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## Policy 3160 – Supervision and Review

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### **BACKGROUND**

Competent supervision of audit staff and timely and thorough review of workpapers helps ensure the quality and efficiency of our work. Some key elements of supervision for managers and supervisors include directing the efforts of audit staff who are leading or supervising the engagement, keeping them informed of significant issues encountered, reviewing the work performed and dealing with differences of opinion among agency staff. The extent of supervision appropriate in any given instance depends on several factors, including the complexity of the subject matter and the experience and qualifications of those performing the work.

### **REQUIREMENTS**

- ✓ **1. Assistants on an engagement will:**
  - a. Track the time spent on each engagement element, and request approval in advance if additional hours are needed.
  - b. Promptly inform the auditor-in-charge or performance audit lead auditor of potential audit issues or difficulties encountered. This should be discussed before issues are communicated to the client.
  - c. Document work performed in accordance with Policy 3310 – Standards for Audit Documentation.
  - d. Promptly resolve coaching notes.
  
- ✓ **2. The auditor-in-charge or performance audit lead auditor will:**
  - a. Inform assistants of their responsibilities and the objectives of the procedures they will perform, and on how their individual assignment relates to other elements of the engagement. The auditor-in-charge should communicate to the assistants significant matters that could affect the nature, timing and extent of procedures they will perform, relations with the client or possible accounting and auditing problems.
  - b. Monitor the budget versus actual hours and request approval in advance from the supervisor and manager if additional hours are needed. Before requesting an increase in an engagement budget, the auditor-in-charge will first determine if there are areas in which the scope can be adjusted.
  - c. Promptly inform the supervisor of potential significant accounting or engagement issues.
  - d. Discuss modifications to the engagement plan with the supervisor or assigned principal auditor.

- e. Document work performed in accordance with Policy 3310 – Standards for Engagement Documentation.
- f. Answer questions and provide mentoring to assistants.
- g. Do a timely review of documentation prepared by assistants to determine whether work was adequately performed and properly documented. Reviews of documentation should be performed throughout an engagement, depending on the size of the engagement, nature and complexity of the work and the assistant's experience and qualifications.
- h. Promptly resolve coaching notes.

✓ **3. Supervisors on an engagement will:**

- a. Ensure that the auditor-in-charge understands the responsibilities and objectives of the procedures he or she will perform, emphasizing with members of the team the need to maintain a questioning mind and to exercise professional skepticism.
- b. Do a timely review of documentation to determine whether work was adequately performed and evaluate whether the results are consistent with the conclusions. Reviews of documentation should be performed throughout an engagement depending on the size of the engagement, nature and complexity of the work and qualifications of the engagement team.

Specifically, supervisors must ensure:

- For financial, single, and accountability audits, planning procedures and audit plans are reviewed prior to the entrance conference.
  - Audit scope adjustments and draft recommendations are reviewed prior to communication with the client.
  - Review of the documentation and draft report is completed prior to the exit conference and report issuance.
- c. Answer questions and provide mentoring to the auditor-in-charge and assistants.
  - d. Ensure that coaching notes are resolved.
  - e. Inform the manager or principal of significant problems or difficulties, including accounting and engagement issues.

- ✓ 4. **Audit managers or principals will:**
- a. Take responsibility for the direction, supervision, performance and reporting of engagements in accordance with applicable laws, professional standards and office policies.
  - b. Take responsibility for undertaking appropriate research or consultation as needed.
  - c. Ensure assigned staff have sufficient competence and resources needed to properly conduct engagements in accordance with professional standards and office policy.
  - d. Track engagement assignments and reports issued.
  - e. Do a timely review of the documentation and draft report to determine whether work was adequately performed, and evaluate whether the results are consistent with conclusions.

The documentation will show at least one level of supervisory review. Review of the documentation and draft report will be completed before the exit conference is held and the report is issued.

- f. Request approval for budget changes from the assigned assistant director as required by Policy 1220 – Engagement Cost Management.

- ✓ 5. **If, after consulting with the supervisor and audit manager or principal, a team member still has significant disagreements or concerns related to accounting issues, audit findings or quality issues (such as the rationale or support for planning, testing or reporting issues), that team member should contact the assigned assistant director and the Director for Quality Assurance for final resolution.**

After final resolution, a team member may document her/his disagreement with the conclusions reached as a supplement to the approved basis for conclusions.

## ***RELATED POLICIES***

3430 – Quality Control Assurance Certification

## ***REFERENCES***

Government Auditing Standards (Yellow Book) ¶8.87

AU-C §220.10, .17-19, .23 – Quality Control for an Engagement

AU-C §300.11 – Planning

AT-C §105.32-33 – Concepts Common to All Attestation Engagements