**GUIDE FOR DESK REVIEWS OF**

**SINGLE AUDIT REPORTS**



**Council of Inspectors General on**

**Integrity & Efficiency (CIGIE)**

**2016 Edition**

**References, Definitions 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) 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 definitions and acronyms commonly found in Single Audit reports:

2 CFR 200: *OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* at 2 CFR Part 200 (2 CFR 200) as issued on December 19, 2014. The Council on Financial Assistance Reform’s (COFAR) Frequently Asked Questions, updated September 2015, provide additional information on applicability to awards, subawards, and system changes.

AAG-GAS: “AICPA Audit Guide -- *Government Auditing Standards* and Single Audits,” with conforming changes as of April 1, 2016

AICPA: American Institute of Certified Public Accountants

AU-C: Reference to section number for 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

Reporting

Package: Submission of single audits in accordance with 2 CFR 200.512(c)

SEFA: Schedule of Expenditures of Federal Awards

SF-SAC: Standard Form - Single Audit Collection (also known as the Data Collection Form)

**Objectives**

The objectives of this desk review guide are to:

1. determine whether audit reports for audits performed under OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) are acceptable under the reporting requirements of the Uniform Guidance;
2. identify any quality issues that may warrant follow-up audit work and/or revisions to the reporting package;
3. identify audits for potential Quality Control Reviews (QCR); and,
4. identify issues that may require appropriate management official[[1]](#footnote-1) attention.

**Applicability and Use**

This guide is effective for desk reviews of reporting packages for audits of fiscal years beginning on or after December 26, 2014. It is intended that this guide serve as the minimum documentation to support the desk review.

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 Single Audits” for further guidance.

This guide is designed for use by reviewers who are knowledgeable about single audit requirements. Reviewers using this guide should have access to and be familiar with the contents of the Uniform Guidance (including the COFAR Frequently Asked Questions and the Compliance Supplement), GAGAS, and the American Institute of Certified Public Accountants (AICPA) Audit Guide “*Government Auditing Standards* and Single Audits” (AAG-GAS. Reviewers should update the guide to reflect any subsequent changes to the auditing standards and AAG-GAS. Agencies may modify or supplement this guide to meet their needs. Reviewers should use professional judgment in developing a review approach by adding or omitting procedures as appropriate.

This guide does not contain information regarding performing an audit under OMB Circular A‑133. Auditors performing audits under OMB Circular A-133 must refer to the 2015 edition of the guide for information and guidance.

**Guide Format and Instructions**

The guide is generally organized by reporting standards and elements of a single audit. Questions DR-1 through DR-15 and DR-27 relate to the information reported in a single 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-16 through DR-26 are designed for analysis of information contained in the reporting packages. A “Yes” answer for questions DR-16 through DR-21 and a “No” answer for questions DR-22 through DR-26 may indicate the need for follow-up and should be fully explained in the notes. Question DR-27 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 complete the "Major Federal Program Determination" worksheet (attached) to determine the answers to Questions DR-23 and DR-24.

**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”[[2]](#footnote-2) for use in answering question DR-26 |  |
| **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: | [ ] | **Pass** | Reporting package contains no quality deficiencies or only minor quality deficiencies that do not require corrective action. |
| [ ] | **Pass with Deficiencies** | Reporting package contains quality deficiencies that should be brought to the attention of the auditor (and auditee, where appropriate) for correction in future audits. |
| [ ] | **Fail[[3]](#footnote-3)** | Reporting package contains quality deficiencies that may affect the reliability of the audit and which must be corrected in the audit/reporting package 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 the Uniform Guidance, and Form SF-SAC accurately reflects the results of the audit: | **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 appropriate management officials. (Describe issues.) |  |

