

United States General Accounting Office

GAO

Accounting and Financial
Management Division



149894

Financial Audit Manual

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Volume 2

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SECTION 1100

Professional Qualifications

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1101 - TRAINING

- .01 An adequately trained staff is critical to the success of most organizations. GAO is no exception. Also, generally accepted government auditing standards (GAGAS) require that individuals involved in audits and evaluations maintain proficiency through continuing education and training. This section is organized as follows:

<u>Paragraph #</u>	<u>Subject</u>
.02	Training Responsibilities
.04	Individual Training Plan
.07	Internal Training Curriculum
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TRAINING RESPONSIBILITIES

- .02 Training is a shared responsibility between you and GAO. GAO is committed to provide a variety of training activities, including formal classes and workshops, support for attendance at external conferences and seminars, self-paced individual instruction, and on-the-job experiences. You are expected to (1) participate in various training activities to improve your skills and knowledge and (2) demonstrate interest in on-the-job development. To perform audits or evaluation studies, you must complete at least 80 CPE credits during each 2-year period with a minimum of 20 CPE credits per year. At least 24 of the 80 CPE credits should relate to the government environment and to government auditing. Continuing professional education (CPE) credit requirements are discussed in GAO order 2410.2, Continuing Professional Education (CPE) Credits for Training and Other Professional Activities.
- .03 This section presents AFMD's policies relating to both internal and external training activities. You should also be familiar with GAO Order 2410.1, Training of GAO Employees, which contains additional guidance on GAO's training policy. While this section does not specifically address on-the-job training, it is expected that supervisors will provide challenging and motivating assignments that allow individuals to acquire the experience, knowledge, and skills necessary to progress through the organization. It is

also expected that supervisors will plan jobs to allow time away for training activities.

INDIVIDUAL TRAINING PLAN

- .04 Recognizing your role in determining your continuing education requirements, you should prepare an individual training plan. The plan should be developed in consultation with your supervisor. Following are the guidelines for developing your plan.
- .05 The individual training plan, prepared during the annual assessment process, should identify the internal and external training that you need or desire to take during the upcoming calendar year. Correspondence relating to the annual assessment process will include the due date for your training plan. In preparing your plan, you should consult the applicable internal training curriculum discussed below in paragraphs 1101.07-.08. The Training Coordinator maintains a list of current internal training courses from which to select your courses and dates. You should also contact AFMD's Training Coordinator for relevant external course material. Furthermore, you should consider the types of assignments that you anticipate for the upcoming year as well as your long-range career goals to determine what knowledge and skill needs may be met through training. Using this information, you and your supervisor (Assistant Director for Human Resource Management for Band I-Developmental Staff) should agree on the appropriate internal and external courses for the upcoming calendar year. AFMD Form 53, Individual Training Plan (Attachment I) should be used to document the agreed upon training.
- .06 Training plans for individuals at Band I-Full Performance through Band III should be reviewed, as appropriate, by the supervisor, Assistant Director, and the Issue Area Director. Plans for SES level employees should be reviewed by the Assistant Comptroller General, AFMD. Plans for individuals in Band I-Developmental positions should be reviewed by the Assistant Director for Human Resource Management. All approved plans should be forwarded to the Assistant Director for Human Resource Management for use in estimating the number of AFMD-dedicated courses and AFMD spaces in non-dedicated courses. The Training Coordinator will use the approved training plans to register you for requested courses and will provide you with a personalized course schedule for the following calendar year. Upon receipt of your course schedule, you should verify that you are registered for all of your approved courses. You should review your personalized course schedule with your supervisor when you receive it and also with new supervisors at the beginning of any assignments during

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which classes are scheduled. If you become aware of courses that you need to take after your plan is approved, you should amend your plan for additional course(s) and follow the same approval process described in this paragraph.

