



[AUDIT GUIDE TITLE]

AUDIT GUIDE TEMPLATE

[Audit Guide Title]

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Purpose

This Audit Guide is for use in [describe the purpose and end goal behind the creation of your Audit Guide here.]

The guide is intended to present a general approach for the review of various audit areas tailored to the depth or degree of coverage as the auditor and other interested parties determine.

The guide serves as a tool in assisting the auditor to assure the review of [audit subject] and its operations complies with governing regulations, program rules, and generally accepted auditing standards.

Background

[Use this section to provide a brief overview of the context behind your audit. Consider factors such as:

- Prevailing regulatory standards
- Relevant history
- Industry environment
- Goals
- Issues being faced by the client or subject

This section need not be extensive – it should provide enough information to answer the question of “why” the audit is being conducted, but should not necessarily provide an exhaustive recounting of information.]

Scope

[This is a brief description of where you will be stopping and starting your audit. The effort could be bound by

- Timeframes
- Types of transactions
- Locations
- Other criteria

Be as specific as possible.

Identify the type of audit being conducted, e.g., in accordance with Government Auditing Standards for performance audits.

Always ensure your scope reflects regulatory standards from the specific scoped timeframe, as changes frequently occur.]

Methodology

This Audit Guide is intended to cover [audit subject] and includes a section outlining the logical implementation of the review by phases.

The segments included in this Audit Guide are for the auditor's guidance and are not intended to replace professional judgment. Additional or modified audit segments may be needed in some cases.

Material changes to the audit approach should be approved by audit management before proceeding.

Criteria

This audit guide is based on the following criteria:

- [Specific Regulatory Standard/Policy #1]
- [Specific Regulatory Standard/Policy #2]
- [Specific Regulatory Standard/Policy #3]
- [Specific Regulatory Standard/Policy #4]
- [Specific Regulatory Standard/Policy #5]

Review Implementation

The audit should proceed logically and systematically to use audit resources efficiently and effectively. The audit work is broken down into [NUMBER OF PHASES] phases, each of which has a bearing on how and to what extent the audit is conducted.

[ADD, MODIFY OR REMOVE PHASES AS NEEDED] The phases are defined as follows:

- Phase 1 - Selection of Auditee and Scope of Review
- Phase 2 - Background Information
- Phase 3 - Initial Risk Evaluation
- Phase 4 - Documentation
- Phase 5 - Risk Re-evaluation
- Phase 6 - Detailed Audit Procedures/Data Verification Using Applicable Segments
- Phase 7 – Reporting

PHASE 1 - Selection of Auditee and Scope of Review

The auditor needs to identify clearly the entity to be audited and articulate what exactly is to be audited.

PHASE 2 - Background Information

The auditor should obtain and review relevant regulatory criteria.

The auditor should obtain a complete copy of the contract (including documents included by reference and all appendices) and note requirements, including deliverables.

The auditor should obtain, if possible, relevant opinion(s) on compliance with the [audit subject] contract and the basis for the opinion (this includes compliance with contract deliverables).

Any past reviews of the [audit subject] by various other entities (e.g. [list any other relevant parties here]) should be obtained and evaluated.

PHASE 3 - Initial Risk Evaluation

In planning the audit, an auditor needs to give careful consideration to two types of risk - audit risk and program risk.

Audit risk is the possibility that the auditor's findings, conclusions, recommendations, or assurance may be improper or incomplete due to factors which can be controllable or uncontrollable. The assessment of audit risk involves quantitative and qualitative considerations. Audit risk includes

the risk that auditors will not detect mistakes, inconsistencies, significant errors, or fraud in the evidence supporting the audit. Adhering to [relevant governing standards] standards is an important tool in reducing audit risk.

Program risk deals with [list arenas specific to the work being conducted by the audit subject. Consider including factors that may impede service delivery of the subject's stated goal and that may warrant investigation within the audit.]

The auditor uses the information gathered in Phases 1 and 2 in determining the specific risk in the segments included in the audit. This determination may affect/modify the scope determined in Phase 1.

Any change in scope needs to be communicated, authorized, and documented by all relevant parties.

PHASE 4 - Documentation

The auditor should conduct an entrance conference with the [audit subject] and explain the audit objectives and accompanying timeframe. The auditor should request a complete and up-to-date copy of the [audit subject's] written policies and procedures (to include internal controls) along with a list and an explanation of schedules, metrics, and other relevant reports. The auditor should request the [audit subject] to produce copies of reviews (e.g., internal audit reports, external audit reports, consultant reports, Insurance Commissioner reports) and corrective actions in response to those reviews.

PHASE 5 - Risk Re-Evaluation

The auditor should evaluate all of the information gathered at this point and re-determine risk. The amount of and the relative importance of risk along with monetary and timing constraints will determine the audit scope as well as the detailed audit procedures needed to satisfy the scope of review.

PHASE 6 - Detailed Audit Procedures/Data Verification Using Applicable Segments

This phase includes the performance of detailed audit steps addressing the requirements contained in the specific [audit subject's] contract.

All audit work should be documented in accordance with GAGAS. Applicable professional standards should be used; if they are not followed, a written determination for their exclusion should be included in supporting working papers. Conclusions should be documented in the working papers. Any findings should contain the proper elements of a finding as contained in the Yellow Book (criteria, condition, cause, effect, and recommendation).

PHASE 7 - Reporting

Audit results are usually reported by issuing a draft audit report and subsequently, a final audit report. Reports should comply with the GAGAS reporting standards for performance audits. The [audit subject] should be given the opportunity to formally respond to possible findings in the draft report. The final report should, at a minimum, summarize the [audit subject's] opinion of findings.