropriate officials and make available to public. Document any limitation on report distribution. (2007 5.44, 6.56)	_____	_____	_____	_____

FORM 1

Was the Standard Complied With?

PERFORMANCE STANDARDS:

Yes No N/A Reviewer Comments

PLANNING

39. Plan and document work necessary to define audit objectives, scope, and methodology such that work provides reasonable assurance that sufficient, appropriate evidence supports conclusions. (6.06, 6.07, 6.10)

Yes	No	N/A	Reviewer Comments
_____	_____	_____	_____

40. Assess audit risk and significance within the context of the audit objectives by gaining an understanding of the following:

- a) Nature of the program and user needs (6.11a, 6.13)
- b) Design and implementation of internal controls (6.11b, 6.16)
- c) Design and effectiveness of information system controls (6.11c, 6.24, 6.27)
- d) Legal, regulatory, contract, and/or grant agreement provisions, and potential fraud and abuse (6.11d, 6.28, 6.30-6.32, 6.34)
- e) Impact on ongoing investigation and legal proceedings (6.11e, 6.35)
- f) Results of previous audits (6.11f, 6.36)

_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

FORM 1

Was the Standard Complied With?

PERFORMANCE STANDARDS:

Yes No N/A Reviewer Comments

41. Identify potential criteria to the extent relevant to the audit objectives. Planning allows auditors to identify potential criteria and sources of evidence, and evaluate whether to use the work of other auditors or experts. (6.12 a-c; 6.37; 6.38; 6.40-6.42)

42. Determine the type and amount of evidence needed to obtain sufficient, appropriate evidence to address the audit objectives. Evaluate whether internal control or other program weaknesses are the cause when auditors conclude that sufficient, appropriate evidence is not available. (6.39)

43. Extend audit procedures when there are indications that fraud or abuse significant to the audit objectives may have occurred; do not interfere with legal proceedings or investigations. (6.32; 6.34-6.35)

44. Assess qualifications and independence of specialists. (6.12d, 6.43-44)

45. Assign sufficient number of appropriately skilled staff and document work performed by specialists. (6.12d; 6.45-6.46)

FORM 1

Was the Standard Complied With?

PERFORMANCE STANDARDS:

	Yes	No	N/A	Reviewer Comments
46. Communicate planned testing and reporting to management, those charged with governance and requestors. Document communications. Follow appropriate requirements if audit is terminated before completed. (6.12e; 6.47-6.50)	_____	_____	_____	_____
47. Prepare and update a written audit plan. (6.12f; 6.51)	_____	_____	_____	_____

SUPERVISION

48. Properly supervise staff. Review work performed and document review of work before issuing the audit report. (6.53-6.55, 6.83c)	_____	_____	_____	_____
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EVIDENCE

49. Obtain sufficient, appropriate evidence to provide reasonable basis for findings and conclusions. (6.56-6.57)	_____	_____	_____	_____
50. Document assessment that evidence taken as a whole is sufficient and appropriate for addressing audit objectives and supporting findings and conclusions. (6.58, 6.67, 6.69)	_____	_____	_____	_____
51. Evaluate testimonial evidence and information provided by officials when used as evidence. (6.62, 6.65)	_____	_____	_____	_____

FORM 1

Was the Standard Complied With?

PERFORMANCE STANDARDS:

	Yes	No	N/A	Reviewer Comments
52. Assess sufficiency and appropriateness of computer-processed information. (6.66)	_____	_____	_____	_____
53. Based on the assessment of the evidence, apply additional procedures, redefine the audit objectives, or revise the findings and conclusions, if necessary. (6.71-6.72)	_____	_____	_____	_____
54. Plan and perform procedures to develop the elements of a finding to address audit objectives and develop recommendations for corrective action. (6.73)	_____	_____	_____	_____

DOCUMENTATION

55. Prepare and maintain audit documentation related to planning, conducting, and reporting on the audit to support findings, conclusions, and recommendations before issuing the report. (6.79-6.83)	_____	_____	_____	_____
56. Document departures from GAGAS requirements and the impact on the audit and auditors' conclusions. (6.84)	_____	_____	_____	_____
57. Make appropriate individuals and audit documentation available to other auditors or reviewers upon request, subject to applicable laws and regulations. (6.85)	_____	_____	_____	_____

FORM 1

Was the Standard Complied With?

