**GUIDE FOR DESK REVIEWS OF**

**OMB CIRCULAR A‑133 AUDIT REPORTS**



**Council of Inspectors General on**

**Integrity & Efficiency (CIGIE)**

**2015 Edition**

**References and Acronyms**

References included are current as of the date of publication of this guide. The reviewer should identify and use the requirements and standards in effect for the audit being reviewed, and cite them in any pertinent documentation and communications. The reviewer should also be familiar with and have available the Office of Management and Budget (OMB) Circular A-133 Compliance Supplement in effect for the period audited. Below are abbreviations used to refer to the requirements and standards referenced as applicable criteria in this Guide, as well as some acronyms commonly found in OMB Circular A-133 reports:

A-133: OMB Circular A-133, “Audits of States, Local Governments, and Non-Profit Organizations,” as revised by Federal Register Notice on June 26, 2007.

AAG-SLA: “AICPA Audit Guide -- *Government Auditing Standards* and Circular A-133 Audits,” with conforming changes as of February 1, 2013

AICPA: American Institute of Certified Public Accountants

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

CFDA: Catalog of Federal Domestic Assistance

DR: Desk Review

FAC: Federal Audit Clearinghouse

GAAS: Generally Accepted Auditing Standards

GAGAS: Generally Accepted Government Auditing Standards

GAS: Government Auditing Standards (December 2011 Revision)

OCBOA: Other Comprehensive Basis of Accounting

OMB: Office of Management and Budget

QCR: Quality Control Review

SEFA: Schedule of Expenditures of Federal Awards

SF-SAC: Standard Form - Single Audit Collection (Data Collection Form)

**Introduction**

**Objectives**

The objectives of this desk review guide are to:

1. determine whether audit reports for audits performed under OMB Circular A-133 (A‑133) are acceptable under the reporting requirements of A-133;
2. identify any quality issues that may warrant follow-up audit work and/or revisions to the audit report;
3. identify audits for potential Quality Control Reviews (QCR); and,
4. identify issues that may require management attention.

**Applicability and Use**

This guide is effective for desk reviews of A-133 audit reporting packages (as defined at A‑133.320[c]) for audit years ended on or after December 15, 2012. It is intended that this guide serve as the minimum documentation to support the desk review. **This guide has not been updated for and should not be used for the review of Single Audits performed in accordance with OMB’s *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* at 2 CFR Part 200 (2 CFR 200). A future guide revision will address the changes to Single Audits under 2 CFR 200.**

A desk review should be performed whenever a QCR is performed. When this guide is used as part of a QCR, reviewers should refer to the “Guide for Quality Control Reviews of OMB Circular A-133 Audits” for further guidance.

This guide is designed for use by reviewers who are knowledgeable about A-133 audit requirements. Reviewers using this guide should have access to and be familiar with the contents of A-133 (including the Compliance Supplement), GAGAS, and the American Institute of Certified Public Accountants (AICPA) Audit Guide “*Government Auditing Standards* and Circular A-133 Audits” (AAG-SLA). Reviewers should update the guide to reflect any subsequent changes to the auditing standards and AAG-SLA.

Agencies may modify or supplement this guide to meet their needs. Reviewers should use professional judgment in developing a review approach by adding procedures as appropriate.

**Guide Format and Instructions**

The guide is generally organized by reporting standards and elements of an A-133 audit. Questions DR-1 through DR-14 and DR-26 relate to the information reported in an A-133 audit, and have been designed to show "Yes" or "N/A" (not applicable) answers as favorable responses. Reviewers should use guide step C-3 to explain Unfavorable (“No”) responses. Questions DR-15 through DR-25 are designed for analysis of information contained in the reporting packages. A “Yes” answer for questions DR-15 through DR-20 and a “No” answer for questions DR-21 through DR-25 may indicate the need for follow-up and should be fully explained in the notes. Question DR-26 applies to "program-specific" audits. Significant quality deficiencies should be brought forward to the Overall Conclusions section and cross-referenced to the reporting package.

Reviewers may wish to complete the "Major Federal Program Determination" worksheet (attached) to determine the answers to Questions DR-22 and DR-23.

