

Governmental Audit Documentation Checklist

Instructions for Use of Checklist

This checklist was developed from the AICPA's PEER Review Government Audit Engagement Checklists for use by the Office of the State Auditor's reviewers of audits of Minnesota Counties. Questions were removed from the checklists for mainly two reasons: those relating to the actual county's financial reporting because those items are covered by desk reviews and those relating to firm's policies and procedures because these reviews are not a Peer Review.

The questions in this checklist emphasize reporting matters and general procedures ordinarily performed by an independent auditor in the audit of financial statements of state and local governmental units. This checklist can be used in reviewing the audit of the basic financial statements, the comprehensive annual financial report, or component unit financial statements. The reviewer, however, should recognize that this checklist does not address certain items contained in the comprehensive annual financial report, such as the introductory section and statistical information, and is not intended to be an all-inclusive document containing all disclosure and audit procedures related to audits of state and local governments. It should be used in conjunction with various reference materials dealing with reporting disclosure and audit procedures to sufficiently evaluate state and local government audits and special purpose governments. These additional materials include the AICPA Audit and Accounting Guide *State and Local Governments* (as of March 1, 2016). Presentation guidance may be found in Section 2200 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*.

The questions have been derived principally from relevant pronouncements of the Auditing Standards Board, GASB, and the AICPA Audit and Accounting Guide *State and Local Governments* (as of March 1, 2015; March 1, 2016, Chapter 5). This is a highly summarized checklist. Reviewers may wish to consult the professional standards cited for detailed information about the requirements. Bulleted points are generally batched into one question on this checklist. The reviewer should weigh each bullet point separately and in the aggregate when concluding whether the professional standards requirement was met in all material respects. All "No" answers must be thoroughly explained.

The AU-C sections contain application materials that follow the requirements section and are numbered using an A-prefix. The application materials contain guidance that is not in itself required but is relevant to the proper application of the requirements of the AU-C section. If a reviewed firm does not perform the procedures outlined in the application materials, the reviewer should determine if the procedures that were performed are sufficient to meet the requirements. Citations from application materials are noted with an **.

Notes to Reviewer: Reviewers should carefully select the appropriate checklists for the review of governmental audit engagements.

One or more of these could also be applicable to certain governmental engagements:

- Section II — Part A — UG—*Supplemental Checklist for Review of Single Audit Engagements*
- Section III — Part B — UG—*Supplemental Checklist for Review of Single Audit Engagements*
- Section IV- *Supplemental Checklist for Review of Audit Engagements Performed in Accordance With Government Auditing Standards (Yellow Book) December 2011 Revision*
- Section V — Additional Requirements-Minnesota
- Section VI—*Supplemental Checklist for Review of Audit Engagements of State and Local Governments Participating in Defined Benefit Pension Plans Subject to GASB Statement No. 68*

Important Notes to Reviewers of Governmental Engagements Containing Pension Plans: In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68), which revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. GASB 68 is effective for financial statements for fiscal years beginning after June 15, 2014. Due to the unique complexities related to these standards, a Supplemental Checklist has been created to address GASB 68 and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. Therefore this checklist does not include questions for government pensions.

Note: This checklist has been updated, as applicable, with regard to the following publications:

- GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*
- GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*
- GASB Statement No. 72, *Fair Value Measurement and Application*
- Statement on Auditing Standards No. 129, *Amendment to Statement on Auditing Standards No. 122 Section 920, Letters for Underwriters and Certain Other Requesting Parties, as Amended* (AICPA, *Professional Standards*, AU-C sec. 920)
- Statement on Standards for Accounting and Review Services No. 21, *Statements on Standards for Accounting and Review Services: Clarification and Recodification* (AICPA, *Professional Standards*)
- Statement on Standards for Attestation Engagements No. 17, *Reporting on Compiled Prospective Financial Statements When the Practitioner's Independence Is Impaired* (AICPA, *Professional Standards*, AT sec. 301)
- Statement on Quality Control Standards No. 8, *A Firm's System of Quality Control* (AICPA, *Professional Standards*, QC sec. 10)
- AICPA Code of Professional Conduct, revised effective December 15, 2014 (AICPA, *Professional Standards*)

This checklist **has not yet been updated** to reflect certain recently issued GASB pronouncements. If applicable to the engagement, the reviewer should refer to the applicable standards or other sources until this checklist is updated for the following GASB Statements:

- No. 84, *Fiduciary Activities*
- No. 83, *Certain Asset Retirement Obligations*
- No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*
- No. 81, *Irrevocable Split-Interest Agreements*
- No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*
- No. 79, *Certain External Investment Pools and Pool Participants*
- No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*
- No. 77, *Tax Abatement Disclosures*
- No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*
- No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*

Explanation of References:

AAG-SLG	AICPA Audit and Accounting Guide <i>State and Local Governments</i> (as of March 1, 2015; March 1, 2016, Chapter 5)
AAG-ARR	AICPA Audit Guide <i>Assessing and Responding to Audit Risk in a Financial Statement Audit</i> (as of September 1, 2014)
AAG-SAM	AICPA Audit Guide <i>Audit Sampling</i> (as of March 1, 2014)
AU-C	Reference to section number for clarified Statement on Auditing Standards in AICPA <i>Professional Standards</i>
ET	Reference to section number in AICPA Code of Professional Conduct in AICPA <i>Professional Standards</i>
GAAP	Generally Accepted Accounting Principles
GASB	<i>Codification of Governmental Accounting and Financial Reporting Standards</i> (as of June 30, 2014; June 30, 2016, Investments)
QC	Reference to section number for Statements on Quality Control Standards in AICPA <i>Professional Standards</i>

ENGAGEMENT PROFILE

Engagement Code No. _____ Office _____
Owner/Partner _____ Date of Financial Statements¹ _____
Manager _____ Date of Report _____
Engagement Quality Control Reviewer² _____ Date Report Released _____

This engagement involves reporting on:

- Basic Financial Statements
Comprehensive Annual Financial Statements Report (CAFR)
Primary Government Only Financial Statements
Special Purpose Financial Statements
Compliance for Each Major Program; Internal Control Over Compliance; and Schedule of Expenditures of Federal Awards Required by the Uniform Guidance (Provide Single Audit Data)
Individual Fund or Department Financial Statements
Component Unit Financial Statements (CUFS)
Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit Performed in Accordance With Government Auditing Standards (See Supplemental Yellow Book Checklist)
Limited Reporting Engagement
Other, explain: _____

Is this engagement part of a group audit? Yes [] No []

If so, did the auditor function as the group auditor? Yes [] No []

Were other auditors involved in this engagement? Yes [] No []

At the time the report/financial statement(s) on the client's current year was issued/released, were there billed or unbilled fees, or note(s) receivable arising from such fees, that remained unpaid for any professional services provided more than one year prior to the date of the report? Yes [] No []

Key data reported on by this office for this engagement:

Total government-wide assets \$ _____
Total government-wide net position \$ _____
Total revenues of governmental activities \$ _____
Total revenues of business-type activities \$ _____
Number of opinion units _____

General description of audited entity (type of entity [including identification of the financial reporting entity and any special purpose entities], services provided, and so on): _____

What types of non-attest³ services were performed for this client? (Check all that apply).⁴

- Activities such as financial statement preparation, cash-to-accrual conversions, and reconciliations⁵ [ET sec. 1.295.010.06]
Bookkeeping, payroll, and other disbursements [ET sec. 1.295.120]
Tax preparation services [ET sec. 1.295.160]

¹ To determine the applicability of all cross-referenced pronouncements, consider their effective dates.
² Not applicable unless required by firm policy.
³ GAO uses the term nonaudit in Government Auditing Standards, and AICPA uses the term nonattest in the Code of Professional Conduct.
⁴ To determine the applicability of all cross-referenced Code of Professional Conduct sections, consider their effective dates.
⁵ Effective for periods beginning after December 15, 2014, activities such as financial statement preparation, cash-to-accrual conversions, and reconciliations are considered outside the scope of the attest engagement and, therefore, constitute a non-attest service.

- Other, which may include [advisory services](#) [ET sec. 1.295.105], [appraisal, valuation, and actuarial services](#) [ET sec. 1.295.110], [benefit plan administration](#) [ET sec. 1.295.115], [business risk consulting](#) [ET sec. 1.295.125], [corporate finance consulting](#) [ET sec. 1.295.130], [executive or employee recruiting](#) [ET sec. 1.295.135], [forensic accounting](#) [ET sec. 1.295.140], [information systems design, implementation, or integration](#) [ET sec. 1.295.145], [internal audit](#) [ET sec. 1.295.150], [investment advisory or management](#) [ET sec. 1.295.155]

Specify separately the following for each non-attest service type previously identified (attach additional sheets, if necessary):

Specific non-attest service: _____

Individual in your firm responsible: _____

Provide the working paper reference location(s) that documents the understanding with the attest client regarding the (i) objectives of the engagement, (ii) services to be performed, (iii) attest client’s acceptance of its responsibilities, (iv) member’s (your firm’s) responsibilities, and (v) any limitations of the engagement. _____

Title of client personnel overseeing this service: _____

Please describe your assessment and factors leading to your satisfaction that the client personnel overseeing the service had sufficient skills, knowledge, and experience (SKE) to do so: _____

Did any of the non-attest service(s) involve leading and directing the entity, including making significant decisions or assuming management responsibilities? _____

Examples of such services include, but are not limited to, the following: (Check all that apply.)

- Accepting responsibility for the preparation and fair presentation of the client’s financial statements
- Having check signing authority or power of attorney, whether used or not
- Preparing invoices, receipts, or other documents that evidence the occurrence of a transaction (including data entry)
- Authorizing or executing transactions, or making decisions on behalf of the client
- Supervising, hiring, or terminating client employees

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- Serving on the client’s board of directors
- Serving as a client’s stock transfer or escrow agent, registrar, general counsel, or equivalent
- Accepting responsibility for the management of a client’s project
- Performing ongoing evaluations of the client’s internal control as part of its monitoring activities
- Other: _____

If any of the preceding boxes are checked, please provide a description: _____

If this engagement was performed in accordance with *Government Auditing Standards*:

Has the assessment of the skills, knowledge, or experience of the individual(s) designated to oversee each nonaudit service(s) previously identified been documented? Yes No N/A If yes, provide the working paper reference location(s) _____

Were any significant threats identified in regard to nonaudit services both individually as well as in the aggregate? Yes No N/A **(If significant threats were ultimately reduced to an acceptable level through the application and documentation of appropriate safeguards, you should still answer “yes”.)** If yes:

Describe what safeguards, if any, were applied to address the significant threats both individually as well as in the aggregate. _____

Provide the working paper reference location(s) of the documentation regarding threats and safeguards both individually as well as in the aggregate. _____

If the auditor is assisting with preparation of the financial statements and significant threats were not identified, such as the self-review threat or management participation threat, please explain the rationale supporting this judgement. _____

Governmental Audit Engagement Checklist

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I. GENERAL AUDIT PLANNING PROCEDURES

	<u>Ques.</u>	<u>N/A</u> ⁸	<u>Yes</u>	<u>No</u> ⁹	<u>Ref.</u>
Client and Engagement Acceptance and Continuance:					
Did the engagement partner perform procedures regarding the acceptance of the client relationship and the specific audit engagement? [AU-C sec. 220.14–.15]	G101	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
If a scope limitation that would lead to a disclaimer was imposed by management, was the audit required by law or regulation? [AU-C sec. 210.07]	G102	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
If the auditor succeeded another auditor, did the successor auditor initiate communications with the predecessor auditor to ascertain whether there were matters that might assist the auditor in determining whether to accept the engagement? [AU-C sec. 210.11–.12]	G103	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Did the successor auditor obtain sufficient appropriate audit evidence about whether opening balances contain misstatements that materially affect the current period's financial statements and appropriate accounting policies reflected in the opening balances have been consistently applied? [AU-C sec. 510.06–.11]	G104	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> Also, consider if the auditor becomes aware of information during the audit that might require revision of prior year presented financial information, did the auditor make the required inquiries of the predecessor auditor? [AU-C sec. 510.12] 					
Does it appear the firm's guidelines for acceptance and continuance of client relationships, including performing specific engagements for the client, were complied with, including inquiry of the predecessor accountant or review of engagement files, if any? [QC sec. 10.27–.30; QC sec. 10.A11–.A16]	G105	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Did the firm comply with its policies for ensuring that it provided sufficient personnel with the competence, capabilities, and commitment to ethical principles to perform the engagement in accordance with professional standards and applicable legal and regulatory requirements? [QC sec. 10.31–.34 and QC sec. 10.A17–.A31]	G106	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Relevant Ethical Requirements:					
If anything has been noted that may indicate a lack of independence, integrity, and objectivity, was the matter identified and appropriately resolved by the firm and its effects appropriately considered? [ET sec. 1.200 and 1.100] [QC sec. 10.21–.26]	G107	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Have engagement personnel (including leased and per diem employees) been appropriately advised of the need to observe applicable independence, integrity, and objectivity requirements concerning the client and any affiliates of the client? [QC sec. 10.21–.26] [ET sec. 1.224.010]	G108	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Has the auditor identified all non-attest services provided to the client? (Review the engagement profile and compare services listed to the identified services in the audit documentation.) [ET sec. 1.295]	G110	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

⁸The "N/A" column should be used when the item either does not exist or is not material.

⁹All "No" answers should be handled in either of the following ways: (1) discussed on a Matter for Further Consideration (MFC) form with the MFC form number noted in the "Ref." column or (2) discussed on the pages provided at the end of this checklist if no MFC form was generated.

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
<p>Has the auditor established and documented in writing the auditor’s understanding with the client? [ET sec. 1.295.040–.050] This includes</p> <ul style="list-style-type: none"> • objectives of the non-attest service engagement, • non-attest services to be performed, • client’s acceptance of its responsibilities, • the auditor’s responsibilities, and • any limitations of the non-attest service engagement. 	G111	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<p>For any non-attest services provided to the client, has the auditor determined before performing the service whether such a service would not impair independence? [ET sec. 1.295]</p> <ul style="list-style-type: none"> • The non-attest service is not specifically prohibited under ET sec. 1.295.030.02. • The auditor does not assume management responsibilities for the client. [ET sec. 1.295.030] • The auditor is satisfied that client management performs all of the following functions in connection with the non-attest services (either through documentation or verbal discussions with the client) [ET sec. 1.295.040.01]: <ul style="list-style-type: none"> — Assumes all management responsibilities — Oversees the services, by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience — Evaluates the adequacy and results of the services performed — Accepts responsibility for the results of the services • The auditor has complied with the requirements of the “Cumulative Effect on Independence When Providing Multiple Nonattest Services” [ET sec. 1.295.020] 	G112	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<p>Does the auditor’s assessment of the skills, knowledge, and experience of client personnel overseeing non-attest services appear reasonable given indications within the engagement? Consider whether the auditor performed significant reconciliations and took into consideration the extent and significance of adjustments and journal entries, the control deficiencies identified, and so on. [ET sec. 1.295.040]</p>	G114	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Client Understanding:					
<p>Did the auditor agree upon the terms of the audit engagement with management,¹⁰ which should be documented in an engagement letter or other suitable form of written agreement? [AU-C sec. 210.09–.10]</p>	G115	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

¹⁰ Generally, the auditor establishes an understanding of the services to be performed with the entity’s management. In some cases, the auditor may establish such an understanding with those charged with governance. The term *those charged with governance* means the person(s) with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes overseeing the financial reporting and disclosure process. In some cases, those charged with governance are responsible for approving the financial statements (in other cases, management has this responsibility). For entities with a board of directors, this term encompasses the *term board of directors* or *audit committees* expressed elsewhere in generally accepted auditing standards.

Ques. N/A Yes No Ref.

The agreement should include

- the objective and scope of the audit of the financial statements. [AU-C sec. 210.10a]
- the responsibilities of the auditor. [AU-C sec. 210.10b]
- the responsibilities of management, including management’s acknowledgment of [AU-C sec. 210.10c]
 - the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework. [AU-C sec. 210.06b(i)]
 - the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. [AU-C sec. 210.06b(ii)]
 - providing access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters. [AU-C sec. 210.06b(iii)(1)]
 - providing the auditor with additional information that the auditor may request from management for the purpose of the audit. [AU-C sec. 210.06b(iii)(2)]
 - providing the auditor with unrestricted access to persons with the entity from whom the auditor determines it necessary to obtain audit evidence. [AU-C sec. 210.06b(iii)(3)]
- a statement that because of the inherent limitation of an audit, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with generally accepted auditing standards (GAAS). [AU-C sec. 210.10d]
- identification of the applicable financial reporting framework for the preparation of the financial statements. [AU-C sec. 210.10e]
- reference to the expected form and content of any reports to be issued by the auditor and a statement that circumstances may arise in which a report may differ from the expected form and content. [AU-C sec. 210.10f]

Audit Planning:

Did the auditor properly plan the audit, giving appropriate consideration to the following? Specifically, did the auditor

G116 _____

- involve the engagement partner and other key members of the engagement team in planning the audit, including planning and participating in the discussion among engagement team members? [AU-C sec. 300.05]
- evaluate compliance with relevant ethical requirements? [AU-C sec. 300.06b]
- establish an overall audit strategy that sets the scope, timing, and direction of the audit and that guides the development of the audit plan? [AU-C sec. 300.07]
- in developing the overall audit strategy, [AU-C sec. 300.08]

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
<ul style="list-style-type: none"> — identify the characteristics of the engagement that define its scope; — ascertain the reporting objectives of the engagement in order to plan the timing of the audit and the nature of the communications required; — consider the factors that, in the auditor’s professional judgment, are significant in directing the engagement team’s efforts; — consider the results of preliminary engagement activities and, when applicable, whether knowledge gained on other engagements performed by the engagement partner for the entity is relevant; and — ascertain the nature, timing, and extent of resources necessary to perform the engagement? <ul style="list-style-type: none"> • develop an audit plan that includes a description of [AU-C sec. 300.09] <ul style="list-style-type: none"> — the nature and extent of planned risk assessment procedures; — the nature, timing, and extent of planned further audit procedures at the relevant assertion level; and — other planned audit procedures that are required to be carried out so that the engagement complies with GAAS? • establish one or more levels of performance materiality? [AU-C sec. 320.10–.11] • plan the nature, timing, and extent of direction and supervision of engagement team members and review of their work? [AU-C sec. 300.11] • consider whether specialized skills are needed in performing the audit? [AU-C sec. 300.12] 					
<p>Did the auditor document the overall audit strategy, the audit plan, and any changes made during the audit engagement to the overall audit strategy or the audit plan and the reasons for such changes? [AU-C sec. 300.14]</p>	G117	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<p>Did the auditor consider, prior to the auditor’s identification and assessment of the risks of material misstatement, such matters as the following: [AU-C sec. 300.A2**]</p> <ul style="list-style-type: none"> • The analytical procedures to be applied as risk assessment procedures? • A general understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework? • The determination of materiality? • The involvement of specialists? • The performance of other risk assessment procedures? 	G118	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<p>If consideration was given to the work of internal auditors in determining the scope, nature, timing, or extent of the audit, was it done in accordance with professional standards (including documentation requirements). [AU-C sec. 610]</p>	G119	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<p>fraud Considerations:</p> <p>Did the auditor properly document compliance with fraud risk considerations? [AU-C sec. 240.43–.46] Documentation should summarize the following:</p>	G120	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • Discussion among engagement personnel in planning the audit regarding the susceptibility of the entity’s financial statements to material misstatement due to fraud, how management could perpetrate and conceal fraudulent financial reporting, and how assets of the entity could be misappropriated? [AU-C sec. 240.15] 					

Ques. N/A Yes No Ref.