PERFORMANCE STANDARDS:

REPORTING

Yes No N/A Reviewer Comments

58. Issue audit report, make the report available to the public, unless specifically limited, if audit is terminated, document results of work completed and reason for termination. (7.03-7.04, 7.06)

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59. If, after the report is issued, auditors discover they did not have sufficient, appropriate evidence, follow appropriate procedures. (7.07)

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60. Audit reports should contain the objectives, scope, and methodology of the audit and the audit results. (7.08-7.13)

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61. Present sufficient, appropriate evidence to support the findings and conclusions in relation to audit objectives. Describe any evidence limitations and deficiencies in internal control, etc. (7.14-7.18)

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62. Report scope of work on internal controls and any significant deficiencies found. Refer to separate written communication to officials in audit report. (7.19)

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FORM 1

Was the Standard Complied With?

PERFORMANCE STANDARDS:

	Yes	No	N/A	Reviewer Comments
63. Report likely fraud, illegal acts, and significant violations of contracts or grant agreements, or significant abuse. (7.21-7.22)	_____	_____	_____	_____
64. Report known or likely fraud, illegal acts, violations of contracts or grant agreements, or abuse to any appropriate outside parties. (7.24-7.26)	_____	_____	_____	_____
65. Report conclusions based on objectives and findings. (7.27)	_____	_____	_____	_____
66. Recommend actions to correct identified problems and to improve programs and operations. (7.28)	_____	_____	_____	_____
67. Use the language in GAS 7.30 to cite compliance with GAGAS in report when all applicable requirements are followed, disclose when not followed. (2.23-2.24, 7.08, 7.30-7.31)	_____	_____	_____	_____
68. Include a copy of written comments from responsible officials or a summary of written or oral comments. Evaluate the validity of the comments and revise report as necessary. (7.08, 7.32, 7.34-7.35, 7.37-7.38)	_____	_____	_____	_____
69. If information is prohibited from public disclosure or excluded from the report due to its confidential or sensitive nature, disclose that certain	_____	_____	_____	_____

FORM 1

Was the Standard Complied With?

PERFORMANCE STANDARDS:

	Yes	No	N/A	Reviewer Comments
information has been omitted and the reason for its omission. (7.08, 7.39, 7.42-7.43)	<hr/>	<hr/>	<hr/>	<hr/>
70. Submit report to those charged with governance, appropriate officials, and appropriate oversight bodies; document any limitation on report distribution. (7.44)	<hr/>	<hr/>	<hr/>	<hr/>

FORM 2

Audit Start Letter - Original Audit

City of
Gainesville

Inter-Office Communication

February 13,

2008

TO: Russ Blackburn, City Manager

FROM: Brent Godshalk, City Auditor

SUBJECT: Review of Local Business Tax Revenues

In accordance with the City Commission approved Annual Audit Plan, the City Auditor's Office is initiating a review entitled Local Business Tax Revenues. The primary objective of this review is to evaluate the system of management control over the collection of local business tax revenues.

The first stage of the review begins with an evaluation of the overall function to better identify the scope of the audit and time requirements. We will then conduct sample testing and make any needed recommendations for improvements. Please let me know if there are specific issues you believe need attention or would benefit from our review.

Staff Auditor Brecka Anderson will conduct this audit and will make every effort to minimize the time requirements of your staff. We will contact Mark Benton, Finance Director in the near future to discuss our review process.

Thank you for your continued assistance and cooperation. If you have any questions or concerns during this review, please feel free to call me.

Thank you for your assistance and cooperation. If you have any questions or concerns during this review, please feel free to call me.

FORM 3

Audit Assignment and Planning Sheet
 Office of the City Auditor
 Gainesville, Florida

Audit: _____

Auditors Assigned	Date Assigned	Date Released

	Budgeted Hours	Revised Budget Hours	Actual Hours	Target Complete Date	Revised Target Date	Actual Complete Date
Preliminary Survey						
Fieldwork						
Reporting Process						
Total Hours						

Approval/ _____
 Date: _____

Comments:

(Note: The preliminary survey ends with the completion of the audit work plan. Budgeted hours and a target date for completing the survey should be set at the outset of the audit. All other target dates and budget hours should be set following completion and approval of the fieldwork plan.)

FORM 5

Auditor/Reviewer Independence Statement

City of Gainesville, Florida
Office of the City Auditor

Audit: _____

Auditor/Reviewer Statement of Independence

The general standard related to independence for government auditing, Section 3.02, *Government Auditing Standards*, 2011 Revision (GAGAS), states:

“In all matters relating to the audit work, the audit organization and the individual auditor, whether government or public, must be independent.”