INTERNAL TRAINING CURRICULUM

- .07 Within AFMD, we have auditors, accountants, evaluators, computer specialists, administrative and support staff, writer-editors, and reports analysts. GAO's Training and Education Catalog provides guidance and information about internal training and education resources. The catalog also includes evaluator, financial management, and administrative staff curricula and provides information on computer application courses. Since the curricula are evolving, individuals should periodically consult AFMD's Training Coordinator and the Training Institute for updates.
- .08 **Financial Auditor Curriculum** - Table I presents the required financial auditor curriculum that includes financial management courses as well as relevant evaluator courses. The table differentiates between courses to be taken by individuals new to a band and those individuals with 1 or more years of experience at that band level. However, there may be exceptions where a course is taken earlier or later than the curriculum suggests. Certain courses in the table, denoted by a reference to note 1, are strongly encouraged for those persons who are at band levels above those recommended for the courses, but who have not yet taken them. Most courses listed in table I are described in GAO's Training and Education Catalog.

EXTERNAL TRAINING

- .09 External training is training offered by sources outside of GAO. Typically such sources include
- . colleges and universities,
 - . professional organizations and associations,
 - . private entities, and
 - . other government agencies.
- .10 AFMD's policy on external training is based on guidelines established in GAO Order 2410.1, Training of GAO Employees. In general, this order permits AFMD to pay for all or part of external training courses and instruction when the training is not available at GAO and it would provide

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knowledge, skills, or abilities that will improve job performance or prepare the individual for duties anticipated in the future.

Types of External Training

- .11 External training includes review courses for professional certification, formal classroom training, symposia, seminars, conferences, and similar activities.
- .12 **Review Courses for Professional Certification** - AFMD strongly encourages all auditors and accountants, especially those working on financial audits, to become certified public accountants. Employees must be certified public accountants to become Band III financial auditors. Having CPAs perform financial audits lends credibility to reports resulting from those audits. Furthermore, AFMD supports employee endeavors to acquire certifications in fields related to accounting and auditing. These include designations such as
- . certified management accountant (CMA),
 - . certified information systems auditor (CISA) or certified data processor (CDP),
 - . certified internal auditor (CIA), and
 - . certified fraud examiner (CFE).
- .13 Training funds are available to pursue courses that provide a comprehensive review of accounting, auditing, and related fields, such as CPA examination review courses. There is a limit on the amount that AFMD will pay per person for such training over the entire period that the individual is pursuing certification. Each individual should consult AFMD's Training Coordinator to ascertain the types of review courses available and the limit on training funds. Individuals may also contact the sponsoring organizations directly for training information.
- .14 **University and College Courses** - AFMD may pay for college and university courses which enhance an individual's skills to perform present or anticipated duties. For example, GAO sponsors an Information Systems Certificate Program through The George Washington University. AFMD supports this program, which consists of graduate level courses designed to prepare individuals to address complex information technology issues.
- .15 **Other Training** - AFMD may pay for you to attend seminars, conferences, symposia, etc., when the training will enhance or expand your knowledge, skills, and abilities to perform official job duties and/or enhance

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professional development. Individuals would generally attend these types of external training activities as a means to supplement internal training and keep current on developments in accounting, auditing, and related fields.

External Training Budgets

- .16 The individual training plan discussed in paragraphs 1101.04-.06 above serves as the vehicle to request external training. Individuals should provide the information requested on AFMD Form 53 for all external training. Upon notification of approved external training, the individual should complete a GAO Form 314, Application for External Training, for each training course. Individuals at the Band I-Full Performance level or above should forward their request(s) through their immediate supervisor and Assistant Director to their Issue Area Director. Individuals at the Band I-Developmental level should forward their completed form to the Assistant Director for Human Resource Management. The Director of Operations must approve external training that cumulatively exceeds \$1,000 per person in any given calendar year.
- .17 Regulations regarding agency-sponsored external training are included on GAO Form 314 and in GAO Order 2410.1. In general, you must certify that you successfully completed the training or reimburse the agency for the cost. Also, you may not attend training in nongovernment facilities at GAO's expense for the sole purpose of obtaining an academic degree. Furthermore, agency funds generally may not be used to pay the examination fee for you to acquire a professional license or for individual memberships in professional organizations and associations. Finally, you may not charge job codes for study time relating to any external training course.