- Inquiries of management, those charged with governance, and others within the entity about the risks of fraud? [AU-C sec. 240.17–.21]
- Consideration of preliminary analytical procedures, including procedures specifically related to revenue? [AU-C sec. 240.22]
- Other information obtained that indicates risks of material misstatement due to fraud? [AU-C sec. 240.23]
- The identification and the assessment of material misstatement due to fraud at the financial statement level and at the assertion level for classes of transactions, account balances, and disclosures? [AU-C sec. 240.25]
- The auditor’s reasons supporting a conclusion that improper revenue recognition is not a risk of material misstatement due to fraud? [AU-C sec. 240.26]
- The assessed risks of material misstatements due to fraud as significant risks and, accordingly, to the extent not already done so, the auditor’s understanding of the entity’s related controls, including control activities, relevant to such risks, including the evaluation of whether such controls have been suitably designed and implemented to mitigate such fraud risks? [AU-C sec. 240.27]
- The auditor’s overall responses to address the assessed risks of material misstatement due to fraud at the financial statement assertion level and the auditor’s incorporation of an element of unpredictability in the selection of the nature, timing, and extent of audit procedures? [AU-C sec. 240.28–.30]
- The auditor’s identification of management’s override of controls as a significant risk? The risks of management’s override of controls should be addressed apart from any conclusions regarding the existence of more specifically identifiable risks? Appropriate procedures performed, including testing the appropriateness of journal entries and other adjustments made in preparation of the financial statements, reviewing accounting estimates for bias, and evaluating significant transactions that are outside the normal course of business for the entity? [AU-C sec. 240.31–.32]
- Evaluation of the accumulated results of auditing procedures and whether they affect the assessment of risks of material misstatement due to fraud made earlier in the audit or indicate a previously unrecognized risk of material misstatement due to fraud? [AU-C sec. 240.34]
- The evaluation of misstatements, whether material or not, and whether they are indicative of fraud and whether management was involved? [AU-C sec. 240.35–.37]
- The nature of communications about fraud made to management and those charged with governance? [AU-C sec. 240.39–.41]
- The nature of the communications about fraud made to regulatory and enforcement authorities? [AU-C sec. 240.42]

It Considerations:

Did the auditor properly identify risks associated with the role of IT? This could include the following considerations:

G121 _____

- Identification of the role of IT relative to financial transactions and financial reporting [AU-C sec. 315.19 and 315.A60–.A64**]
- Risk of material misstatement associated with financial transactions and financial reporting [AU-C sec. 315.A39]

- Obtaining sufficient knowledge of the information system, including the related business processes relevant to financial reporting [AU-C sec. 315.19 and 315.A92-.A96**]
- Obtaining an understanding of how the entity has responded to risks arising from IT [AU-C sec. 315.22]
- The auditor possessing, either internally or through the use of a specialist, the required expertise to address the risks associated with IT [AU-C sec. 300.A18-.A19**]
- The auditor, either directly or through the use of a specialist, sufficiently identifying and addressing risks associated with IT and internal controls [AU-C sec. 315.22]

Did the auditor properly identify and document the linkage between further audit procedures (test of controls, substantive procedures, or both) and the IT risk assessment? [AU-C sec. 330.30b] This could include the following:

<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
G122	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

- The auditor documented the understanding of the entity and its environment. [AU-C sec. 315.19b]
- The auditor used a professional possessing IT skills to determine the effect of IT on the audit, understand the IT controls, or design and perform tests of IT controls or substantive procedures. [AU-C sec. 300.12 and 300.A19**]

Group Audits:

Did the auditor appropriately identify the audit as being a group audit based on the existence of components at the appropriate level of aggregation, including consideration of multiple reporting or opinion units? [AU-C sec. 600.A1-.A5** and AAG-SLG 4.98-.107]

G123	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
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Were appropriate acceptance and continuance procedures performed, including

G124	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
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- considering whether sufficient appropriate audit evidence regarding the consolidation process and the financial information of the components on which to base the group audit opinion can be reasonably expected to be obtained? [AU-C sec. 600.14-.16]
- identification of significant components? A *significant component* is a component identified by the group engagement team (i) that is of individual financial significance to the group, or (ii) due to its specific nature or circumstances, is likely to include significant risks of material misstatement of the group financial statements. [AU-C sec. 600.14-.16]

Did the auditor agree upon the terms of the group audit engagement? [AU-C sec. 600.17]

G125	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
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Did the group audit team establish an overall group audit strategy and develop an overall group audit plan? Was the plan approved by the group engagement partner? [AU-C sec. 600.18-.19]

G126	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
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Did the auditor obtain an understanding of the entity, including group-wide controls and an understanding of the consolidation process? [AU-C sec. 600.20]

G127	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
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Did the group engagement team determine component materiality for those components on which the group engagement team will perform, or for which the auditor of the group financial statements will assume responsibility for the work of a component auditor who perform an audit or a review? [AU-C sec. 600.32]

G128	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
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	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
Did the group engagement team perform proper procedures related to the consolidation process in response to the assessed risks of material misstatements of the group financial statements? [AU-C sec. 600.34–.39]	G129	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

Work Performed by a Component Auditor:

When the engagement included the work of component auditors, did the group engagement team obtain an understanding of the following? (*Note:* Component auditors may be part of the group engagement partner’s firm, a network firm, or another firm.) Consider

- whether a component auditor understands and will comply with the ethical requirements that are relevant to the group audit and, in particular, is independent. [AU-C sec. 600.22a]
- a component auditor’s professional competence. [AU-C sec. 600.22b]
- the extent, if any, to which the group engagement team will be able to be involved in the work of the component auditor. [AU-C sec. 600.22c]
- whether the group engagement team will be able to obtain information affecting the consolidation process from a component auditor. [AU-C sec. 600.22d]
- whether a component auditor operates in a regulatory environment that actively oversees the auditor. [AU-C sec. 600.22e]

If the group engagement partner decided to make reference to the report of a component auditor

- was that decision appropriate? [AU-C sec. 600.24–.27]
- did the auditor’s report make appropriate reference to the component auditor in the auditor’s report of the group financial statements? [AU-C sec. 600.28–.31]

If the group engagement partner is not making reference to the work of a component auditor, were appropriate procedures performed, including group engagement team involvement in the work of the component auditor? [AU-C sec. 600.51–.65]

Auditor’s Specialist, If Used:

If an auditor’s specialist was used (for example, actuary, appraiser, engineer, environmental consultant, or geologist), did the auditor apply the appropriate procedures to evaluate the qualifications and findings of the specialist? Consider whether

- appropriate considerations and evaluations were made in accordance with professional standards. [AU-C sec. 620.08–.11]
- the evaluation of objectivity included the inquiry regarding interests and relationships that may create a threat to the objectivity of the auditor’s specialist. [AU-C sec. 620.09]
- appropriate procedures were applied to evaluate the adequacy of the work of the specialist. [AU-C sec. 620.12]
- appropriate procedures were applied to test the source data used by the specialist. [AU-C sec. 620.12c]

Internal Control and Control Risks:

When developing an understanding of the entity and its environment relative to evaluation of the risk of material misstatements and the response to the audit evidence obtained, did the auditor

- perform risk assessment procedures, including inquiries of management and others within the entity, analytical procedures, and observation and inspection? [AU-C sec. 315.05–.11]

Ques. N/A Yes No Ref.

- obtain an understanding of the entity and its environment and components of its internal controls in order to assess the risk of material misstatements at the assertion level and to design and perform further audit procedures responsive to assessed risks? [AU-C sec. 315.12–.25]
- understand the auditor’s responsibility to identify risks of material misstatement at the financial statement level and at the relevant assertion level related to classes of transactions, account balances, and disclosures? [AU-C sec. 315.26–.27]
- identify significant risks and obtain an understanding of the entity’s controls, including control activities, relevant to those risks, and, based on that understanding, evaluate whether such controls have been suitably designed and implemented to mitigate such risks? [AU-C sec. 315.28–.30]
- if the auditor assesses that it is not possible or practicable to obtain sufficient appropriate audit evidence only from substantive procedures related to some risks, obtain an understanding of the entity’s controls over such risks? [AU-C sec. 315.31]
- design and perform substantive procedures for all relevant assertions related to each material class of transactions, account balances, and disclosure? [AU-C sec. 330.18–.24]

Service Auditor Reports:

If the auditor is relying on a service auditor report, did the auditor substantively meet professional requirements regarding internal control by

G135 _____

- considering the controls at a service organization that may affect the client’s transactions and internal control? [AU-C sec. 402.09–.14]
- obtaining an understanding of the controls in place at the entity and at a service organization whose services are part of the entity’s information system? [AU-C sec. 402.03]
- performing one or more of the following in order to obtain audit evidence about the operating effectiveness of the service organization’s controls if the auditor’s risk assessment includes an expectation that those controls are operating effectively?
 - Obtaining and reading the type 2 report [AU-C sec. 402.16]
 - Performing appropriate tests of controls at the service organization [AU-C sec. 402.16]
 - Using another auditor to perform tests of client’s controls at the service organization on behalf of the user auditor [AU-C sec. 402.16]
 - Determining whether the service auditor’s report provides sufficient appropriate audit evidence about the effectiveness of the controls to support the user auditor’s risk assessment, if the user auditor plans to use a type 2 report as audit evidence that controls at the service organization are operating effectively [AU-C sec. 402.17]

Related Party Transactions:

Did the auditor

G136 _____

- obtain and document an understanding of related party relationships and transactions to identify and assess the risks of material misstatement? [AU-C sec. 550.19; AU-C sec. 550.28]

- | | <u>Ques.</u> | <u>N/A</u> | <u>Yes</u> | <u>No</u> | <u>Ref.</u> |
|---|--------------|------------|------------|-----------|-------------|
| • share the identity of related parties and other relevant information with the engagement team? [AU-C sec. 550.18] | | | | | |
| • obtain sufficient audit evidence about whether related party relationships and transactions have been appropriately identified, accounted for, and disclosed in the financial statements? [AU-C sec. 550.09b] | | | | | |

Audit Plan:

Did the auditor properly consider and document the following in the development of the audit plan and strategy and completion of the audit programs, when applicable? [AU-C sec. 300.05-.14 and .A21-.A24**]
Consider that

G137 _____

- the overall audit strategy is a record of the key decisions considered necessary to properly plan the audit and significant issues communicated to the engagement team. [AU-C sec. 300.A21**]
- the audit plan is a record of the planned nature, timing, and extent of risk assessment procedures and further audit procedures at the relevant assertion level in response to the assessed risks. [AU-C sec. 300.A22**]

II. AUDIT AREAS

Highest Risk Audit Areas

Scan the financial statements and profile information. **Given your industry experience, identify three accounts or audit areas of highest importance to the type of engagement.** Review the planning and risk assessment for each, consider all of the relevant assertions, and assess whether the firm came to a reasonable risk rating for each assertion or at the account level, which would incorporate those assertions. **For each of the accounts or audit areas deemed to be of highest importance, complete the subsequent questions along with the account-specific questions relating to your selection.**

Account or audit area #1

Choose an item. _____ ▼

Ques. N/A¹¹ Yes No¹² Ref.

Risks of material misstatement

Risks of material misstatement exist at two levels: (1) the overall financial statement level and (2) the assertion level for classes of transactions, account balances, and disclosures. Risks of material misstatement at the assertion level consist of two components: inherent risk and control risk. Generally accepted auditing standards do not ordinarily refer to inherent risk and control risk separately, but rather a combined assessment of the risks of material misstatement. However, the auditor may make separate or combined assessments of inherent and control risk depending on the preferred audit techniques and methodologies and practical considerations. [AU-C sec. 200.A38; .A40-.A41; .A44]

Inherent Risk

The susceptibility of an assertion about a class of transaction, account balance, or disclosure to a misstatement that could be material, either individually or when aggregated with other misstatements, before consideration of any related controls. [AU-C sec. 200.14]

Where risk of material misstatement for any relevant assertions or significant accounts is indicative of an inherent risk assessment set at less than high, is there a reasonable basis for that assessment? [AU-C sec. 315.03; AAG-ARR 3.23, 5.59, and 5.70] Consider the following

G201 _____

- Documented discussions among the engagement team, the key elements of their understanding obtained regarding each aspect of the entity and its environment, and any significant decisions reached [AU-C 315.12 and .33]
- A separately documented inherent risk assessment, if applicable

¹¹ See footnote 8.

¹² See footnote 9.

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
Control Risk					
<p>The risk that a misstatement that could occur in an assertion about a class of transaction, account balance, or disclosure and that could be material, either individually or when aggregated with other misstatements, will not be prevented, or detected and corrected, on a timely basis by the entity’s internal control. [AU-C sec. 200.14]</p> <p>An assessment of control design and implementation is required on every audit, whether or not controls are tested and relied on. Specifics regarding the account being reviewed should consider the inherent risks and whether specific controls exist to address the inherent risk by assertion.</p>					
<p>Consider the relevant assertions and risks related to the account or audit area. Did the auditor evaluate the design and implementation of relevant controls in this area? [AU-C sec. 315] Consider the following: G202</p> <ul style="list-style-type: none"> • Documentation includes actual controls and not just process descriptions • In addition, are all the following present in the documentation: <ul style="list-style-type: none"> — Who performed the procedure and when? — Who in the client organization was interviewed? — What evidence regarding the control was examined during the procedure? 	G202	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<p>Are any missing or ineffective controls or absence of controls over relevant risks assessed as to severity and considered in communications with management and governance? [AU-C sec. 265]</p> <p><input type="checkbox"/> Complete the following section if control risk is assessed at less than high.</p> <p>If control risk is assessed at less than high, has evidence been obtained to support the level of reliance planned, as follows:</p>	G203	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • If the auditor is relying on a service auditor’s report, did the auditor substantively meet professional requirements regarding internal control, including those detailed at G135 of this checklist? [AU-C sec. 402] • For controls where sampling is planned, is the level of testing sufficient to support the level of planned reliance (considering the parameters of risk, tolerable rate, expected rate, and population size¹³) [AU-C sec. 330.07–.10] [AAG-ARR 5.69] • For controls not involving sampling (for example, governance assessments) has sufficient evidence been gathered to support the level of planned reliance? [AU-C sec. 330.07–.10, AAG-ARR 5.70] • If control test results were carried over from a prior period, is the related area and assertion not deemed a significant risk? 	G204	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • For any control tests carried over, has the carry over been for periods no more than two years since testing? [AU-C sec. 330.14b] • For any control tests carried over, has evidence been obtained in the current period that the control continues to operate as it did in the past (for example, inquiries plus examination of evidence such as observation or a walk-through)? [AU-C sec. 330.14] 	G205	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

¹³Regarding controls, low risk is frequently considered 10 percent risk or less with a tolerable misstatement of 10 percent or less (see chapter 3 of Audit Guide *Audit Sampling*). Thus, a minimum sample size for a low control risk would be a test of at least 22 items, assuming there are zero expected control deviations. At a 50 percent (for example, moderate) risk level, the corresponding sample size would be 7 items. For non-sampling control tests, low risk (high assurance) is assessed by the quality and quantity of evidence examined. Assigning significant assurance (for example, 50 percent risk or less) based solely on an assessment and walk-through is not supported, but an effective controls assessment and evidence supporting the assessment alone may be sufficient to support a risk assessment at, say 75 percent to 80 percent. Controls in certain high risk or fraud risk areas (for example, generally accepted accounting principles revenue recognition) may be designed at lower risk and lower tolerable misstatement levels.

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
<p>If more deviations than planned for in the design of a control test are found, was the deficiency in controls assessed as to its potential severity? [AAG-ARR 6.64] Note: AU-C section 265, <i>Communicating Internal Control Related Matters Identified in an Audit</i> (AICPA, <i>Professional Standards</i>), identifies unplanned deviations in a controls sample as a control deficiency of some magnitude.</p>	G206	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

Risk of material misstatement

<p>Does the assessed level of risk(s) of material misstatement for the account and audit area appear to reflect a reasonable judgment under the circumstances? [AU-C sec. 315; AAG-ARR 1.25]</p>	G207	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
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Account or audit area #2

Choose an item. _____ ▼

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
Inherent Risk					
Where risk of material misstatement for any relevant assertions or significant accounts is indicative of an inherent risk assessment set at less than high, is there a reasonable basis for that assessment? [AU-C sec. 315.03; AAG-ARR 3.23, 5.59, and 5.70] Consider the following:	G208	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • Documented discussions among the engagement team, the key elements of their understanding obtained regarding each aspect of the entity and its environment, and any significant decisions reached [AU-C 315.12 and .33] • A separately documented inherent risk assessment, if applicable 					
Control Risk					
Consider the relevant assertions and risks related to the account or audit area. Did the auditor evaluate the design and implementation of relevant controls in this area? [AU-C sec. 315] Consider the following:	G209	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • Documentation includes actual controls and not just process descriptions • In addition, are all the following present in the documentation: <ul style="list-style-type: none"> — Who performed the procedure and when? — Who in the client organization was interviewed? — What evidence regarding the control was examined during the procedure? 					
Are any missing or ineffective controls or absence of controls over relevant risks assessed as to severity and considered in communications with management and governance? [AU-C sec. 265]	G210	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/> Complete the following section if control risk is assessed at less than high.					
If control risk is assessed at less than high, has evidence been obtained to support the level of reliance planned, as follows:	G211	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • If the auditor is relying on a service auditor’s report, did the auditor substantively meet professional requirements regarding internal control, including those detailed at G135 of this checklist? [AU-C sec. 402] • For controls where sampling is planned, is the level of testing sufficient to support the level of planned reliance (considering the parameters of risk, tolerable rate, expected rate, and population size¹⁴) [AU-C sec. 330.07–.10 and AAG-ARR 5.69] • For controls not involving sampling (for example, governance assessments), has sufficient evidence been gathered to support the level of planned reliance? [AU-C sec. 330.07–.10 and AAG-ARR 5.69] 					
If control test results were carried over from a prior period, is the related area and assertion not deemed a significant risk?	G212	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • For any control tests carried over, has the carry over been for periods no more than two years since testing? [AU-C sec. 330.14b] 					

¹⁴See footnote 13.

