The purpose of this form is to

* assess the nature and extent of engagement risk (and team competency) based on key factors listed below. For direct engagements, refer to ([OAG Audit 4020](http://localhost/intranet/performance-audits/manual/4020.shtm)) Risk Assessment;
* indicate the measures that are or will be in place to ensure that the audit can be undertaken in compliance with standards and Office policies;
	+ see ([OAG Audit 3062](http://localhost/intranet/performance-audits/manual/3062.shtm)) Engagement leader responsibilities for audit quality, for key requirements;
	+ for direct engagements, refer to section ([OAG Audit 4010](http://localhost/intranet/performance-audits/manual/4010.shtm)) Understanding the subject matter in planning an audit, for an explanation of the specific competence requirements of the engagement leader; and
* affirm that the team collectively has the necessary competencies, resources, and time to perform the audit.

## PART A—Initial assessment to be completed in early planning

1. **Audit information**

|  |  |
| --- | --- |
| **Name of audit:** |  |
| **Product Code:** |  |
| **Tabling date:** |  |
| **Budgeted hours:** |  |
| **Describe any relevant subject matter and/or audit context[[1]](#footnote-1)** |  |
| **Entities scoped into the engagement:** |  |
| **Office’s reporting responsibility for the engagement:** (e.g. joint-audit engagements, engagements whereby the Office signs an opinion or issues a report together with a public accounting firm or another legislative audit office) |  |
| **Team composition and previous related Office experience** |
| **Engagement leader (PX name and related experience):** |  |
| **Audit Director (DX name and related experience):** |  |
| **Team members (names and related experience):** |  |

1. **Engagement risk assessment**

|  | Provide information on the nature and extentof any risks affecting the conduct of the audit engagement | Risk Assessment(High, Elevated, Normal) |
| --- | --- | --- |
| **Visibility of the entity or subject matter in the public eye**(e.g. when assessing the degree to which the entity or subject matter is visible in the public eye, consider the accountability relationship of the entity, the importance of its mandate, the existence of high media interest) |  |  |
| **Political sensitivity**(e.g. recent parliamentary interest in the entity or the subject matter) |  |  |
| **Significance of the subject matter**(e.g. when assessing the significance of the subject matter, consider high economic, health, safety or security implications, size and impact of the entity or program, and/or number of entities scoped into the assurance engagement) |  |  |
| **The Office’s past experience reporting on the entity/subject matter**(e.g. recent history of difficult or contentious entity relations or engagement issues, including disagreements with management, negative conclusions in previous reports, past access issues) |  |  |
| **Degree of complexity of subject matter**(e.g. highly technical subject, very complex transactions, specialized business operations, multiple entitles with shared and/or overlapping responsibilities, issues that require significant professional judgment and expertise to evaluate) |  |  |
| **Subject matter auditability risks**(e.g. risks to not obtaining sufficient quality information, risks to not having suitable criteria, risks related to anticipated audit approach) |  |  |
| **Management integrity**(e.g. indication of questionable business practices, fraud risks, or that senior management is engaged in questionable, unethical conduct that compromises the control environment of the organization. Uncertainty about the entity’s ability to continue operating as a going concern or to deliver its mandate. Refer to [OAG Audit 3011](http://localhost/intranet/performance-audits/manual/3011.shtm) Acceptance and Continuance) |  |  |
| **Risks related to timelines, scheduling productions, other logistics**(e.g. shorter timelines than usual, production considerations, vacations, budget constraints, extensive travel, etc.) |  |  |
| **Engagement leader competency and capacity risks**(e.g. recently promoted/hired engagement leader or does not have current audit experience (less than 2 years), engagement leader is new to portfolio or subject matter of audit, reduced availability) |  |  |
| **Team competency—risks related to the team competency, availability, and capacity**(e.g. describe significant turnover in the engagement team, any key skills and competencies required and identify any gaps. Consider team experience with the objective or subject matter of the engagements of similar complexity and nature; required technical knowledge and expertise of subject matter, industry, and/or technical assurance skills; staff availability, bilingual capacity, availability to travel, etc.)  |  |  |
| **Data mining and data analytics**Has the team assessed the value and use of potential data mining and data analytics approaches to support the audit? If so, the Internal Specialist for research methods and quantitative analysis should be consulted as early as possible in planning. |  |  |
| **Other**(e.g. any other specified risk factors, such as known and potential threats to the Office’s independence) |  |  |

