

Report on a Review of the Direct Engagements Completed in the 2019–20 Fiscal Year

November 2020

Practice Review and Internal Audit



Office of the
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Introduction

The Practice Review and Internal Audit team helps the Office of the Auditor General of Canada (OAG) to meet its obligation under the Chartered Professional Accountants of Canada's Canadian Standard on Quality Control 1. The team does this by conducting inspection activities to determine the extent to which engagement leaders are complying with Canadian auditing standards, OAG policies, and applicable laws and regulations when conducting their audits. The team also ensures that audit reports are supported and appropriate.

Objective

The practice review's objective is to provide the Auditor General of Canada with assurance that

- direct engagements (performance audits and special examinations) comply with Canadian standards on assurance engagements for direct engagements, OAG policies, and applicable laws and regulations
- audit reports are supported and appropriate

Scope

This report summarizes the reportable observations related to the practice reviews of 5 direct engagements (4 performance audits and 1 special examination) completed in the 2019–20 fiscal year.

Rating

Each audit file reviewed is rated as one of the following:

- **Compliant.** Performance is satisfactory with minor improvements possible. The audit file is compliant in all significant respects with Canadian standards on assurance engagements for direct engagements, OAG policies, and applicable laws and regulations.
- **Compliant while improvements needed.** Improvements are necessary in 1 or more areas to comply, in all significant respects, with Canadian standards on assurance engagements for direct engagements, OAG policies, and applicable laws and regulations.
- **Non-compliant.** Significant deficiencies exist; the audit file does not comply with Canadian standards on assurance engagements for direct engagements, OAG policies, or applicable laws and regulations.

After completing each review, we also conclude whether the audit report is supported and appropriate.

Results of the Reviews

Exhibit 1 summarizes the reportable observations related to the practice reviews.

Exhibit 1 Summary of reportable observations

A. Engagement management	<p>Some engagement team members did not complete an independence confirmation form, or the form was not reviewed by the engagement leader. (3 audit files)</p> <p>Significant matters and related significant judgments were not adequately documented. (1 audit file)</p>
B. Planning phase	
C. Examination phase	<p>The review of the working papers and documents supporting the substantiation of high-risk paragraphs was not adequately documented. (1 audit file)</p>
D. Reporting phase	<p>The report was dated before all the required events occurred. (1 audit file)</p> <p>Consultations were initiated with an internal specialist during the examination phase, but we found no documentation of the agreement between the individual seeking consultation and the party consulted. (1 audit file)</p> <p>The deputy minister (DM) draft was issued before the engagement leader certified that the audit work on the audit report was complete. (1 audit file)</p>
E. Engagement quality review	
F. Efficiencies	
G. Other practice improvements	
H. Summary of good practices observed	<p>A good practice was observed for effective and efficient documentation. (1 audit file)</p> <p>Independence forms were completed in a timely fashion, properly monitored, and added to the TeamMate file to ensure compliance with standards. (1 audit file)</p>

Recommendations

None.

Conclusion

Of the 5 direct engagement files reviewed, 1 file was rated as compliant in all significant respects with Canadian standards on assurance engagements for direct engagements, OAG policies, and applicable laws and regulations, and 4 files were rated as compliant while improvements needed.

All audit reports were supported and appropriate.