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

|  |  |
| --- | --- |
| Supervisor Signature and Date: |  |
| Supervisor Name and Title: |  |

| **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 | Did the auditor determine whether management properly defined the entity to be audited? | | AAG-GAS 6.15 |  |  |  |  |
| DR-3 | Do the financial statements reflect the financial position, results of operations or changes in net position (or equivalent), and, where appropriate, the cash flows of the entity for the fiscal year audited, or was the auditor’s report appropriately modified? | | 2 CFR 200.510(a) |  |  |  |  |
| DR-4 | Does the Independent Auditor’s Report contain the following required elements: | | 2 CFR 200.515(a) |  |  |  |  |
|  | DR-4a | A statement that the financial statements identified in the report were audited? | AU-C 700.25(b) |  |  |  |  |
| DR-4b | A statement that management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 700.27; AAG-GAS 4.48(f) |  |  |  |  |
| DR-4c | A statement that the audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States? | GAS 2.23-2.24, 4.18;  AU-C 700  .31, .42;  AAG-GAS 4.48(i) |  |  |  |  |
|  | DR-4d | An opinion (or disclaimer of opinion) regarding whether the financial statements are fairly presented, in all material respects, in accordance with the applicable reporting framework? | AU-C 700  .34-.36 |  |  |  |  |
| DR-4e | Identification of the applicable reporting framework and its origin (for example, accounting principles generally accepted in the United States of America)? | AU-C 700.36, 800.15, .18 |  |  |  |  |
| DR-4f | 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-4g | The manual or printed signature of the primary auditor or audit organization? | AU-C 700.39; AAG-GAS 4.48(x) |  |  |  |  |
| DR-4h | The city and state where the primary auditor or audit organization practices?  [Note: It is sufficient if city and state are included in auditor’s letterhead.] | AU-C 700.40; AAG-GAS 4.48(y) |  |  |  |  |
| DR-4i | The date of the audit report? | AU-C 700.41; AAG-GAS 4.48(z) |  |  |  |  |
| **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-5 | Do(es) the report(s) on compliance and internal control over financial reporting contain the following required elements: | | 2 CFR 200.515(b) |  |  |  |  |
|  | DR-5a | A statement that the audit was conducted in accordance with auditing standards generally accepted in the United States of America and with the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States? | GAS 4.18;  AAG-GAS 4.54(d) |  |  |  |  |
|  | DR-5b | A statement that the auditor considered the entity’s internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control? | AU-C 265 .14(c)(i)-(iii);  AAG-GAS 4.54(f) |  |  |  |  |
| DR-5c | The definition of the term “material weakness,” and, when relevant, the definition of the term “significant deficiency”? | AU-C 265 .14(a);  AAG-GAS 4.54(g) |  |  |  |  |
| DR-5d | 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-GAS 4.54(h-j) |  |  |  |  |
| DR-5e | 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-GAS 4.54(i-j) |  |  |  |  |
| DR-5f | If no material weaknesses were identified, a statement that given the limitations described in DR-5d 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-5d.]* | AAG-GAS 4.54(h-i) |  |  |  |  |
| DR-5g | 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-GAS 4.54(l) |  |  |  |  |
| DR-5h | 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-GAS 4.54(m-n) |  |  |  |  |
| DR-5i | 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; AAG-GAS 4.54(q-r) |  |  |  |  |
| DR-5j | A 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 *Government Auditing Standards* 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-GAS 4.54(t) |  |  |  |  |
| DR-5k | The manual or printed signature of the primary auditor or audit organization? | AU-C 700.39; AAG-GAS 4.54(u) |  |  |  |  |
| DR-5l | The city and state where the primary auditor or audit organization practices? [Note: It is sufficient if city and state are included in auditor’s letterhead.] | AU-C 700.40; AAG-GAS 4.54(v) |  |  |  |  |
| DR-5m | The date of the auditor’s report? | AU-C 700.41; AAG-GAS 4.54(w) |  |  |  |  |
| **Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance** | | | | | | | |
| DR-6 | Do(es) the report(s) on compliance and internal control over each major Federal programs contain the following required elements: | | 2 CFR 200.515(c) |  |  |  |  |
|  | DR-6a | 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-GAS 13.26(d) |  |  |  |  |
| DR-6b | 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* issued by the Comptroller General of the United States, and the governmental audit requirement (audit requirements of the Title 2 U.S. CFR Part 200, *Uniform Administrative requirements, Cost Principles, and Audit Requirements for Federal Awards*)? | 2 CFR 200.514(a);  AU-C 935 .30(e)(ii); AAG-GAS 13.26 (f)(ii) |  |  |  |  |
| DR-6c | 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? | AU-C 935 .30(f);  AAG-GAS 13.26 (h) |  |  |  |  |
| DR-6d | 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? | AU-C 935 .30(g);  AAG-GAS 13.26 (g-i) |  |  |  |  |
| DR-6e | 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 (Uniform Guidance), an other-matter paragraph that includes a description of such noncompliance or a reference to an accompanying schedule? | AU-C 935 .30(h);  AAG-GAS 13.26 (j) |  |  |  |  |
| DR-6f | A statement that the auditee’s management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements. | AAG-GAS 13.26(k)(i) |  |  |  |  |
| DR-6g | A statement that in planning and performing the compliance audit, the auditor considered the auditee's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance? | AU-C 935 .31(b);  AAG-GAS 13.26 (k)(ii) |  |  |  |  |
| DR-6h | A definition of *deficiency in internal control over compliance* and *material weakness in internal control over compliance*? | AU-C 935.31(e); AAG-GAS 13.26 (k)(iv) |  |  |  |  |
| DR-6i | 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-GAS 13.26 (k)(v) |  |  |  |  |
|  | DR-6j | If no material weaknesses in internal control over compliance were identified, a statement to that effect? | AU-C 935 .31(h);  AAG-GAS 13.26 (k)(vi-vii) |  |  |  |  |
| DR-6k | 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-GAS 13.26 (k)(ix) |  |  |  |  |
| DR-6l | 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-GAS 13.26 (k)(viii) |  |  |  |  |
| DR-6m | Statement that (1) the purpose of the report on internal control over compliance is solely to describe the scope of the testing of internal control over compliance and the result of that testing based on the requirements of the Uniform Guidance and 2) accordingly, this report is not suitable for any other purpose? | AU-C 935 .30(i), .31(i) ); AAG-GAS 13.26(k)(xi) |  |  |  |  |
| DR-6n | The manual or printed signature of the primary auditor or audit organization? | AU-C 935 .30(j) |  |  |  |  |
| DR-6o | The city and state where the primary auditor or audit organization practices? [Note: It is sufficient if city and state are included in auditor’s letterhead.] | AU-C 935 .30(k) |  |  |  |  |
| DR-6p | 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-7 | 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 SEFA is fairly stated, in all material respects, in relation to the financial statements as a whole? | | AU-C  725.09(e)-(f), 725.11 |  |  |  |  |