WITHDRAWING FROM TRAINING

- .18 GAO expends considerable resources for training. Consequently, when an individual does not attend scheduled training, others may be deprived of a training opportunity. In some cases, additional internal classes may need to be scheduled at a later date to provide the training. If the training is external, fees may be wasted. Paragraphs 1101.19-.22 reiterate the importance of attending scheduled training and establish procedures for withdrawing from such training. To minimize the need for withdrawing from training, you should make every attempt not to schedule yourself for courses during anticipated heavy workload periods unless courses are not available at other times.

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- .19 In addition to receiving your personalized course schedule, as mentioned in paragraph 1101.06, you and your supervisor will receive course notification letters from the Training Institute (TI) or an equivalent internal memo, usually 2 to 3 weeks before the training. When the notification is received, you should verify your availability to attend the training. Supervisors should review their copy of the notification to ensure that training does not present unresolvable schedule conflicts. Although such conflicts will be rare, your supervisor should alert you as to such conflicts as soon as possible so that you can follow the procedures for withdrawing from the course as described in paragraphs 1101.20 and .21.
- .20 If you need to withdraw from or reschedule training, you are expected to find a replacement for the course. To do this, you should first consult with the AFMD Training Coordinator to (1) identify others on the waiting list for the course or (2) ask for suggested replacements. You should then send a memo to your Issue Area Director through your Assistant Director stating (1) the reasons for requesting a withdrawal or rescheduling and (2) whether a replacement could be found.
- .21 You should submit the request to withdraw from training to your Issue Area Director as early as possible. The Training Institute requests that cancellations be made at least 7 calendar days before the start of a course. The Issue Area Director should indicate whether the request is approved (on the original memo) and forward it to the Assistant Director for Human Resource Management. A copy of the memo will be returned to you and a copy retained in the Director's files. If the request is not approved, you are expected to attend the course.
- .22 Summarized attendance reports for internal training will be distributed to Issue Area Directors on a quarterly basis. Individualized listings of courses taken will continue to be provided to you quarterly.

TABLE I

GAO FINANCIAL AUDITOR CURRICULUM									
Courses (CPEs)	Band I Developmental		Band I Full Performance		Band II		Band III		SES
	New	Exp.	New	Exp.	New	Exp.	New	Exp.	
<u>AUDITING</u>									
Introduction to Financial Auditing (28)	X								
Government Auditing Standards (8)	X								
Introduction to Federal Financial Management (8)	X								
Preparing Workpapers (6)	X								
Approach and Methodology Selection Workshop (20)		X							
Applied Sampling Workshop (28)		X							
Economy and Efficiency Reviews (20)		X							

TABLE I

GAO FINANCIAL AUDITOR CURRICULUM										
Courses (CPEs)	Band I Developmental		Band I Full Performance		Band II		Band III		SES	
	New	Exp.	New	Exp.	New	Exp.	New	Exp.	All	
Budgeting in Review (24)		X								
Referencing Financial Management Reports (7)			X							
Fraud Awareness (12)			X							
Topics in Auditing (TBD) (Note 1) (Note 3)			X							
Workpaper Review (4) (Note 1)			X							
Evidence: Standards and Applications (12)									X	
Introduction to Procurement and Contracts (24)									X	
Advanced Financial Auditing (32) (Note 1)									X	

TABLE I

GAO FINANCIAL AUDITOR CURRICULUM										
	Band I Developmental		Band I Full Performance		Band II		Band III		SES	
	New	Exp.	New	Exp.	New	Exp.	New	Exp.		
Courses (CPEs)										All
Testing Compliance with Laws & Regulations (TBD) (Note 1)				X						
Budget Controls (TBD) (Note 1)				X						
Approach and Methods Overview (UD)									X	
Budgeting in Review for Executives (5)									X	
<u>ACCOUNTING</u>										
Principles of Budgetary and Proprietary Accounting (24) (Note 1)	X									

TABLE I

GAO FINANCIAL AUDITOR CURRICULUM										
	Band I Developmental		Band I Full Performance		Band II		Band III		SES	
	New	Exp.	New	Exp.	New	Exp.	New	Exp.		
Courses (CPEs)										
Accounting and Auditing Update (16)	X	X	X	X	X	X		X		X
<u>COMMUNICATION</u>										
Intermediate Writing Workshop (16)		X								
Producing Organized Writing and Effective Reviewing (16) (Note 1)					X					
Advanced Interviewing (UD)					X					
Preparing Effective Presentations (24) (Note 1)								X		
Report Writing and Message Development (24) (Note 1)									X	