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
<ul style="list-style-type: none"> • For any control tests carried over, has evidence been obtained in the current period that the control continues to operate as it did in the past (for example, inquiries plus examination of evidence such as observation or a walk-through)? [AU-C sec. 330.14] <p>If more deviations than planned for in the design of a control test are found, was the deficiency in controls assessed as to its potential severity? [AAG-ARR 6.64] <i>Note:</i> AU-C section 265 identifies unplanned deviations in a controls sample as a control deficiency of some magnitude.</p>	G213	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Risk of material misstatement					
<p>Does the assessed level of risk(s) of material misstatement for the account and audit area appear to reflect a reasonable judgment under the circumstances? [AU-C sec. 315; AAG-ARR 1.25]</p>	G214	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

Account or audit area #3

Choose an item. _____ ▼

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
<u>Inherent Risk</u>					
Where risk of material misstatement for any relevant assertions or significant accounts is indicative of an inherent risk assessment set at less than high, is there a reasonable basis for that assessment? [AU-C sec. 315.03; AAG-ARR 3.23, 5.59, and 5.70] Consider the following:	G215	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • Documented discussions among the engagement team, the key elements of their understanding obtained regarding each aspect of the entity and its environment, and any significant decisions reached [AU-C 315.12 and .33] • A separately documented inherent risk assessment, if applicable 					
<u>Control Risk</u>					
Consider the relevant assertions and risks related to the account or audit area. Did the auditor evaluate the design and implementation of relevant controls in this area? [AU-C sec. 315] Consider the following:	G216	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • Documentation includes actual controls and not just process descriptions • In addition, are all the following present in the documentation: <ul style="list-style-type: none"> — Who performed the procedure and when? — Who in the client organization was interviewed? — What evidence regarding the control was examined during the procedure? 					
Are any missing or ineffective controls or absence of controls over relevant risks assessed as to severity and considered in communications with management and governance? [AU-C sec. 265]	G217	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/> Complete the following section if control risk is assessed at less than high.					
If control risk is assessed at less than high, has evidence been obtained to support the level of reliance planned, as follows:	G218	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • If the auditor is relying on a service auditor’s report, did the auditor substantively meet professional requirements regarding internal control, including those detailed at G135 of this checklist? [AU-C sec. 402] • For controls where sampling is planned, is the level of testing sufficient to support the level of planned reliance (considering the parameters of risk, tolerable rate, expected rate, and population size¹⁵) [AU-C sec. 330.07–.10 and AAG-ARR 5.69] • For controls not involving sampling (for example, governance assessments) has sufficient evidence been gathered to support the level of planned reliance? [AU-C sec. 330.07–.10 and AAG-ARR 5.69] 					

¹⁵ See footnote 13.

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
<p>If control test results were carried over from a prior period, is the related area and assertion not deemed a significant risk?</p> <ul style="list-style-type: none"> • For any control tests carried over, has the carry over been for periods no more than two years since testing? [AU-C sec. 330.14b] • For any control tests carried over, has evidence been obtained in the current period that the control continues to operate as it did in the past (for example, inquiries plus examination of evidence such as observation or a walk-through)? [AU-C sec. 330.14] 	G219	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<p>If more deviations than planned for in the design of a control test are found, was the deficiency in controls assessed as to its potential severity? [AAG-ARR 6.64] Note: AU-C section 265 identifies unplanned deviations in a controls sample as a control deficiency of some magnitude.</p>	G220	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Risk of material misstatement					
<p>Does the assessed level of risk(s) of material misstatement for the account and audit area appear to reflect a reasonable judgment under the circumstances? [AU-C sec. 315; AAG-ARR 1.25]</p>	G221	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

Note: Review the work performed in the highest risk audit areas previously identified and complete only those sections of the subsequent checklist. In the audit areas reviewed, indicate whether the reviewed firm has obtained sufficient competent evidential matter to form conclusions concerning the validity of the assertions of material significance embodied in the financial statements as described in AU-C section 500, *Audit Evidence* (AICPA, *Professional Standards*).

Ques. N/A Yes No Ref.

Cash

Selected audit area

Were appropriate procedures performed and documented in response to the assessed risk of material misstatement at the assertion level? [AU-C sec. 330.06–.33] Procedures at the assertion level may include the following:

G222 _____

- Confirmation of cash balances
- Restrictions on cash balances
- Confirmation of bank credit arrangements, such as compensating balances
- Confirmation of liabilities and contingent liabilities to banks
- Determination that all material cash accounts have been identified and appropriately recorded, presented, and disclosed by considering assertions about the class of transactions during the period and account balance at the end of the period
- Compliance with the laws and regulations governing the deposit of public funds
- Review of reconciling items cleared by reference to subsequent statements obtained either directly from the bank or from the client and appropriately tested
- Review of cash transactions shortly before and shortly after the balance-sheet date to determine whether they were recorded in the proper period

Were procedures performed sufficient to reduce audit risk to low, taking into consideration the risk assessment, sampling guidance, and other audit procedures performed? [AU-C sec. 330 and AAG-SAM chapter 4] Consider the following:

G223 _____

- If 100 percent of the population was tested using a substantive test of details, was the nature of the procedures performed appropriate, when combined with other audit procedures performed, to reduce audit risk to low for all relevant assertions? Were any exceptions properly addressed?
- If large balances were tested using a substantive test of details — was the nature of the procedures performed appropriate? Were any exceptions properly addressed?
- If a substantive test of details other than either a 100 percent test or a test of large balances is utilized, it is a sample per AU-C section 530.05. Was the sample size adequate to reduce audit risk to low?
- Is the level of assurance placed on analytical procedures logical based on the type of procedure performed and the ability of that procedure to explain, with precision (for example, to tolerances less than tolerable misstatement), the observed differences after any follow-up procedures? [AU-C sec. 520]

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
Receivables					
[AAG-SLG Chapter 6]					
<input type="checkbox"/> Selected audit area					
Did the auditor perform and document all of the procedures required by GAS for receivables:	G224	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • Were accounts receivable confirmed and appropriate follow-up steps taken, including second requests and alternative procedures? [AU-C sec. 505.07–.16] • If accounts receivable confirmations were not requested, has the auditor documented how the presumption for such requests was overcome and were the reasons appropriate? [AU-C sec. 330.20] • If confirmation work was performed prior to year-end, is there evidence that adequate substantive procedures were applied to the period from the confirmation date to the balance-sheet date? [AU-C sec. 330.23] • In the case of each nonresponse to confirmations, is there evidence that alternative auditing procedures were performed to obtain relevant and reliable audit evidence? [AU-C sec. 505.12] • Were the results of confirmation and alternative procedures summarized and were appropriate conclusions included in the audit documentation? [AU-C sec. 230.08] 					
Were appropriate procedures performed and documented in response to the assessed risk of material misstatement at the assertion level? [AU-C sec. 330.06–.33] Procedures at the assertion level may include the following:	G225	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • Tests of collateral (if any) for receivables with respect to existence, ownership, and value • Cut-off testing and consideration of availability and measurability, to provide evidence that receivables and the related revenues recorded in the correct period [AAG-SLG 6.10–6.13] • Tests of discounts and allowances [AAG-SLG 6.14] • Consideration of collectability of receivables (including interfund receivables) and reasonableness of allowances for doubtful accounts [AU-C sec. 540.12–.14] • Inquiries made regarding consideration given to whether receivables or future revenues were sold, pledged, assigned, or otherwise encumbered [GASB 48] • Confirmation of significant notes receivable as of a date consistent with the auditor’s assessment of inherent, control, and detection risks [AU-C sec. 330.06–.07] 					
Were procedures performed sufficient to reduce audit risk to low, taking into consideration the risk assessment, sampling guidance, and other audit procedures performed? [AU-C sec. 330 and AAG-SAM chapter 4] Consider the following:	G226	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • If 100 percent of the population was tested using a substantive test of details, was the nature of the procedures performed appropriate, when combined with other audit procedures performed, to reduce audit risk to low for all relevant assertions? Were any exceptions properly addressed? • If large balances were tested using a substantive test of details 					

Ques. N/A Yes No Ref.

- was the nature of the procedures performed appropriate? Were any exceptions properly addressed?
- was the untested balance immaterial or tested by other appropriate procedures, given the control environment?
- when combined with other audit procedures performed, did this test reduce audit risk to low for all relevant assertions? Were any exceptions properly addressed?
- If a substantive test of details other than either a 100 percent test or a test of large balances is utilized, it is a sample per AU-C section 530.05. Was the sample size adequate to reduce audit risk to low?
- Is the level of assurance placed on analytical procedures logical based on the type of procedure performed and the ability of that procedure to explain, with precision (for example, to tolerances less than tolerable misstatement), the observed differences after any follow-up procedures? [AU-C sec. 520]

Inventories

[AAG-SLG Chapter 8]

Selected audit area

Did the auditor perform and document the specific considerations required by GAS with respect to inventory? Consider the following:

G227 _____

- When the physical inventory counting is conducted at a date other than the date of the financial statements, does the audit documentation provide evidence that changes in inventory between the count date(s) and the date of the financial statements were recorded correctly? [AU-C sec. 501.12]
- Does the audit documentation contain evidence that the auditor attended physical inventory counting, unless impracticable, and performed audit procedures over the entity’s final inventory records to determine whether they accurately reflect actual inventory count results? [AU-C sec. 501.11]
- If the auditor is unable to attend physical inventory counting due to unforeseen circumstances, did the auditor make or observe some physical counts on an alternative date and perform audit procedures on intervening transactions? [AU-C sec. 501.13]
- When physical inventory in the hands of others was not observed, were inventory confirmations received or other appropriate procedures performed (for example, inventory in public warehouses or consignment)? [AU-C sec. 501.15]
- If perpetual inventory records are maintained, does the audit documentation indicate that differences disclosed by the physical inventory (or cycle counts) are properly reflected in the accounts? [AU-C sec. 501.A31–.A33**]

Were appropriate procedures performed and documented in response to the assessed risk of material misstatement at the assertion level? [AU-C sec. 330.06–.33] Procedures at the assertion level may include the following:

G228 _____

- Testing the clerical accuracy of the inventory
- Testing costing methods and substantiation of costs used in pricing all elements (raw materials, work in progress, finished goods) of the inventory

- | | <u>Ques.</u> | <u>N/A</u> | <u>Yes</u> | <u>No</u> | <u>Ref.</u> |
|--|--------------|------------|------------|-----------|-------------|
| <ul style="list-style-type: none"> • Testing inventory valuation (for example, lower of cost or market, first in, first out, last in, first out), including consideration of obsolete or slow-moving inventory • Inquiries concerning purchase and sales commitments made, including consideration of any possible adverse effects • Inventory cut-off tests [AU-C sec. 501.A23–.A24**] • Steps performed to determine if any inventory is pledged [AU-C sec. 501.A38**] | | | | | |

Were procedures performed sufficient to reduce audit risk to low, taking into consideration the risk assessment, sampling guidance, and other audit procedures performed? [AU-C sec. 330 and AAG-SAM chapter 4] Consider the following:

G229 _____

- If 100 percent of the population was tested using a substantive test of details, was the nature of the procedures performed appropriate, when combined with other audit procedures performed, to reduce audit risk to low for all relevant assertions? Were any exceptions properly addressed?
- If large balances were tested using a substantive test of details
 - was the nature of the procedures performed appropriate? Were any exceptions properly addressed?
 - was the untested balance immaterial or tested by other appropriate procedures, given the control environment?
 - when combined with other audit procedures performed, did this test reduce audit risk to low for all relevant assertions? Were any exceptions properly addressed?
- If a substantive test of details other than either a 100 percent test or a test of large balances is utilized, it is a sample per AU-C section 530.05. Was the sample size adequate to reduce audit risk to low?
- Is the level of assurance placed on analytical procedures logical based on the type of procedure performed and the ability of that procedure to explain, with precision (for example, to tolerances less than tolerable misstatement), the observed differences after any follow-up procedures? [AU-C sec. 520]

Investments and Derivative Instruments

Selected audit area

Were appropriate procedures performed and documented in response to the assessed risk of material misstatement at the assertion level? [AU-C sec. 330.06–.33 and AAG-SLG 5.58]

G230 _____

Were procedures performed sufficient to reduce audit risk to low, taking into consideration the risk assessment, sampling guidance, and other audit procedures performed? [AU-C sec. 330 and AAG-SAM chapter 4] Consider the following:

G231 _____

- If 100 percent of the population was tested using a substantive test of details, was the nature of the procedures performed appropriate, when combined with other audit procedures performed, to reduce audit risk to low for all relevant assertions? Were any exceptions properly addressed?
- If large balances were tested using a substantive test of details

Ques. N/A Yes No Ref.

- was the nature of the procedures performed appropriate? Were any exceptions properly addressed?
- was the untested balance immaterial or tested by other appropriate procedures, given the control environment?
- when combined with other audit procedures performed, did this test reduce audit risk to low for all relevant assertions? Were any exceptions properly addressed?
- If a substantive test of details other than either a 100 percent test or a test of large balances is utilized, it is a sample per AU-C section 530.05. Was the sample size adequate to reduce audit risk to low?
- Is the level of assurance placed on analytical procedures logical based on the type of procedure performed and the ability of that procedure to explain, with precision (for example, to tolerances less than tolerable misstatement), the observed differences after any follow-up procedures? [AU-C sec. 520]

For investments, did the auditor apply appropriate procedures? Consider the following:

G232 _____

- Did the auditor obtain sufficient, appropriate audit evidence to provide reasonable assurance that fair value measurements (including appropriate leveling) in the financial statements are in conformity with GAAP? [AAG-SLG 5.70]
- Were all investments required to be measured at fair value measured at fair value in accordance with paragraph 69 of GASB Statement No. 72? [AAG-SLG 5.18]
- Were investments (such as member units or an ownership interest in partners' capital to which a proportionate share of net assets is attributed) that use net asset value (NAV) per share (or its equivalent) as a practical expedient to measure fair value as of the government's measurement date appropriate under paragraph 71 of GASB Statement No. 72? [AAG-SLG 5.21]
- If the entity has an equity interest in common stock, did the auditor apply the appropriate procedures? [AAG-SLG 5.24-.26]
- Did the auditor consider the risk of material misstatement, including but not limited to complexity and nature of the investments, and whether disaggregation was necessary? [AAG-SLG 5.59 and 5.61]
- Did the auditor consider significant risks relating to the valuation of investments? [AAG-SLG 5.65-.68]
- Did the audit procedures performed respond to the risks identified and align to paragraph .13 of AU-C section 540? [AAG-SLG 5.69]
- If management uses third-party pricing sources, such as a pricing service or broker, to obtain fair value measurements, has the auditor determined those measurements have been developed in accordance with GASB Statement No. 72? [AAG-SLG 5.76]
- For alternative investments (for example, private equity funds, or hedge funds) did the auditor apply appropriate procedures? [AAG-SLG 5.79-.82]

For derivative financial instruments, hedging activities, or investment securities, did the auditor apply the appropriate procedures? Consider the following:

G233 _____

- Did the auditor use the assessed risk of material misstatement about derivatives and investment securities to determine the nature, timing, and extent of the substantive procedures that are responsive to that risk? [AU-C sec. 330.22]

Ques. N/A Yes No Ref.

Prepaid Items/Deferred outflows

[AAG-SLG Chapter 2]

Selected audit area

Were appropriate procedures performed and documented in response to the assessed risk of material misstatement at the assertion level? [AU-C sec. 330.06–.33] Procedures at the assertion level may include the following:

G234 _____

- Tests of all material prepaid items and other deferred outflows
- Reviews of the deferral and amortization (or lack thereof) of these types of assets
- For nonexchange transactions, consideration given to the deferred outflows of resources [GASB 65 par. 10 and AAG-SLG 2.19]

Were procedures performed sufficient to reduce audit risk to low, taking into consideration the risk assessment, sampling guidance, and other audit procedures performed? [AU-C sec. 330 and AAG-SAM chapter 4] Consider the following:

G235 _____

- If 100 percent of the population was tested using a substantive test of details, was the nature of the procedures performed appropriate, when combined with other audit procedures performed, to reduce audit risk to low for all relevant assertions? Were any exceptions properly addressed?
- If large balances were tested using a substantive test of details
 - was the nature of the procedures performed appropriate? Were any exceptions properly addressed?
 - was the untested balance immaterial or tested by other appropriate procedures, given the control environment?
 - when combined with other audit procedures performed, did this test reduce audit risk to low for all relevant assertions? Were any exceptions properly addressed?
- If a substantive test of details other than either a 100 percent test or a test of large balances is utilized, it is a sample per AU-C section 530.05. Was the sample size adequate to reduce audit risk to low?
- Is the level of assurance placed on analytical procedures logical based on the type of procedure performed and the ability of that procedure to explain, with precision (for example, to tolerances less than tolerable misstatement), the observed differences after any follow-up procedures? [AU-C sec. 520]

Capital Assets, Including Intangibles

[AAG-SLG Chapter 7]

Selected audit area

Were appropriate procedures performed and documented in response to the assessed risk of material misstatement at the assertion level? [AU-C sec. 330.06–.33] Procedures at assertion level may include the following:

G236 _____

- Testing material intangible assets.
- Inquiries of management regarding intangible assets.
- A summary schedule prepared or obtained to show beginning balances, changes during the period, and ending balances for
 - capital assets, including infrastructure and intangibles.
 - accumulated depreciation or amortization (when applicable).

Ques. N/A Yes No Ref.

- Tests with respect to the reporting and disclosure of capital assets were appropriate. Consider the following:
 - Beginning and ending balances
 - Additions (for example, by examining supporting documents or physical inspection)
 - Retirements (including examining miscellaneous income and scrap sales)
 - The adequacy of the current and accumulated provisions for depreciation and its allocation to functional expense categories
 - Consideration of the possibility that the property was subject to liens
 - Consideration that capital expenditures were classified in the proper fund accounts and made in accordance with budgetary requirements
 - The inclusion of intangible assets as capital assets and the proper valuation of such assets, including amortization when applicable

Has the following been adequately considered related to impairment of capital assets pursuant to GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*? In particular, consider whether [GASB 42]

G237 _____

- asset impairments have been recorded for capital assets when there has been a significant and unexpected decline in the service utility of the asset.
- impairments have been measured using one of the four acceptable measurement methods.
- permanent impairments have been reported in the statement of activities and statement of revenues, expenses, and changes in fund net position as a program or operating expense or as a special or extraordinary item.
- temporary impairments have not resulted in a capital asset write down.
- any impairment losses have been reported net of insurance recoveries.

