



Office of the City Auditor Policies and Procedures

Number: 3.1.9**Title:** Audit Fieldwork and Evidence

Original Date:**Revision Date:****Last Review Date:****Approved by:**

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I. References:

See *Government Auditing Standards*, also referred to as *GAGAS (Generally Accepted Government Auditing Standards)*, July 2007 revision, Chapters 7, in Sections 7.55 through 7.76.

II. Policy

In accordance with the requirements of *GAGAS*, all Office of the City Auditor (OCA) performance audits must be planned and fieldwork performed in a manner that ensures sufficient and appropriate evidence is gathered and appropriately evaluated to provide a reasonable basis for audit findings and conclusions related to the audit objectives.

III. Purpose

The purpose of this policy is to provide specific procedures designed to provide assurance in OCA audit fieldwork that findings and conclusions are supported by sufficient and appropriate evidence.

IV. Definitions

- A. **Abuse** – in the context of *GAGAS* performance audits, abuse involves behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances. Abuse also includes the misuse of authority or position for personal interests or those of a close family member or business associate.
- B. **Appropriate evidence** – appropriateness of evidence is the measure of the *quality* of evidence that includes its relevance, validity, and reliability in providing support for audit findings and conclusions.

- C. **Fraud** – a type of illegal act involving the obtaining of something of value through willful misrepresentation, which is formally determined through processes of the legal system.
- D. **Overall Assessment of Audit Evidence** – assessment of the sufficiency and appropriateness of the evidence collected and used to support audit findings and conclusions.
- E. **Sufficient evidence** - sufficiency of evidence is a measure of the *quantity* of evidence used to support the audit findings and conclusions.
- F. **Corroboration or triangulation of evidence** – the process whereby different types of evidence (i.e., physical, documentary, analytical, testimonial) or evidence from different sources is collected and analyzed, and conclusions drawn from each are compared against each other to ensure congruence. Corroboration enhances the strength of audit evidence.

V. Procedures/Responsibilities

A. Fieldwork Plan

1. After the Survey Results Package (SRP), including the fieldwork objectives, has been approved, the **Auditor-in-Charge (AIC)** is responsible for developing a fieldwork plan.
 - a. **Fieldwork tasks.** The fieldwork plan should provide detailed task-level descriptions of the methodology to be used to accomplish the audit objectives, including procedures to develop **sufficient and appropriate evidence** to address risks identified during planning and to meet audit objectives. As appropriate for the audit objectives, the fieldwork plans should include procedures to obtain;
 - i. different types of evidence (e.g., physical, documentary, analytical, or testimonial), which can be **triangulated** to ensure accuracy and increase the overall strength of the evidence; and
 - ii. evidence that can be used to develop the elements of findings (e.g., criteria, condition, cause, effect, and recommendation) necessary to address the objectives. Refer to *GAGAS* Sections 7.37 – 7.38, *Identifying Audit Criteria* and Sections 7.72 – 7.76, *Developing Elements of a Finding*.
 - b. **Data reliability testing.** When information (including computer-processed information) is the subject of or will provide significant data pursuant to an audit objective, the fieldwork plan must also include procedures designed to assess the sufficiency and appropriateness of that information. For an overview of this process, see OCA's

Overview of Testing Data Reliability. For detailed guidance on the testing of computer-processed data, refer to OCA's *Guidance on Testing Data Reliability*. (Both are available in OCA common files and on the OCA external website.)

- c. **Fraud Testing.** The **AIC** is responsible for ensuring that the audit team works with investigators in the City Auditor's Integrity Unit (CAIU) to include appropriate fieldwork steps to:
 - i. gather and assess information to identify risks of fraud that are significant within the scope of the audit objectives or that could affect the audit findings and conclusions; and
 - ii. perform additional procedures to provide reasonable assurance of detecting such fraud, where the risk of fraud is determined to be significant in the context of the audit,
2. The **AIC** is responsible for ensuring that the fieldwork plan is reviewed and approved by the **Assistant City Auditor (ACA)** before proceeding with fieldwork tasks.
3. Following **ACA** approval, the **AIC** is responsible for ensuring that the fieldwork plan is reviewed and approved by **Deputy City Auditor (DCA)**.

