

**DESK REVIEW CHECKLIST
FISCAL YEAR 2014-15
SINGLE AUDITS OF COUNTIES, CITIES, TOWNS, AND SPECIAL DISTRICTS**

The objective of this review is to ensure that the audit report meets applicable professional reporting standards and the single audit reporting requirements.

Independent Auditor's Report on the Financial Statements

1. Does the audit report include the *Independent Auditor's Report* on the financial statements? (AU-C 700.22)
2. Does the introductory paragraph of the auditor's report clearly identify whose financial statements have been audited; the title of each statement that the financial statements comprise, either specifically or by reference to the table of contents; and specify the date or period covered? (AU-C 700.25 and AU-C 700.A23)
3. Does the auditor's report include a section with the heading "Management's Responsibility for the Financial Statements?" (AU-C 700.26)
4. Does the auditor's report state 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? (AU-C 700.27)
5. Does the auditor's report include a section with the heading "Auditor's Responsibility?" (AU-C 700.29)
6. Does the auditor's report state that the responsibility of the auditor is to express an opinion on the financial statements based on the audit? (AU-C 700.30)
7. Does the auditor's report state 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 the *Government Auditing Standards*, issued by the Comptroller General of the United States? (AU-C 700.31 and AU-C 700.42)
8. Does the auditor's report state that those standards require that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement? (AU-C 700.31)
9. Does the auditor's report include a statement that:
 - a. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements? (AU-C 700.32)
 - b. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to

- the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, the auditor expresses no such opinion? (AU-C 700.32)
- c. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the overall presentation of the financial statements? (AU-C 700.32)
10. Does the auditor's report state whether the auditor believes that the audit evidence obtained is sufficient and appropriate to provide a basis for the auditor's opinion? (AU-C 700.33)
11. Does the auditor's report include a section with the heading "Opinion?" (AU-C 700.34)
12. Does the auditor's opinion state whether the financial statements identified in the introductory paragraph are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America? (AU-C 700.A29, .A30 and .A31)
13. If the auditor modifies the opinion on the financial statements:
- a. Does the auditor's report include a paragraph describing the matter giving rise to the modification immediately before the opinion paragraph and use the heading "Basis for Qualified Opinion," "Basis for Adverse Opinion," or "Basis for Disclaimer of Opinion," as appropriate? (AU-C 705.17)
- b. Does the auditor's report include a heading "Qualified Opinion," "Adverse Opinion," or "Disclaimer of Opinion," as appropriate? (AU-C 705.23)
14. If the auditor expresses a qualified opinion due to a material misstatement in the financial statements:
- a. Does the opinion paragraph indicate that, in the auditor's opinion, except for the effects of the matter(s) described in the basis for qualified opinion paragraph, the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America? (AU-C 705.24)
15. If the auditor expresses a qualified opinion due to an inability to obtain sufficient appropriate audit evidence:
- a. Does the opinion paragraph indicate that, in the auditor's opinion, except for the possible effects of the matter(s) described in the basis for qualified opinion paragraph, the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America? (AU-C 705.24)

16. If the auditor expresses an adverse opinion:
 - a. Does the opinion paragraph indicate that, in the auditor’s opinion, because of the significance of the matter(s) described in the basis for adverse opinion paragraph, the financial statements are not presented fairly in accordance with accounting principles generally accepted in the United States of America? (AU-C 705.25)
17. If the auditor expresses a disclaimer of opinion due to an inability to obtain sufficient appropriate evidence:
 - a. Is the introductory paragraph of the auditor’s report amended to state that the auditor was engaged to audit the financial statements? (AU-C 705.28)
 - b. Is the description of the auditor’s responsibility and the description of the scope of the audit amended to state only the following: “Our responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter(s) described in the basis for disclaimer of opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion?” (AU-C 705.28)
 - c. Does the opinion paragraph indicate that, because of the significance of the matter(s) described in the basis for disclaimer of opinion paragraph, the auditor has not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly, the auditor does not express an opinion on the financial statements? (AU-C 705.26)
18. Does the auditor’s report include a section with the heading “Other Matters,” or other appropriate heading? (AU-C 706.08)
19. Does the auditor’s report refer to the required supplementary information (RSI)? (AU-C 730.07)
20. Does the auditor’s RSI paragraph include required elements, if the entity has presented all or some of the RSI? (AU-C 730.08)
21. Does the auditor’s report identify the supplementary information accompanying the financial statements, including the *Schedule of Expenditures of Federal Awards*? (AU-C 725.09)
22. Does the auditor’s report include an opinion on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole? (AU-C 725.09)
23. Does the auditor’s report include a section with the heading “Other Reporting Required by *Government Auditing Standards*,” or other appropriate heading? (AU-C 700.37)
24. Is there a reference to a separate report on internal control over financial reporting and on compliance with provisions of laws, regulations, contracts, grant agreements, and other matters prepared in accordance with *Government Auditing Standards*? (GAGAS 4.19-4.22)