Were procedures performed sufficient to reduce audit risk to low, taking into consideration the risk assessment, sampling guidance, and other audit procedures performed? [AU-C sec. 330 and AAG-SAM chapter 4] Consider the following:

G238 _____

- If 100 percent of the population was tested using a substantive test of details, was the nature of the procedures performed appropriate, when combined with other audit procedures performed, to reduce audit risk to low for all relevant assertions? Were any exceptions properly addressed?
- If large balances were tested using a substantive test of details
 - was the nature of the procedures performed appropriate? Were any exceptions properly addressed?
 - was the untested balance immaterial or tested by other appropriate procedures, given the control environment?
 - when combined with other audit procedures performed, did this test reduce audit risk to low for all relevant assertions? Were any exceptions properly addressed?
- If a substantive test of details other than either a 100 percent test or a test of large balances is utilized, it is a sample per AU-C section 530.05. Was the sample size adequate to reduce audit risk to low?
- Is the level of assurance placed on analytical procedures logical based on the type of procedure performed and the ability of that procedure to explain, with precision (for example, to tolerances less than tolerable misstatement), the observed differences after any follow-up procedures? [AU-C sec. 520]

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
Government Combinations and Disposals of Governmental Assets					
<input type="checkbox"/> Selected audit area					
Does the transaction meet the requirements to be accounted for as a government merger, government acquisition, or transfer of operations? [GASB 69 par. 3, 9, 10, 11, 12]	G239	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Were governmental mergers resulting in a new government accounted for according to GASB 69 par. 13–19?	G240	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Were governmental mergers resulting in a continuing government accounted for according to GASB 69 par. 20–28?	G241	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Were transactions between the merging entities that occurred before the combination eliminated in the combination process? [GASB 69 par. 27]	G242	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Were government acquisitions accounted for according to GASB 69 par. 2–29?	G243	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Did the acquiring government recognize an expense/expenditure for acquisition costs in the periods in which the costs are incurred and the services received? [GASB 69 par. 42]	G244	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Were government transfers of operations accounted for according to GASB 69 par. 46–50?	G245	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Were disposals of government operations accounted for according to GASB 69 par. 51–54?	G246	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

Liabilities

[AAG-SLG Chapter 8]

Selected audit area

Were appropriate procedures performed and documented in response to the assessed risk of material misstatement at the assertion level? [AU-C sec. 330.06–.33] Procedures at the assertion level may include the following:

G247 _____

- Testing accounts payable for existence
- Search for unrecorded liabilities at the statement of net position or balance sheet date
- Testing over customer and developer deposits
- Consideration given to accrued payroll liabilities (for example, pensions, compensated absences, termination benefits, claims incurred but not reported, or postemployment benefits provided to former or inactive employees prior to retirement), and to whether accrued expenses and any net pension or other postemployment benefits (OPEB) obligations were reasonably stated
- Procedures to determine that estimated environmental liabilities, such as municipal solid waste landfill closure and postclosure care costs and pollution remediation costs, were properly accounted for
- Procedures performed to determine whether deferred compensation plans had been appropriately accounted for
- Confirmation of significant notes and bonds payable, together with interest rates and repayment periods, or alternative procedures applied
- Review and documentation compliance with the covenants of the entity’s debt obligations

- | | <u>Ques.</u> | <u>N/A</u> | <u>Yes</u> | <u>No</u> | <u>Ref.</u> |
|---|--------------|------------|------------|-----------|-------------|
| <ul style="list-style-type: none"> • Procedures to determine whether new debt issues were properly authorized as required by the state constitution or state or local statutes and recorded in the correct fund and activity type • Procedures to determine whether debt restrictions, guarantees, and other debt commitments were properly disclosed • Procedures to determine debt refunding gains, losses, and required disclosures have been properly considered, reported, and disclosed • Tests of liabilities recognized for claims incurred but not reported as of the balance-sheet date | | | | | |

Do the tests of interfund borrowings and intra-entity activity and balances appear adequate with respect to the following: [AAG-SLG 9.16-.26]

G248	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
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- Authorization
- Classification
- Ability and intent to repay

Were procedures performed sufficient to reduce audit risk to low, taking into consideration the risk assessment, sampling guidance, and other audit procedures performed? [AU-C sec. 330 and AAG-SAM chapter 4] Consider the following:

G249	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
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- If 100 percent of the population was tested using a substantive test of details, was the nature of the procedures performed appropriate, when combined with other audit procedures performed, to reduce audit risk to low for all relevant assertions? Were any exceptions properly addressed?
- If large balances were tested using a substantive test of details
 - was the nature of the procedures performed appropriate? Were any exceptions properly addressed?
 - was the untested balance immaterial or tested by other appropriate procedures, given the control environment?
 - when combined with other audit procedures performed, did this test reduce audit risk to low for all relevant assertions? Were any exceptions properly addressed?
- If a substantive test of details other than either a 100 percent test or a test of large balances is utilized, it is a sample per AU-C section 530.05. Was the sample size adequate to reduce audit risk to low?
- Is the level of assurance placed on analytical procedures logical based on the type of procedure performed and the ability of that procedure to explain, with precision (for example, to tolerances less than tolerable misstatement), the observed differences after any follow-up procedures? [AU-C sec. 520]

Deferred Inflows of Resources/Unearned Revenue

[AAG-SLG Chapter 2]

Selected audit area

Were appropriate procedures performed and documented in response to the assessed risk of material misstatement at the assertion level? [AU-C sec. 330.06-.33] Procedures at the assertion level may include the following:

G250	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
------	--------------------------	--------------------------	--------------------------	--------------------------	-------

- Consideration of whether the basis of recording unearned revenue is reasonable and consistent with restrictions imposed by the grantor or special assessment
- For nonexchange transactions, consideration given to the revenue, unearned revenue, and deferred inflows of resources recognition [GASB 65 par. 10 and AAG-SLG 2.19]

Were procedures performed sufficient to reduce audit risk to low, taking into consideration the risk assessment, sampling guidance, and other audit procedures performed? [AU-C sec. 330 and AAG-SAM chapter 4] Consider the following:

G251 _____

- If 100 percent of the population was tested using a substantive test of details, was the nature of the procedures performed appropriate, when combined with other audit procedures performed, to reduce audit risk to low for all relevant assertions? Were any exceptions properly addressed?
- If large balances were tested using a substantive test of details
 - was the nature of the procedures performed appropriate? Were any exceptions properly addressed?
 - was the untested balance immaterial or tested by other appropriate procedures, given the control environment?
 - when combined with other audit procedures performed, did this test reduce audit risk to low for all relevant assertions? Were any exceptions properly addressed?
- If a substantive test of details other than either a 100 percent test or a test of large balances is utilized, it is a sample per AU-C section 530.05. Was the sample size adequate to reduce audit risk to low?
- Is the level of assurance placed on analytical procedures logical based on the type of procedure performed and the ability of that procedure to explain, with precision (for example, to tolerances less than tolerable misstatement), the observed differences after any follow-up procedures? [AU-C sec. 520]

Commitments and Contingencies

[AAG-SLG Chapters 4 and 8]

Selected audit area

Were appropriate procedures performed and documented in response to the assessed risk of material misstatement at the assertion level? [AU-C sec. 330.06–.33] Procedures at the assertion level may include the following:

G252 _____

- Inspection of minutes of meetings of the oversight unit, provisions of the governmental unit’s charter, and applicable statutes and changes therein through the report release date [AU-C sec. 501.16]
- Inspection of contracts, loan agreements, leases, and correspondence from taxing and other governmental agencies, as well as similar documents through the report release date [AU-C sec. 501.16]
- Consideration of whether all material contingencies been properly considered, documented, and reported
- Consideration of whether appropriate consideration was given to known environmental matters that could result in liabilities or contingencies

Were procedures performed sufficient to reduce audit risk to low, taking into consideration the risk assessment, sampling guidance, and other audit procedures performed? [AU-C sec. 330 and AAG-SAM chapter 4] Consider the following:

G253 _____

- If 100 percent of the population was tested using a substantive test of details, was the nature of the procedures performed appropriate, when combined with other audit procedures performed, to reduce audit risk to low for all relevant assertions? Were any exceptions properly addressed?

Ques. **N/A** **Yes** **No** **Ref.**

- If large balances were tested using a substantive test of details
 - was the nature of the procedures performed appropriate? Were any exceptions properly addressed?
 - was the untested balance immaterial or tested by other appropriate procedures, given the control environment?
 - when combined with other audit procedures performed, did this test reduce audit risk to low for all relevant assertions? Were any exceptions properly addressed?
- If a substantive test of details other than either a 100 percent test or a test of large balances is utilized, it is a sample per AU-C section 530.05. Was the sample size adequate to reduce audit risk to low?
- Is the level of assurance placed on analytical procedures logical based on the type of procedure performed and the ability of that procedure to explain, with precision (for example, to tolerances less than tolerable misstatement), the observed differences after any follow-up procedures? [AU-C sec. 520]

Nonexchange financial Guarantees

Selected audit area

If the state or local government has extended or received a nonexchange financial guarantee, has the government considered qualitative factors in assessing the likelihood that the government will be required to make a payment in relation to the guarantee: [GASB 70 par. 7a–c]

G254 _____

If recognition and measurement in financial statements were prepared using the economic resources measurement focus, did the auditor consider the following [GASB 70 par. 9]:

G255 _____

- When qualitative factors and historical data, if any, indicate that it is more likely than not that a government will be required to make a payment related to the nonexchange financial guarantees, has the government recognized a liability and an expense in the financial statements.
- Was the amount recognized discounted to the present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee.
- If there is no best estimate of the future outflows expected to be incurred but a range of estimated future outflows can be established, did the government discount to present value, and recognize, the minimum amount in the range?

If recognition and measurement in financial statements were prepared using the current financial resources measurement focus, did the auditor consider the following [GASB 70 par. 10]:

G256 _____

- When qualitative factors and historical data, if any, indicate that it is more likely than not that a government will be required to make a payment related to the nonexchange financial guarantees, the government should recognize a fund liability and an expenditure in the financial statements to the extent the liability is normally expected to be liquidated with expendable available financial resources.

If a government is required to repay a guarantor for nonexchange financial guarantee payments made on the government’s obligations, did the government reclassify that portion of its previously recognized liability for the guarantee obligation as a liability to the guarantor? [GASB 70 par. 11]

G257 _____

If a government is legally released as an obligor from an obligation and from any liability to the guarantor, for which it has recognized a liability, has the government recognized revenue to the extent of the reduction of its guaranteed liabilities? [GASB 70 par. 12]

G258 _____

Fund Balance/Net Position and Financial Statement Reconciliations

[AAG-SLG Chapter 10]

Selected audit area

Were appropriate procedures performed and documented in response to the assessed risk of material misstatement at the assertion level? [AU-C sec. 330.06–.33] Procedures at the assertion level may include the following:

G259 _____

- There was appropriate consideration regarding proper classification, description, and disclosures of components of fund balance and net position, such as the components of net position of net investment in capital assets, restricted and unrestricted. [AAG-SLG 10.01–.18]
- All material reconciling items between the fund and government-wide financial statements were properly supported and presented. [AAG-SLG 10.19–.21]

Were procedures performed sufficient to reduce audit risk to low, taking into consideration the risk assessment, sampling guidance, and other audit procedures performed? [AU-C sec. 330 and AAG-SAM chapter 4] Consider the following:

G260 _____

- If 100 percent of the population was tested using a substantive test of details, was the nature of the procedures performed appropriate, when combined with other audit procedures performed, to reduce audit risk to low for all relevant assertions? Were any exceptions properly addressed?
- If large balances were tested using a substantive test of details
 - was the nature of the procedures performed appropriate? Were any exceptions properly addressed?
 - was the untested balance immaterial or tested by other appropriate procedures, given the control environment?
 - when combined with other audit procedures performed, did this test reduce audit risk to low for all relevant assertions? Were any exceptions properly addressed?
- If a substantive test of details other than either a 100 percent test or a test of large balances is utilized, it is a sample per AU-C section 530.05. Was the sample size adequate to reduce audit risk to low?
- Is the level of assurance placed on analytical procedures logical based on the type of procedure performed and the ability of that procedure to explain, with precision (for example, to tolerances less than tolerable misstatement), the observed differences after any follow-up procedures? [AU-C sec. 520]

Revenues

[AAG-SLG Chapter 6]

Selected audit area

Were appropriate procedures performed and documented in response to the assessed risk of material misstatement at the assertion level? [AU-C sec. 330.06–.33] Procedures at the assertion level may include the following:

G261 _____

Ques. N/A Yes No Ref.

- Procedures to ensure the entity’s revenue was properly recognized and reported
- Recognition of property tax revenues
- Recognition of taxpayer-assessed tax revenues
- Shared tax revenues or shared imposed nonexchange revenues
- Certain nonexchange transactions involving financial or capital resources
- Income recognition on transactions when the earnings process was not complete
- Recognition of revenues and interfund transactions in the accounting period in which they became available and measurable for fund types using the modified accrual basis of accounting
- Use of material restricted revenue sources for their restricted purposes
- If the entity is reimbursed by a third party for costs incurred in connection with providing services to others,
 - review pertinent sections of significant third-party contracts to determine the basis for reimbursement
 - review cost reimbursement reports and the underlying support
- If substantive analytical procedures were performed on revenue, was the analysis based on disaggregated data to gain greater precision, as appropriate? [AU-C sec. 520.A22**]

Were procedures performed sufficient to reduce audit risk to low, taking into consideration the risk assessment, sampling guidance, and other audit procedures performed? [AU-C sec. 330 and AAG-SAM chapter 4] Consider the following:

G262 _____

- If 100 percent of the population was tested using a substantive test of details, was the nature of the procedures performed appropriate, when combined with other audit procedures performed, to reduce audit risk to low for all relevant assertions? Were any exceptions properly addressed?
- If large balances were tested using a substantive test of details
 - was the nature of the procedures performed appropriate? Were any exceptions properly addressed?
 - was the untested balance immaterial or tested by other appropriate procedures, given the control environment?
 - when combined with other audit procedures performed, did this test reduce audit risk to low for all relevant assertions? Were any exceptions properly addressed?
- If a substantive test of details other than either a 100 percent test or a test of large balances is utilized, it is a sample per AU-C section 530.05. Was the sample size adequate to reduce audit risk to low?
- Is the level of assurance placed on analytical procedures logical based on the type of procedure performed and the ability of that procedure to explain, with precision (for example, to tolerances less than tolerable misstatement), the observed differences after any follow-up procedures? [AU-C sec. 520]

Expenditures/Expenses and Encumbrances

[AAG-SLG Chapters 8 and 11]

Selected audit area

Were appropriate procedures performed and documented in response to the assessed risk of material misstatement at the assertion level? [AU-C sec. 330.06–.33] Procedures at the assertion level may include the following:

G263 _____

- If substantive analytical procedures were performed on expenditures and expenses, the analysis was based on disaggregated data to gain greater precision, as appropriate [AU-C sec. 520.A22**]
- Encumbrances been properly identified, supported, and recorded in governmental funds and budgetary comparisons, when applicable
- Tests of payrolls, goods and services, capital outlays, and debt service, including account distribution
- Tests over transactions and events related to the following:
 - Capital, operating, sales, and direct financing leases
 - Compensated absences
 - Deferred compensation
 - Voluntary and involuntary termination benefits
 - Pension and OPEB costs
 - Grants, entitlements, appropriations, and shared revenues provided to other governments or entities
 - Landfill closure and postclosure care costs
 - Claims and judgments, other risk financing expenses, and loss contingencies
 - Prepaid items, inventory, and debt issuance costs
 - Debt service and debt guarantees
 - Advance refunding of debt and in-substance defeasances

Were procedures performed sufficient to reduce audit risk to low, taking into consideration the risk assessment, sampling guidance, and other audit procedures performed? [AU-C sec. 330 and AAG-SAM chapter 4] Consider the following:

G264 _____

- If 100 percent of the population was tested using a substantive test of details, was the nature of the procedures performed appropriate, when combined with other audit procedures performed, to reduce audit risk to low for all relevant assertions? Were any exceptions properly addressed?
- If large balances were tested using a substantive test of details
 - was the nature of the procedures performed appropriate? Were any exceptions properly addressed?
 - was the untested balance immaterial or tested by other appropriate procedures, given the control environment?
 - when combined with other audit procedures performed, did this test reduce audit risk to low for all relevant assertions? Were any exceptions properly addressed?
- If a substantive test of details other than either a 100 percent test or a test of large balances is utilized, it is a sample per AU-C section 530.05. Was the sample size adequate to reduce audit risk to low?
- Is the level of assurance placed on analytical procedures logical based on the type of procedure performed and the ability of that procedure to explain, with precision (for example, to tolerances less than tolerable misstatement), the observed differences after any follow-up procedures? [AU-C sec. 520]

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
Budgets					
[AAG-SLG Chapter 11]					
<input type="checkbox"/> Selected audit area					
If presented as part of the basic financial statements, were appropriate analytical procedures used in reviewing revenues, expenditures, or expenses for the period compared to budget? [AAG-SLG 11.19-.24]	G265	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Did the auditor consider his or her responsibilities over budgetary comparison information depending on whether the information is presented as required supplementary information (RSI) or as part of the basic financial statements? [AAG-SLG 11.19-.24]	G266	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Did the auditor obtain sufficient knowledge of the budget process and related controls sufficient to understand [AAG-SLG 11.25-.26]	G267	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • the laws governing the budget process and how the budget is adopted and amended? • if the original budget and amendments are properly incorporated into the accounting records and the budgetary comparison information? • the legal level of budgetary control for purposes of evaluating whether expenditures in excess of appropriations in individual funds constitute a material violation of legal provisions and were appropriately disclosed? 					
Were procedures performed sufficient to reduce audit risk to low, taking into consideration the risk assessment, sampling guidance, and other audit procedures performed? [AU-C sec. 330 and AAG-SAM chapter 4] Consider the following:	G268	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • If 100 percent of the budgetary items at the legal level of budgetary control were compared to the original ordinance and amendments, was the nature of the procedures performed appropriate, when combined with other audit procedures performed, to reduce audit risk to low for all relevant assertions? Were any exceptions properly addressed? • If large balances were tested <ul style="list-style-type: none"> — was the nature of the procedures performed appropriate? Were any exceptions properly addressed? — was the untested balance immaterial or tested by other appropriate procedures, given the control environment? — when combined with other audit procedures performed, did this test reduce audit risk to low for all relevant assertions? Were any exceptions properly addressed? • If comparison of the final budget to original ordinance and amendments was other than either a 100 percent test or a test of large balances is utilized, it is a sample per AU-C section 530.05. Was the sample size adequate to reduce audit risk to low? 					

III. GENERAL AUDIT PROCEDURES

	<u>Ques.</u>	<u>N/A</u> ¹⁶	<u>Yes</u>	<u>No</u> ¹⁷	<u>Ref.</u>
Audit Sampling:					
Did the auditor consider the following with regard to audit sampling:	G301	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • The purpose of the audit procedure and the characteristics of the population from which the sample will be drawn, when designing the audit sample? [AU-C sec. 530.06] • Did the auditor determine the sample size sufficient to reduce sampling risk to an acceptably low level? [AU-C sec. 530.07] • Did the auditor select items for the sample in such a way that the auditor can reasonably expect the sample to be representative of the relevant population and likely to provide the auditor with a reasonable basis for conclusions about the population? [AU-C sec. 530.08] • If the auditor was unable to apply the designed audit procedures, or suitable alternative procedures to a selected item, was the item treated as a deviation from the prescribed control (in the case of tests of controls) or a misstatement (in the case of tests of details)? [AU-C sec. 530.11] • Did the auditor project the results of audit sampling to the population? [AU-C sec. 530.13] • Did the auditor evaluate the results of the sample, including sampling risk, and whether the use of audit sampling has provided a reasonable basis for conclusions about the population that has been tested? [AU-C sec. 530.14] 					

Substantive Analytical Procedures:

If the auditor used analytical procedures as substantive procedures, did the auditor properly consider and document professional guidelines regarding such procedures? Did the auditor

G302	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
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- determine the suitability of particular substantive analytical procedures for given assertions, taking into account the assessed risks of material misstatement, and test of details for these assertions? [AU-C sec. 520.05a]
- evaluate the reliability of data from which the auditor’s expectation of recorded amounts or ratios is developed? [AU-C sec. 520.05b]
- develop an expectation of recorded amounts or ratios and evaluate whether the expectation is sufficiently precise to identify a misstatement that, individually or when aggregated with other misstatements, may cause the financial statements to be materially misstated? [AU-C sec. 520.05c]
- determine the amount of any difference of recorded amounts from expected values that is acceptable without further investigation and compare the recorded amounts with expectations? [AU-C sec. 520.05d]
- investigate differences, when the auditor identifies fluctuations or relationships that are inconsistent with other relevant information or that differ from expected values by a significant amount, by [AU-C sec. 520.07]

¹⁶ See footnote 8.

¹⁷ See footnote 9.

Ques. N/A Yes No Ref.

- inquiring of management and obtaining appropriate audit evidence relevant to management’s responses and
- performing other audit procedures, as necessary?
- document the following: [AU-C sec. 520.08]:
 - Were the expectation of recorded amounts or ratios and the factors considered in its development when not readily determinable from the audit documentation?
 - Were the results of comparison of recorded amounts to expectations?
 - Were additional auditing procedures performed relating to the investigation of fluctuations or relationships that are inconsistent with other relevant information or that differ from expected values by a significant amount and the results of such additional procedures?

