

## INTRODUCTION

### Objectives and Purpose

The objectives of this initial review are (1) to ensure that the Department of Health and Human Resources (DHHR), as a pass-through entity, is reviewing subrecipient audits in accordance with the requirements for pass-through entities in the U.S. Office of Management and Budget (OMB) Circular A-133 (2) to ensure grantee's receiving state awards of \$50,000 or more during a fiscal year and are substituting the audit report in lieu of an attestation report have complied with the applicable reporting requirements detailed in WV Code §12-4-14 and CSR §148-18, and (3) identify issues that may require additional attention. The purpose of this guide is to help ensure that the scope of the initial review is sufficient to fulfill these objectives and to document and ensure consistent reviews.

### Applicability and Use

This guide, intended for use in performing initial reviews of A-133 audit reports, is designed, to the extent possible, to be all that is necessary to support the results of the initial review. The reviewer may refer to the U.S. Office of Management and Budget's (OMB) Circular A-133 and GAO's Government Auditing Standards (GAS) for the complete listing of reporting requirements; however, it is anticipated that agencies may conduct reviews of less detailed reports for which they have general oversight responsibility. While this guide is not specifically for reviews of those reports, it may be used for such reports if desired.

### Description

The checklist provided in this guide is generally organized by reporting standards and elements of an audit. Question 2 relates to WV Code §12-4-14 reporting requirements. Question 2 has been designed to show "Yes" or "N/A" (not applicable) answers as favorable responses. A "No" answer to question 2 indicates that the audit report cannot be substituted for the required WV Code §12-4-14 report. Questions 1 and 3 through 13 relate mostly to OMB Circular A-133 audits; however, there are some requirements that also relate to audits performed in accordance with GAS (Yellow Book). Therefore, questions 1 and 3 through 13 have been designed to show "Yes" or "N/A" (not applicable) answers as favorable responses. A "No" answer to questions 3, 6 and 7 indicates an auditee deficiency, and a "No" answer to questions 1, 4, 5, 8 and 9 indicates an auditor deficiency. Questions 10 through 13 are optional for analysis of information contained in the reporting package and may require follow-up. For these questions, a "Yes" answer may indicate the need for follow-up. All unfavorable responses should be fully explained and cross-referenced to the reporting package. (Favorable responses do not need to be cross-referenced.) It should be noted that unfavorable answers identify situations that could be undesirable but do not necessarily imply that the report is unacceptable. The reviewer must exercise professional judgment when answering the questions and reaching specific and overall conclusions on the quality of the report.

## References

The references and checklist have been updated as of June 30, 2011, therefore reviewers should be conscious of any significant changes made after that date and make the necessary adjustments to the checklist. References are provided to enable the reviewer to refer to relevant standards and requirements. The reviewer should be familiar with the requirements and standards and have them available when performing the initial review. Below are abbreviations used to reference the requirements and standards:

A-133	OMB Circular A-133, <i>Audits of States, Local Governments, and Non-Profit Organizations</i> . (Revised to show changes published in the <i>Federal Register</i> as of June 27, 2003)
AU	<i>Codification of Statements on Auditing Standards Numbers 1 to 101</i> , promulgated by the American Institute of Certified Public Accountants (AICPA).
GAS	The financial audit standards contained in <i>Government Auditing Standards</i> (2007 Revision) published by the General Accounting Office (GAO).
AAG-SLA	<i>AICPA's Government Auditing Standards and Circular A-133 Audits with Conforming Changes as of May 1, 2007</i> (previously AICPA's Statement of Position SOP 98-3)
2 CFR 176	Code of Federal Regulations Title 2, Part 176, <i>Award Terms for Assistance Agreements That Include Funds Under the American Recovery and Reinvestment Act of 2009, Public Law 111-5</i> .
WV Code §12-4-14	West Virginia State Code
CSR §148-18	West Virginia Code of State Rules