- a. Does the auditor's report include a statement that the purpose of the report is to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance? (GAGAS 4.19-4.22)
- b. Does the auditor's report include a statement that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance? (GAGAS 4.22)

Management's Discussion and Analysis

25. Does the audit report include a *Management's Discussion and Analysis*? (GASB 2200.106)
 - a. If the audit report does not contain a *Management's Discussion and Analysis*, is there an explanatory paragraph in the *Independent Auditor's Report*? (AU-C 730.08)

Basic Financial Statements

26. Is the *Statement of Net Position* presented properly? (GASB 2200.115)
27. Is the *Statement of Activities* presented properly? (GASB 2200.126)
28. Is the *Balance Sheet – Governmental Funds* presented properly? (GASB 2200.162)
29. Is the *Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position* presented properly? (GASB 2200.160 and GASB 2200.164)
30. Is the *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds* presented properly? (GASB 2200.165)
31. Is the *Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities* presented properly? (GASB 2200.160 and GASB 2200.169)
32. Is the *Statement of Fund Net Position – Proprietary Funds* presented properly? (GASB 2200.170 and GASB 2200.172)
33. Is the *Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds* presented properly? (GASB 2200.170 and GASB 2200.190)
34. Is the *Statement of Cash Flows – Proprietary Funds* presented properly? (GASB 2200.170 and GASB 2200.195)
35. Is the *Statement of Fiduciary Net Position – Fiduciary Funds* presented properly? (GASB 2200.196 and GASB 2200.197)
36. Is the *Statement of Changes in Fiduciary Net Position – Fiduciary Funds* presented properly? (GASB 2200.196 and GASB 2200.198)

Notes to the Financial Statements

37. Do the notes include the summary of significant accounting policies? (GASB 2300.106)
38. Does the summary include a description of the government-wide financial statements, noting the exclusion of fiduciary funds? (GASB 2300.106)
39. Does the summary include a description of the component units, their relationships to the primary government, and how to obtain separate financial statements for component units? (GASB 2300.106)
40. Do the notes include the nature of the primary government's accountability for related organizations and joint ventures, if any? (GASB 2300.107)
41. Do the notes include the measurement focus and basis of accounting used in the government-wide and fund financial statements? (GASB 2300.106)
42. Do the notes disclose the fund balance classification policies and procedures related to committed and assigned fund balances? (GASB 2300.106 and GASB 1800.183)
43. Do the notes disclose the policy regarding whether committed, assigned, or unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used? (GASB 1800.178 and GASB 1800.183)
44. Do the notes include adequate disclosure of capital assets and depreciation, including the method used to compute depreciation? (GASB 2300.106 and GASB 2300.118)
45. Do the notes include adequate disclosure of long-term liabilities, including a schedule of changes in long-term debt and a statement of debt service requirements to maturity for outstanding long-term debt? (GASB 2300.106 and GASB 2300.120)
46. Do the notes disclose deficit fund balances or net position of individual funds, if not apparent on the face of the financial statements? (GASB 2300.106)
47. Do the notes include adequate disclosures for pension obligations? (GASB 2300.106 and GASB Section P20)
 - a. Do the notes disclose the total of the employer's pension liabilities, pension assets, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense/expenditures, if amounts are not identifiable from information in the financial statements? (GASB P20.171)
 - b. Pension plan description: (GASB P20.173)
 - 1) Name of the pension plan, identification of the public employee retirement system and identification of the pension plan?
 - 2) Benefit terms, including (1) the classes of employees covered; (2) the types of benefits; (3) the key elements of the pension formulas?