TABLE I

GAO FINANCIAL AUDITOR CURRICULUM									
Courses (CPEs)	Band I Developmental		Band I Full Performance		Band II		Band III		SES
	New	Exp.	New	Exp.	New	Exp.	New	Exp.	
Writing Seminar (8)					X				
Advanced Presentation Techniques (UD)						X			
Report Review (12)						X			
Executive Summary Workshop (16)						X			
Strategies for Overcoming Writers Block (8)						X			
New Instructor Training (16)							X		
Writing Testimony (16)							X		
Managing Writing (16)								X	
Instructor Training Advanced (16)									X

TABLE I

GAO FINANCIAL AUDITOR CURRICULUM									
	Band I Developmental		Band I Full Performance		Band II		Band III		SES
	New	Exp.	New	Exp.	New	Exp.	New	Exp.	
Courses (CPEs)									All
Executive Briefing Skills (16)								X	
Media Communication for Managers (16)								X	
Delivering Testimony (16)									X
Media Communications for Executives (8)									X
<u>MANAGEMENT</u>									
Workplace Relations & Communication (20)		X							
Skills and Strategies for New Supervisors (24)								X	
Preventing Sexual Harrassment (4)								X	

TABLE I

GAO FINANCIAL AUDITOR CURRICULUM										
	Band I Developmental		Band I Full Performance		Band II		Band III		SES	
	New	Exp.	New	Exp.	New	Exp.	New	Exp.		
Courses (CPEs)										All
Management Briefing: EEO Responsibilities (4)				X						
Workshop Series										
Managerial Assessment and Planning (UD)							X			
Situational Leadership (10)							X			
Problem Solving and Decisionmaking (UD)							X			
Advanced Communication and Negotiations (24)							X			

TABLE I

GAO FINANCIAL AUDITOR CURRICULUM									
Courses (CPEs)	Band I Developmental		Band I Full Performance		Band II		Band III		SES
	New	Exp.	New	Exp.	New	Exp.	New	Exp.	
Managing Involvement (12)				X		X			
Managing Interdisciplinary Teams (UD)				X		X			
Managing for Productivity (28)				X		X			
Valuing Workforce Diversity (16)				X		X			
Managing Multiple Responsibilities (UD)								X	
Managing Organizational Change (14)									X
GAO, Congress, and the Environment (20)									X

TABLE I

GAO FINANCIAL AUDITOR CURRICULUM										
Courses (CPEs)	Band I Developmental		Band I Full Performance		Band II		Band III		SES	
	New	Exp.	New	Exp.	New	Exp.	New	Exp.		
Human Resource Management Series (Note 2)										X
Emerging Issues Workshop (Note 2)										X
Executive Speakers Program (Note 2)										X
<u>MICROCOMPUTER COURSES</u>										
DOS 5.0 (6)	X									
WordPerfect Introduction (14)	X									
Lotus 1-2-3 Introduction (14)	X									
Windows Intro. Version 3.1 (7)		X								

TABLE I

GAO FINANCIAL AUDITOR CURRICULUM									
	Band I Developmental		Band I Full Performance		Band II		Band III		SEES
	New	Exp.	New	Exp.	New	Exp.	New	Exp.	
Courses (CPEs)									
ABC Flowcharting (7)		X							
IDEA (7)		X							
<u>OTHER COURSES</u>									
Introductory Evaluator Training (56)	X								
Senior Level Promotion Program (16)					X				
Management Level Promotion Program (12)							X		
Executive Candidate Development Program (Note 2)									X
Information Resource Management and Technology (UD)									X

TABLE I

GAO FINANCIAL AUDITOR CURRICULUM									
Courses (CPEs)	Band I Developmental		Band I Full Performance		Band II		Band III		
	New	Exp.	New	Exp.	New	Exp.	New	Exp.	
Total Hours (excluding courses under development)	180	165	83	112	64	174	60	87	40

Legend:

UD - Under development; CPEs to be determined
 TBD- To be developed

Note 1 - Strongly encouraged for individuals who are in bands above the recommended level and have not yet taken the course. Optional for SES.