Material Accounting Estimates:

Did the auditor properly consider and document the procedures applied to material accounting estimates, when applicable? Consider the following:

G303 _____

- The auditor should obtain an understanding of the following in order to provide a basis for the identification of the risks of material misstatement for accounting estimates: [AU-C sec. 540.08]
 - The requirements of the applicable financial reporting framework relevant to accounting estimates, including related disclosures
 - How management identifies those transactions, events, and conditions that may give rise to the need for accounting estimates to be recognized or disclosed in the financial statements
 - How management makes the accounting estimates and data on which they are based
- The auditor should review the outcome of accounting estimates included in prior period financial statements or, when applicable, their subsequent re-estimation for the purpose of the current period. [AU-C sec. 540.09]
- When responding to the assessed risks of material misstatement, the auditor should [AU-C sec. 540.13]
 - determine whether events occurring up to the date of the auditor’s report provide evidence regarding the accounting estimate;
 - test how management made the accounting estimate and the data on which it is based;
 - test the operating effectiveness of the controls over how management made the accounting estimate, together with appropriate substantive procedures; and
 - develop a point estimate or range to evaluate management’s point estimate.
- If management has not adequately addressed the effects of estimation uncertainty on the accounting estimates that give rise to significant risks, the auditor should, if considered necessary, develop a range with which to evaluate the reasonableness of the accounting estimate. [AU-C sec. 540.16]

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
Representation Letters:					
Did the auditor obtain written representations from current management with appropriate responsibilities for the financial statements and knowledge of the matters concerned? [AU-C sec. 580] Consider the following:	G304	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • The representation letter was properly dated and covered all periods referred to in the auditor’s report. [AU-C sec. 580.20] • The letter contains an acknowledgement that management has fulfilled its responsibility for preparation and fair presentation of the financial statements and for internal controls relevant to the preparation and fair presentation of the financial statements. [AU-C sec. 580.10] • The letter acknowledges that management has provided the auditor with all relevant information and access, and all transactions have been recorded and are reflected in the financial statements. [AU-C sec. 580.11] • The letter disclosed management’s representations related to the following: <ul style="list-style-type: none"> — Fraud [AU-C sec. 580.12] — Laws and regulations [AU-C sec. 580.13] — Litigation and claims [AU-C sec. 580.15] — Related party transactions [AU-C sec. 580.17] — Subsequent events [AU-C sec. 580.18] • The letter provides representations about whether management believes the effects of uncorrected misstatements are immaterial to the financial statements as a whole. A summary of such items should be included, or attached to, the written representation. [AU-C sec. 580.14] • If the auditor determines that it is necessary to obtain one or more written representations to support other audit evidence relevant to the financial statements or more specific assertions in the financial statements, the auditor should request such other representations. [AU-C sec. 580.19] 					
Did the auditor obtain written representations from current management with appropriate responsibilities for the financial statements and knowledge of the matters concerned regarding specific representations related to a governmental audit? [AAG-SLG 14.10] Consider the following:	G305	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • Management has disclosed all instances of identified or suspected noncompliance with laws, regulations, and provisions of contracts and grant agreements whose effects should be considered by management when preparing the financial statements (for example, tax or debt limits and debt covenants). • Management is responsible for the design, implementation, and maintenance of internal controls to prevent and detect fraud; management has disclosed to the auditor the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud; management has disclosed its knowledge of fraud or suspected fraud affecting the entity involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements; and management’s knowledge of any allegations of fraud or suspected fraud affecting the entity’s financial statements. 					

- | | <u>Ques.</u> | <u>N/A</u> | <u>Yes</u> | <u>No</u> | <u>Ref.</u> |
|---|--------------|------------|------------|-----------|-------------|
| <ul style="list-style-type: none"> • Management has indicated whether it believes the effects of the uncorrected financial statement misstatements are immaterial, individually and in the aggregate, to the financial statements as a whole for each opinion unit. • Management acknowledges (a) its responsibility for the RSI; (b) that the RSI is measured and presented in accordance with prescribed guidelines; and (c) whether the methods of measurement or presentation have changed from those used in the prior period and, if so, the reasons for such changes; and (d) any significant assumptions or interpretations underlying the measurement or presentation of RSI. • Management acknowledges (a) its responsibility for the presentation of the supplementary information (SI) in accordance with the applicable criteria; (b) that it believes the SI, including its form and content, is fairly presented in accordance with applicable criteria; (c) that the methods of measurement or presentation have not changed from those used in the prior period or, if the methods of measurement or presentation have changed, the reasons for such changes; (d) about any significant assumptions or interpretations underlying the measurement of the SI; and (e) that when SI is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the SI and the auditor’s report thereon. | | | | | |

Did the auditor obtain timely and appropriate responses from the entity’s attorneys concerning litigation, claims, and assessments, or document the basis for not seeking direct communication with the entity’s legal counsel? [AU-C sec. 501.18–.24]

G306	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
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Compliance with Laws and Regulations and other Compliance Testing:

Did the auditor inspect correspondence, if any, with relevant licensing or regulatory authorities? [AU-C sec. 250.14b]

G307	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
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Did the auditor properly consider, perform, and document tests of compliance with applicable laws and regulations that have a direct and material effect on the various opinion units within the basic financial statements, including the following, when applicable:

G308	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
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- If the auditor’s procedures disclosed instances or indications of noncompliance with laws and regulations, did the auditor apply procedures and evaluate the results of those procedures in accordance with professional standards? [AU-C sec. 250] Consider the requirements for the auditor to

G309	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
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- follow up in accordance with professional standards. [AU-C sec. 250.17–.20]
- report the noncompliance with laws and regulations to those charged with governance in accordance with professional standards. [AU-C sec. 250.21–.23]
- document a description of the identified or suspected noncompliance with laws and regulations and the results of discussions with management and, when applicable, those charged with governance and other parties inside or outside the entity. [AU-C sec. 250.28]

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
Going Concern Considerations:					
Did the auditor consider if there was substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time? [AU-C sec. 570.03-.04]	G310	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
If the auditor believed that there was substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time, did the auditor perform appropriate procedures? Consider if	G311	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • the auditor obtained information about management's plans that are intended to mitigate the effect of such conditions or events and evaluate the likelihood that such plans could be implemented effectively. [AU-C sec. 570.08-.11] • the auditor documented [AU-C sec. 570.22] <ul style="list-style-type: none"> — the conditions or events that led to the belief that there is substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time. — the elements of management's plans that the auditor considered to be particularly significant to overcoming the adverse effects of the conditions or events. — the auditing procedures performed and evidence obtained in connection with the auditor's evaluation of management's plans. — the auditor's conclusions about whether substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time remains or is alleviated. — the consideration and effect of the auditor's conclusion on the financial statements, disclosures, and the audit report. • the auditor's substantial doubt was alleviated; the auditor considered the need for disclosure of the principal conditions and events that initially caused the auditor to believe there was substantial doubt together with the mitigating factors. [AU-C sec. 570.13] • the auditor's substantial doubt was not alleviated; the auditor's report included an emphasis-of-matter paragraph that adequately reflects that conclusion. The auditor's conclusion should be expressed through the use of the terms <i>substantial doubt</i> and <i>going concern</i>. [AU-C sec. 570.15-.16] 					
Did the written representations from management include [AU-C sec. 570.14]	G312	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • management's plans that are intended to mitigate the adverse effects of conditions or events that indicate there is substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time and the likelihood that those plans can be effectively implemented? • a statement that the financial statements disclose all the matters of which management is aware that are relevant to the entity's ability to continue as a going concern, including principal conditions or events and management's plans? 					
Communication of Internal Control Related matters:					
Did the auditor report matters relating to the internal control to management and those charged with governance? Consider if	G313	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

Ques. N/A Yes No Ref.

- deficiencies in internal control were identified during the audit; the auditor performed an evaluation of each deficiency to determine, on the basis of the work performed, if the deficiencies constituted significant deficiencies or material weaknesses. [AU-C sec. 265.09]
- the auditor determines that deficiency or combination of deficiencies in internal controls is not a material weakness, prudent officials, having knowledge of the same facts and circumstances, would likely reach the same conclusion as the auditor's classification of the control deficiencies. [AU-C sec. 265.10]
- other deficiencies in internal control identified during the audit that have not been communicated to management by other parties and that, in the auditor's professional judgment, are of sufficient importance to merit management's attention. If other deficiencies in internal control are communicated orally, the auditor should document the communication. [AU-C sec. 265.12b]
- the auditor complied with the requirement not to issue a written report stating that no significant deficiencies were identified during an audit. [AU-C sec. 265.16]

Subsequent Events:

Did the auditor consider information and apply appropriate professional guidance with respect to events occurring subsequent to the date of the audit report? Consider the following:

G315 _____

- The auditor considered appropriate procedures regarding events subsequent to the balance-sheet date through the date of the auditor's report. [AU-C sec. 560.09-.10]
- The auditor gave appropriate consideration to additional evidence that becomes available prior to the issuance of the financial statements. [AU-C sec. 560.12-.14]
- If the auditor, subsequent to the date of the report, became aware of facts that may have existed at that date that might have affected the report on the financial statements had the auditor then been aware of such information, the auditor considered the guidance in professional standards in determining an appropriate course of action and the matter appears to be properly resolved. [AU-C sec. 560.15-.18]
- If there is an indication that the auditor concluded that one or more auditing procedures considered necessary at the time of the audit of the financial statements in the circumstances were omitted from the audit, the auditor considered the guidance in professional standards in determining an appropriate course of action and the matter appears to be properly resolved. [AU-C sec. 585]

Ques. N/A Yes No Ref.

G316

Communication With Those Charged With Governance:

Did the auditor substantively meet the professional standards regarding auditor communications as follows:

G317 _____

- Properly determine the appropriate persons within the audited entity’s governance structure with whom to communicate? [AU-C sec. 260.07–.09]
- Communicate the following matters to those charged with governance, when applicable:
 - The auditor’s responsibilities for forming and expressing an opinion on the financial statements under the applicable financial reporting framework, and that the audit does not relieve management or those charged with governance of their responsibilities? [AU-C sec. 260.10]
 - An overview of the planned scope and timing of the audit? [AU-C sec. 260.11]
 - The auditor’s views about qualitative aspects of the entity’s significant accounting practices? [AU-C sec. 260.12a]
 - Any significant difficulties encountered during the audit? [AU-C sec. 260.12b]
 - Any disagreements with management? [AU-C sec. 260.12c]
 - Other findings or issues significant and relevant to those charged with governance regarding their responsibility to oversee the financial reporting process? [AU-C sec. 260.12d]
 - Uncorrected misstatements and the effect they may have on the auditor’s report? The auditor should identify material uncorrected misstatements individually and request that they be corrected. [AU-C sec. 260.13a]
 - The effect of uncorrected misstatements related to prior periods? [AU-C sec. 260.13b]
 - Material, corrected misstatements that were brought to the attention of management as a result of audit procedures? [AU-C sec. 260.14a]
 - Any significant findings or issues arising from the audit that were discussed or communicated to management? [AU-C sec. 260.14b]
 - Management’s consultation with other accountants, if any? [AU-C sec. 260.14c]
 - Representations the auditor has requested from management? [AU-C sec. 260.14d]
- Communicate the form, timing, and expected general content of the auditor’s communication with those charged with governance? [AU-C sec. 260.15]
- Communicate, in a timely manner, and in writing, the significant audit findings when, in the auditor’s judgment, oral communication would not be adequate; and include in the written communication that it is intended solely for the information and use of those charged with governance and management, and is not intended to be, and should not be, used by anyone other than these specified parties? [AU-C sec. 260.16–.17]

Ques. N/A Yes No Ref.

- Consider whether the two-way communication between the auditor and those charged with governance has been adequate for the purpose of the audit, and if not, the auditor should evaluate the effect on the auditor’s assessment of risks of material misstatement and ability to obtain sufficient appropriate audit evidence and take appropriate action? [AU-C sec. 260.19]
- Document whether the information was communicated and if the communication was oral, include when and to whom it was communicated? [AU-C sec. 260.20]

Audit Documentation:

Has the auditor prepared and maintained documentation in accordance with professional standards? Consider the following requirements: [AU-C sec. 230]

G318 _____

- The audit documentation provides evidence of the auditor’s basis for a conclusion about the achievement of the overall objectives of the auditor and evidence that the audit was planned and performed in accordance with GAAS and applicable legal and regulatory requirements [AU-C sec. 230.02]
- The audit documentation is sufficient to enable an experienced auditor having no previous connection to the audit to understand the nature, timing, and extent of procedures performed; results of the procedures performed; audit evidence obtained; and significant findings or issues arising during the audit, the conclusions reached thereon, and significant professional judgments made in reaching those conclusions. [AU-C sec. 230.08]
- In documenting the nature, timing, and extent of audit procedures performed, the auditor should record [AU-C sec. 230.09]
 - the identifying characteristics of the specific items or matters tested,
 - who performed the audit work and the date such work was completed, and
 - who reviewed the audit work performed and the date and extent of such review.
- For audit procedures related to the inspection of significant contracts or agreements, the auditor should include abstracts or copies of those contracts or agreements in the audit documentation. [AU-C sec. 230.10]
- The auditor should document discussions of significant findings or issues with management, those charged with governance, and others, including the nature of significant findings or issues discussed and when and with whom the discussions took place. [AU-C sec. 230.11]
- If the auditor departs from a presumptively mandatory GAAS requirement, the auditor documented the justification for the departure and how other procedures performed in the circumstances were sufficient to achieve the intent of that requirement. [AU-C sec. 230.13]

Ques. N/A Yes No Ref.

- If the auditor performs new or additional audit procedures or draws new conclusions after the date of the auditor’s report, the auditor should document the circumstances encountered; the new or additional procedures performed, audit evidence obtained, conclusions reached, and their effect on the auditor’s report; and when and by whom the resulting changes to audit documentation were made and reviewed. [AU-C sec. 230.14]
- The auditor should document the report release date in the audit documentation. [AU-C sec. 230.15]
- The auditor’s documentation was consistent with the assembling of the engagement documentation file and completion of the administrative process of assembling the audit file on a timely basis, no later than 60 days following the report release date. [AU-C sec. 230.16]
- The auditor’s documentation established reasonable procedures for retention of and access to audit documentation for a period of at least five years. [AU-C sec. 230.17]
- If the auditor finds it necessary to modify existing audit documentation or add new audit documentation after the documentation completion date, the auditor should document the specific reasons for making the change and when and by whom it was made and reviewed. [AU-C sec. 230.18]
- The auditor should adopt reasonable procedures to maintain the confidentiality of client information. [AU-C sec. 230.19]
- A record of the significant changes to the overall strategy and audit plan and resulting changes to the planned nature, timing, and extent of audit procedures explain why the significant changes were made and why the overall strategy and audit plan were finally adopted for the audit. It also reflects the appropriate response to the significant changes occurring during the audit. [AU-C sec. 300.A23**]
- Documentation of the testing performed on the reconciling items and journal entries reconciles the government-wide and fund financial statements. [AAG-SLG 10.19–.21]
- Levels of performance materiality for each opinion unit are used in the audit. [AAG-SLG 4.81–.84]
- Summary of uncorrected misstatements related to known and likely misstatements, unless considered trivial, including those corrected by management, is provided. [AAG-SLG 14.02–.06]
- The auditor’s conclusion concerning whether uncorrected misstatements, individually or in the aggregate, cause the financial statements to be materially misstated, and the basis for that conclusion is provided. [AAG-SLG 14.02–.06]

Were appropriate procedures applied to accompanying SI [AU-C sec. 725.05–.08] and RSI [AU-C sec. 730]?

G319 _____
 G320

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>	
If standardized forms were not used for any of these areas:						
<ul style="list-style-type: none"> • Work program • Disclosure and reporting checklist • Working paper and financial statement reviews 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		_____	
is there adequate documentation of these areas? [QC sec. 10.35-.51 and QC sec. 10.A32-.A62]	G321					_____
Supervision and Review:						
Did the engagement partner take responsibility for the following: [AU-C sec. 220.17]	G323	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		_____
<ul style="list-style-type: none"> • The direction, supervision, and performance of the audit engagement in compliance with professional standards, applicable legal and regulatory requirements? • The auditor's report being appropriate in the circumstances? 						
Did the engagement partner, through review of the audit documentation and discussion with the engagement team, determine that sufficient appropriate audit evidence was obtained to support the auditor's report issued? [AU-C sec. 220.19]	G325	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		_____
Did the auditor perform substantive procedures relating to the financial statement closing process, such as agreeing or reconciling the financial statements with the underlying accounting records and examining material journal entries and other adjustments made during the course of preparing the financial statements? [AU-C sec. 330.21]	G326	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		_____
Did the auditor determine whether uncorrected misstatements were material, either individually or in the aggregate, to the financial statements (opinion units)? The auditor should consider the following: [AU-C sec. 450.11]	G327	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		_____
<ul style="list-style-type: none"> • The size and nature of the misstatements, both in relation to particular classes of transactions, account balances, or disclosures and the financial statements as a whole, and the particular circumstances of their occurrence • The effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances, or disclosures and the financial statement as a whole 						
Does it appear engagement personnel (including leased and per diem employees) possessed an appropriate mix of experience, expertise, and technical training in relation to the complexity or other requirements of the engagement and the involvement of supervisory personnel? [QC sec. 10.A11]	G329	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		_____

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
Did the personnel assigned to this engagement appear to be familiar with the applicable professional pronouncements (FASB, GASB, and AICPA)? [QC sec. 10.A11]	G330	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Does it appear that the practitioner in charge of the engagement possessed the knowledge, skills, and abilities (competencies) to fulfill his or her responsibilities on the engagement including an understanding of [QC sec. 10.A18–.A21 and QC sec. 10.A24–.A35]	G332	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • the role of the firm’s system of quality control and the AICPA’s Code of Professional Conduct and, if applicable, chapter 3 of <i>Government Auditing Standards</i>? • the performance, supervision, and reporting aspects of the engagement? • the applicable accounting, auditing, or attestation professional standards, including those standards directly related to the industry in which a client operates? • the industry in which a client operates, including the industry’s organization and operating characteristics, to identify the areas of high or unusual risk associated with an engagement and to evaluate the reasonableness of industry specific estimates? • the skills that indicate sound professional judgment? • how the organization is dependent on or enabled by information technologies and the manner in which information systems are used to record and maintain financial information? 					
Does it appear that involvement by the owner, partner, manager, and when applicable, the engagement quality control reviewer was adequate and appropriately timed to provide for planning and supervision as the job progressed? [QC sec. 10.35–.51 and QC sec. 10.A32–.A62]	G333	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Were any circumstances noted in which the firm consulted or should have consulted regarding an engagement matter (for instance, a complex, unusual, or technical issue) with individuals within the firm, with an external party, or by researching in applicable professional literature, based on the firm’s policies and procedures or when the complexity or nature of the issue warranted consultation? [QC sec. 10.35–.51 and QC sec. 10.A32–.A62] Consider the following:	G336	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
<ul style="list-style-type: none"> • If an individual was consulted (internally or externally), was the consultation done on a timely basis and, does it appear he or she was aware of all relevant facts and circumstances? 					
<ul style="list-style-type: none"> • If professional literature was researched, does it appear the research was thorough and the sources consulted were complete, correct, and up-to-date? 					
<ul style="list-style-type: none"> • Does it appear the person(s) consulted (internally or externally) or the individual(s) performing the research had an appropriate level of knowledge, competence, and judgment and, if applicable, authority? 					
<ul style="list-style-type: none"> • Based on the facts and circumstances, were the firm's conclusions reasonable and consistent with professional standards? 					
<ul style="list-style-type: none"> • Is the firm's report, the financial statements, or other information affected by the matter consistent with the results of the consultation? 					
<ul style="list-style-type: none"> • If the engagement records indicated a difference of opinion between the engagement personnel (including leased and per diem employees) and specialist or other consultant, was the difference resolved in accordance with firm policy and was the basis of the resolution appropriately documented? 					

