INTRODUCTION

Objectives and Purpose

The objectives of this initial review are (1) to ensure that the Department of Health, Department of Health Facilities and the Department of Human Services (Department), as a pass-through entity, is reviewing subrecipient audits in accordance with the requirements for pass-through entities in the 2 CFR Subpart F (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 §155-09, 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 Subpart F 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 2 CFR Subpart F 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 2 CFR Subpart F 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 May 2026, 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:

2 CFR 200	2 CFR 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Previously OMB Circular A-133)
2 CFR 17	Code of Federal Regulations Title 2, Part 176, Award Terms for Assistance Agreements That Include Funds Under the American Recovery and Reinvestment Act of 2009, Public Law 111-5.
AU-C	*Codification of Statements on Auditing Standards Numbers 1 to 101*, promulgated by the American Institute of Certified Public Accountants (AICPA).
GAS	The financial audit standards contained in *Government Auditing Standards* (2024 Revision) published by the General Accounting Office (GAO).
WV Code §12-4-14	West Virginia State Code
CSR §155-09	West Virginia Code of State Rules

REVIEW ITEM	YES	NO	N/A	REF.
GENERAL REPORTING 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-C 700.39 & 41; AU-C 935.30(j) & (l); AU-C 935.32(d) & (e))	☐	☐	☐	
WV CODE §12-4-14 REPORTING 2. Does the audit report contain the following state reporting requirements:				
a. A schedule of state receipts and expenditures? (WV Code of State Rules §155-09)	☐	☐	☐	
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 §155-09-04)	☐	☐	☐	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (*Note: The Schedule of Expenditures of Federal Awards is the responsibility of the auditee.*) 3. Does the report include a Schedule of Expenditures of Federal Awards that: (2 CFR 200.510(b))				
a. Lists individual Federal programs by Federal agency and, for a cluster, lists individual Federal programs within a cluster of programs? (2 CFR 200.510(b)(1))	☐	☐	☐	
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? (2 CFR 200.510(b)(2))	☐	☐	☐	
c. Provides the total Federal awards expended for each individual Federal program and the Assistance Listing number or other identifying number when the Assistance Listing number is not available? (2 CFR 200.510(b)(3))	☐	☐	☐	
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 and whether or not the 10% de minimis cost rate per 2 CFR 200.414 is used?? (2 CFR 200.510(b)(6)) Please note the de minimis cost rate changed to 15% for fiscal years ending on or after October 1, 2024,	☐	☐	☐	
f. Includes, to the extent practicable, the total amount provided to subrecipients by each Federal program? (2 CFR 200.510(b)(4))	☐	☐	☐	
g. Includes, in either the schedule or a note to the schedule, the total Federal awards expended for loan or loan guarantee programs and loans and loan guarantees balances outstanding at year-end? (2 CFR 200.510(b)(5))	☐	☐	☐	
SCHEDULE OF FINDINGS AND QUESTIONED COSTS 4. Does the schedule of findings and questioned costs include a summary of audit results section containing the following elements: (2 CFR 200.515(d))				
a. Type of opinion(s) issued on the auditee's financial statements? (2 CFR 200.515(d)(1)(i))	☐	☐	☐	
b. A statement that identifies whether the audit disclosed any significant deficiencies or	☐	☐	☐	