**GENERAL INFORMATION**

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| **G-1** | Auditee |  |
| **G-2** | Audit Period |  |
| **G-3** | Auditor(s) or Audit Organization(s) (primary and secondary auditors, if applicable) and location |  |
| **G-4** | Date of Compliance Report (and date of financial statement report, if different) |  |
| **G-5** | “FAC Accepted Date”[[1]](#footnote-1) for use in answering question DR-25 |  |
| **G-6** | Federal funding agencies with Direct Expenditures |  |
| **G-7** | Personnel Contacted during Review (including contact information, reasons contacted, and results) |  |

**OVERALL CONCLUSIONS**

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| **C-1.** Based on our review, the rating assigned to the auditor’s report(s), including the Schedule of Findings and Questioned Costs, is (check as applicable): | [ ] | **Pass** | Report contains no quality issues or only minor quality issues that do not require corrective action for the audit under review or future audits. |
| [ ] | **Pass with Deficiencies** | Report contains quality deficiencies that should be brought to the attention of the auditor (and auditee, where appropriate) for correction in future audits. |
| [ ] | **Fail[[2]](#footnote-2)** | Report contains quality deficiencies that may affect the reliability of the audit report and/or may require the auditor to conduct additional audit work to support the opinions in the report under review, and which must be corrected in the audit report under review. |

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| **C-2.** Based on our review, the auditee’s Schedule of Expenditures of Federal Awards, Corrective Action Plan, and Summary Schedule of Prior Audit Findings appropriately present the elements required by A-133, and Form SF-SAC accurately reflects the results of the audit (check as applicable): | **Section** | **Yes** | **No** | **N/A** |
| Schedule of Expenditures of Federal Awards | [ ] | [ ] | [ ] |
| Corrective Action Plan | [ ] | [ ] | [ ] |
| Summary Schedule of Prior Audit Findings | [ ] | [ ] | [ ] |
| Form SF-SAC | [ ] | [ ] | [ ] |

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| **C-3.** Describe any quality deficiencies that were identified during the review (with reference to applicable DR question) and the reviewer’s recommendations. |  |

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| **C-4.** If applicable, describe any reasons why a quality control review should be considered. |  |

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| **C-5.** There [ ] are or [ ] are not issues (e.g., audit quality issues, findings, management letter observations) that should be brought to the attention of program management. (Describe issues.) |  |

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| Preparer Signature and Date: |  |
| Preparer Name and Title: |  |

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| Reviewer Signature and Date: |  |
| Reviewer Name and Title: |  |

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| **Question** | | | **Criteria** | **Yes** | **No** | **N/A** | **Report Reference** |
| **QUALIFICATIONS AND INDEPENDENCE** | | | | | | | |
| DR-1 | Is the report free of indications that the auditor is not independent or is not qualified to perform the audit? *[Note: Reviewers may wish to answer this question after completion of the checklist. If a question arises concerning the licensing of a public accountant, State licensing authorities should be able to provide the necessary information.]* | | GAS 3.02-.59, 3.69-.75;  AU-C 200.15 |  |  |  |  |
| **REPORTING** | | | | | | | |
| **Opinion on the Financial Statements and Schedule of Expenditures of Federal Awards** | | | | | | | |
| DR-2 | Do the financial statements reflect the financial position, results of operations or changes in net assets (or equivalent), and, where appropriate, the cash flows of the entity for the fiscal year audited, or was the auditor’s report appropriately modified? | | A-133.310(a) |  |  |  |  |
| DR-3 | Does the Independent Auditor’s Report contain the following required elements: | | A-133.505(a) |  |  |  |  |
|  | DR-3a | A statement that the financial statements identified in the opinion were audited? | AU-C 700.25(b) |  |  |  |  |
| DR-3b | A statement that the audit was conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) and with applicable GAGAS? | GAS 2.23-2.24, 4.18;  AU-C 700  .31, .42;  AAG-SLA 4.48(i) |  |  |  |  |
| DR-3c | An opinion (or disclaimer of opinion) regarding whether the financial statements are fairly presented, in all material respects, in conformity with the applicable reporting framework? | AU-C 700  .34-.36 |  |  |  |  |
| DR-3d | Identification of the applicable reporting framework and its origin (for example, accounting principles generally accepted in the United States of America)? | AU-C 800  .15, .18 |  |  |  |  |
| DR-3e | A reference to the separate report on internal control over financial reporting and on compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters prepared in accordance with GAGAS? | GAS 4.22 |  |  |  |  |
| DR-3f | The manual or printed signature of the primary auditor or audit organization? | AU-C 700.39 |  |  |  |  |
| DR-3g | The city and state where the primary auditor or audit organization practices? | AU-C 700.40 |  |  |  |  |
| DR-3h | The date of the audit report? | AU-C 700.41 |  |  |  |  |
| **Question** | | | **Criteria** | **Yes** | **No** | **N/A** | **Report Reference** |
| **Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*** | | | | | | | |
| DR-4 | Do(es) the report(s) on compliance and internal control over financial reporting contain the following required elements: | | A-133 .505(b) |  |  |  |  |
|  | DR-4a | A statement that the audit was conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) and with applicable *Government Auditing Standards*? | GAS 4.18;  AAG-SLA 4.54(c)[[3]](#footnote-3) |  |  |  |  |
| DR-4b | A statement that explains that the audit included consideration of internal control over financial reporting in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control? | AU-C 265 .14(c)(i)-(iii);  AAG-SLA 4.54(e) |  |  |  |  |
| DR-4c | The definition of the term “material weakness,” and, when relevant, the definition of the term “significant deficiency”? | AU-C 265 .14(a);  AAG-SLA 4.54(f) |  |  |  |  |
| DR-4d | A statement that explains the auditor's consideration of the internal control was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified? | AU-C 265 .14(c)(iv); AAG-SLA 4.54(g-i) |  |  |  |  |
| DR-4e | If applicable, a description of the significant deficiencies and material weaknesses and an explanation of their potential effects or a reference to the applicable schedule of findings and questioned costs? | AU-C 265 .14(b);  AAG-SLA 4.54(i) |  |  |  |  |