V. Conclusions

Any “YES” answers to the following questions should result in a nonconforming engagement. Peer Review Standards define nonconforming as not performed or reported in conformity with applicable professional standards in all material respects.

1. Based on your review of the work performed, including other inquiries and observations, did anything come to your attention that caused you to believe that

a. There are errors or omissions, individually or in the aggregate, in the financial statements (including disclosures) related to requirements under the applicable financial reporting framework that exceed materiality established by the auditor, and the auditor’s report was not appropriately modified. YES NO

b. The auditor failed to perform planning, including documentation and an appropriate risk assessment, in accordance with current professional standards. In coming to your conclusion, consider the adequacy of the collective work performed in the following areas:²³ YES NO

- Assessed risk of material misstatement at the financial statement level
- Assessed risk of material misstatement at the relevant assertion level for material classes of transactions, account balances and disclosures
- Planned audit procedures responsive to the risk assessment
- Risk assessment procedures, beyond inquiry, performed to evaluate the design and confirm implementation of key controls (manual and IT) relevant to the audit

c. The auditor’s report is not presented in accordance with the most current applicable professional standards and regulatory requirements (does not contain the critical elements), including evidence of firm reliance on outdated standards. YES NO

d. The engagement team, collectively with the partner in charge of the engagement, did not have the knowledge, skills, and abilities (competencies) to perform the engagement in accordance with professional standards? YES NO

e. There are errors, omitted procedures or information identified that could reasonably represent material noncompliance with regulatory requirements, if applicable. YES NO

f. Although there is not a material error or omission in the performance, including documentation, of the engagement, there are numerous less significant issues that indicate the work was not thoroughly reviewed and the engagement was not properly supervised. YES NO

g. The auditor’s opinion is not supported by sufficient and appropriate documented audit evidence. For example, if significant oral explanations were required from the firm to support its conclusions for significant areas, then this question should be answered yes. YES NO

2. other than the preceding matters, was (were) there any other matter(s) that led you to conclude the engagement was not performed or reported on in conformity with applicable professional standards in all material respects? If “Yes,” explain the matter: YES NO

3. If any of the preceding questions were answered “Yes,” but you concluded that the firm performed or reported on this engagement in conformity with applicable professional standards in all material respects, explain why: YES N/A

Supplemental Checklist for Review of Single Audit Engagements – Part A – UG

Overview and Instructions

This checklist was developed for use by reviewers of audits of entities receiving federal government awards or grants that require audits under the *Single Audit Act of 1996*, as amended (the Single Audit Act), and the Uniform Guidance. An audit in accordance with the Single Audit Act and the Uniform Guidance is required when a nonfederal entity expends \$750,000 or more of federal awards in a year. This checklist should be used for performing reviews of audits of federal awards covering fiscal periods beginning on or after December 26, 2014, the period for which Subpart F—Audit Requirements of the Uniform Guidance is effective.

The Uniform Guidance

On December 26, 2013, the Office of Management and Budget (OMB) released guidance for the management of federal funds, the Uniform Guidance. The Uniform Guidance is a key component of the federal government's efforts to streamline and improve the administration and oversight of federal awards from application to closeout. This guidance consolidates and makes uniform the cost accounting and cost recovery provisions for federal financial assistance to more effectively focus federal resources on improving performance and outcomes, while ensuring the financial integrity of taxpayer dollars in partnership with nonfederal stakeholders. The Uniform Guidance supersedes, combines, and streamlines the following eight circulars into one document:

- Administrative Requirements — A-102, A-110, A-89
- Cost Principles — A-87, A-21, A-122
- Audit Requirements — A-133 and the guidance in A-50 on Single Audit Act follow-up

Federal agencies adopted the Uniform Guidance as requirements for federal financial assistance by the interim final rule published December 19, 2014. Some agencies received OMB approval for exceptions to the Uniform Guidance as part of the agency implementing regulations, which OMB states were approved where they were consistent with existing federal agency policy. Questions about the nature of agency exceptions and the effect of such exceptions on the audit may be directed to the appropriate agency single audit coordinator or program official, as applicable.

The OMB via the Council on Financial Assistance Reform (COFAR) issued a Frequently Asked Questions (FAQs) document to address the Uniform Guidance. These FAQs are intended to provide additional context and background of the policies described in the Uniform Guidance as federal and non-federal entities seek to understand the policy changes. Several areas relate to the audit requirements of the Uniform Guidance and should be considered when using part A and part B of the checklist. While the COFAR has since been disbanded, the complete FAQs can be found on the Chief Financial Officers Council website at <https://cfo.gov/grants/uniform-guidance/>.

Required Government-Wide Evaluation of Single Audit Quality

The Uniform Guidance provides that a government-wide study of audit quality be performed once every six years, with results of reviews made public. This study will determine the quality of single audits by providing a statistically reliable estimate of the extent that single audits conform to applicable requirements, standards, and procedures. Engagements selected for review will be those engagements that are submitted to the Federal Audit Clearinghouse no earlier than 2018.

Reviewers are reminded that a firm's verbal description of work performed is not adequate. Verbally verifying that procedures were performed, when the documentation required by professional standards is lacking, is considered an engagement that has not been performed in accordance with generally accepted auditing standards (GAAS) or generally accepted government auditing standards (GAGAS) in all material respects. If the auditor's workpapers do not properly document compliance with applicable professional standards and guidance, the question in the checklist should be marked "No" even if the auditor can verbally explain the rationale. All "No" answers must be thoroughly explained in "Part A—Explanation of "No" Answers and Other Comments", regardless of whether the reviewer ultimately concludes that the engagement conforms to professional standards in all material respects.

Part B of the checklist includes other areas specific to single audit engagements, including planning, reporting, and other audit and reporting issues. Individually, failure to properly perform procedures in one of these areas may not result in a nonconforming engagement. However, the reviewer should consider in aggregate the matters noted in part A and part B to determine whether the engagement fails to conform to professional standards in all material respects and whether a systemic cause exists.

Complete part A of the checklist first. If the reviewer determines there was a failure to reach an appropriate conclusion on the application of professional standards in all material respects, the reviewer should consider whether the expansion of the scope of the review is necessary. The decision to expand scope should be documented in the review working papers. For example, if the auditor failed to identify or audit a major program, the reviewer should consider scope expansion in the area of major program determination, if possible. (Reviewers should with the standards and procedures unit about any expansion of procedures.) The objective of expansion of scope would be to determine whether the failure is indicative of a pattern of such failures, whether it is a deficiency or significant deficiency in the design of the reviewed firm's system of quality control or in its compliance with the system, or whether it is both. The reviewer should evaluate the items in the part B checklist to determine the highest risk area(s) and identify any additional areas of the engagement that should be reviewed in addition to areas in the part A checklist. If the reviewer concludes that it is not necessary to complete part B of the checklist, or any aspects of thereof, the reviewer should provide an explanation at the end of the part A checklist.

Nonconforming Single Audit Engagements

The reviewer should promptly inform the firm when an engagement is not performed or reported on, or both, in conformity with professional standards in all material respects and remind the firm of its obligation under professional standards to take appropriate action. The reviewed firm should investigate the issue and determine what timely action, if any, should be taken, including actions planned or taken to prevent unwarranted continued reliance on its previously issued report(s). In these circumstances when it is concluded that a single audit engagement is not performed in accordance with professional standards in all material respects, the firm ordinarily should recall and reissue the applicable reports. Otherwise, the firm should document its considerations not to recall and reissue.

The reviewed firm should then advise the lead reviewer of the results of its investigation, including parties consulted, and document on a Matter for Further Consideration (MFC) form prepared by the reviewer the actions planned or taken or its reasons for concluding that no action is required. The review team should also document whether it agreed with the reviewed firm's actions or conclusions.

If the firm has taken action, the review team should review documentation of such actions (for example, previously omitted procedures or letter recalling previously issued report[s]) and consider whether the action is appropriate. Reviewers should thoroughly evaluate a firm's decision not to recall and re-issue the applicable report(s) and indicate if the reviewer agrees or disagrees with the firm's decision. Further, if the reviewer disagrees with the firm's actions in consideration of the applicable standards or its decision not to recall and reissue, the reviewer should evaluate whether this is indicative of a potential leadership or tone at the top deficiency. If the firm has not taken action, the review team should consider whether the planned actions are appropriate.

Additional guidance on nonconforming single audit engagements and examples of the issues that may arise can be found in AICPA's PRP Section 3100, *Supplemental Guidance*.

Completion of the Checklist

The questions in this checklist emphasize reporting matters and general procedures ordinarily performed by an independent auditor in the audit of entities subject to the Single Audit Act and the Uniform Guidance. Reviewers should adapt this checklist to fit specific engagements.. All "No" answers must be thoroughly explained on the appropriate page at the end of the part A checklist (Explanation of "No" Answers and Other Comments).

This checklist is not intended to be an all-inclusive document containing all audit procedures related to audits of entities subject to the Single Audit Act and the Uniform Guidance. It is a summarization of commonly addressed key areas and related concepts or procedures in the audit of compliance over major programs. Therefore, it should be used in conjunction with various reference materials dealing with reporting and audit procedure issues to sufficiently evaluate engagements subject to the Single Audit Act and the Uniform Guidance. These additional materials include the AICPA Audit Guide Government Auditing Standards and Single Audits, the Uniform Guidance, the OMB *Compliance Supplement (Compliance Supplement)* and information on pass-through awards from State of Minnesota Agencies and Departments, such as, Minnesota Department of Human Services Bulletins. **Related points are generally grouped into a single question on this checklist. The reviewer should weigh each bullet point separately, and in the aggregate, when concluding whether the professional standards requirement was met in all material respects.**

Supplemental Checklist for Review of Single Audit Engagements — Part A—UG

Contents

<i>Section</i>	<i>Page</i>
Determination of Major Programs	II-4
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Schedule of Expenditures of Federal Awards (SEFA)	II-11

Explanation of References:

2 CFR 200 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)

AAG- AICPA Audit Guide Government Auditing Standards *and Single Audits*, With Conforming Changes as
GAS of March 1, 2018

AU-C Reference to section number for clarified Statements on Auditing Standards in *AICPA Professional Standards*

GAGAS Generally Accepted Government Auditing Standards, as contained in *Government Auditing Standards, December 2011 Revision*, United States Government Accountability Office

Ques. N/A¹ Yes No² Ref.

The reviewer is reminded that verbally verifying that procedures were performed, without documentation required by professional standards, is considered an engagement that has not been performed in accordance with GAAS or GAGAS in all material respects.

Determination of Major Programs:

The reviewer is reminded that rounding is not allowed in the threshold calculation or percentage of coverage requirement.

Did the auditor identify as Type A programs, the federal programs (including clusters and programs with the same Catalog of Federal Domestic Assistance [CFDA] number) with expenditures of federal awards during the audit period exceeding the levels outlined in the following? [2 CFR 200.518(b); AAG-GAS 8.03-.04]

SA100 _____

- \$750,000 (when total federal awards expended are equal to or exceed \$750,000 but are less than or equal to \$25 million);
- 0.03 times total federal awards expended (when total federal awards expended exceed \$25 million but are less than or equal to \$100 million);
- \$3 million (when total federal awards expended exceed \$100 million but are less than or equal to \$1 billion);
- 0.003 times total federal awards expended (when total federal awards expended exceed \$1 billion but are less than or equal to \$10 billion);
- \$30 million (when total federal awards expended exceed \$10 billion but are less than or equal to \$20 billion); or
- 0.0015 times total federal awards expended (when total federal awards expended exceed \$20 billion).

Note: When a cluster is audited as a major program, all CFDA numbers within that cluster must be included in the cluster to be audited. In addition, all programs with the same CFDA number must be included in the scope of the audit of a major program.

(Recalculate the threshold for Type A programs using the SEFA and Summary of Auditor’s Results and review the calculation provided by the firm on the engagement profile.)

Recalculated Type A Threshold \$ _____

Were the remaining programs identified as Type B? [2 CFR 200.518(b)(2); AAG-GAS 8.05]

SA101 _____

When identifying Type A programs, were programs with loans or loan guarantees which exceed four times the largest non-loan program considered as Type A and their values excluded in determining other Type A programs? [2 CFR 200.518(b)(3); AAG-GAS 8.06-.07]

SA102 _____

Note: For the purpose of the threshold calculation, a program is considered to be a federal program providing loans if the value of federal awards expended for loans within the program comprises 50 percent or more of the total federal awards expended for the program (a cluster of programs is treated as a program).

¹The “N/A” column should be used when the item either does not exist or is not material.

²All “No” answers should be handled in either of the following ways: (1) discussed on a Matter for Further Consideration (MFC) form with the MFC form number noted in the “Ref.” column or (2) discussed on the pages at the end of the checklist to which this supplement relates.

Review of Single Audit Engagements

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
<p>If the prior year SEFA or a preliminary estimate of expenditures was used for an initial determination of major programs, was there a final analysis to determine whether those programs were still appropriately classified as major or whether any additional programs should be classified as major based on actual federal expenditure amounts? [AAG-GAS 8.03] (The reviewer should compare the total expenditures reported on the SEFA to the total expenditures used in the major program determination working papers.)</p>	SA103	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<p>Did the auditor consider oversight exercised by federal agencies and pass-through entities as described in 2 CFR 200.519(c) (for example, results of recent monitoring or other reviews or indication in the <i>Compliance Supplement</i> that a federal agency has identified a federal program as higher risk)?</p>	SA104	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<p>Note: The Uniform Guidance removed the consideration of the inherent risk of the program from the Type A program risk assessment determination and requires the auditor to consider</p> <ul style="list-style-type: none"> oversight exercised by federal agencies and pass-through entities as described in 2 CFR 200.519(c), the results of audit follow-up, or any changes in personnel or systems affecting the program that indicate significantly increased risk and preclude the program from being low risk. 					
<p>Did the auditor’s documentation contain evidence that supports the conclusion about whether the Type A program is a low-risk program? [AAG-GAS 8.09–.13 and 8.18]</p>	SA105	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<p>Did all Type A programs that were identified as low-risk meet all of the following conditions: [2 CFR 200.518(c)(1); AAG-GAS 8.10–.13]</p>	SA106	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<p>Note: These are the only criteria that must be used in the determination of whether a Type A program is low risk. The auditor is not permitted to use judgment based on the inherent risk of a Type A program.</p> <ul style="list-style-type: none"> Per review of the two prior audit reports, audited as a major program in at least one of the two most recent audit periods. [AAG-GAS 8.11] (Review the lookback information documented on the major program determination worksheet and provided by the firm on the engagement profile. The fact that a Type A program was not Type A in the previous two years is not relevant. If the Type A program was not audited in either of the two most recent audit periods, without regard to being Type A or B during those periods or is a new program, it cannot be considered low risk and, therefore, must be audited in the current period.) Per review of the prior audit report, the current Type A programs were free of compliance findings under 2 CFR 200.518(c)(1) in the last audit period. [AAG-GAS 8.11] Consider <ul style="list-style-type: none"> Material weakness in internal control over major programs, Modified opinion on compliance for the program, or Known or likely questioned costs that exceed five percent of the total federal awards expended for the program. Not requested by a federal agency to be excluded from consideration as a low-risk program. [2 CFR 200.518(c)(2); AAG-GAS 8.13] 					
<p>Did the auditor’s documentation support the performance of required risk assessments on Type B programs? [2 CFR 200.518(d); AAG-GAS 8.14–.15]</p>	SA107	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
<p>Note: An auditor is not required to identify more high-risk Type B programs than at least one-fourth the number of Type A programs identified as low risk. Risk assessment of Type B programs is not required if there are no low-risk Type A programs and, the auditor is only required to perform risk assessments on Type B programs that exceed 25 percent of the determined Type A threshold.</p>					
<p>Note: The Uniform Guidance explicitly requires that all identified high-risk Type B programs be audited as a major program [2 CFR 200.518(e)(2)]</p>					
<p>At a minimum, did the auditor audit all of the following as major programs: [2 CFR 200.503 and 200.518(e); AAG-GAS 8.16-.17]</p> <ul style="list-style-type: none"> All Type A programs not identified as low risk. All Type B programs identified as high risk. 	SA108	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<p>Note: 2 CFR 200.503(e) permits a federal awarding agency to request to have a particular federal program audited as a major program in lieu of the federal awarding agency conducting or arranging for the additional audits.</p> <ul style="list-style-type: none"> Such additional programs as may be necessary to comply with the percentage-of-coverage rule requiring audits of programs of at least 40 percent (20 percent for a low-risk auditee) of the total federal awards expended. The percentage-of-coverage rule represents the minimum coverage to be achieved and is calculated after the determination of programs to be audited as previously described. Once the initial determination of programs to be audited is made, the percentage-of-coverage rule determines if additional programs are required to be audited to meet the percentage-of-coverage threshold for the auditee. 					
<p>Did the auditor include in the audit documentation his or her risk analysis process used to determine major programs? [2 CFR 200.518(g); AAG-GAS 8.18]</p> <p>(Recalculate the percentage of coverage using the SEFA and Summary of Auditor’s Results and review the calculation provided by the firm on the engagement profile.)</p>	SA109	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
		<p>Recalculated % of Coverage _____%</p>			
<p>Did the auditor audit enough major programs to encompass at least 20 percent of total federal awards expended if the auditee is low risk and at least 40 percent of total federal awards expended if the auditee does not qualify as a low-risk auditee? [2 CFR 200.518(f); AAG-GAS 8.17]</p>	SA110	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<p>If the entity was considered a low-risk auditee and less than 40 percent of federal expenditures audited were considered major, did the audit document evidence that the auditor determined that the following conditions were met for each of the preceding two audit periods: [2 CFR 200.520; AAG-GAS 8.21]</p>	SA111	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

Ques. N/A Yes No Ref.

- Annual single audits in accordance with the Uniform Guidance were performed on the entity being audited. (A nonfederal entity that has biennial audits does not qualify as a low-risk auditee.) In order for an auditee to meet the criteria of a low-risk auditee in the current year, the prior two years' audits must have met the requirements of the Uniform Guidance, including report submission to the Federal Audit Clearinghouse by the due date. The Data Collection Form and reporting package are required to be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s) or 9 months after the end of the audit period. [2 CFR 200.512] (The reviewer should review the engagement year-end and prior two Data Collection Form and reporting package submission dates indicated on the engagement profile to assist in determining whether the 9-month requirement was met, with consideration given to any filing extensions granted by the OMB, as applicable.)
- The auditor's opinion(s) on whether the financial statements were prepared in accordance with U.S. generally accepted accounting principles (GAAP), or a basis of accounting required by state law, was unmodified.

Note: For audits of state and local governments, including, but not limited to, Indian tribes, institutes of higher education, and hospitals, the auditor's opinion on each opinion unit must be unmodified.

- The auditor's in-relation-to opinion on the SEFA was unmodified.
- There were no deficiencies in internal control, which were identified as material weaknesses under the requirements of *Government Auditing Standards*.
- The auditor did not report substantial doubt about the auditee's ability to continue as a going concern.
- None of the federal programs had audit findings from any of the following in either of the preceding two audit periods in which they were classified as Type A programs:
 - Material weaknesses in internal control over compliance.
 - Modified opinion on a major program.
 - Known or likely questioned costs that exceed five percent of the total federal awards expended for a Type A program during the audit period.