REVIEW ITEM	YES	NO	N/A	REF.
material weaknesses in internal control over financial reporting? (2 CFR 200.515(d)(1)(ii))				
c. A statement that identifies whether the audit disclosed any noncompliance that is material to the auditee's financial statements? (2 CFR 200.515(d)(1)(iii))	☐	☐	☐	
d. If applicable, a statement about whether significant deficiencies or material weaknesses in internal control over major programs were disclosed by the audit? (2 CFR 200.515(d)(1)(iv))	☐	☐	☐	
e. Type of opinion(s) issued on the auditee's compliance with major programs? ((2 CFR 200.515(d)(1)(v))	☐	☐	☐	
f. A statement that identifies 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)) [*If there are audit findings, please note whether the findings are applicable to the Federal awards issued by the Department*].	☐	☐	☐	
g. Identification of the auditee's major programs individually, or in the case of a cluster of programs, the cluster name as shown on the Schedule of Expenditures of Federal Awards? (2 CFR 200.515(d)(1)(vii))	☐	☐	☐	
h. Dollar threshold used to distinguish between type A and B programs? (2 CFR 200.515(d)(1)(viii))	☐	☐	☐	
i. A statement that identifies whether the auditee qualified as a low-risk auditee. (2 CFR 200.515(d)(1)(ix))	☐	☐	☐	
PRESENTATION OF THE AUDIT FINDINGS 5. Are the Federal findings presented in sufficient detail? Consider whether the reported deficiency provides the following information: (2 CFR 200.516(b))				
a. Federal program and specific Federal award identification, including the Assistance Listing title and number, Federal award number and year, name of Federal agency, and name of applicable pass-through entity. When information such as the Assistance Listing title and number or Federal award number is not available, the auditor must provide the best information available to describe the Federal award. (2 CFR 200.516(b)(1))	☐	☐	☐	
b. The criteria or specific requirement upon which the audit finding is based, including the statutory, regulatory, or the terms of the awards. (2 CFR 200.516(b)(2); GAS 6.25)	☐	☐	☐	
c. The condition found including facts that support the deficiency identified in the audit finding. (2 CFR 200.516(b)(3); GAS 6.26) d. A statement of cause that identifies the reason or explanation for the condition or the factors responsible for the difference between the condition and criteria. (2 CFR 200.516(b)(4); GAS 6.27)	☐	☐	☐	
e. Identification of questioned costs and how they were computed. Known questioned costs must be identified by applicable Assistance Listing number(s) and applicable Federal award identification numbers. (2 CFR 200.516(b)(6)) If there are known questioned costs but the dollar amount is undetermined or not reported, is there a description of why the dollar amount was undetermined or otherwise could not be reported. (2 CFR 200.516(b)(7))	☐	☐	☐	
f. Information to provide proper perspective for judging the prevalence and consequences of the audit findings. (2 CFR 200.516(b)(8); GAS 6.52)	☐	☐	☐	

REVIEW ITEM	YES	NO	N/A	REF.
g. 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 6.28) h. Identification of whether the audit finding was a repeat finding in the immediately prior audit and if so, any applicable prior year audit finding numbers. (2 CFR 200.516(b)(9))	☐	☐	☐	
i. Recommendations to prevent future occurrences of the deficiency identified in the audit finding. (2 CFR 200.516(b)(10); GAS 6.53)	☐	☐	☐	
j. Views of responsible officials of the auditee. [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.] (2 CFR 200.516(b)(11); GAS 6.58-6.61)	☐	☐	☐	
k. A reference number for each finding that meets requirements of the data collection form submission (2 CFR 200.512(b)). (2 CFR 200.516(c))	☐	☐	☐	
CORRECTIVE ACTION PLAN FOR FINANCIAL STATEMENT FINDINGS (*Note: The corrective action plan is the responsibility of the auditee.*) 6. Does the audit report package include the corrective action or reasons that corrective action is not required for each finding and include the reference numbers the auditor assigns to audit findings under § 200.516(c).??	☐	☐	☐	
CORRECTIVE ACTION PLAN FOR FEDERAL AWARD FINDINGS (*Note: The corrective action plan is the responsibility of the auditee.*) 7. Does the corrective action plan include the following for each finding (2 CFR 200.511(c))				
a. Corrective action or reasons that corrective action is not required?	☐	☐	☐	
b. Planned corrective action completion date(s)?	☐	☐	☐	
c. The auditee contact person(s) responsible for corrective action.	☐	☐	☐	
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS				
8. If applicable, does the audit report contain a summary schedule of prior audit findings that includes the reference numbers the auditor assigns to audit findings under § 200.516(c).? (2 CFR 200.511(b))	☐	☐	☐	
a. Does the schedule indicate that corrective action was taken for fully corrected findings? (2 CFR 200.511(b)(1))	☐	☐	☐	
b. Does the schedule describe the reasons for the finding’s recurrence, planned corrective action and any partial corrective action taken for findings that were not corrected or fully corrected? If the corrective action taken is significantly different from Corrective Action Plan previously, is an explanation provided on the schedule?	☐	☐	☐	

REVIEW ITEM	YES	NO	N/A	REF.
(2 CFR 200.511(b)(2)) c. If applicable, does the schedule provide reasons the auditee believes the audit findings are no longer valid or do not warrant further action? (2 CFR 200.511(b)(3))	☐	☐	☐	
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 Department award? (2 CFR 200.514(e), .516(a)(7))	☐	☐	☐	
OTHER 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? (AU-C 260.12-260.14, 260.16, 265.12b If "yes," consider obtaining a copy and the organization's response to the management letter comments. (2 CFR 200.512(e))	☐	☐	☐	
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.)	☐	☐	☐	
12. Do any of the Independent Auditor's reports included with the audit report package contain any opinions other than unqualified? Evaluate to determine the possible effect on Federal Department programs and if further actions are required.	☐	☐	☐	
13. Does the report contain indications of fraudulent or illegal acts of a criminal nature or other sensitive matters affecting Federal awards? (GAS 6.21-6.24)	☐	☐	☐	

REFERENCE	NOTES