| **Question** | | | | | **Criteria** | **Yes** | **No** | **N/A** | **Report Reference** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| DR-8 | Does the reporting package contain a SEFA that: | | | | |  |  |  |  |
|  | DR-8a | Lists individual Federal programs by Federal agency and, for a cluster of programs (as defined in 2 CFR 200.17), 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? | | | 2 CFR 200.510  (b)(1) |  |  |  |  |
| DR-8b | 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? | | | 2 CFR 200.510  (b)(2) |  |  |  |  |
| DR-8c | Provides the total Federal awards expended for each individual Federal program as defined by 2 CFR 200.502 and the CFDA number or other identifying number when the CFDA number is not available? For a cluster of programs, also provides the total for the cluster? | | | 2 CFR 200.510  (b)(3) |  |  |  |  |
| DR-8d | Includes the total amount provided to subrecipients from each Federal program? | | | 2 CFR 200.510  (b)(4) |  |  |  |  |
| DR-8e | Identifies the total Federal awards expended for the loan or loan guarantee programs in the schedule? | | | 2 CFR 200.510  (b)(5) |  |  |  |  |
| DR-8f | Includes notes that describe (1) significant accounting policies used in preparing the schedule, (2) whether or not the auditee elected to use the 10% de minimis cost rate as covered in 2 CFR 200.414, and (3) the balances of loan or loan guarantees outstanding at the end of the audit period? | | | 2 CFR 200.510  (b)(5-6) |  |  |  |  |
| **Schedule of Findings and Questioned Costs** | | | | | | | | | |
| *Section 1 – Summary of Auditor’s Results* | | | | | | | | | |
| DR-9 | Does the schedule of findings and questioned costs include a summary of auditor’s results section containing the following elements, and are these elements accurately reported based on the contents of the reporting package: | | | | |  |  |  |  |
|  | DR-9a | Type of opinion(s) issued on whether the financial statements audited were prepared in accordance with GAAP? | | | 2 CFR 200.515 (d)(1)(i) |  |  |  |  |
|  | DR-9b | A statement whether the audit disclosed any significant deficiencies or material weaknesses in internal control over financial reporting? | | | 2 CFR 200.515 (d)(1)(ii) |  |  |  |  |
| DR-9c | A statement whether the audit disclosed any noncompliance that is material to the auditee’s financial statements? | | | 2 CFR 200.515 (d)(1)(iii) |  |  |  |  |
| DR-9d | Type of report the auditor issued on the auditee’s compliance for major programs? | | | 2 CFR 200.515 (d)(1)(v) |  |  |  |  |
| DR-9e | A statement whether the audit disclosed any significant deficiencies or material weaknesses in internal controls over major programs? | | | 2 CFR 200.515 (d)(1)(iv) |  |  |  |  |
| DR-9f | A statement whether the audit disclosed any audit findings which the auditor is required to report under 2 CFR 200.516(a)? | | | 2 CFR 200.515 (d)(1)(vi) |  |  |  |  |
| DR-9g | Identification of major programs by listing each individual major program; however in the case of a cluster of programs only the cluster name as shown on the SEFA is required? | | | 2 CFR 200.515 (d)(1)(vii) |  |  |  |  |
| DR-9h | Dollar threshold used to distinguish between Type A and Type B programs as described in 2 CFR 200.518(b)(1) or (b)(3) when a recalculation of the Type A threshold is required for large loan or loan guarantees? | | | 2 CFR 200.515 (d)(1)(viii) |  |  |  |  |
| DR-9i | A statement whether the auditee qualified as a low-risk auditee? | | | 2 CFR 200.515 (d)(1)(ix) |  |  |  |  |
| *Section 2 – Findings related to the financial statements* | | | | | | | | | |
| DR-10 | 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? | | | | 2 CFR 200.515 (d)(2); GAS 4.10-.14, 4.23-.29 |  |  |  |  |
| *Section 3 – Findings and questioned costs for Federal awards* | | | | | | | | | |
| DR-11 | Is the reporting package free of indications that the schedule of findings and questioned costs is missing any of the findings related to Federal awards which are required to be reported in accordance with 2 CFR 200.516(a)? | | | | 2 CFR 200.515 (d)(3) |  |  |  |  |
| DR-12 | Are internal control deficiencies, instances of noncompliance, questioned costs, or suspected fraud which relate to the same issue presented as one audit finding? | | | | 2 CFR 200.515 (d)(3)(i) |  |  |  |  |
| DR-13 | 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-14.]* | | | | 2 CFR 200.515 (d)(3)(ii) |  |  |  |  |
| **Presentation of the Audit Findings** | | | | | | | | | |
| DR-14 | Are the Federal findings presented in sufficient detail with the following information: | | | | |  |  |  |  |
|  | DR-14a | | A reference number for each finding in the format meeting the requirements of the data collection form submission? | | 2 CFR 200.516(c) |  |  |  |  |
| DR-14b | | 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 applicable pass-through entity. When information such as the CFDA title and number or Federal award identification number is not available, the auditor must provide the best information available to describe the Federal award. *[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-8.]* | | 2 CFR 200.516 (b)(1) |  |  |  |  |
| DR-14c | | The criteria or specific requirement upon which the audit finding is based, including the Federal statutes, regulations, or the terms and conditions of the Federal awards? | | 2 CFR 200.516 (b)(2);  GAS 4.11 |  |  |  |  |
| DR-14d | | The condition found, including facts that support the deficiency identified in the audit finding? | | 2 CFR 200.516 (b)(3);  GAS 4.12 |  |  |  |  |
|  | DR-14e | | A statement of cause that identifies the reason or explanation for the condition or the factors responsible for the difference between the situation that exists (condition) and the required or desired state (criteria), which may also serve as a basis for recommendations for corrective action. | | 2 CFR 200.516 (b)(4); GAS 4.13 |  |  |  |  |
| DR-14f | | 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? | | 2 CFR 200.516 (b)(5);GAS 4.13 - 4.14 |  |  |  |  |
| DR-14g | | The identification of questioned costs and how the questioned costs were computed? Known questioned costs must be identifiedby applicable CFDA and award numbers*.* | | 2 CFR 200.516 (b)(6) |  |  |  |  |
| DR-14h | | 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? | | 2 CFR 200.516 (b)(7);  GAS 4.29 |  |  |  |  |
| DR-14i | | The 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 numbers. | | 2 CFR 200.516 (b)(8); |  |  |  |  |
| DR-14j | | Recommendations to prevent future occurrences of the deficiency identified in the audit finding? | | 2 CFR 200.516 (b)(9);  GAS 4.28 |  |  |  |  |
| DR-14k | | Views of responsible officials of the auditee? | | 2 CFR 200.516 (b)(10);GAS 4.33-4.39 |  |  |  |  |
| **Corrective Action Plan** *[Note: Preparation of the corrective action plan is the responsibility of the auditee.*] | | | | | | | | | |
| DR-15 | Was the corrective action plan prepared by the auditee and presented separately from the auditor’s findings described in 2 CFR 200.516? | | | 2 CFR 200.511(c) | |  |  |  |  |