Note: Unless required by state law, an auditee that prepares its financial statements on a non-GAAP basis of accounting, such as the cash or modified cash basis, cannot be considered a low-risk auditee.

Documentation of Major Programs:

Note: The number of major programs to be included in the scope of the peer review is a matter of professional judgment of the reviewer but should be representative of programs with significantly different compliance requirements or audit approaches. The following questions regarding the audit of major programs should be addressed separately for each major program reviewed. If all major programs were not selected for peer review, indicate which major programs were selected:

The *Compliance Supplement* includes two versions of Part 3. Did the auditor select the correct version of Part 3 to determine the applicable compliance requirements for each major program tested: [AAG-GAS 10.19]

SA112 _____

- Part 3.1 applies to testing federal awards that are not subject to the Uniform Guidance (that is, federal awards made prior to December 26, 2014).
- Part 3.2 applies to testing federal awards subject to the Uniform Guidance, that is, new federal awards and funding increments with modified award terms and conditions made on or after December 26, 2014.

Ques. N/A Yes No Ref.

Note: It is important to note that auditees may incur expenditures from both federal awards subject to the pre-Uniform Guidance requirements, as well as federal awards subject to the Uniform Guidance requirements. This situation could potentially occur for several years until the pre-Uniform Guidance awards have been completely expended. Reviewers should consider the effective date provisions of the Uniform Guidance to appropriately identify requirements that apply to each major program.

Did the auditor determine, from the correct *Compliance Supplement* (and section of Part 3) or grant agreements, and document the applicable compliance requirements to be tested that have a direct and material effect on each major program or, if the program is not included in the *Compliance Supplement*, used the guidance in Part 7 of the *Compliance Supplement* to develop the audit procedures? [2 CFR 200.514(d)(3); AAG-GAS 10.17–.20]

SA113 _____

If a major program had compliance requirements identified as applicable in the part 2 matrix of the *Compliance Supplement* or other sources, and the auditor determined those requirements were not direct or material, was that conclusion documented? [AAG-GAS 10.21]

SA114 _____

Emphasis Point: Enhanced oversight reviewers have commonly observed that peer reviewers fail to identify noncompliance with professional standards when the auditor does not document the rationale for concluding that an applicable compliance requirement was not direct and material and thus not tested. If the auditor’s conclusion is not documented, this question should be marked “No.”

Did the auditor document an understanding of internal control over compliance that was sufficient to plan the audit to support a low assessed level of control risk for major programs and the testing of the relevant assertions related to each material compliance requirement of each major program? [2 CFR 200.514(c)(1–3); AAG-GAS 9.09 and 9.27–.32]

SA115 _____

Note: The Uniform Guidance states that nonfederal entities must establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal awards. Part 6 of the *Compliance Supplement* provides guidance on such controls. Nonfederal entities should also refer to the *Internal Control—Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the *Standards for Internal Control in the Federal Government* (Green Book) as recommended approaches for establishing and maintaining internal controls.

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
<p>Emphasis Point: Enhanced oversight reviewers have commonly observed that peer reviewers fail to identify noncompliance with professional standards when the auditor does not properly document the understanding of internal controls over each direct and material compliance requirement for each major program. Common problems in this area include the following:</p> <ul style="list-style-type: none"> • Auditor’s documentation of internal control is referenced back to the documentation of controls over the financial statements without direct relationship to the compliance requirement • Internal control documentation did not consider the five internal control components for each direct and material compliance requirement • Auditor’s documentation did not identify the key controls to be tested 					
<p>In the judgment of the reviewer, was the nature and extent of the documented tests of controls, including sample sizes, sufficient to enable the auditor to reach a conclusion on the effectiveness of the internal control over compliance for preventing or detecting noncompliance relevant to the material compliance requirements for major programs? [AAG-GAS 9.36-.46]</p>	SA116	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • Sample was representative of the population. • Performed the planned sampling procedures and evaluated the results or, if the sampling plan was not followed, any deviations from that plan were documented and reasonable. • Annually tested a representative sample of controls addressing the risk of noncompliance with direct and material types of compliance requirements for major programs. • Evaluated whether the risk of noncompliance of the relevant compliance requirements has been reduced to an appropriately low level and whether the nature, timing, and extent of other planned audit procedures need to be modified. 					
<p>Note: Control tests considerations should be distinct from compliance tests considerations even if the tests were accomplished through dual-purpose testing (designing a test of control to be performed concurrently with a test of compliance on the same transaction). [AAG-GAS 9.39]</p>					
<p>Emphasis Point: Enhanced oversight reviews have commonly observed that peer reviewers fail to identify noncompliance with professional standards when the auditor does not properly document testing of internal controls over each direct and material compliance requirement. Common problems in this area include the following:</p> <ul style="list-style-type: none"> • Insufficient evidence that the firm tested key controls around each major program’s direct and material compliance requirement (including signing off on generic audit programs with no other supporting documentation) • Misconception that a walkthrough of internal controls over financial reporting is sufficient testing to support a low assessed level of control risk • Combined testing of internal controls over all programs without documentation of why such testing was sufficient to support a low assessed level of control risk for each major program • Relied on controls or procedures performed by the grantor to eliminate the need for control testing 					

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
<ul style="list-style-type: none"> • Did not test controls because control risk was assessed as high and this was not reported as a significant deficiency or material weakness audit finding • Performed “100%” substantive or compliance test instead of testing controls • Misunderstood the need to test controls over compliance every year for each major program. 					
<hr/> <p>If the auditor omitted testing of controls for any material compliance requirement because the auditor concluded that the internal control over compliance was likely to be ineffective, did the auditor do the following? [2 CFR 200.514(c)(4); AAG-GAS 9.33–.34, 9.41, and 10.37]</p>	SA117	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • Report a significant deficiency or material weakness as part of the audit findings. • Assess control risk related to the compliance requirement(s) at the maximum and consider whether additional compliance tests were required. <p>Did the auditor specifically assess and document the risk of material noncompliance with each major program’s compliance requirements occurring due to fraud? [AAG-GAS 6.41–.46]</p>	SA118	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<p>Emphasis Point: Enhanced oversight reviewers have commonly observed that peer reviewers fail to identify noncompliance with professional standards when the auditor does not specifically assess and document the risk of material noncompliance with each major program’s compliance requirement occurring due to fraud.</p>					
<p>Does the audit documentation provide evidence of compliance testing, including tests of transactions and other audit procedures sufficient to support an opinion on compliance for each major program? [2 CFR 200.514(d)(4); AAG-GAS 10.02–.03]</p>	SA119	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<p>Does the audit documentation provide evidence of compliance testing for each of the applicable compliance requirements that have a direct and material effect on each of the major programs (including sufficient coverage of programs that are part of a cluster)? [2 CFR 200.514(d)(4); AAG-GAS 10.02–.03]</p>	SA120	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<p>Emphasis Point: Enhanced oversights have commonly observed that reviewers fail to identify noncompliance with professional standards when the auditor does not perform or properly document testing of compliance over each direct and material compliance requirement. If the auditor documents compliance testing of some, but not each direct and material compliance requirement, this question should be marked “No.” The reviewer should then use judgement to determine the significance of the direct and material compliance requirement(s) not tested to determine whether the engagement conforms to professional standards in all material respects.</p>					
<p>Did the auditor consider information about subsequent events relating to applicable compliance requirements that occurred after the end of the audit period and through the date of the auditor’s report? [AU-C sec. 560; AAG-GAS 10.51–.53]</p>	SA121	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<p>Although not required to test for indications of abuse related to the expenditure of federal awards, if the auditor became aware of indications of abuse, did the auditor perform additional audit procedures to determine whether the indication of abuse could be material to the financial statements or a major program? [AAG-GAS 10.50]</p>	SA122	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
Does the audit documentation include the following:	SA123	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • The assessment of both known and likely questioned costs [AAG-GAS 10.62] • The evaluation and disposition of all internal control exceptions and compliance exceptions [AAG-GAS 9:40-.46 and 10.54-.62] 					
Were the dispositions of internal control and compliance exceptions that were not reported reasonable? [AAG-GAS 9.40-.46 and 10.54-.62]	SA124	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Audit Findings:					
Are the federal award findings presented in sufficient detail and clarity as to report the following? [2 CFR 200.516(b); AAG-GAS 13.49-.50]	SA125	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • Federal program and specific federal award identification, including the CFDA title and number, federal award identification number and year, name of federal agency, and name of the applicable pass-through entity • Criteria (including a statutory, regulatory, or other citation) • Condition • A statement of cause that identifies the reason or explanation, the possible asserted effect • Questioned costs (identified by applicable CFDA number(s) and applicable federal award identification number(s), including how they were computed) • Perspective (the auditor should report whether the sampling was a statistically valid sample) • Identification of whether the audit finding was a repeat of a finding in the immediately prior audit and, if so, any applicable prior year audit finding number • Recommendations and views of responsible officials 					
When documenting and reporting compliance findings, did the auditor consider effective dates of the Uniform Guidance and use the right criteria in describing the finding (that is, whether the administrative requirements and cost principles under the previous circulars apply versus the Uniform Guidance administrative requirements and cost principles)?	SA126	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Does the Schedule of Findings and Questioned Costs include all findings and questioned costs identified in the audit documentation which met any of the conditions identified in the Uniform Guidance? [2 CFR 200.516 (a)(1-7); AAG-GAS 13.39-.41] (The reviewer should read the management letter to ensure that no significant deficiencies, material weaknesses, or questioned costs are reported only in the management letter when they should have been reported in either the Yellow Book report or the single audit compliance report.)	SA127	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
SEFA:					
Does the audit documentation evidence that the auditor performed sufficient procedures to determine whether the SEFA is presented fairly in all material respects in relation to the entity's financial statements as a whole? [AAG-GAS 7.22-.37]	SA128	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Does the audit documentation evidence that the auditor assessed the appropriateness and completeness of the SEFA, including the following elements of the schedule: [2 CFR 200.510(b); AAG-GAS 7.08; see examples in AAG-GAS appendix (par. 7.41)]	SA129	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

Ques. N/A Yes No Ref.

- Federal programs by federal agency. For a cluster of programs, provide the cluster name (cluster name reporting is required even when the expenditures were incurred under only one program), list individual programs within the cluster of programs, and provide the applicable federal agency name. For research and development, total federal awards expended must be shown either by individual federal award or by federal agency and major subdivision with the federal agency.
- For federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- Provide total federal awards expended for each individual federal program and the CFDA number or other identifying number when the CFDA information is not available.
- For a cluster of programs, provide the total for the cluster.
- Include the total amount provided to subrecipients from each federal program.
- Total federal awards expended for loan or loan guarantee programs or clusters. (2 CFR 200.502 indicates that the value of federal awards expended under loan programs should be the value of new loans made or received during the audit period, plus beginning of the audit period balance of loans from previous years for which the federal government imposes continuing compliance requirements and any interest subsidy, cash, or administrative cost allowance received.)
- Total federal awards expended as determined in accordance with 2 CFR 200.502 (face of SEFA must include the value of any federal awards expended in the form of noncash assistance, including insurance in effect during the year).
- Notes describing the basis of accounting and the significant accounting policies used in preparing the schedule and whether or not the auditee elected to use the 10 percent de minimus cost rate. [AAG-GAS 7.07]
- If applicable, notes including the balances of loan and loan guarantee programs or clusters outstanding at the end of the audit period.

Does the audit documentation evidence that the auditor determined that the entity had sufficient internal controls in place and operating to prepare and fairly present the required information in the SEFA, including proper identification of federally funded expenditures and, if not, considered reporting an audit finding related to this deficiency? [AAG-GAS 7.31, see examples in AAG-GAS appendix (par. 7.41)]

SA130 _____

Does the audit documentation evidence that the auditor determined that the entity was able to reconcile amounts presented in the schedule to amounts in the financial statements? [AAG-GAS 7.05]

SA131 _____

If the “No” answers indicate that the single audit was not performed or reported in conformity with applicable professional standards, the reviewer needs to consider expanding scope as necessary.

Supplemental Checklist for Review of Single Audit Engagements-Part B-UG

(For engagements performed in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance))

Part B—Instructions

Part A of the *Supplemental Checklist for Review of Single Audit Engagements* should be completed first. Regardless of the results of completion of part A, the reviewer should evaluate the areas in the part B checklist to determine the highest risk area(s) and identify any areas of the engagement that should be reviewed in addition to the part A checklist. If the reviewer elects not to complete part B of the checklist, or any aspects thereof, the reviewer should provide an explanation at the end of the part A checklist. The reviewer should complete the selected areas of part B and address any “No” answers for which a Matter for Further Consideration form was not generated on the appropriate page at the end of the part A checklist.

This checklist has been updated for the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* of 2 CFR 200, Subpart F effective for fiscal periods beginning on or after December 26, 2014.

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Explanation of References:

- 2 CFR 200 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)
- AAG-GAS AICPA Audit Guide *Government Auditing Standards and Single Audits*, With Conforming Changes as of March 1, 2018
- AU-C Reference to section number for clarified Statements on Auditing Standards in *AICPA Professional Standards*
- GAGAS Generally Accepted Government Auditing Standards, as contained in *Government Auditing Standards December 2011 Revision*, United States Government Accountability Office (GAS)

	<u>Ques.</u>	<u>N/A</u> ¹	<u>Yes</u>	<u>No</u> ²	<u>Ref.</u>
Audit Planning Considerations Under the Uniform Guidance:					
For the compliance audit as a whole, does the audit documentation evidence the following:					
Did the auditor determine whether management has properly defined the entity to be audited? [AAG-GAS 6.15]	SA132	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Did the auditor establish an understanding with the auditee regarding the additional services to be performed in conjunction with the Uniform Guidance compliance audit? [AAG-GAS 6.08]	SA133	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Did the auditor follow-up on prior audit findings, assess the reasonableness of the summary schedule of prior audit findings, and consider the appropriate current-year reporting impact, if any? [2 CFR 200.514(e); AAG-GAS 6.56]	SA134	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Did the auditor consider materiality in regard to each major program, in	SA135	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • designing audit tests with requirements having a direct and material effect on each major program? [AAG-GAS 6.48] • developing an opinion on compliance with requirements having a direct and material effect on each major program? [AAG-GAS 6.48] 					
Did the auditor consider the following components of audit risk over compliance as a basis for planning the audit to express the auditor’s opinion on compliance? [AAG-GAS 6.28–.46]	SA136	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> — Inherent risk — Control risk — Fraud risk — Detection risk 					
Did the auditor avoid preparing any indirect cost proposal or cost allocation plan for the auditee when indirect costs recovered during the prior year exceeded \$1 million? [2 CFR 200.509(b); AAG-GAS 6.74]	SA137	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Did the auditor use a documented audit plan that adequately sets forth the detailed audit procedures to accomplish the compliance audit objectives? [AU-C sec. 300.09]	SA138	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Report on Compliance and Internal Control Over Compliance Applicable to Each Major Program:					
In forming an opinion, did the auditor appropriately evaluate likely questioned costs, not just known questioned costs, as well as other material noncompliance that by its nature may not result in questioned costs, both individually and when aggregated, in determining whether to express a qualified or adverse opinion on compliance for each major program? [AAG-GAS 10.58]					
	SA139	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Did the auditor consider the following in reporting on compliance:	SA140	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • Materiality in relation to the type of compliance requirement of each major program for purposes of reporting audit findings [AAG-GAS 10.11–12 and 13.22] • The effect of any scope limitations whether imposed by the auditee or by circumstances such as timing of the audit work, insufficient accounting records, or inability to obtain sufficient appropriate audit evidence [AAG-GAS 13.23–.25] 					

¹ The “N/A” column should be used when the item either does not exist or is not material.

² All “No” answers should be handled in either of the following ways: (1) discussed on a Matter for Further Consideration (MFC) form with the MFC form number noted in the “Ref.” column or (2) discussed on the pages at the end of the checklist to which this supplement relates.

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
<p>Has the auditor determined that any possible findings identified were reported or, if not, did the auditor provide adequate supporting documentation for not reporting them? [AAG-GAS 9.63, 10.54–.67, and 13.39–.46]</p>	SA143	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

Other Audit Issues:

If the auditor used the work of internal auditors to modify the nature or timing, or reduce the extent, of audit procedures performed for testing compliance requirements or internal controls over compliance, did the auditor do the following? [AAG-GAS 6.60–.69]

<ul style="list-style-type: none"> • Determine whether the work of the internal auditor is adequate for the purposes of the audit. • If using internal auditors to provide direct assistance, did the auditor appropriately direct, supervise, and review their work? • Read internal audit reports to obtain detailed information about the scope of internal audit activities as it relates to compliance with direct and material compliance requirements. • Evaluate the level of competency of the internal audit function. • Has the auditor taken responsibility for all of the work performed by the internal audit and relied upon by the auditor? 	SA149	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
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	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
<p>Did the auditor obtain the applicable written management representations from auditee management tailored to the entity and governmental audit requirement regarding federal awards? In addition to the representations identified in paragraphs .23–.24 of AU-C section 935, <i>Compliance Audits</i>, the auditor should consider the suggested representations specific to the Uniform Guidance: [AAG-GAS 7.35 and 10.77–.78]</p> <ul style="list-style-type: none"> • Management is responsible for complying, and has complied, with the requirements of the Uniform Guidance. • Management is responsible for understanding and complying with federal statutes, regulations, and the terms and conditions of federal awards related to each of its federal programs. • Management is responsible for establishing and maintaining, and has established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on its federal programs. • Management has identified and disclosed all of its government programs and related activities subject to the Uniform Guidance compliance audit. • Management has identified and disclosed to the auditor the federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program. • Management has made available all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities. • Management has identified and disclosed to the auditor all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards, including those identified in other audits or reviews or stated that there was no such noncompliance. • Management believes that the auditee has complied with the direct and material compliance requirements of federal awards (except for noncompliance it has disclosed to the auditor). • Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements. • Management has provided to the auditor its interpretations of any compliance requirements that have varying interpretations. • Management has disclosed to the auditor any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor’s report. • Management has disclosed to the auditor the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor’s report. 	SA150	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
<ul style="list-style-type: none"> • Management is responsible for taking corrective action on audit findings of the compliance audit and has developed a corrective action plan that meets the requirements of the Uniform Guidance. • Management has provided the auditor with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions. • Management has disclosed the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period. • Management has disclosed all known noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditor's report or stating that there were no such known instances. • Management has disclosed whether any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditor's report. • Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared. • The copies of federal program financial reports provided to the auditor are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable. • If applicable, management has monitored subrecipients to determine that they have expended subawards in compliance with federal statutes, regulations, and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance. • If applicable, management has issued management decisions for audit findings that relate to federal awards it makes to subrecipients, and such management decisions are issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse. Additionally, management has followed up, ensuring that the subrecipient takes timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient from the pass-through entity. • If applicable, management has considered the results of subrecipient audits and has made any necessary adjustments to management's own books and records. • Management has charged costs to federal awards in accordance with applicable cost principles. • Management is responsible for, and has accurately prepared, the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance. • The reporting package does not contain protected personally identifiable information. • Management has accurately completed the appropriate sections of the DCF. • If applicable, management has disclosed all contracts or other agreements with service organizations. 					