- 3) Brief description of contribution requirements, including the basis for determining the employer's contributions to the pension plan?
- 4) Whether pension plan issues a stand-alone financial report that is available to the public and , if so, how to obtain it?

c. Employer's proportionate share of the collective net pension liability:

- 1) Actuarial assumptions used to measure the total pension liability? (GASB P20.174)
- 2) Discount rate information: (GASB P20.175)
 - a) Discount rate applied in the measurement of the total pension liability?
 - b) Projected cash flows for contributions?
 - c) Long-term expected rate of return and how it was determined?
 - d) Assumed asset allocation of the pension plan's portfolio and the long-term expected real rate of return for each major asset class?
 - e) Net pension liability measured at a discount rate 1 percentage point higher and 1 percentage point lower?

d. Pension plan's fiduciary net position information? (GASB P20.176)

48. Do the notes include adequate disclosure of other postemployment benefits? (GASB 2300.106)
49. Do the notes adequately disclose material prior-period adjustments or restatements? (GASB 2250.125 and GASB 2300.107)

Required Supplementary Information

50. Does the audit report include a schedule of budgetary comparison data for the General Fund and any major special revenue funds that have legally adopted budgets? (GASB 2200.206)
51. Does the audit report include a schedule of the entity's proportionate share of the net pension liability for each pension plan? (GASB P20.178a)
52. Does the audit report include a schedule of the entity's contributions for each pension plan? (GASB P20.178b)

Schedule of Expenditures of Federal Awards

53. Does the audit report include a *Schedule of Expenditures of Federal Awards*? (OMB Circular A-133 Section .310(b))
54. Does the schedule identify:
- a. Individual federal programs by federal agency and, for a cluster of programs, list individual programs within the cluster? (OMB Circular A-133 Section .310(b)(1))
 - b. For federal awards received as a subrecipient, the name of the pass-through entity and the identifying number assigned by the pass-through entity? (OMB Circular A-133 Section .310(b)(2))
 - c. Programs by *Catalog of Federal Domestic Assistance* (CFDA) number? (OMB Circular A-133 Section .310(b)(3))
 - d. Total expenditures for each federal program? (OMB Circular A-133 Section .310(b)(3))

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

55. Does the audit report include the *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*? (GAGAS 4.19)
56. Does the auditor's report on internal control over financial reporting and on compliance and other matters include:
- a. A statement that the audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*? (AU-C 700.31 and GAGAS 4.18)
 - b. The definition of the term *material weakness* and, when relevant, the definition of the term *significant deficiency*? (AU-C 265.14(a))
 - c. A description of the significant deficiencies and material weaknesses and an explanation of their potential effects? (AU-C 265.14(b))
 - d. Sufficient information to enable those charged with governance and management to understand the context of the communication? Does the auditor include the following elements that explain that:
 - 1) The purpose of the audit was for the auditor to express an opinion on the financial statements? (AU-C 265.14(c)(i))

- 2) 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 expressing an opinion on the effectiveness of internal control? (AU-C 265.14(c)(ii))
 - 3) The auditor is not expressing an opinion on the effectiveness of internal control? (AU-C 265.14(c)(iii))
 - 4) The auditor's consideration of internal control was not designed to identify all deficiencies in internal control over financial reporting 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))
- e. A statement that, as part of obtaining reasonable assurance about whether the entity's financial statements are free of material misstatement, the auditor performed tests of the entity's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts? (GAGAS 4.19)
 - f. A statement that providing an opinion on compliance with those provisions was not an objective of the audit and that, accordingly, the auditor does not express such an opinion? (GAGAS 4.20)
 - g. A statement that identifies whether the results of tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and, if so, describes the instances of noncompliance and other matters (including the views of responsible officials and their planned corrective action) or refers to the *Schedule of Findings and Questioned Costs* in which the noncompliance and other matters, views of responsible officials, and their planned corrective action are described? (GAGAS 4.19, 4.23)
 - h. An alert describing the purpose of the auditor's report and that the report is not suitable for any other purpose? (AU-C 905.11)