| **Question** | | | **Criteria** | **Yes** | **No** | **N/A** | **Report Reference** |
| --- | --- | --- | --- | --- | --- | --- | --- |
| DR-16 | Does the corrective action plan include the following for each finding: | | |  |  |  |  |
|  | DR-16a | Corrective action planned or explanation and specific reasons that the auditee does not agree with the audit findings or believes corrective action is not required? | 2 CFR 200.511(c) |  |  |  |  |
| DR-16b | Anticipated completion date(s) for corrective action? | 2 CFR 200.511(c) |  |  |  |  |
| DR-16c | The auditee contact person(s) responsible for corrective action? | 2 CFR 200.511(c) |  |  |  |  |
| **Summary Schedule of Prior Audit Findings** *[Note: Preparation of the Schedule is the responsibility of the auditee]* | | | | | | | |
| DR-17 | If applicable, does the reporting package contain a summary schedule of prior audit findings? *[Note: Reviewer should review prior year audit report to verify audit findings are appropriately included.]* | | 2 CFR 200.511(b) |  |  |  |  |
| **ANALYSIS OF INFORMATION** | | | | | | | |
| *[Questions DR-16 through DR-26 are designed for analysis of information contained in the reporting packages. A “Yes” answer for questions DR-16 through DR-21 and a “No” answer for questions DR-22 through DR-26 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-18 | 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 reporting package.]* | | 2 CFR 200.512(e); AU-C 260.16, 265.12b |  |  |  |  |
| DR-19 | 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 2 CFR 200.516(a)? *If yes, consider whether the condition(s) need to be forwarded to program management for follow-up action.* | | 2 CFR 200.516(a) |  |  |  |  |
| DR-20 | 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-21 | 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? | |  |  |  |  |  |