Independence comprises both independence of mind and independence in appearance. In order to identify any threats to independence and provide opportunity for the City Auditor’s Office to evaluate their significance and properly apply and document safeguards as necessary, I have reviewed the independence requirements of GAGAS and evaluated each of the following categories of threats to independence as set forth in Section 3.14 of GAGAS: self-interest threat, self-review threat, bias threat, familiarity threat, undue influence threat, management participation threat and structural threat. In my opinion, my participation on this project meets GAGAS standards regarding auditor independence.

Auditor
Signature: _____ Date: _____

Auditor
Signature: _____ Date: _____

Reviewer
Signature: _____ Date: _____

City Auditor’s Verification of Staff Independence

To the best of my knowledge the staff named above have no personal, external or organizational impairments that might impair or give the appearance of impairing the independence of their work on this project.

City Auditor’s Signature: _____ Date: _____

FORM 6

Finding Development Sheet

Office of the City Auditor
Gainesville, Florida

Audit Title: _____

Auditor: _____ Date: _____

Finding:	Workpaper Support
Condition: (Describe "what is")	
Criteria: (describe "what should be")	
Effect: (quantify adverse results)	
Cause: (explain why condition occurred)	
Recommendation: (describe corrective action needed)	

Reviewed by: _____ Date: _____

Comments:

FORM 8

New Employee Orientation

Office of the City Auditor
Gainesville, Florida

New employees of the Auditor's Office receive an orientation to familiarize them with the City and the Office of the City Auditor. The orientation includes:

Introduction of the City of Gainesville

- Attend Human Resources Department new employee orientation session
- Attend Sexual Harassment Training
- Review City of Gainesville's adopted budget and organization chart
- Review City of Gainesville's *Comprehensive Annual Financial Report (CAFR)*
- Review of City facilities

Introduction to the City Auditor's Office

- i. Receive and review a copy of the City Auditor's *Office Policies and Procedures Manual*.
- ii. Review City Auditor reports from previous year and other selected reports
- iii. Receive orientation briefing from the City Auditor
- iv. Receive orientation to Office administrative procedures
 - a) Bi-weekly time reports
 - b) Vacation/sick leave requests
 - c) Telephone System
 - d) Payroll
 - e) Supplies
 - f) Mail, in-baskets
 - g) Filing systems
 - h) Staff meetings
- v. Receive orientation to Office reference materials
 - a) Library
 - b) Periodicals
 - c) Inventory of audit reports
 - d) Storage spaces
- vi. Receive orientation to Division training and career development procedures
 - a) Training plan
 - b) Training records
 - c) Professional memberships
 - d) School tuition reimbursement

FORM 10

Final Review Checklist
Office of the City Auditor
Gainesville, Florida

Audit Title: _____	
Auditor: _____	Reviewer: _____
Date: _____	

Description	Completed	W/P
1. Verified inclusion and completeness of:		
Audit Plan and Audit Program	_____	A.2
Audit Report and Management Response.....	_____	A.3
Auditor Assignment and Planning Sheet	_____	A.5
Auditor/Reviewer Independence Statement(s)	_____	A.6
Survey Checklist.....	_____	A.8
Supervisory Log	_____	A.9
ALGA Quality Control Review Guide	_____	A.11
Audit Data Sheet	_____	A.12
Audit Abstract sent to ALGA Local Government Auditors Newsletter	_____	A.13
Independent Review Form	_____	A.14
Finding Development Sheets.....	_____	_____
2. All workpapers:		
Initialed and dated	_____	
Include headings/titles	_____	
Legible.....	_____	
Workpapers numbered, indexed and cross referenced	_____	
3. Calculations recomputed and verified.....	_____	
4. Logic/reasoning behind findings, conclusions and recommendations verified..._____		
5. Independent reviewer comments resolved	_____	
6. Final Report page numbering verified and placed in Auditors Shared Drawer .._____		
7. Final Report Formatted and Posted to Website.....	_____	
8. Recommendations Entered in Follow-Up Administration Database	_____	
9. Report logged in, assigned Audit # and placed in Report Binder.....	_____	
10. Post Audit Survey sent to Appropriate Officials	_____	

Comments:

**FOR APPENDICES
SEE WEBSITE/SHARED FOLDER: OFFICE POLICIES AND PROCEDURES
(FILES CONTAINING APPENDICES A-E AND F-O)**