Independent Auditor's Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133

57. Does the audit report include the *Independent Auditor's Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133*? (AU-C 935.30 and AU-C 935.31)
58. Does the auditor's report on compliance for each major federal program and on internal control over compliance required by OMB Circular A-133 include:
 - a. A title that includes the word *independent*? (AU-C 935.30(a))
 - b. An introductory paragraph that includes the following:
 - 1) Identification of one or more government programs covered by the compliance audit or reference to a separate schedule containing that information? (AU-C 935.30(c)(i))

- 2) Identification of the applicable compliance requirements or a reference to where they can be found? (AU-C 935.30(c)(ii))
 - 3) Identification of the period covered by the report? (AU-C 935.30(c)(iii))
- c. A section with the heading “Management’s Responsibility” that includes a statement that compliance with the applicable compliance requirements is the responsibility of the entity’s management? (AU-C 935.30(d))
- d. A section with the heading “Auditor’s Responsibility” that includes the following:
- 1) A statement that the auditor’s responsibility is to express an opinion on the entity’s compliance with the applicable compliance requirements based on the compliance audit? (AU-C 935.30(e)(i))
 - 2) 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 OMB Circular A-133? (AU-C 935.30(e)(ii))
 - 3) A statement that the compliance audit included examining, on a test basis, evidence about the entity’s compliance with those requirements and performing such other procedures as the auditor considered necessary in the circumstances? (AU-C 935.30(e)(iii))
 - 4) A statement that the auditor believes the compliance audit provides a reasonable basis for the auditor’s opinion? (AU-C 935.30(e)(iv))
 - 5) A statement that the compliance audit does not provide a legal determination of the entity’s compliance? (AU-C 935.30(e)(v))
- e. If noncompliance results in a modified opinion, a section with an appropriate heading, indicating the basis for the modified opinion that includes a description of such noncompliance, or a reference to a description of such noncompliance in the *Schedule of Findings and Questioned Costs*? (AU-C 935.30(f))
- f. A section with the heading “Opinion” that includes the auditor’s opinion, at the level specified by the governmental audit requirement, on whether the entity complied, in all material respects, with the applicable compliance requirements? (AU-C 935.30(g))
- g. If other noncompliance that is required to be reported by the governmental audit requirement is identified (that is, noncompliance that does not result in a modified opinion), an other-matter paragraph that includes a description of such noncompliance or a reference to a description of such noncompliance in the *Schedule of Findings and Questioned Costs*? (AU-C 935.30(h))

- h. A section with the heading “Internal Control Over Compliance” that includes the following:
- 1) A statement that management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, rules, and provisions of contracts or grant agreements applicable to federal programs? (AU-C 935.31(a))
 - 2) A statement that in planning and performing the compliance audit, the auditor considered the entity’s internal control over compliance with the applicable compliance 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))
 - 3) A statement that the auditor is not expressing an opinion on the internal control over compliance? (AU-C 935.31(c))
 - 4) A statement that the auditor’s consideration of the entity’s 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))
 - 5) The definition of *deficiency in internal control over compliance* and *material weakness in internal control over compliance*? (AU-C 935.31(e))
 - 6) A description of any identified material weaknesses in internal control over compliance or a reference to the *Schedule of Findings and Questioned Costs* containing such information? (AU-C 935.31(f))
 - 7) If significant deficiencies in internal control over compliance were identified, the definition of *significant deficiency in internal control over compliance* and a description of the deficiencies or a reference to the *Schedule of Findings and Questioned Costs* containing such a description? (AU-C 935.31(g))
 - 8) If no material weaknesses in internal control over compliance were identified, a statement to that effect? (AU-C 935.31(h))
- i. An alert describing the purpose of the auditor’s report and that the report is not suitable for any other purpose? (AU-C 905.11)

Findings and Recommendations Section

59. Does the *Schedule of Findings and Questioned Costs* include a *Summary of Auditor’s Results*? (OMB Circular A-133 Section .505(d))