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| **Question** | | | **Criteria** | **Yes** | **No** | **N/A** | **Report Reference** |
|  | DR-4f | If no material weaknesses were identified, a statement that given the limitations described in DR-4d the auditor did not identify any deficiencies in internal control that are considered to be material weaknesses, although material weaknesses may exist that have not been identified? *[Note: If no significant deficiencies or material weaknesses were identified, the sentence above would be combined into a paragraph with DR-4d.]* | AAG-SLA 4.54(g-h) |  |  |  |  |
| DR-4g | A statement that, as part of obtaining reasonable assurance about whether the entity's financial statements are free from material misstatement, the auditor performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which would have a direct and material effect on the determination of financial statement amounts and a statement that providing an opinion on compliance with those provisions was not an objective of the audit, and accordingly, the auditor does not express such an opinion? | GAS 4.20; AAG-SLA 4.54(k) |  |  |  |  |
| DR-4h | A statement (1) whether the results of tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards, and, if they are, (2) a reference to the schedule of findings and questioned costs? | GAS 4.23; AAG-SLA 4.54(l-m) |  |  |  |  |
| DR-4i | If applicable, a statement that the audited entity's response to the findings identified in the audit are described in the accompanying schedule and the response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, the auditor does not express an opinion on it? | AU-C 265.A33 |  |  |  |  |

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| **Question** | | | **Criteria** | **Yes** | **No** | **N/A** | **Report Reference** |
|  | DR-4j | Statement that (1) the purpose of the report is solely to describe the scope of the testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, (2) this report is an integral part of an audit performed in accordance with GAGAS in considering the entity's internal control and compliance, and (3) accordingly, this communication is not suitable for any other purpose? | AU-C 905.11; AAG-SLA 4.54(r) |  |  |  |  |
| DR-4k | The manual or printed signature of the primary auditor or audit organization? | AU-C 700.39 |  |  |  |  |
| DR-4l | The city and state where the primary auditor or audit organization practices? | AU-C 700.40 |  |  |  |  |
| DR-4m | The date of the auditor’s report? | AU-C 700.41 |  |  |  |  |
| **Report on Compliance for each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133** | | | | | | | |
| DR-5 | Do(es) the report(s) on compliance and internal control over major Federal programs contain the following required elements: | | |  |  |  |  |
|  | DR-5a | An introductory paragraph that includes the following: (1) identification of the one or more government programs covered by the compliance audit or reference to a separate schedule containing that information, (2) identification of the applicable compliance requirements or a reference to where they can be found, and (3) identification of the period covered by the report? | AU-C 935 .30(c);  AAG-SLA 13.31(d) |  |  |  |  |
| DR-5b | A statement that the compliance audit was conducted in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, and the governmental audit requirement (OMB Circular A‑133)? | A-133.500(a);  AU-C 935 .30(e)(ii); AAG-SLA 13.31(f)(ii) |  |  |  |  |