| **Question** | | | **Criteria** | **Yes** | **No** | **N/A** | **Report Reference** |
| --- | --- | --- | --- | --- | --- | --- | --- |
| DR-22 | Are any of the auditor’s opinions other than unmodified? | | |  |  |  |  |
|  | DR-22a | If the opinion on the financial statement was modified, *consider communicating information with other interested parties*. |  |  |  |  |  |
| DR-22b | If the opinion on compliance was modified for any major Federal program, was a corresponding audit finding disclosed? | 2 CFR 200.516 (a)(2 & 5) |  |  |  |  |
| DR-23 | 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-24 | Do(es) the report(s) reflect the proper determination of low-risk auditee status? *[Note: Reviewer should answer this based on a review of the reporting packages for each of the preceding 2 audit periods.]* | | 2 CFR 200.520 |  |  |  |  |
| DR-25 | Did the auditors properly calculate the Type A/B threshold for determination of major Federal programs? | | 2 CFR 200.518(b) |  |  |  |  |
| DR-26 | 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.]* | | 2 CFR 200.42, .518(e-f) |  |  |  |  |
| DR-27 | Based on the information contained in the audit report, did the auditee and auditor properly complete the Data Collection Form (SF-SAC)? | | 2 CFR 200.512(b), .514(f) |  |  |  |  |
| DR-28 | Did the auditee submit the Data Collection Form (SF-SAC) and the reporting package on time? | | 2 CFR 200.512(a) |  |  |  |  |
| **PROGRAM-SPECIFIC AUDIT** | | | | | | | |
| DR-29 | 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-29a | A SEFA for the program and notes that describe the significant accounting policies used in preparing the schedule, a summary schedule of prior audit findings, and a corrective action plan? | 2 CFR 200. 507 (b)(2) |  |  |  |  |
| DR-29b | An opinion (or disclaimer of opinion) as to whether the financial statement(s) of the Federal program is presented fairly in all material respects in conformity with stated accounting policies? | 2 CFR 200.507 (b)(4)(i) |  |  |  |  |
| DR-29c | A report on internal control related to the Federal program, which must describe 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-29d) may be combined into one report.]* | 2 CFR 200. 507 (b)(4)(ii) |  |  |  |  |
| DR-29d | A report on compliance, including an opinion (or disclaimer of opinion) as to whether the auditee complied with laws, regulations, and the terms and conditions of Federal awards which could have a direct and material effect on the Federal program? *[Note: The report on compliance and the report on internal control (DR-29c) may be combined into one report.]* | 2 CFR 200. 507 (b)(4)(iii) |  |  |  |  |
| DR-29e | A 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? | 2 CFR 200. 507 (b)(4)(iv) |  |  |  |  |

