

Department of the Army Internal Review

Quality Assurance Guide

Internal Review and Audit Compliance Quality Assurance Guide

This guide has been developed to assist internal auditors when performing Quality Assurance (QA) reviews of Internal Review (IR) offices throughout the Army. It has been designed to facilitate an organized approach to the QA visit while permitting sufficient flexibility for use by Major Commands. It is aimed at minimizing the time required to perform the external review while also providing assurances to commanders that their IR staff is performing audit work in accordance with professional standards and Department of the Army policies. The QA guide is designed to be executed by an experienced audit professional.

The guide includes five major sections. Each section should be scored separately so that local IR offices and their higher headquarters can benchmark against overall Army scores.

I. Organization and Staffing

- A. Levels
- B. Placement
- C. Professionalism

II. Program Management

- A. Reports
- B. Training

III. Audit Process

- A. Field Work
- B. Reporting
- C. Documentation

IV. Consulting and Advisory Services

- A. Field Work
- B. Reporting
- C. Documentation

V. Audit Compliance and Liaison

- A. Follow-up Process
- B. Liaison

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SCORING SHEET

IR Office: _____

IR Chief: _____ Date: _____

QA Visit Performed By: _____

QA Team Member(s): _____

Inclusive Dates of QA: _____ Overall Percentage Score: _____

<u>Reviewed Area</u>	<u>Points</u>	<u>Maximum Points Possible</u>	<u>Percentage</u>
I. Organization & Staffing	_____ ÷	_____	_____
II. Program Management	_____ +	_____	_____
III. Audit Process	_____ +	_____	_____
IV. Consulting & Advisory Svcs.	_____ ÷	_____	_____
V. Audit Compliance & Liaison	_____ +	_____	_____
Totals		_____ ÷ _____	Overall Percentage _____

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I. Organization and Staffing

A. Levels

1. What is the current grade structure and staffing level of the office?

2. How many vacancies have occurred since the last QA report?

3. How many of the vacancies were filled?

4. Does the IR staffing level compare favorably with other activities in the organization (e.g., RM)?

B. Placement

1. Is the IR office responsible to the Commander, Deputy Commander, or Chief of Staff?

2. Does the IR Chief have direct communication with the Commander, Deputy Commander or Chief of Staff?

3. Are the purpose, authority, scope and responsibility of the IR office defined in the activity mission and functions manual?

C. Professionalism

1. There is no evidence of personal, external or organizational impairments that might limit audit work or disclosures.

2. If impairment is present has it been appropriately addressed with command and disclosed in affected audit reports?

II. Program Management

A. Reports: Have the following reports been accurately forwarded in a

			Possible Points	
Yes	No	N/A	Points	Earned
<input type="checkbox"/>	<input type="checkbox"/>		2	_____
<input type="checkbox"/>	<input type="checkbox"/>		3	_____
<input type="checkbox"/>	<input type="checkbox"/>		2	_____
<input type="checkbox"/>	<input type="checkbox"/>		1	_____
<input type="checkbox"/>	<input type="checkbox"/>		3	_____

timely manner?

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1. Internal Review Plan.
2. Semiannual Follow-up status Report.
3. Semiannual IG Report.
4. Annual Audit Time Report.
5. Was the last QA Report within a 3-year period?
6. Were corrective action(s) taken on findings/deficiencies identified in the last QA report?
7. Is an auditable entity file maintained?
8. Does the IR office use post engagement surveys to gauge customer satisfaction? (Refer to attachment 1 command/staff questionnaire)
9. Is effective use made of the post engagement survey results?

	Yes	No	N/A	Possible Points	Earned
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3	___
SECTION I POINT TOTAL					_____
(Maximum 14 Points)					
	<input type="checkbox"/>	<input type="checkbox"/>		2	___
	<input type="checkbox"/>	<input type="checkbox"/>		2	___
	<input type="checkbox"/>	<input type="checkbox"/>		2	___
	<input type="checkbox"/>	<input type="checkbox"/>		2	___
	<input type="checkbox"/>	<input type="checkbox"/>		3	___
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1	___
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2	___
	<input type="checkbox"/>	<input type="checkbox"/>		1	___
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1	___

B. Training

1. Have all auditors met minimum CPE requirements? (Reference yellow book)?
2. Has the supervisor established a means to track the number of CPE hours earned by each auditor?

III. Audit Process (Formal Audits/Quick Response Audits)

A. Field Work

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1. Were discussions held with command and other officials to obtain their concerns about organizational operations/issues in order to develop audit objectives?

2. Were other sources, such as management reports, reported control weaknesses, or inspection reports, considered in developing the audit objectives?

3. Was an Audit Program prepared?

4. Were Management/Financial controls for the area/activity evaluated and documented?

5. Was programmed audit work performed and adequately documented to support opinions and conclusions?

			Possible Points	
Yes	No	N/A	Points	Earned
<input type="checkbox"/>	<input type="checkbox"/>		3	_____
<input type="checkbox"/>	<input type="checkbox"/>		1	_____
SECTION II POINT TOTAL			_____	
			(Maximum 20 Points)	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3	_____
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3	_____
<input type="checkbox"/>	<input type="checkbox"/>		3	_____
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3	_____
<input type="checkbox"/>	<input type="checkbox"/>		3	_____

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6. Were findings/observations/
recommendations discussed and staffed with
responsible officials during the field work?