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| **Question** | | | **Criteria** | **Yes** | **No** | **N/A** | **Report Reference** |
|  | DR-5c | If noncompliance results in a modified opinion, a section with an appropriate subheading, indicating the basis for the modified opinion that includes a description of such noncompliance, or a reference to a description of such noncompliance in an accompanying schedule? | A-133 .505(c);  AU-C 935 .30(f);  AAG-SLA 13.31(h-i) |  |  |  |  |
| DR-5d | An opinion on whether the entity complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on each of its major Federal programs? | A-133 .505(c);  AU-C 935 .30(g);  AAG-SLA 13.31(g-i) |  |  |  |  |
| DR-5e | If other noncompliance is identified that does not result in a modified opinion but that is required to be reported by the governmental audit requirement (OMB Circular A-133), an other-matter paragraph that includes a description of such noncompliance or a reference to an accompanying schedule? | A-133 .505(c);  AU-C 935 .30(h);  AAG-SLA 13.31(j) |  |  |  |  |
| DR-5f | A statement that in planning and performing the compliance audit, the auditor considered the auditee's internal control over compliance with the applicable requirements to determine the auditing procedures for the purpose of expressing an opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance? | AU-C 935 .31(b);  AAG-SLA 13.31(k)(ii) |  |  |  |  |
| DR-5g | A definition of *deficiency in internal control over compliance* and *material weakness in internal control over compliance*? | AU-C 935.31(e) |  |  |  |  |
| DR-5h | A statement that the auditor's consideration of the internal control over compliance was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses in internal control over compliance? | AU-C 935 .31(d);  AAG-SLA 13.31(k)(v) |  |  |  |  |
| DR-5i | If no material weaknesses in internal control over compliance were identified, a statement to that effect? | AU-C 935 .31(h);  AAG-SLA 13.31(k)(vi-vii) |  |  |  |  |
| **Question** | | | **Criteria** | **Yes** | **No** | **N/A** | **Report Reference** |
|  | DR-5j | A description of any identified material weaknesses in internal control over compliance or a reference to an accompanying schedule containing such a description? | AU-C 935 .31(f);  AAG-SLA 13.31(k)(ix) |  |  |  |  |
| DR-5k | If significant deficiencies in internal control over compliance were identified, (1) the definition of significant deficiency in internal control over compliance and (2) a description of the deficiencies or a reference to the accompanying schedule containing such a description? | AU-C 935 .31(g);  AAG-SLA 13.31(k)(viii) |  |  |  |  |
| DR-5l | An alert describing the purpose of the auditor’s report and that the report is not suitable for any other purposes? | AU-C 935 .30(i), .31(i) |  |  |  |  |
| DR-5m | The manual or printed signature of the primary auditor or audit organization? | AU-C 935 .30(j) |  |  |  |  |
| DR-5n | The city and state where the primary auditor or audit organization practices? | AU-C 935 .30(k) |  |  |  |  |
| DR-5o | The date of the auditor’s report? | AU-C 935 .30(l) |  |  |  |  |
| **Schedule of Expenditures of Federal Awards (SEFA)** *[Note: Preparation of the SEFA is the responsibility of the auditee.]* | | | | | | | |
| DR-6 | Did the auditor, in either an other-matter paragraph or a separate report on the supplementary information, issue an opinion (or disclaimer of opinion) on whether the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole? | | AU-C  725.09(e)-(f), 725.11 |  |  |  |  |
| DR-7 | Does the report contain a SEFA that: | | |  |  |  |  |
|  | DR-7a | Lists individual Federal programs by Federal agency and, for a cluster of programs (as defined in A-133.105), lists individual Federal programs within the cluster? For R&D, awards expended shall be shown either by individual award or by Federal agency and major subdivision? | A-133 .310(b)(1) |  |  |  |  |
| DR-7b | Identifies, for Federal awards received as a subrecipient, the name of the pass-through entity and the identifying number assigned by the pass-through entity? | A-133 .310(b)(2) |  |  |  |  |

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| **Question** | | | **Criteria** | **Yes** | **No** | **N/A** | **Report Reference** |
|  | DR-7c | Provides the total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA number is not available? | A-133 .310(b)(3) |  |  |  |  |
| DR-7d | Includes notes that describe the significant accounting policies used in preparing the schedule? | A-133 .310(b)(4) |  |  |  |  |
| DR-7e | Includes, to the extent practical, the total amount provided to subrecipients by each Federal program? | A-133 .310(b)(5) |  |  |  |  |
| DR-7f | If applicable, includes, in either the schedule or a note to the schedule, the value of Federal awards expended in the form of noncash assistance, the amount of insurance in effect during the year, and loans and loan guarantee programs outstanding at year-end? | A-133 .310(b)(6) |  |  |  |  |
| **Schedule of Findings and Questioned Costs** | | | | | | | |
| *Section 1 – Summary of Auditor’s Results* | | | | | | | |
| DR-8 | Does the schedule of findings and questioned costs include a summary of audit results section containing the following elements, and are these elements accurately reported based on the contents of the audit reporting package: | | |  |  |  |  |
|  | DR-8a | Type of opinion(s) issued on the auditee’s financial statements? | A-133 .505(d)(1)(i) |  |  |  |  |
| DR-8b | A statement whether the audit disclosed any significant deficiencies or material weaknesses in internal control over financial reporting? | A-133 .505(d)(1)(ii) |  |  |  |  |
| DR-8c | A statement whether the audit disclosed any noncompliance that is material to the auditee’s financial statements? | A-133 .505(d)(1)(iii) |  |  |  |  |
| DR-8d | Type of opinion(s) issued on the auditee’s compliance with major Federal programs? | A-133 .505(d)(1)(v) |  |  |  |  |
| DR-8e | A statement that identifies whether the audit disclosed any significant deficiencies or material weaknesses in internal controls over major Federal programs? | A-133 .505(d)(1)(iv) |  |  |  |  |
| DR-8f | A statement whether the audit disclosed any audit findings which the auditor is required to report under A-133.510(a)? | A-133 .505(d)(1)(vi) |  |  |  |  |
| DR-8g | Identification of the auditee’s major Federal programs? | A-133 .505(d)(1)(vii) |  |  |  |  |