REVIEW ITEM	YES	NO	N/A	REF.
<b>GENERAL REPORTING</b>  1. Do the applicable reports within the audit report package contain the manual or printed signature of the auditor's firm and date of the report? (AU 508.08i & j; AAG-SLA 4.21j & k); (AAG-SLA 4.26n & o); (AAG-SLA 12.23t & u)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>WV CODE §12-4-14 REPORTING</b>  2. Does the audit report contain the following state reporting requirements:  a. A schedule of state receipts and expenditures? (WV Code of State Rules §148-18-4)  b. An auditor's opinion on whether the schedule of state receipts and expenditures is stated fairly in relation to the financial statements as a whole. (WV Code of State Rules §148-18-4)				
a. A schedule of state receipts and expenditures? (WV Code of State Rules §148-18-4)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
b. An auditor's opinion on whether the schedule of state receipts and expenditures is stated fairly in relation to the financial statements as a whole. (WV Code of State Rules §148-18-4)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b> <i>(Note: The Schedule of Expenditures of Federal Awards is the responsibility of the auditee.)</i>  3. Does the report include a Schedule of Expenditures of Federal Awards that: (A-133 .310(b); AAG-SLA 7.06; 2 CFR 176.210(b))  a. Lists individual Federal programs by Federal agency and, for a cluster, lists individual Federal programs within a cluster of programs? (A-133.310(b)(1); AAG-SLA 7.06)  b. Includes, 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); AAG-SLA 7.06)  c. 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); AAG-SLA 7.06)  d. Identifies Federal awards expended under the American Recovery and Reinvestment Act separately and includes the prefix "ARRA-" in the name of the Federal program for those awards? (2 CFR 176.210 (b))  e. Includes notes that describe the significant accounting policies used in preparing the schedule? (A-133 .310(b)(4); AAG-SLA 7.06)  f. Includes, to the extent practicable, the total amount provided to subrecipients by each Federal program? (A-133 .310 (b)(5); AAG-SLA 7.06)  g. 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 guarantees outstanding at year-end? (A-133.310(b)(6); AAG-SLA 7.06)				
a. Lists individual Federal programs by Federal agency and, for a cluster, lists individual Federal programs within a cluster of programs? (A-133.310(b)(1); AAG-SLA 7.06)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
b. Includes, 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); AAG-SLA 7.06)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
c. 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); AAG-SLA 7.06)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
d. Identifies Federal awards expended under the American Recovery and Reinvestment Act separately and includes the prefix "ARRA-" in the name of the Federal program for those awards? (2 CFR 176.210 (b))	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
e. Includes notes that describe the significant accounting policies used in preparing the schedule? (A-133 .310(b)(4); AAG-SLA 7.06)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
f. Includes, to the extent practicable, the total amount provided to subrecipients by each Federal program? (A-133 .310 (b)(5); AAG-SLA 7.06)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
g. 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 guarantees outstanding at year-end? (A-133.310(b)(6); AAG-SLA 7.06)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</b>  4. Does the schedule of findings and questioned costs include a summary of audit results section containing the following elements: (A-133.505(d); AAG-SLA 12.32)				
a. Type of opinion(s) issued on the auditee's financial statements? (A-133.505(d)(1)(i); AAG-SLA 12.32a)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
b. A statement that identifies whether the audit disclosed any significant deficiencies or	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