- If applicable, management has disclosed to the auditor all communications from service organizations relating to noncompliance at those organizations.
- Management has responsibility and has prepared the SEFA in accordance with the Uniform Guidance, including the following:
 - The form and content is fairly presented in accordance with the Uniform Guidance.
 - The measurement or presentation has not changed from those used in the prior period, or the reason for such changes.
 - Any significant assumptions or interpretations underlying the measurement or presentation.
 - When the SEFA is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the schedule no later than the issuance date by the entity of the SEFA and the auditor’s report thereon. [AAG-GAS 7.35]

Ques. N/A Yes No Ref.

If management refused to furnish some or all requested written representations, did the auditor appropriately consider the effect of this scope limitation on the compliance opinion? [AAG-GAS 10.79]

SA151 _____

Note: Although the Uniform Guidance only requires retention of audit documentation for a minimum period of three years, the auditing standards (AU-C sec. 230), extend the retention requirement to five years.

Other Reporting Issues:

Did the auditor properly complete the appropriate portions of the DCF that summarize the auditor’s results, findings, and questioned costs; cross-check the information on the DCF with the SEFA; and electronically certify the submission? [2 CFR 200.512(b)(3); AAG-GAS 13.04]

SA153 _____

Reporting Package—Auditee Responsibilities:

When audit findings were not corrected or only partially corrected, did the summary schedule of prior audit findings describe the reasons for a findings recurrence and planned corrective action, and any partial corrective action? [2 CFR 200.511(b)(2); AAG-GAS 13.52]

SA156 _____

At the completion of the audit, did the auditee prepare, in a document separate from the audit findings described in 2 CFR 200.516, a corrective action plan to address each audit finding in the current-year auditor’s reports and provide [2 CFR 200.511(a) and 200.511(c); AAG-GAS 13.55]

SA157 _____

- name(s) of the contact person(s) responsible for corrective action?
- corrective action planned or explanation and specific reasons why the auditee disagrees with the audit finding or believes corrective action is not required?
- anticipated completion date(s) for corrective action

Supplemental Checklist for Review of Audit Engagements Performed in Accordance With Government Auditing Standards (Yellow Book) December 2011 Revision

This checklist was developed for use by reviewers of audits of entities subject to the financial audit requirements of U.S. Government Accountability Office’s *Government Auditing Standards* (Yellow Book) December 2011 revision. This is a supplemental checklist that contains only those requirements that go beyond the requirements of AICPA Statements on Auditing Standards (SAS) or are specific to the Yellow Book. *Government Auditing Standards* (GAS) incorporates by reference the AICPA SASs. This supplemental checklist should be used in conjunction with the *Governmental Audit Engagement Checklist* (section 20,500)

The questions in this checklist emphasize reporting matters and general procedures ordinarily performed by an independent auditor in the audit of entities subject to the Yellow Book. Reviewers should adapt this checklist to fit specific engagements. All “no” answers must be thoroughly explained in section V of the applicable audit checklist.

This checklist is not intended to be an all-inclusive document containing all disclosure and audit procedures related to the financial statements of entities subject to the Yellow Book. It is a summarization of commonly addressed key areas and related concepts or procedures. Therefore, it should be used in conjunction with various reference materials dealing with reporting, disclosure, and audit procedure issues in order to sufficiently evaluate engagements subject to the Yellow Book. These additional materials include AICPA Audit Guide *Government Auditing Standards and Single Audits* or other similarly comprehensive disclosure materials.

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Explanation of References:

- AAG-GAS AICPA Audit Guide *Government Auditing Standards and Single Audits*, With Conforming Changes as of February 1, 2015
- GAAP Generally Accepted Accounting Principles
- GAAS Generally Accepted Auditing Standards
- GAS *Government Auditing Standards—December 2011 Revision*, United States Government Accountability Office
- GAGAS Generally Accepted Government Auditing Standards, as contained in GAS, December 2011 Revision, United States Government Accountability Office

Ques. N/A¹ Yes No² Ref.

GENERAL STANDARDS

Note: GAGAS requires that the auditor follow the AICPA *Codification of Statements on Auditing Standards* and comply with the following general standards.

Independence:

Has the audit organization determined and documented that the audit organization and auditors participating on the engagement are free from personal and external impairments to independence in both mind and appearance? [GAS par. 3.02–.06; AAG-GAS 2.09] GA102 _____

Was the audit organization independent from the audited entity during (a) any period of time that falls within the period covered by the financial statements or subject matter of the audit and (b) the period of the professional engagement? [GAS par. 3.05; AAG-GAS 2.08] GA103 _____

Has the audit organization applied the conceptual framework to identify threats to independence that result from activities that are not specifically prohibited by GAGAS; evaluated the significance of the threats identified, both individually and in the aggregate; and applied safeguards as necessary to eliminate the threats or reduce them to an acceptable level? (This evaluation would include threats not related to nonaudit services.) [GAS par. 3.07–.12; AAG-GAS 2.09–.16] GA104 _____

Has the auditor identified all nonaudit services provided to the auditee? (Review the engagement profile and compare services listed to the identified services in the audit documentation.) [GAS 3.36 and 3.45–.58 provide a list of nonaudit services. Note that this is an extensive list of examples, but does not include all potential nonaudit services.] GA105 _____

For any nonaudit services provided to the audited entity, has the audit organization determined before performing the service whether such a service would create a threat to independence, either by itself or in aggregate with other nonaudit services provided? [GAS par. 3.34–.44; AAG-GAS 2.17–.26] GA106 _____

- The nonaudit service is not specifically prohibited under GAGAS. [GAS par. 3.49–.58]
- The audit organization does not assume management responsibilities for an audited entity. The management participation threats created would be so significant that no safeguards could reduce them to an acceptable level. [GAS par. 3.35–.38, AAG-GAS 2.20]
- The audit organization has obtained assurance that audited entity management performs all of the following functions in connection with the nonaudit services [AAG-GAS 2.21; GAS 3.37]:
 - Assumes all management responsibilities
 - Oversees the services, by designating an individual, preferably within senior management, who possesses skill, knowledge, or experience [AAG-GAS 2.19]
 - Evaluates the adequacy and results of the services performed
 - Accepts responsibility for the results of the services

¹The “N/A” column should be used when the item either does not exist or is not material.

²All “No” answers should be handled in either of the following ways: (1) discussed on a Matter for Further Consideration (MFC) form with the MFC form number noted in the “Ref.” column or (2) discussed on the pages at the end of the checklist to which this supplement relates.

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
For nonaudit services, when threats to independence are not at an acceptable level, thereby requiring the application of safeguards, has the auditor documented the threats identified and the safeguards applied to eliminate the threats or reduce them to an acceptable level? [GAS par. 3.24 and 3.59a–d; AAG-GAS 2.15 and 2.27]	GA107	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
If the auditor is performing the preparation of the financial statements, if significant threats were not identified, such as the self-review threat or management participation threat, does this seem reasonable? If applicable (yes or no), explain rationale in primary engagement checklist, section V, “Explanation of ‘No’ Answers and Other Comments.” [GAS par. 3.14b and AAG-GAS 2.10]	GA108	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Does it appear that the auditor considered the cumulative effect of all nonaudit services on independence impairment? (<i>Note:</i> There is no documentation requirement.) [AAG-GAS 2.12]	GA109	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Has the audit organization documented the auditor’s understanding with the audited entity’s management or those charged with governance? [GAS par. 3.39 and 3.59d; AAG-GAS 2.23] This includes <ul style="list-style-type: none"> • objectives of the nonaudit service, • services to be performed, • audited entity’s acceptance of its responsibilities, • the auditor’s responsibilities, and • any limitations of the nonaudit service. 	GA110	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
For all nonaudit services that are not specifically prohibited by GAGAS, did the audit organization document the assessment of the audited entity management’s ability to effectively oversee the nonaudit services provided? (This evaluation and documentation is required for all nonaudit services regardless of the significance of the threats. The designated individual must be willing and able to oversee the nonaudit service[s].) [GAS par. 3.34 and 3.59c; AAG-GAS 2.19]	GA111	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Were the workpapers free of evidence that contradicted the independence conclusions? Documentation of independence considerations provides evidence of the auditor’s judgment in forming conclusions regarding compliance with independence requirements. [AAG-GAS 2.27]	GA112	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
For audit organizations that provided nonaudit services to an entity for which it has performed an audit under GAGAS, has the audit organization communicated with the engagement requestors and those charged with governance to clarify that the scope of the nonaudit services does not constitute an audit under GAGAS? [GAS par. 2.12]	GA114	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
Competence:					
Does the audit team collectively possess adequate professional competence (the blending of technical knowledge, skills, and experience) to address the audit objectives and perform the work in accordance with GAS? [GAS par. 3.69–.75; AAG-GAS 2.35]	GA117	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Do the audit team members appear knowledgeable or to have obtained appropriate knowledge in GAAP (or with the applicable financial reporting framework being used) and GAAS and have sufficient skills appropriate for the work being performed? [GAS par. 3.73]	GA118	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Did the audit organization assess and document the competence and professional qualifications of any external specialists assisting in, or internal specialists consulting on, the audit? [GAS par. 3.79–.81; AAG-GAS 2.41–.42]	GA119	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Do the audit team members, including internal specialists who are involved in planning, directing, performing audit procedures, or reporting on a GAGAS audit, meet the 24- and 80-hour continuing professional education requirements of <i>Government Auditing Standards</i> , as applicable? [GAS par. 3.76–.78 and 3.81; AAG-GAS 2.38–.40 and 2.42]	GA120	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Professional Judgment:					
Has the audit organization exercised appropriate professional judgment in planning and performing the audit and reporting the results? [GAS par. 3.60–.68; AAG-GAS 2.32]	GA121	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Has the audit organization exercised reasonable care in complying with applicable professional standards, exercising professional skepticism, maintaining objectivity and integrity, assigning competent staff, defining the scope of work, evaluating the evidence, and maintaining appropriate quality control in the conduct of the attest engagement? [GAS par. 3.61–.68; AAG-GAS 2.31–.33]	GA122	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Quality Control and Assurance:					
Has the organization met the external peer review requirements through an independent peer review once every three years, sufficient in scope to meet the GAGAS requirements? [GAS par. 3.82b, 3.96–.107, and AAG-GAS 2.43]	GA128	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<hr/> <i>Note:</i> GAGAS provides that the first peer review for an audit organization not already subject to a peer review requirement covers a review period ending no later than three years from the date the audit organization begins its first audit in accordance with GAGAS. [GAS par. 3.97] <hr/>					
Has the audit organization made its most recent peer review report publicly available, such as through website postings, availability in a public file, or other transparent means? [GAS par. 3.105]	GA129	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
When requested, does the audit organization’s engagement understanding with the party contracting for the audit include having provided the organization’s most recent (within the last three years) external peer review report, and any subsequent peer review reports received during the period of the audit contract to the party contracting for the audit? [GAS par. 3.106]	GA130	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

If the audit organization is relying on another audit organization’s work, did the relying audit organization request and receive a copy of and consider the impact of the other organization’s most recent external peer review report and any other written communication issued? [GAS par. 3.107]

GA131 _____

STANDARDS FOR FINANCIAL AUDITS

Note: GAGAS requires that the auditor follow the AICPA *Codification of Statements on Auditing Standards* and comply with the following standards for financial audits.

Auditor Communication During Planning:

Did the audit organization communicate, in writing, to the appropriate officials of the entity’s management, those charged with governance, and the individuals contracting for or requesting the audit as well as appropriately document pertinent information that in the auditors’ professional judgment needs to be communicated when auditors perform the audit pursuant to a law or regulation or when they conduct the work for the legislative committee that has oversight of the audited entity? [GAS par. 4.03–.04; AAG-GAS 3.14 and 3.64]

GA132 _____

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
Considering the Results of Previous Audits and Attest Engagements:					
Did the audit organization ask management of the audited entity to identify previous audits, attest engagements, or other studies that directly relate to the audit objectives? [GAS par. 4.05; AAG-GAS 3.12]	GA133	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Did the audit organization evaluate whether the audited entity has taken appropriate corrective action to address findings and recommendations from previous engagements that could have a material effect on the financial statements or other financial data significant to the audit objectives? [GAS par. 4.05; AAG-GAS 3.12]	GA134	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Did the audit organization use the information gathered in regards to findings and recommendations from previous engagements in assessing risk and determining the nature, timing, and extent of current audit work? [GAS par. 4.05; AAG-GAS 3.12]	GA135	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse:					
In addition to the AICPA requirements concerning fraud and noncompliance with provisions of laws and regulations, did the auditor extend the AICPA requirements pertaining to the auditors' responsibilities for laws and regulations to also apply to consideration of compliance with provisions of contracts or grant agreements? [GAS par. 4.06; AAG-GAS 3.45–.46]	GA136	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
If indications of possible abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives are identified, did the audit organization apply procedures to determine the potential effect on the financial statements or other data significant to the engagement objectives? [GAS par. 4.08; AAG-GAS 3.55]	GA137	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Developing Elements of a finding:					
If deficiencies in internal control, noncompliance with provisions of laws, regulations, and contracts or grant agreements; fraud or abuse were identified, did the audit organization plan and perform procedures to develop the audit findings to contain the elements or criteria, condition, cause, and effect or potential effect, as relevant and necessary to achieve the audit objectives? [GAS par. 4.10–.14; AAG-GAS 3.60]	GA138	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Audit Documentation:					
Does the audit documentation contain evidence of supervisory reviews, before the audit report is issued, of the work performed that supports findings, conclusions, and recommendations in the report? [GAS par. 4.15; AAG-GAS 3.21]	GA139	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
If the audit organization did not comply with applicable GAGAS requirements (mandatory requirements, and presumptively mandatory requirements where alternative procedures were not sufficient to achieve the standard's objectives), did the documentation include the departure, its impact on the audit and the impact on their conclusions? [GAS par. 4.15; AAG-GAS 3.21]	GA140	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
If applicable, did the audit organization report known or likely fraud, noncompliance with provisions of laws, regulations, and contracts or grant agreements, or abuse directly to outside parties (1) when the entity fails to satisfy legal or regulatory requirements to report such information themselves or (2) when the findings are material to the subject matter, involve funding from another government agency, and the entity has failed to timely report such information to the funding agency? [GAS par. 4.30–.32; AAG-GAS 4.43]	GA149	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Note: This requirement on the audit organization applies even if the organization has resigned or been dismissed from the engagement prior to its completion. [GAS par. 4.31; AAG-GAS 4.44]					
If the entity was required to report known or likely fraud, noncompliance with provisions of contracts or grant agreements, or abuse to outside parties and asserted that they have indeed met such requirements, did the audit organization obtain sufficient evidence, such as confirmations, to corroborate management’s assertions? [GAS par. 4.32; AAG-GAS 4.45]	GA150	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
If certain information is prohibited from public disclosure or is excluded from the report due to confidentiality or its sensitive nature, did the audit organization evaluate the effect of the omission, and did the auditor’s report state that certain information was omitted and the reason that makes the omission necessary? [GAS par. 4.40–.44; AAG-GAS 4.68]	GA155	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
If the audit organization was subject to public records laws that impact report availability, did the audit organization determine whether other means of communicating with management and those charged with governance would be more appropriate? [GAS par. 4.44; AAG-GAS 4.70]	GA156	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Distributing Reports:					
If report distribution was limited for any reason, did the audit organization document such limitation? [GAS par. 4.45; AAG-GAS 4.67]	GA157	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Was the audit report submitted to those charged with governance, the appropriate audited entity officials, and to the appropriate oversight bodies or organizations requiring or arranging for the audit? [GAS par. 4.45; AAG-GAS 4.67]	GA158	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Did the audit organization also distribute report copies, as appropriate, to other officials who have legal oversight or who may be responsible for acting on audit findings and recommendations and any other parties authorized to receive such reports? [GAS par. 4.45a; AAG-GAS 4.67]	GA159	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Did the audit organization clarify report distribution responsibilities with the organization that engaged the audit organization? [GAS par. 4.45c; AAG-GAS 4.67]	GA160	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
If the audit organization agreed to make the report distribution, did the engagement agreement include steps to be taken to ensure the availability of the report for public inspection? [GAS par. 4.45c; AAG-GAS 4.67]	GA161	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

SECTION V – MINNESOTA AUDIT DOCUMENTATION REVIEW CHECKLIST-ADDITIONAL REQUIREMENTS

ADDITIONAL REQUIREMENTS FOR MINNESOTA COUNTY AUDITS	Y	N	NA	REF
<p>Pursuant to Minn. Stat. §§ 6.481 and 6.65, the OSA has identified the minimum audit procedures that are required for audits of Minnesota counties. These minimum procedures shall be performed on all audits of Minnesota counties whether conducted by the OSA or a CPA firm. This checklist identifies additional audit procedures/considerations that may not be required by auditing standards, but are significant to Minnesota counties.</p>				
<ul style="list-style-type: none"> As identified in the County Audit Guide, additional testing is required by the <i>Minnesota Legal Compliance Audit Guide for Counties</i>. Under each section, except for the initial question establishing the transaction covered by the topic heading and except where the explanation of a given question indicates otherwise, all questions should be answered in the affirmative. A negative answer indicates a compliance problem, and the user of the checklist is directed to the statutory section indicated on the left-hand side of the page. If, after examination of the appropriate statute, the auditor using this Audit Guide is still unsure as to whether there has been legal compliance, he or she should check with legal counsel before rendering a conclusion on compliance contained at the end of each section. Do the workpapers indicate the required testing of Minnesota Legal Compliance has been performed? 				
<ul style="list-style-type: none"> Pursuant to Minn. Stat. § 6.67, if an auditor discovers possible misconduct by a county employee or official during the course of the audit, has the auditor promptly informed the OSA and the County Attorney in writing? 				
<ul style="list-style-type: none"> The CPA firm and/or county shall submit one paper copy and one electronic copy of the County’s annual financial report, including all of the auditor’s reports on internal control and compliance, schedule of findings and questioned costs and, if applicable the auditor’s report on the schedule of expenditures of federal awards. If a separate “management letter” is issued, a copy should be submitted to the OSA. Have the required reports been submitted? 				
<ul style="list-style-type: none"> Do the workpapers identify that all the auditor’s reports and/or separate “management letter” were distributed to each member of the county board and all officials directly interested in the audit results? (i.e., officials designated by laws or regulations to receive such reports, those responsible for acting on findings and recommendations, legislators, and those of other levels of government that have provided financial assistance to the auditee.) 				
<ul style="list-style-type: none"> Every county has decentralized fee collecting offices (i.e., sheriff’s department, planning and zoning, county recorder, parks, landfill, health services, etc.). Although some are small in comparison to other county revenue sources, they are more susceptible to errors or fraud due to their small size. Has the CPA firm documented their review of internal controls for these fee collecting offices as part of the audit engagement? The reviews may be conducted on a cyclical basis of a review once every two - three years. 				

SECTION V – MINNESOTA AUDIT DOCUMENTATION REVIEW CHECKLIST-ADDITIONAL REQUIREMENTS

ADDITIONAL REQUIREMENTS FOR MINNESOTA COUNTY AUDITS	Y	N	NA	REF
<ul style="list-style-type: none"> Do the CPA firm’s workpapers document that the firm followed up on the prior findings and questioned costs/recommendations and identified the status of findings in the current year’s schedule of findings? 				
<ul style="list-style-type: none"> In previous years, accounting and financial reporting for state-aid to highways and other transportation revenues have been subject to errors and audit adjustments in the reported amounts. Have the auditors performed an analysis of highway revenue and receivable recognition as part of the audit engagement? 				
<ul style="list-style-type: none"> Has the CPA firm or county obtained the state vendor payment run from the state for the county and compared significant receipts to what the county is reporting in their financial statements? 				