7. Were instances of noncompliance with
laws, regulations, errors or illegal acts handled
appropriately?

B. Reporting (Formal Audits, Quick Response
Audits)

Do reports contain?

1. Executive Summary/Digest?

2. Description of the audit entity?

3. Description of the audit scope,
objectives and methodology?

4. Assessment of significant
management financial controls that
relate to the scope of the audit?

5. Description of the extent of the
internal control tests and the auditor's
understanding of the systems of control
employed by the activity? (Financial
Audits)

6. Evaluation of management
implementation of the Army
Management Control Process as it
relates to the engagement's scope?

7. Statement that the audit was
conducted in accordance with generally
accepted government auditing
standards?

8. Statement of omission when
certain information is prohibited from
general disclosure?

Yes	No	N/A	Possible Points Points	Earned
<input type="checkbox"/>	<input type="checkbox"/>		3	_____
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3	_____
<input type="checkbox"/>	<input type="checkbox"/>		2	_____
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2	_____
<input type="checkbox"/>	<input type="checkbox"/>		3	_____
<input type="checkbox"/>	<input type="checkbox"/>		3	_____
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3	_____
<input type="checkbox"/>	<input type="checkbox"/>		3	_____

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9. Statement concerning compliance with laws and regulations.

10. Complete description of monetary benefits, both in the finding and as an attachment, together with management's agreement on their reasonableness?

11. Noteworthy management accomplishments, when appropriate?

12. Issues needing further study?

13. Views of management officials?

14. An evaluation of management comments by the auditors?

15. A discussion of the resolution of disputes over facts or conclusions contained in the report (adjudication results)?

16. Reports issued in a timely manner?

C. Documentation

Does the workpaper file folder identify?

1. The title of the audit?

2. An audit assignment number?

Do work-papers include?

3. Reviewer's comments?

4. Draft report?

	Yes	No	N/A	Possible Points	Earned
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3	___
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3	___
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2	___
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3	___
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3	___
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3	___
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1	___
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2	___
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3	___
C. Documentation					
<u>Does the workpaper file folder identify?</u>					
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2	___
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2	___
<u>Do work-papers include?</u>					
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		

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	Yes	No	N/A	Possible Points	Points Earned
5. Time Management Records?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2	_____
6. Support of issues needing further study?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2	_____
7. Correspondence, memoranda, and conference notes?	<input type="checkbox"/>	<input type="checkbox"/>		1	_____
8. The audit program?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1	_____
9. Are work-papers neat and legible?	<input type="checkbox"/>	<input type="checkbox"/>		1	_____
10. Are files organized and contain only relevant information?	<input type="checkbox"/>	<input type="checkbox"/>		2	_____
11. Is there sufficient information to enable an experienced auditor having no previous connection with the audit to ascertain from them the evidence that supports the auditor's significant conclusions and judgments?	<input type="checkbox"/>	<input type="checkbox"/>		1	_____
<u>Do work-papers contain?</u>					
12. A heading that shows the title of the audit and the assignment number?	<input type="checkbox"/>	<input type="checkbox"/>		3	_____
13. The purpose of the work-paper to explain why the step was performed or action documented?	<input type="checkbox"/>	<input type="checkbox"/>		1	_____
14. The scope of the action?	<input type="checkbox"/>	<input type="checkbox"/>		1	_____
15. The source of the data including titles of individuals contacted?	<input type="checkbox"/>	<input type="checkbox"/>		1	_____
16. The results of the review?	<input type="checkbox"/>	<input type="checkbox"/>		1	_____
17. The auditor's conclusions as they relate to the work-paper's purpose?	<input type="checkbox"/>	<input type="checkbox"/>		1	_____

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accordance with the memorandum of

18. The auditor's name and the date the work-paper was prepared?

19. Work-paper's page number?

20. Explanation of tick marks and legends?

If automated work-papers were used:

21. Were they adequately backed up/a second copy filed elsewhere?

22. Were work paper disks filled with substantiating documents?

23. Were disks properly labeled?

Cross referencing:

24. Are audit work papers adequately cross-referenced?

IV. Consulting and Advisory Services

A. Field Work

1. Did the audit staff maintain integrity and objectivity consistent with the understanding with command when performing consulting or advisory engagements?

2. Prior to start of work, was an understanding reached with the customer on the responsibilities of both parties, methodology, report format, etc.?

3. Was the service performed in

<u>Yes</u>	<u>No</u>	<u>N/A</u>	<u>Possible Points</u>	<u>Earned</u>
<input type="checkbox"/>	<input type="checkbox"/>		1	___
<input type="checkbox"/>	<input type="checkbox"/>		1	___
<input type="checkbox"/>	<input type="checkbox"/>		1	___
<input type="checkbox"/>	<input type="checkbox"/>		1	___
<input type="checkbox"/>	<input type="checkbox"/>		1	___
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1	___
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1	___
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1	___
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1	___
SECTION III POINT TOTAL _____				
(Maximum 94 Points)				
<input type="checkbox"/>	<input type="checkbox"/>		3	___

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agreement?

