

<b>OPERATIONAL POLICIES</b>	Policy No. <b>130.00 AUDIT/ENGAGEMENT EXECUTION &amp; FIELDWORK</b> <b>LAST REVISED: MARCH 31, 2016</b>	<b>PAGE 1 OF 3</b>
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## **AUDIT/ENGAGEMENT EXECUTION & FIELDWORK**

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### **POLICY – GENERAL**

The AD will include the following elements in performing engagements as set forth by GAGAS, and the IIA:

- Perform, obtain, and document sufficient and appropriate:
  - Planning (including decision support for development and modification of audit procedures – See [Operational Procedure 220.20](#));
  - Understanding and assessment of the environment and processes (including risk and internal control);
  - Auditor communication during planning and throughout the engagement;
  - Consideration of previous audits and attestation engagements;
  - Evidence, analysis, and evaluation to support conclusions (using CAATs, where appropriate); and
  - Support for evidence, findings, recommendations, and communications or reporting.
- Process for developing elements of a finding.
- Adequate supervision of staff, their proficiency, competency, and exercise of due professional care (See Policy 115.00 and Procedure 215.00).
- Consideration of fraud consistent with engagement objectives.
- Quality Assurance function, based on a set of written policies and procedures.

### **FINANCIAL AND ATTESTATION AUDITS**

GAGAS establishes requirements for performing financial and attestation audits, in addition to the requirements contained in the AICPA standards. The AD staff auditors comply with these additional requirements and all related SAS's. These additional requirements for performing financial and attestation audits include consideration of auditor communication, previous audits and attestation engagements, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, and abuse, developing elements of a finding; and audit documentation.

Attestation engagement can provide one of three levels of service as defined by the AICPA – 1) an examination engagement, 2) a review engagement or 3) an agreed-upon procedures engagement. Auditors performing an attestation engagement should determine which of the three levels of service apply to that engagement and refer to the appropriate AICPA standards and GAGAS section below for applicable requirements and considerations (guidance for performing these types of engagements can be found in AD Procedure 200.00).

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**NONAUDIT SERVICES, SPECIAL PROJECT OR CONSULTING SERVICES ENGAGEMENTS**

In addition to the above elements, Internal auditors should be aware of special circumstances accompanying the performance of other engagements. Internal Auditors must exercise due professional care during a nonaudit services, special project or consulting services engagements. This includes consideration of the following:

- The needs and expectations of the City of Houston departments requesting the nonaudit services, special project or consulting services engagements, including the nature, timing, and communication of engagement results;

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- The relative complexity and extent of work needed to achieve the engagement's objectives; and

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- The cost associated with the nonaudit services, special project or consulting services engagement in relation to any potential benefits to be derived from engagement.

**NOTE:** The concepts of reasonable assurance, significance, and risk form a framework for applying this policy, which is in accordance with professional standards and are included throughout the discussion.

**RELEVANT PROFESSIONAL STANDARDS AND GUIDANCE**

**GAGAS**

FINANCIAL AUDITS	CHAPTER 4
ATTESTATION ENGAGEMENTS	CHAPTER 5
PERFORMANCE AUDITS	CHAPTER 7

**IIA STANDARDS**

- 1220 DUE PROFESSIONAL CARE
- 2200 ENGAGEMENT PLANNING
- 2201 PLANNING CONSIDERATIONS
- 2210 ENGAGEMENT OBJECTIVES
- 2220 ENGAGEMENT SCOPE
- 2230 ENGAGEMENT RESOURCE ALLOCATION
- 2240 ENGAGEMENT WORK PROGRAM
- 2300 PERFORMING THE ENGAGEMENT
- 2310 IDENTIFYING INFORMATION
- 2320 ANALYSIS AND EVALUATION
- 2340 ENGAGEMENT SUPERVISION

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**IIA PRACTICE ADVISORIES**

- 1220 – 1 DUE PROFESSIONAL CARE
- 2230 – 1 ENGAGEMENT RESOURCE ALLOCATION
- 2240 – 1 ENGAGEMENT WORK PROGRAM
- 2300 – 1 USE OF PERSONAL INFORMATION IN CONDUCTING ENGAGEMENTS
- 2320 – 1 ANALYTICAL PROCEDURES
- 2320 – 2 ROOT CAUSE ANALYSIS

**NOTE:** The concept of fieldwork, as a professional standard, is broader than the time 'spent in the field' and is a term not used in the standards issued by the IIA, except in relationship to Quality Assurance and assessing the timeliness of engagement reporting.

**CHANGE HISTORY**

Chg #	Date	Section	Description/Reason
1	3/31/2016	Financial and Attestation Audits	To address concerns the AD possessed or could acquire the capability to perform financial and attestation audit services and to ensure such services were not excluded from the P&P.
	3/31/2016	nonaudit services, special project or consulting services engagements	To address changes made to GAO and IIA standards regarding non-audit services.
	3/31/2016	IIA Standards and Practice Advisories	To add additional standards to the P&P regarding Due Professional care.