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| **Reference** | Notes |
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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-26) and Type A/B threshold (DR-25). If the SEFA and/or notes to the SEFA include Federal loan and loan guarantee programs as identified in 2 CFR 200.502(b) through (d) use the guidance in 2 CFR 200.518(b)(3) to determine whether these are “large” loan or loan guarantee programs that must be excluded from the determination of the Type A/B threshold.

2 CFR 200.518(b)(3) states that the inclusion of large loan and loan guarantees (loans) must not result in the exclusion of other programs as Type A programs. When a Federal program providing loans exceeds four times the largest non-loan program it is considered a large loan program, the auditor must consider this Federal program as a Type A program and exclude its values in determining other Type A programs. This recalculation of the Type A program is performed after removing the total of all large loan programs. A program is only considered to be a Federal program providing loans if the value of Federal awards expended for loans within the program comprises fifty percent or more of the total Federal awards expended for the program. A cluster of programs is treated as one program and the value of Federal awards expended under a loan program is determined as described in §200.502 Basis for determining Federal awards expended.

***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. 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 requirement in 2 CFR 200.518(b)(3) 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 (determine if any of the programs that include loans are considered loans if the loan portion of the Federal program or cluster is 50% or more of the total expenditures of the program or cluster), as reported in the SEFA.
* Row (B): Enter the amount of any “large” loan and loan guarantee programs, as determined by applying 2 CFR 200.518(b)(3). 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 2 CFR 200.518(b)(1) to the Federal expenditures recorded on row (C) then enter the result on row (D):
  + If row (C) is equal to or exceeds $750,000 but less than or equal to $25 million: $750,000.
  + If row (C) exceeds $25 million but less than or equal to $100 million: Multiply row (C) by .03.
  + If row (C) exceeds $100 million but less than or equal to $1 billion: $3 million.
  + If row (C) exceeds $1 billion but less than or equal to $10 billion: Multiply row (C) by .003.
  + If row (C) exceeds $10 billion but less than or equal to $20 billion: $30 million.
  + If row (C) exceeds $20 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 auditor’s 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 identified as major programs.

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

* Row (M): Record the auditor’s determination of low risk auditee 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 auditee status, enter the percentage of total expenditures required for audit coverage (20% for low-risk auditee (Y); 40% for non-low-risk auditee (N)).

**Step 8. Determine whether the auditor’s selected major programs 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 program criteria identified in 2 CFR 200.520 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 2 CFR 200.518(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 = 20%, N = 40%* | |  | | |
| **(O)** | Percentage of Expenditures Audited | | % | *(L) divided by (A)* | |  | | |
| *\* Mark Major Federal programs with an "X".* | | | | | | | | |

1. Appropriate management official could include auditee management, Federal program management, or other grantors. [↑](#footnote-ref-1)
2. “FAC Accepted Date” available on the FAC website. [↑](#footnote-ref-2)
3. When the overall conclusion is “fail” and additional work is necessary to support one or more of the opinions expressed in the audit report(s), auditors should be advised to follow AU-C 585, Consideration of Omitted Procedures After the Report Release Date and AU-C 935.43, Compliance Audits with respect to reissuance of the audit report(s). [↑](#footnote-ref-3)