B. Reporting

1. Was the report consistent with the memorandum of agreement?

2. If no written report was generated, were results summarized and documented?

C. Documentation

Does the file contain?

1. Title of engagement?

2. Engagement number?

Do work papers include?

3. Memorandum of Agreement?

4. Meetings and conference notes?

5. Time Management Records?

6. Explanation of the methodology used and description of data analyzed?

<u>Yes</u>	<u>No</u>	<u>N/A</u>	<u>Possible Points</u>	<u>Points Earned</u>
<input type="checkbox"/>	<input type="checkbox"/>		2	_____
<input type="checkbox"/>	<input type="checkbox"/>		1	_____
<input type="checkbox"/>	<input type="checkbox"/>		2	_____
<input type="checkbox"/>	<input type="checkbox"/>		2	_____
<input type="checkbox"/>	<input type="checkbox"/>		1	_____
<input type="checkbox"/>	<input type="checkbox"/>		1	_____
<input type="checkbox"/>	<input type="checkbox"/>		1	_____
<input type="checkbox"/>	<input type="checkbox"/>		1	_____
<input type="checkbox"/>	<input type="checkbox"/>		1	_____

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	Yes	No	N/A	Possible Points	Points Earned
7. Observations and suggested actions?	<input type="checkbox"/>	<input type="checkbox"/>		1	_____
8. Copy of report or memorandum describing the results achieved and how they were provided to the customer?	<input type="checkbox"/>	<input type="checkbox"/>		1	_____
9. Evidence of supervisory review?	<input type="checkbox"/>	<input type="checkbox"/>		1	_____
SECTION IV POINT TOTAL _____					
(Maximum 19 Points)					
V. Audit Compliance and Liaison					
A. Follow-up Process					
1. Does the IR office have a system to track corrective actions on all findings and recommendations from both internal and external audits?	<input type="checkbox"/>	<input type="checkbox"/>		3	_____
2. Is command kept abreast of the status of corrective actions?	<input type="checkbox"/>	<input type="checkbox"/>		2	_____
3. Have follow-up reviews been scheduled and performed as appropriate?	<input type="checkbox"/>	<input type="checkbox"/>		3	_____
4. Are monetary benefits claimed on initial audits reviewed during the follow-up and adjusted as necessary?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2	_____
B. Liaison. On each review performed by an external audit agency, did the audit staff:					
1. Serve as the command's point of contact and maintain communications between command elements and the external auditors?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2	_____

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2. Receive audit reports pertaining to the organization and ensure that appropriate management officials were informed of any potentially adverse findings and recommendations?

Yes No N/A Possible Points: 2 Points Earned: _____

3. Provide liaison and arrange for administrative support for the external auditors as required?

Yes No N/A Possible Points: 2 Points Earned: _____

4. Are entrance/exit conference results documented and published in a timely manner (ten work days or less)?

Yes No N/A Possible Points: 1 Points Earned: _____

5. Are responsible command elements tasked timely to provide comments to reports.

Yes No N/A Possible Points: 2 Points Earned: _____

6. Did the auditor prepare or assist management in the preparation of the command response?

Yes No N/A Possible Points: 2 Points Earned: _____

7. Did command responses contain a statement of concurrence/non-concurrence, other relevant information, description or corrective action taken, and target dates for implementation of future corrective action?

Yes No N/A Possible Points: 2 Points Earned: _____

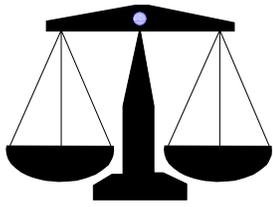
8. Are individual files maintained on each external audit?

Yes No Possible Points: 2 Points Earned: _____

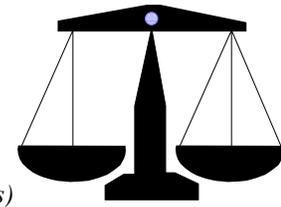
Yes No Possible Points: 1 Points Earned: _____

SECTION V POINT TOTAL _____
(Maximum 24 Points)

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Command/Staff Questionnaire**



(To be completed by Chief of Staff and Command Directors)

Please rate the effectiveness of services you received from the Internal Review Office during the past 12 months.

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1. Audit recommendations are effective.	_____	_____	_____	_____	_____
2. Audit products are timely.	_____	_____	_____	_____	_____
3. The reports contain accurate information.	_____	_____	_____	_____	_____
4. Audit recommendation(s) provide value.	_____	_____	_____	_____	_____
5. The audit staff includes skilled audit professionals.	_____	_____	_____	_____	_____
6. Results are presented clearly, objectively and fairly.	_____	_____	_____	_____	_____
7. Auditors provide effective communication/feedback.	_____	_____	_____	_____	_____

8. Customer Likes: _____

9. Customer Dislikes: _____

REMARKS GUIDE

Reference:	Remarks