60. Does the *Summary of Auditor's Results* include the following elements:

a. Financial Statements

- 1) Type of auditor's report issued (Unmodified, qualified, adverse, or disclaimer)? (OMB Circular A-133 Section .505(d)(1)(i)) (AU-C 700.35 and 705.23)
- 2) Internal control over financial reporting: Material weakness(es) identified (yes or no)? (OMB Circular A-133 Section .505(d)(1)(ii))
- 3) Significant deficiency(ies) identified that are not considered to be material weaknesses (yes, or none reported)? (OMB Circular A-133 Section .505(d)(1)(ii))
- 4) Noncompliance material to financial statements noted (yes or no)? (OMB Circular A-133 Section .505(d)(1)(iii))

b. Federal Awards

- 1) Internal control over major programs: Material weakness(es) identified (yes or no)? (OMB Circular A-133 Section .505(d)(1)(iv))
- 2) Significant deficiency(ies) identified that are not considered to be material weakness(es) (yes, or none reported)? (OMB Circular A-133 Section .505(d)(1)(iv))
- 3) Type of auditor's report issued on compliance for major programs (Unmodified, qualified, adverse, or disclaimer)? (OMB Circular A-133 Section .505(d)(1)(v)) (AU-C 935.30(f)(g))
- 4) Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133 (yes or no)? (OMB Circular A-133 Section .505(d)(1)(vi))
- 5) Identification of major programs (CFDA number and name of Federal program or cluster)? (OMB Circular A-133 Section .505(d)(1)(vii))
- 6) Dollar threshold used to distinguish between type A and type B programs? (OMB Circular A-133 Section .505(d)(1)(viii))
- 7) Auditee qualified as low-risk auditee (yes or no)? (OMB Circular A-133 Section .505(d)(1)(ix))

61. If financial statement findings are identified, does each finding include the following elements:

- a. Criteria? (GAGAS 4.11)
- b. Condition? (GAGAS 4.12)
- c. Cause? (GAGAS 4.13)

- d. Effect or potential effect? (GAGAS 4.14)
 - e. Recommendation? (GAGAS 4.28)
 - f. Views of responsible officials and planned corrective actions? (GAGAS 4.33 and GAGAS 4.35)
62. If federal award audit findings are identified, does each finding include the following elements:
- a. Federal program and specific federal award identification, including the *Catalog of Federal Domestic Assistance* (CFDA) number and title, federal agency, federal award number and year, and name of the pass-through entity, if applicable? (OMB Circular A-133 Section .510(b)(1))
 - b. The criteria or specific requirement upon which the audit finding is based, including statutory, regulatory, or other citation? (OMB Circular A-133 Section .510(b)(2))
 - c. The condition found, including facts that support the deficiency identified in the audit finding? (OMB Circular A-133 Section .510(b)(3))
 - d. Identification of questioned costs and how they were calculated? (OMB Circular A-133 Section .510(b)(4))
 - e. Information to provide proper perspective for judging the prevalence and consequences of the audit finding, such as whether the audit finding represents an isolated instance or a systemic problem? Where appropriate, instances identified shall be related to the universe and the number of cases examined, and be quantified in terms of dollar value. (OMB Circular A-133 Section .510(b)(5))
 - f. The possible asserted effect to provide sufficient information to the auditee and federal agency, or pass-through entity in the case of a sub-recipient, to permit them to determine the cause and effect to facilitate prompt and proper corrective action? (OMB Circular A-133 Section .510(b)(6))
 - g. The cause of the finding? (GAGAS 4.13)
 - h. Recommendations to prevent future occurrences of the deficiency noted in the audit finding? (OMB Circular A-133 Section .510(b)(7))
 - i. Views of responsible officials and planned corrective actions? Alternatively, the auditor may refer to the corrective action plan as the required presentation of the auditee's views and planned corrective actions. (OMB Circular A-133 Section .315(c) and GAGAS 4.33, 4.35)
 - j. A reference number for each finding? (OMB Circular A-133 Section .510(c))

63. Does the audit report include a *Schedule of Prior Audit Findings*? (OMB Circular A-133 Section .315(b))

Other

64. Do the auditor's reports include the manual or printed signature of the auditor's firm and the date of the report? (AU-C 700.39, 700.41, 935.30(j) and (l))

65. Was the report submitted within the earlier of 30 days after it was received by the local government, or nine months from the end of the audit period? (OMB Circular A-133 Section .320 (a))

Authoritative References

AU-C – AICPA *Codification of Statements on Auditing Standards*

GAGAS – *Government Auditing Standards* – 2011 Revision (Yellow Book)

GASB – Governmental Accounting Standards Board *Codification of Governmental Accounting and Financial Reporting Standards*

OMB Circular A-133 – Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*