REVIEW ITEM	YES	NO	N/A	REF.
material weaknesses in internal control over financial reporting? (A-133.505(d)(1)(ii); AAG-SLA 12.32a)				
c. A statement that identifies whether the audit disclosed any noncompliance that is material to the auditee’s financial statements? (A-133.505(d)(1)(iii); AAG-SLA 12.32a)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
d. If applicable, a statement that reportable conditions in internal control over major programs were disclosed by the audit and whether any such conditions were material weaknesses? (A-133.505(d)(1)(iv); AAG-SLA 12.32a)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
e. Type of opinion(s) issued on the auditee’s compliance with major programs? (A-133.505 (d)(1)(v); AAG-SLA 12.32a)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
f. A statement that identifies whether the audit disclosed any audit findings which the auditor is required to report under A-133 .501(a)? (A-133.505(d)(1)(vi); AAG-SLA 12.32a) <i>[If there are audit findings, please note whether the findings are applicable to the Federal awards issued by DHHR].</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
g. Identification of the auditee's major programs? (A-133 .505(d)(vii); AAG-SLA 12.32a)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
h. Dollar threshold used to distinguish between type A and B programs? (A-133.505(d)(viii); AAG-SLA 12.32a )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
i. A statement that identifies whether the auditee qualified as a low-risk auditee. (A-133 .505(d)(ix); AAG-SLA 12.32a)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>PRESENTATION OF THE AUDIT FINDINGS</b>				
5. Are the Federal findings presented in sufficient detail? Consider whether the reported deficiency provides the following information: (A-133 .510(b); AAG-SLA 12.37-.38)				
a. Federal program and specific Federal award identification, including the Catalog of Federal Domestic Assistance (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 to describe the Federal award. (A-133 .510(b)(1); AAG-SLA 13.37a)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
b. The criteria or specific requirement upon which the audit finding is based, including the statutory, regulatory, or other citation. (A-133 .510(b)(2); AAG-SLA 12.37b; GAS 4.15)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
c. The condition found, including facts that support the deficiency identified in the audit finding. (A-133 .510(b)(3); AAG-SLA 12.37c; GAS 4.16)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
d. Identification of questioned costs and how they were computed. (A-133.510(b)(4); AAG-SLA 12.37d)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
e. Information to provide proper perspective for judging the prevalence and consequences of the audit findings. (A-133.510(b)(5); AAG-SLA 12.37e; GAS 5.22)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
f. 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); AAG-SLA 12.37f; GAS 4.17-.18)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

REVIEW ITEM	YES	NO	N/A	REF.
g. Recommendations to prevent future occurrences of the deficiency identified in the audit finding. (A-133.510(b)(7); AAG-SLA 12.37g; GAS 5.21)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
h. Views of responsible officials of the auditee when there is a disagreement with the audit findings, to the extent practical. [Note: The auditor may reference the entity's corrective action plan to describe the views of responsible officials. If those views oppose the auditor's findings, the auditor should state the reasons for rejecting those views.] (A-133.510(b)(8); AAG-SLA 12.38; GAS 5.32, 5.37-.38)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
i. A reference number for each finding. (A-133 .510(c); AAG-SLA 12.39)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>CORRECTIVE ACTION PLAN FOR FINANCIAL STATEMENT FINDINGS</b> (Note: The corrective action plan is the responsibility of the auditee.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6. Does the audit report package include the corrective action or reasons that corrective action is not required for each finding?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>CORRECTIVE ACTION PLAN FOR FEDERAL AWARD FINDINGS</b> (Note: The corrective action plan is the responsibility of the auditee.)				
7. Does the corrective action plan include the following for each finding: (A-133.315(c); AAG-SLA 12.41)				
a. Corrective action or reasons that corrective action is not required?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
b. Planned corrective action completion date(s)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
c. The auditee contact person(s) responsible for corrective action.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS</b>				
8. If applicable, does the audit report contain a summary schedule of prior audit findings? (A-133.315(b); AAG-SLA 12.42)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
9. If applicable, does the audit report contain a current year finding that is also addressed as a prior year audit finding concerning a Federal DHHR award? (A-133.500(e), .510(a)(7); AAG-SLA 12.42)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>OTHER</b>  Questions 10 through 13 are optional for analysis of information contained in the audit report and may require follow-up. The questions have been designed to indicate that a "Yes" answer possibly requires follow-up.				
10. Do the reports indicate the existence of a separate management letter? (GAS 5.09, 5.16; AAG-SLA 4.35) If "yes," consider obtaining a copy and the organization's response to the management letter comments. (A-133.320(f); AAG-SLA 12.50)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
11. Do the notes to the Financial Statements or the notes to the Schedule of Federal Awards (SEFA) indicate any deficiency that negatively affects Federal awards or that should be reported to Federal officials? (If "Yes," please explain.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