Note 2 - Scheduled on an as needed basis

Note 3 - 4 to 8 hour seminars on topics such as accounts receivable, fixed assets, revenues, estimates, etc.

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ACCOUNTING AND FINANCIAL MANAGEMENT DIVISION

INDIVIDUAL TRAINING PLAN

Name: _____

Date: _____

INSTRUCTIONS:

Indicate both internal and external courses that you anticipate taking during the upcoming calendar year. For external training, provide estimated costs. You will be informed of approved internal and external courses.

CPEs

Date(s) Requested

Internal Training

Curriculum Courses

Other Courses

Waived Courses (list courses in your applicable curriculum that you believe are not necessary to take in the future because you have equivalent training and experience or, due to unusual circumstances, it is not necessary for the type of work you are performing. For each such course, describe why you believe it should be waived.)

External Training

For each external training course requested, please provide CPE credit hours and the estimated total costs. Total costs should include course fees and travel costs (including per diem) associated with the seminar, conference, or course.

<u>Course/Sponsor</u>	<u>Dates</u>	<u>CPEs</u>	<u>ESTIMATED COSTS</u>		<u>Total</u>
			<u>Fees</u>	<u>Travel</u>	

Staff Member Signature

Assistant Director Signature

Director Signature

Assistant Director for Human
Resource Management

SECTION 1300

Planning and Supervision

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1301 - WORKPAPER REVIEW

PURPOSE

- .01 This section provides guidance on the review of workpapers in a financial audit, including the location, nature, and timing of the reviews, reviewer responsibilities, and review evidence. This guidance distinguishes between "primary reviews" (the initial review of a workpaper) and "secondary reviews" (all succeeding reviews). Although referencing is an important quality control step, it is not a substitute for any of the policies or procedures presented herein. This section is organized as follows:

<u>Paragraph #</u>	<u>Subject</u>
.01	Purpose
.03	Objectives of Workpaper Reviews
.05	Location, Nature, and Timing of Workpaper Reviews
.15	Specific Review Responsibilities
.17	Planning Review Responsibilities
.20	Evidence of Review
.23	Review Notes
.25	Related Guidance

- .02 The review of workpapers is one element of the supervision process, which also includes:
- informing assistants of their responsibilities and the objectives of the procedures that they are to perform,
 - informing assistants of any matters that may affect the nature, timing, and extent of procedures they are to perform (such as the nature of the entity's business as it relates to their assignments and possible accounting and auditing issues),
 - supplementing instruction of assistants on accounting and auditing matters necessary for the procedures that they are to perform,
 - keeping informed of the status of the work performed by assistants and of any significant problems encountered, and

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- providing feedback on the performance of assistants.

OBJECTIVES OF WORKPAPER REVIEWS

- .03 In performing workpaper reviews, the reviewer must determine that the following objectives are achieved:
- Sufficient competent evidence was obtained for the opinion expressed and for any other reports and letters issued.
 - Evidence gathered is reliable, valid, and relevant.
 - Evidence gathered provides a reasonable basis for the conclusions reached.
 - The work was performed in accordance with the audit work programs.
 - The objectives of the audit were achieved.
 - The audit was conducted in accordance with GAGAS and AFMD policies and procedures, including the Financial Audit Manual.
- .04 In addition, workpaper reviews should facilitate:
- timely collection of additional data, as necessary;
 - providing guidance to assistants, including meaningful on-the-job training; and
 - evaluation of staff performance.

LOCATION, NATURE, AND TIMING OF WORKPAPER REVIEWS

Primary Reviews

- .05 A primary review must be performed on all workpapers, except those prepared by the issue area director. The primary review is a detailed review of the workpapers that, in addition to assuring that the objectives in paragraph 1301.03 are achieved, should specifically include determining that (1) computations and cross-indexes are accurate, (2) appropriate

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tickmarks exist on the workpapers, (3) tickmarks are completely and accurately explained, and (4) the entity complied with appropriate accounting standards. This review may be evidenced by tickmarks placed next to the specific information reviewed.