1. **Summary of mitigation strategies**

Based on the assessment of risks of undertaking the audit engagement, describe the team’s planned strategies to mitigate elevated and/or high risks.

| Involving/engaging: | Specify individuals (and/or skill sets) and describe their role and involvement | Reference to elevated or high risks being mitigated (from above) |
| --- | --- | --- |
| [ ]  | Relevant internal specialist(s) |  |  |
| [ ]  | External experts (consultants) |  |  |
| [ ]  | OAG staff outside the team |  |  |
| [ ]  | Enhanced involvement of AAG, and/or AG |  |  |
| [ ]  | Other |  |  |

| Convening: | Describe nature, purpose, and timing of committee; players to be involved, role, etc. | Reference to elevated or high risks being mitigated (from above) |
| --- | --- | --- |
| [ ]  | A Planning Phase Advisory Committee Meeting |  |  |
| [ ]  | An Examination Phase Advisory Committee  |  |  |
| [ ]  | Other committee (for example, an internal advisory committee at either planning or examination phase) |  |  |

| Implementing: | Specify and/or describe | Reference to elevated or high risks being mitigated (from above) |
| --- | --- | --- |
| [ ]  | Enhanced supervision of team members |  |  |
| [ ]  | Specialized training |  |  |
| [ ]  | Specific entity relations strategies |  |  |
| [ ]  | Other |  |  |

|  |  |
| --- | --- |
| [ ]  | Team recommends assigning an Engagement Quality Reviewer |

1. **Sign-off of Part A—Initial assessment**

The engagement leader should sign off this document as “Reviewed” in the audit file.

By signing off, the engagement leader is affirming that, at the time of this assessment and subject to the mitigating actions noted above, the **team collectively has the necessary competencies, resources, and time to perform the audit.**

**This template should be sent to** **AEA – Direct Engagement Assurance Advice** **for a final decision on whether an Engagement Quality Reviewer will be assigned.**

## PART B—Reassessment at the end of the planning phase

Audit standards require auditors to revisit and consider the impact of risks throughout the course of the audit. **Before completing the planning phase and examination approval**, the engagement leader reassesses the engagement risks, team competencies, and associated mitigation strategies based on the final audit design and approach.

1. **Significant changes and impact on risk assessment**

|  | Describe any significant changes since the initial assessment in Part A |
| --- | --- |
| **Changes in team composition and/or changes to audit scope and approach**(e.g. new team members, new entities, new audit approach) |  |
| **Changes to engagement risks** (e.g. what are the key changes to the risks? have risks increased, decreased, stayed the same?) |  |
| **Changes to planned mitigation strategies** |  |

1. **Re-assessment of the Engagement Quality Reviewer appointment, if required**

**Resubmit this template to** **AEA – Direct Engagement Assurance Advice** **if:**

* engagement risks have increased, **AND**
* an Engagement Quality Reviewer had not been appointed.

If resubmitting the template, the team should re-do the Part A assessment (either by annotating the Part A assessment itself or by completing a new form).

1. **Sign-off of Part B—Reassessment of engagement risks before Examination Approval**

The engagement leader should sign off this document as “Reviewed” in the audit file.

By signing off, the engagement leader is affirming that, at the end of planning based on the planned audit strategy as documented in its approved ALM and subject to the mitigating actions noted above, the **team collectively has the necessary competencies, resources, and time to perform the audit.**

1. Only applicable for performance audits. [↑](#footnote-ref-1)