B. **Fieldwork Execution**

1. The **AIC** should assign and supervise team members in performing the tasks of the fieldwork plan and in updating the plan as tasks are completed. The **AIC** should obtain **ACA** and **DCA** approval for any revisions to the approved fieldwork plan.
2. The **AIC** should ensure that sufficient and appropriate evidence is obtained and documented for each finding.
 - a. Evidence is considered sufficient and appropriate when it provides a reasonable basis for supporting the findings or conclusions within the context of the audit objectives.
 - b. See *GAGAS* Sections 7.55 - 7.76, as well as the *OCA Audit Guide*, for additional guidance and requirements on obtaining sufficient and appropriate evidence; and for specific requirements for audit documentation, see OCA policies 3.6.1, Audit Documentation and 3.6.2, Audit Documentation Review.
3. **Data reliability.** The **AIC** should ensure that the audit team conducts and documents the assessment of reliability of any information (including computer-processed information) that provides the main support for significant audit findings and that the results of the assessment are adequately documented.

- a. The documentation should include conclusions regarding the overall reliability of the data tested and any impact that may have on the ability to fully address the audit objectives.
 - b. The **AIC** should report any limitations to data reliability identified to the **ACA** as soon as possible.
4. **Abuse.** If, during the course of the audit, the audit team becomes aware of abuse that could be quantitatively or qualitatively significant to the program under audit, the **AIC** is responsible for working with investigators of the CAIU to ensure appropriate referral and follow-up within the context of the audit objectives and the overall mission of OCA.

C. **Development of Findings and Assessment of Evidence**

1. The **AIC** should direct the team in developing the key outputs of the fieldwork phase, the **Records of Audit Findings (RAFs)**, which provide a framework for summarizing the evidence and conceptualizing the audit findings.
2. The **AIC** is responsible for ensuring that the RAFS:
 - a. are adequately supported by evidence reflected in the audit documentation (accomplished through cross-referencing);
 - b. contain findings that adequately address the audit objectives; and
 - c. contain all elements of a finding that are appropriate for the audit objectives.
3. The **AIC** is also responsible for ensuring that the RAFs are reviewed and approved by the **ACA** prior to developing the report outline.
4. As findings are developed, and as appropriate, the **AIC** should ensure that findings are communicated to the audited entity, to verify accuracy.
5. **Overall Assessment of Evidence.** In conjunction with the development of RAFs, the **AIC** is responsible for leading the audit team in assessing the body of audit evidence collected. This assessment and associated documentation should:
 - a. be used to ensure that the evidence collected, when taken collectively, provides a reasonable basis for supporting the findings or conclusions within the context of the audit objectives;
 - b. include a general statement that summarizes, or points to appropriate workpapers that summarize, the team's overall assessment of the sufficiency and appropriateness of evidence, including the results of any data reliability assessments performed, and steps take to corroborate evidence as needed or to qualify the report findings in

response to any limitations or uncertainties of the evidence that are significant to the audit findings.

6. The **AIC** is responsible for submitting the RAFs and the overall assessment of evidence to the ACA, as well as for pointing out any limitations regarding the audit evidence that may impact full GAGAS compliance.
7. The **ACA** is responsible for reviewing and approving the documentation reflecting the overall assessment of evidence and for verifying that audit findings and conclusions are supported by sufficient and appropriate evidence.
8. The **AIC** is responsible for ensuring that the audit team uses the RAFs and the overall assessment of evidence as the supporting framework for the development of the report outline and audit report in accordance with OCA policies 3.5.1, Reporting Process and 3.5.4, Report Content and Format.