- .06 Primary workpaper reviews generally should be conducted at the audit site. This enables the audit team to readily access agency records or perform additional procedures as necessary.
- .07 The primary review must be performed by the immediate supervisor of the workpaper preparer or by another member of the audit team, at a supervisory level above the preparer. A Band I developmental assistant must not perform a primary review.
- .08 Workpapers should be reviewed on a timely basis, allowing matters that require immediate action by the audit team, in the form of either additional audit procedures or a change in the audit strategy, to be identified and promptly acted upon. Also, in a financial audit, related workpapers should be reviewed at the same time to allow the reviewer to (1) obtain a overall understanding of the subject area and (2) determine that the objectives in paragraph 1301.03 are achieved. However, documentation necessary to achieve the audit objectives for a given area may be gathered over an extended period of time.
- .09 Consequently, the primary review generally should be performed within two weeks of the completion of a set of related workpapers. Although a "set of related workpapers" typically will be a workpaper bundle, the reviewer may determine that certain workpapers require a review before the bundle is completed. Workpapers that (1) collectively address high combined risk or material areas within the audit, (2) are listed in paragraph 1301.16, or (3) are prepared by staff who are soon to be reassigned generally should have a primary review within two weeks of preparation, regardless of when the bundle is completed. For example, workpapers concerning the allowance for loan losses might be reviewed prior to the completion of all workpapers concerning loans receivable, if considered to be a high combined risk area.
- .10 A supervisor may scan or review workpapers prior to completion, or prior to completion of the set of related workpapers in which they are included, to provide feedback and/or guidance to the preparer. However, such workpapers should be reviewed again as part of a complete set of related workpapers to the extent considered necessary to (1) obtain an overall

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understanding of the subject area and (2) determine that the objectives of paragraph 1301.03 are achieved.

Secondary Reviews

- .11 At least one secondary review should be performed on all workpapers, except those in low combined risk and immaterial areas or those prepared by issue area directors and assistant directors. More than one secondary review may be required in situations where the primary reviewer or the initial secondary reviewer is relatively inexperienced in that role. In high combined risk areas within the audit, a secondary review should be performed by the issue area director or an AFMD assistant director to determine that the workpapers contain adequate and appropriate documentation and that procedures performed provide a reasonable basis for conclusions reached. Specific secondary reviews must be performed on certain workpapers, as discussed in paragraph 1301.16.
- .12 Secondary reviews should be performed by Band II personnel or above. The reviewer should consider the nature and extent of risk associated with the workpapers' subject area and the experience of preceding reviewers in determining the review procedures he/she must perform to determine that the objectives of paragraph 1301.03 are achieved. This determination is a matter of professional judgment. Generally, the auditor would perform additional and/or more extensive review procedures for workpapers in high combined risk areas or those that were previously reviewed by persons relatively inexperienced in the review process.
- .13 The secondary review(s) of a set of related workpapers generally should be performed as soon as practical. Specifically, the secondary reviews should be completed prior to referencing and must be completed before the report is signed.
- .14 The manager(s) or auditor(s)-in-charge should (1) read all workpapers prepared by the issue area director or assistant director(s) to determine that such workpapers are consistent with any related workpapers and (2) check the arithmetic accuracy of any computations not previously checked.

SPECIFIC REVIEW RESPONSIBILITIES

- .15 The Issue Area Director has the responsibility to (1) ensure that the report and audit meet GAO standards and (2) review workpapers that are critical

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to the findings and recommendations included in the report. The Director may delegate the review of less significant areas to the Assistant Director.

- .16 Due to the significance of the documents listed below, they (or their equivalent) must be reviewed by an AFMD assistant director, an audit manager, and an auditor-in-charge, unless prepared by them. The issue area director also should review these documents, except as noted below. The review of these documents must be evidenced by the signature or initials, as appropriate, of the reviewer and the date of review. Such reviews should be completed no later than the completion of the applicable audit phase and should also comply with the timing provisions of paragraphs 1301.09 and .13.