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| **Question** | | | | **Criteria** | **Yes** | **No** | **N/A** | **Report Reference** |
|  | DR-8h | Dollar threshold used to distinguish between Type A and Type B programs? | | A-133 .505(d)(1)(viii) |  |  |  |  |
| DR-8i | A statement whether the auditee qualified as a low-risk auditee? | | A-133 .505(d)(1)(ix) |  |  |  |  |
| *Section 2 – Findings related to the financial statements* | | | | | | | | |
| DR-9 | Does the schedule of findings and questioned costs contain the findings relating to the financial statements which are required to be reported in accordance with GAGAS? If so, were the elements of the findings presented in accordance with GAGAS? | | | A-133 .505(d)(2); GAS 4.10-.14, 4.23-.29 |  |  |  |  |
| *Section 3 – Findings and questioned costs for Federal awards* | | | | | | | | |
| DR-10 | Are internal control deficiencies, instances of noncompliance, questioned costs, or suspected fraud which relate to the same issue presented as one audit finding? | | | A-133 .505(d)(3)(i) |  |  |  |  |
| DR-11 | Are audit findings which relate to both the financial statements and Federal awards reported in both the financial statement and Federal award sections of the schedule? *[Note: One section may simply refer to the other section, as long as the referred section contains all of the information identified in DR-12.]* | | | A-133 .505(d)(3)(ii) |  |  |  |  |
| **Presentation of the Audit Findings** | | | | | | | | |
| DR-12 | Are the Federal findings presented in sufficient detail with the following information: | | | |  |  |  |  |
|  | DR-12a | | A reference number for each finding? | A-133 .510(c) |  |  |  |  |
| DR-12b | | Federal program and specific Federal award identification, including the CFDA title and number, Federal award number and year, name of Federal agency, and name of applicable pass-through entity. When information such as the CFDA title and number or Federal award number is not available, the auditor should provide the best information available. *[Note: The finding may refer to the award information presented in the SEFA, as long as the SEFA contains all of the information identified in DR-12b.]* | A-133 .510(b)(1) |  |  |  |  |
| DR-12c | | The criteria or specific requirement upon which the audit finding is based, including the statutory, regulatory, or other citation? | A-133 .510(b)(2);  GAS 4.11 |  |  |  |  |
| **Question** | | | | **Criteria** | **Yes** | **No** | **N/A** | **Report Reference** |
|  | DR-12d | | The condition found, including facts that support the deficiency identified in the audit finding? | A-133 .510(b)(3);  GAS 4.12 |  |  |  |  |
| DR-12e | | The identification of questioned costs in sufficient detail to enable the Federal agencies/pass-through entities to arrive at a management decision and how the questioned costs were computed? *[Note: This would include the identification of questioned costs by applicable CFDA and award numbers]* | A-133.510(b), .510(b)(4) |  |  |  |  |
| DR-12f | | Information to provide proper perspective for judging the prevalence and consequences of the audit findings, such as whether the finding represents an isolated instance or a systemic problem? | A-133 .510(b)(5);  GAS 4.29 |  |  |  |  |
| DR-12g | | The possible asserted effect to provide sufficient information to the auditee and Federal agency, or pass-through entity in the case of a subrecipient, to permit them to determine the cause and effect to facilitate prompt and proper corrective action? | A-133 .510(b)(6);  GAS 4.13 – 4.14 |  |  |  |  |
| DR-12h | | Recommendations to prevent future occurrences of the identified deficiency? | A-133 .510(b)(7);  GAS 4.28 |  |  |  |  |
| DR-12i | | Views of responsible officials of the auditee? | A-133 .510(b)(8);  GAS 4.33-4.39 |  |  |  |  |
| **Corrective Action Plan** *[Note: Preparation of the corrective action plan is the responsibility of the auditee.*] | | | | | | | | |
| DR-13 | Does the corrective action plan include the following for each finding: | | | |  |  |  |  |
|  | DR-13a | | Corrective action planned or reasons that corrective action is not required? | A-133.315(c) |  |  |  |  |
| DR-13b | | Anticipated completion date(s) for corrective action? | A-133.315(c) |  |  |  |  |
| DR-13c | | The auditee contact person(s) responsible for corrective action? | A-133.315(c) |  |  |  |  |
| **Summary Schedule of Prior Audit Findings** *[Note: Preparation of the Schedule is the responsibility of the auditee]* | | | | | | | | |
| DR-14 | If applicable, does the report contain a summary schedule of prior audit findings? *[Note: Reviewer should review prior year audit report to verify audit findings are appropriately included.]* | | | A-133.315(b) |  |  |  |  |

