

ANNEX: Quality Assurance Review Checklist for Audit Report

QUALITY REVIEW CONTROL OBJECTIVES		PRIORITY (H-M-L)	RISKS
PLANNING – RISKS AND CONTROLS MATRIX			
1.	The Audit Objectives and scope are clearly stated and focused	H	Audit risk: Unclear or unrealistic audit objectives and scope exposing IAS to deliver an inappropriate opinion
2.	The Audit Objectives are in line with the IAS strategic Audit Plan. Any scope deviation, extension or reduction is clearly justified and documented.	H	Reputational risk: Inconsistent communication to auditee and Governing Board. Audit risk: Lack of coverage in the audit universe exposing IAS to deliver incorrect global assurance.
3.	a. An engagement risk assessment has been carried out and is documented in AMS.	M	Detection risk: Main risks not identified and not covered by the audit tasks exposing IAS to issue incorrect audit opinion. Inefficient use of audit resources: Inefficient allocation of audit resources.
	b. The main inherent risks are clearly mentioned in the Risks & Control Matrix.	H	
4.	The expected controls and criteria (benchmarks) are identified in the Risks & Control Matrix. Expected controls and criteria (benchmarks) are relevant to mitigate the identified inherent risks.	H	Dispute with auditee: Lack of agreement on the controls standards during the kick of meeting leading to rejection of observations / recommendations.
5.	The Audit approach identified is relevant to assess whether the controls expected are effectively applied during the identified period.	H	Detection risk: Any material irregularity that has not been corrected by the Agency's internal controls is not detected by the auditor
6.	A detailed Audit program is prepared and is in line with the audit objectives	M	Audit risk: Audit objectives not achieved leading to an inappropriate opinion
7.	The population to be tested is identified. The % of population to be tested is identified and reasonable	M	Risk of detection) : The findings are considered not sufficiently supported by the audit evidence.
8.	The documentation to be gathered to support the audit approach is identified, relevant and sufficient to draw conclusion on the audit objectives.	M	Inefficient use of audit resources: The documentation to be reviewed is requested too lately from auditee, and is not available at the first day of the fieldwork.

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9.	The allocation of task among team member is defined	M	Ineffective use of resources: Team members not fully aware of the audit tasks to be carried out leading to insufficient preparation.
10.	The Risks and Controls Matrix is discussed during the progress meeting with the Audit Team, Audit Manager, Director A and DG. The comments mentioned during the meeting are taken into account in the final version.	H	Audit risk: The audit tasks are challenged by managers after completion of the fieldwork.
	REPORTING– DRAFT REPORT		
11.	The draft report is in compliance with approved report template	M	Reputational risk: Lack of consistency in external communication
12.	Executive Summary: <ul style="list-style-type: none"> - Executive Summary stands alone as a clear, concise (not more than 2 pages) and logical summary which is largely self contained and consistent with information stated in the report. - Executive Summary gives a concise overview of the residual risk (<i>i.e. not merely a mechanical summation of Observations.</i>) 	H	Ineffective monitoring: Director/Governing board members/Audit committee members over/under estimate the findings and related risks leading to ineffective monitoring of recommendations, or dispute with auditee.
13.	Strengths & main changes: The strengths identified are documented in WP	H	
14.	Observations.	(I)	
	<u>Findings:</u> <ul style="list-style-type: none"> - The presentation of the facts is impartial, objective and constructive - the facts are presented separately from the opinions of the auditor, and that the agency could verify the facts and could respond and make comments. (<i>References to the item tested appear in the draft report only to enable auditee to verify</i>) 	H	Dispute with auditee: Confusion between fact and auditor opinion leading to dispute with auditee.
	<ul style="list-style-type: none"> - The observations are properly documented in working papers in AMS, and the evidences collected are necessary, relevant and sufficient to support the finding. 	H	Dispute with auditee: Lack of documented evidence expose IAS to criticism, e.g. during the validation/exit meeting.
	<ul style="list-style-type: none"> - The judgements and conclusions shall be derived from the presented audit evidence and in such a way that it is possible for others to carry out the same audit and reach the same overall result. 	M	Dispute with auditee
	<u>Risks:</u> The risks are meaningful and clearly presented. (<i>event or issue that could occur and adversely impact the achievement of</i>	H	Ineffective use of audit resources: The auditee not being aware of the related risk and not accepting the

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	<i>the organisation's political, strategic and operational objectives. Lost opportunities are also considered as risks)</i>		recommendation.
	<u>Recommendation:</u> - The recommendations are relevant to mitigate the risk, and are precise enough to allow an efficient and effective follow up	H	Ineffective use of audit resources: Recommendations not being implemented by auditee. A follow up audit not able to assess and close a vague and unrealistic recommendations.
	- The classification of recommendations is in line with the level of risk the recommendation is supposed to mitigate and with the classification rules (as outlined in the standard annex to the report).	M	Audit risk: Inadequate mitigating measures taken in case of understatement of the priority . Dispute with auditee: Overstatement of the priority exposes the Agency to unjustified criticisms/ sanctions from GB and budgetary authorities having a negative impact on collaboration of the auditee during future engagement.
15.	<u>Audit file</u> - All steps in the Audit Programmes are properly documented in the supporting working papers in AMS and lead to a clear conclusion	M	Risk of detection: The audit programme developed to reach the audit objectives approved by IAS Management not being completed exposing the IAS to a risk of non detection of significant issues
	REPORTING– FINAL REPORT		
16.	The auditee's comments have been taken into account. Exceptions are documented in AMS.	H	
17.	Observations and recommendation in AMS are created and are consistent with the observations and recommendation of the final report.	H	Inconsistency between observations mentioned in Audit Report and observations in Issue Tracking

(1) The level of Quality Assurance Review controls may be adapted to the audit risk:

- Limited review: Review of critical and very important observations only
- Regular review: Review of critical and very important observations and sampling of important observations
- Extended review: Review of all observations:

The audit risk should be evaluated taking into consideration the following risk factor:

- Complexity of the audit: Standard Audit programme applied or Ad hoc developed Audit Programme;
- Past experience with auditee;
- Experience of Audit Team;
- Workload of Q.A.R;