Planning and Internal Control Phases

Entity Profile

General Risk Analysis

Account Risk Analysis

Initial Work Programs - Issue Area Director review not required

Memorandums on key accounting and auditing issues

Statement of GAGAS Determination (GAO Form 185)

Testing Phase

Completed work programs - Issue Area Director review not required

Lead schedules

Memorandums on key accounting and auditing issues

Summary memorandums on high combined risk or material areas

Reporting Phase

Accounting Disclosure Checklist

Management Representation Letter

Legal Representation Letter

Summary of Unadjusted Misstatements

Exit Conference Memorandum

Audit Summary Memorandum

Financial Statements

Referencing Review Sheet (GAO Form 92)

Statement of GAGAS Determination (GAO Form 185)

PLANNING REVIEW RESPONSIBILITIES

- .17 In the planning phase of the audit, general responsibilities should be assigned for the review of workpapers prepared by all members of the audit team including EDP audit specialists (generally a member of the Audit Assistance Group or Technical Assistance Group), regional personnel, and personnel from other divisions. Factors that should be considered in assigning such review responsibility include:
- the technical training and skills of the reviewer in the type of work performed, and
 - the nature of the audit work.
- .18 Review responsibilities should be documented in the General Risk Analysis or in a workpaper memorandum. These review responsibilities should be clearly communicated to all individuals on the assignment.
- .19 The workpapers prepared by an EDP audit specialist must have a primary review for technical content. This review should be performed by an EDP audit specialist in a management role. Alternatively, the assistant director may designate another individual to perform the technical review, if such an individual possesses the appropriate skills. In such instances, the circumstances and the relevant skills of the reviewer should be documented in a memorandum and approved by the Director of the Audit Assistance Group. Where the EDP environment is complex or when control risk is assessed as low or moderate principally based on EDP-related controls, such a designation would be rare. At least one secondary review of workpapers prepared by an EDP audit specialist should be performed by a member of the audit team, to determine that related audit objectives are achieved. This secondary review generally should be relatively extensive.

EVIDENCE OF REVIEW

- .20 The primary and initial secondary workpaper reviews must be documented by the reviewers initialing and dating each workpaper reviewed. Subsequent secondary reviewers generally should initial and date each workpaper reviewed. The reviewers need initial and date only the first page of lengthy documents or computer printouts.

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- .21 In addition, assistant directors, assistant regional managers, or their designees should sign and date each workpaper bundle cover to evidence their conclusion that all workpapers in the bundle were reviewed by appropriate individuals.
- .22 A workpaper documenting the initials, name, and title of reviewers should be included in the master job (administrative) file. A legend documenting the initials and titles of reviewers may be provided on each bundle cover.

REVIEW NOTES

- .23 The reviewer should prepare review notes (audit point sheets) documenting any questions or comments concerning the workpapers. The reviewer should discuss the matters covered by the review notes with the workpaper preparer to avoid any misunderstanding about the actions to be taken. Workpaper preparers, or other appropriate individuals, should resolve the review notes by revising the workpapers as necessary and indicating the disposition of each note on the review note sheet. Review notes should be resolved on a timely basis, as determined by the reviewer.
- .24 Upon determining that each review note has been resolved, the reviewer should indicate concurrence with its resolution on the review note sheet. Prior to the signing of the report, the assistant director or the audit manager must determine that all significant review notes that could affect the report have been appropriately resolved. At the conclusion of the audit, review note sheets should be placed in a separate workpaper file. Such files should be available for internal or oversight review and be retained until related workpapers are destroyed.

RELATED GUIDANCE

- .25 The following guidance relates to Supervision.

<u>GAO General Policies/Procedures Manual</u>	Chapter 13.1, Supervision
<u>AICPA Statements on Auditing Standards</u>	AU Section 311, Planning and Supervision

- .26 The following guidance relates to Workpaper Preparation and Documentation.

GAO General Policies/Procedures Manual Chapter 11.1, Workpapers

GAGAS (Yellow Book) Chapter 4, Fieldwork
Standards for Financial Audits

AICPA Statements on Auditing Standards AU Section 339, Workpapers

Specific documentation requirements in a financial audit are discussed in FAM 290, 390, 490, and 590.

GAO DOCUMENTS DATA BASE

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BACKGROUND:
GAO published a manual containing detailed guidance for meeting relevant requirements within a comprehensive framework, focusing on the four phases of an audit: (1) planning; (2) internal control evaluation; (3) testing of accounts, controls, and compliance; and (4) reporting.