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| **Question** | | | **Criteria** | **Yes** | **No** | **N/A** | **Report Reference** |
| **ANALYSIS OF INFORMATION** | | | | | | | |
| *[Questions DR-15 through DR-25 are designed for analysis of information contained in the reporting packages. A “Yes” answer for questions DR-15 through DR-20 and a “No” answer for questions DR-21 through DR-25 may indicate the need for follow-up and should be fully explained in the notes. Significant quality issues should be brought forward to the Overall Conclusion section.]* | | | |  |  |  |  |
| DR-15 | Was a management letter or other “correspondence with those charged with governance” issued by the auditors? *[Note: Request a copy if not included in the audit reporting package.]* | | A-133.320(f); AU-C 260.16, 265.12b |  |  |  |  |
| DR-16 | If a management letter or other correspondence was issued, does the correspondence identify conditions, not reported in the audit report, which met the reporting requirements identified in A-133.510(a)? *If yes, consider whether the condition(s) need to be forwarded to program management for follow-up action.* | | A-133.510(a) |  |  |  |  |
| DR-17 | Do(es) the report(s) contain indications of fraudulent or illegal acts or other sensitive matters affecting Federal awards? *If yes, consider communicating information with other interested parties.* | | GAS 4.25-4.29 |  |  |  |  |
| DR-18 | Do the financial statements and/or the notes to the financial statements or SEFA indicate any conditions that negatively affect Federal awards or that should be reported to Federal officials? | |  |  |  |  |  |
| DR-19 | Are any of the auditor’s opinions other than unmodified? | | |  |  |  |  |
|  | DR-19a | If the opinion on the financial statement was modified, *consider communicating information with other interested parties*. |  |  |  |  |  |
| DR-19b | If the opinion on compliance was modified for any major Federal program, was a corresponding audit finding disclosed? | A-133 .510(a)(5) |  |  |  |  |
| DR-20 | Does the summary schedule of prior audit findings indicate any issues which remain uncorrected from the prior year and that need to be brought to the attention of stakeholders? | |  |  |  |  |  |
| DR-21 | Do(es) the report(s) reflect the proper determination of low-risk auditee status? *[Reviewer should answer this based on a review of the audit reporting packages for each of the preceding 2 audit periods.]* | | A-133.530 |  |  |  |  |

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| **Question** | | **Criteria** | **Yes** | **No** | **N/A** | **Report Reference** |
| DR-22 | Did the auditors properly calculate the Type A/B threshold for determination of major Federal programs? | A-133.520(b) |  |  |  |  |
| DR-23 | Did the auditors properly identify the major Federal programs? *[Note: All awards within a single CFDA number or within a cluster should be grouped as one program.]* | A-133 .105, .520(e-f) |  |  |  |  |
| DR-24 | Based on the information contained in the audit report, did the auditee and auditor properly complete the Data Collection Form (SF-SAC)? | A-133 .320(b)(3), .500(f) |  |  |  |  |
| DR-25 | Did the auditee submit the Data Collection Form (SF-SAC) and the reporting package on time? | A-133.320(a) |  |  |  |  |

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| --- | --- | --- | --- | --- | --- | --- | --- |
| **Question** | | | **Criteria** | **Yes** | **No** | **N/A** | **Report Reference** |
| **PROGRAM-SPECIFIC AUDIT** | | | | | | | |
| DR-26 | If the auditor did not use a program-specific guide because one was not available or not current, were the following issued for the program and found to be acceptable by the reviewer: | | |  |  |  |  |
|  | DR-26a | Opinion (or disclaimer of opinion) on whether the financial statements of the Federal program are presented fairly in all material respects in conformity with stated accounting principles? | A-133 .235(b)(4)(i) |  |  |  |  |
| DR-26b | Report on internal control related to the Federal program, which describes the scope of the testing of internal controls and the results of the tests? *[Note: The report on internal control and the report on compliance (DR-26c) may be combined into one report.]* | A-133 .235(b)(4)(ii) |  |  |  |  |
| DR-26c | Report on compliance, including an opinion (or disclaimer of opinion) as to whether the auditee complied with laws, regulations, and the provisions of contracts or grants that could have a direct and material effect on the Federal program? *[Note: The report on compliance and the report on internal control (DR-26b) may be combined into one report.]* | A-133 .235(b)(4)(iii) |  |  |  |  |
| DR-26d | Schedule of findings and questioned costs for the federal program, which includes a summary of auditor’s results relative to the audit of the federal program and findings and questioned costs? | A-133 .235(b)(4)(iv) |  |  |  |  |
| DR-26e | A schedule of expenditures of Federal awards, schedule of prior audit findings, and a Corrective action plan? | A-133 .235(b)(2) |  |  |  |  |

Major Federal Program Determination Worksheet

*Instructions for Completing Major Federal Program Determination Worksheet*

The purpose of this worksheet is to determine whether the auditors properly identified the major Federal programs (DR-23) and Type A/B threshold (DR-22). If the Schedule of Expenditures of Federal awards (SEFA) and/or notes to the SEFA include Federal loan and loan guarantee programs as identified in A-133.205(b) through (d) use the guidance in Appendix VII, section IV of the Compliance Supplement, to determine whether these are “large” loan or loan guarantee programs that must be excluded from the determination of the Type A/B threshold.

Appendix VII, section IV, states that the inclusion of large loan and loan guarantees (loans) should not result in the exclusion of other programs as Type A programs. When a Federal program providing loans significantly affects the number or size of Type A programs, the auditor shall consider this Federal program as a Type A program and exclude its values in determining other Type A programs. A loan or loan guarantee program that is four times larger than the largest non-loan program is required to be considered a large loan under the safe-harbor provision. The appendix provides examples of the safe-harbor calculation.

***Note:*** *The OMB issues advisories for unique circumstances, such as ARRA and large-scale natural disasters, which are incorporated into Appendix VII of the Compliance Supplement (Appendix VII). Reviewers should ensure that the guidance in the Appendix VII in effect for the year under review was incorporated into the auditors’ determination of major Federal programs.*

**Step 1. Calculate the Type A/B threshold and the impact of large loan or loan guarantee programs:**

Review the SEFA, including its related notes, for any Federal loan and loan guarantee programs identified, then apply the “safe-harbor” calculation to determine whether any of the loans or loan guarantees are considered “large” and therefore must be excluded from the Type A program threshold calculation. Using this information complete Rows (A) through (D) of the worksheet.

* Row (A): Enter the total Federal expenditures, including all loan and loan guarantee programs, as reported in the SEFA.
* Row (B): Enter the amount of any “large” loan and loan guarantee programs, as determined using the safe-harbor calculation. If there are no large loans/loan guarantee programs enter “0.”
* Row (C): Subtract row (B) from row (A) and enter the difference.
* Row (D): Calculate the Type A program threshold by applying the criteria at A-133.520(b)(1) to the Federal expenditures recorded on row (C) then enter the result on row (D):
  + If row (C) is between $300,000 and $100 million: Multiply row (C) by .03.
  + If row (C) is between $100 million and $10 billion: Multiply row (C) by .003.
  + If row (C) is greater than $10 billion: Multiply row (C) by .0015.

**Step 2. Identify Type A programs.**

* Column (E) and (F): List the Type A programs and clusters in column (E), and record their related expenditures in column (F). Type A programs are those programs included in the SEFA with expenditures that exceed the Type A threshold computed in Step 1 above.

**Step 3. Record the auditors’ identification of major Federal programs**

* Column (G) and (H): Identify the major Federal programs listed in the Summary of Auditor’s Results and place an “X” in column (H) for each Type A program that was identified by the auditor as a major Federal program. Enter each program’s total expenditures in the corresponding line in column (G).
* Column (K): In column (K) list each Type B program identified as a major Federal program in the Summary of Auditor’s Results, and record the related expenditures in column (G).

**Step 4. Determine whether the Type A programs identified in the year under audit were audited in either of the last two audit periods.**

* Column (I) and (J): Place an “X” in Columns (I) and (J), as appropriate, for each program listed in column (E), that was identified as a major Federal program in the Summary of Auditor’s Results in the prior two audit reports. Column (I) refers to the prior year audited (the current year minus 1, or CY-1). Column (J) refers to the audit performed 2 years prior (the current year minus 2, or CY-2).

**Step 5. Calculate the total expenditures audited in the FY under audit:**

* Row (L): In Column (G), enter the total amount audited for the current year by adding all expenditures recorded in Column (G) for Type A and Type B programs.

**Step 6. Record the auditors’ determination of low-risk auditee status**

* Row (M): Record the auditors’ determination of low risk audit status, as reported in the Summary of Auditor’s Results.

**Step 7. Determine percentage of required audit coverage**

* Row (N): Based on the determination of low-risk audit status, enter the percentage of total expenditures required for audit coverage (25% for low-risk auditee (Y); 50% for non-low-risk auditee (N)).

**Step 8. Determine whether the auditors met the required percentage of coverage.**

* Row (O): Enter the percentage of audit coverage achieved by dividing row (L) by row (A).
* Compare the achieved percentage of audit coverage recorded on row (O) to the required percentage of audit coverage recorded on row (N) to answer Conclusion question (c).

**Step 9. Conclusions.**

* After completing the attached worksheet, complete conclusion questions (A) through (D) below. Document (at guide step C-3) any exceptions and disposition of potential review findings.

1. The Type A threshold in the report [ ] was or [ ] was not correct.
2. All high-risk Type A programs [ ] were or [ ] were not identified as major Federal programs in year under review. For each Type A program identified in Column (F) of this worksheet that was not audited in the CY, apply the low risk criteria identified in A-133.520(c) and document your conclusions for any exceptions.
3. The percentage of coverage [ ] was or [ ] was not met.
4. Did the auditors take into account guidance provided by OMB in Appendix VII of the Compliance Supplement when determining the major Federal programs?

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **MAJOR FEDERAL PROGRAM DETERMINATION** | | | | | | | | |
| Review the SEFA to complete this worksheet | | | | | **Expenditures per**  **SEFA** | | | |
| **(A)** | Enter total Federal expenditures, including large loan and loan guarantee programs. | | | |  | | | |
| **(B)** | Enter expenditures for large loans/loan guarantee programs. | | | |  | | | |
| **(C)** | Subtract (B) from (A) to calculate the total Federal expenditures excluding any large loan or loan guarantee programs. | | | |  | | | |
| **(D)** | Enter the Type A program threshold applying the criteria at A-133.520(b) to the amount in Row (C). | | | |  | | | |
| **Year under audit (CY):** | | **(F)** | | **(G)** | **(H)\*** | | **(I)\*** | **(J)\*** |
| **(E) Type A Programs**  *Identified by the reviewer for year under review (Current Year [CY])* | | **Program**  **Expenditures**  *[Reviewer identified]* | | **Program**  **Expenditures**  *[Included in CY*  *Audit as a major Federal program]* | **(CY)** | | **(CY-1)** | **(CY-2)** |
| Audited Type A programs | | Major Federal Programs audited in prior 2 years | |
| **20** | | **20** | **20** |
|  | | $ | | $ |  | |  |  |
|  | | $ | | $ |  | |  |  |
|  | | $ | | $ |  | |  |  |
|  | | $ | | $ |  | |  |  |
|  | | $ | | $ |  | |  |  |
| **(K) Type B Programs audited in CY** | | | |  |  | | | |
|  | | | | $ |  | | | |
|  | | | | $ |  | | | |
|  | | | | $ |  | | | |
| **(L)** | Total Federal Expenditures of Programs Audited as Major Federal Program (Sum of expenditures in column G) | | | $ |  | | | |
| **(M)** | Considered a Low Risk Auditee? (Yes/No) | |  |  | | | | |
| **(N)** | Percentage of Audit Coverage Required | | % | *Y = 25%, N = 50%* | |  | | |
| **(O)** | Percentage of Expenditures Audited | | % | *(L) divided by (A)* | |  | | |
| *\* Mark Major Federal programs with an "X".* | | | | | | | | |

1. Reviewers should use the “Search for 2013 Reports” or the “Status of Submissions for 1997 – 2012 Reports” options on the Federal Audit Clearinghouse website. [↑](#footnote-ref-1)
2. When the overall conclusion is “fail” and additional work is necessary to support the opinions in the report, auditors should be advised to follow AU-C 585 and AU-C 935.43 with respect to reissuance of the audit report. [↑](#footnote-ref-2)
3. If using the 2014 AAG-SLA to review a report, the correct criteria citations for DR-4a through DR-4m are 4.54(d), 4.54(f), 4.54(g), 4.54(h-j), 4.54(j), 4.54(h-i), 4.54(l), 4.54(m-n), 4.54(q), 4.54(t), 4.54(u), 4.54(v), and 4.54(w), respectively. [↑](#footnote-ref-3)