

**DESK REVIEW OF AUDIT REPORT**

CONTRACTOR'S NAME:	REVIEWED BY:
CONTRACTOR'S ADDRESS:	REVIEW DATE:
	REPORT RECEIVED:
REPORTING PERIOD:	DATE OPINION EXPRESSED:
CONTACT PERSON:	TELEPHONE:

PROGRAM:	CONTRACT NUMBER:	CONTRACT AMOUNT:	CONTRACT PERIOD:
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	

DATA COLLECTION	YES	NO	N/A	COMMENTS
<b>AUDITOR</b> 1. Does the audit report clearly identify the auditor as a CPA or a public accountant licensed to practice in the state of Iowa?				Verified from the Iowa Board of Accountancy on _____ Firm Name:
2. Is the audit report free from any indication that the auditor does not meet the qualification or independence requirements as prescribed in Chapter IV of the "Yellow Book"?				
3. Is the audit report dated and signed?				

DATA COLLECTION	YES	NO	N/A	COMMENTS
<b>SCOPE PARAGRAPH</b>				
4. Are the financial statements that were audited clearly identified?				
5. Was the audit free from any limitations as to the application of audit procedures?  If not, has the scope paragraph been modified by inserting the phrase, such as, "except explained in the following paragraph, our examination ..."?				
6. Do the financial statements cover the entire operation of the contractor?				
7. Is the reporting period the same as the contractor's fiscal year?				
8. Is the reporting period the same as the contract period?				
9. When the reporting period differs from the contract period, does the report identify each contract (program) that falls within the reporting period?				
<b>OPINION PARAGRAPH</b>				
10. Are the financial statements presented in accordance with generally accepted accounting principles?  If not, does the auditor state that the financial statements are presented on a comprehensive basis of accounting other than generally accepted accounting principles?  Is the departure disclosed and the opinion on the financial statements appropriately qualified?				
11. Does the report contain an expression of opinion regarding the financial statements taken as a whole or an assertion to the effect that an opinion cannot be expressed?				

DATA COLLECTION	YES	NO	N/A	COMMENTS
<p>12. Does the auditor's opinion state that accounting principles have been consistently applied with those of the preceding period?</p> <p>If not, indicate the reported changes in accounting principles.</p>				
<p>13. Does the report contain the standard unqualified opinion?</p> <p>Has the auditor modified the standard opinion, to discuss a matter affecting the financial statements that the auditor wishes to emphasize, but which will not result in a qualification of the auditor's opinion?</p> <p>If so, identify the matter.</p>				
<p>If the opinion is other than unqualified, answer questions 14, 15, and 16.</p>				
<p>14. Are there other explanatory middle paragraphs indicating each substantive reason for withholding an unqualified opinion?</p>				
<p>15. Does the explanatory paragraph disclose the principle effect of the subject matter of the qualification on the financial statements, if reasonably determinable?</p> <p>If the effects are not reasonably determinable, the report should so state.</p>				
<p>16. Is a reference of separate explanatory paragraph made in the opinion paragraph?</p>				
<p><b>ADDITIONAL INFORMATION PARAGRAPH</b></p>				
<p>17. Has the auditor clearly described his responsibility in the report on the schedules of (supplemental information) federal or state assistance programs?</p>				
<p>18. Does the report include either an opinion on whether the accompanying information is fairly stated in all material respects in relation to the basic financial statements taken as a whole or a disclaimer of opinion?</p> <p>If an opinion is disclaimed, so note.</p>				

DATA COLLECTION	YES	NO	N/A	COMMENTS
<p>19. Is the report free from indications of any material misstatement that is presented in the additional information accompanying the financial statements?</p> <p>If so, identify the material misstatement.</p>				
<p>20. Are the audit report and accompanying information free from any indications of fraud, abuse, or illegal acts?</p> <p>If not, has the auditor prepared a separate written report concerning the irregularities that describes the situation and the possible effect upon the entity's financial statements?</p> <p>If so, identify the irregularity and the action taken.</p>				
<p><b>FINANCIAL STATEMENT PRESENTATION</b></p> <p>21. If the financial statements are presented in accordance with generally accepted accounting principles, does the report include the necessary financial statements and schedules, such as:</p> <ul style="list-style-type: none"> <li>• Combined balance sheet for all programs</li> <li>• Combined statement of revenue, expenditures, and changes in fund balances for all programs</li> <li>• Combined statement of cash flows for all programs</li> <li>• Schedules of the federal or state assistance programs reflecting revenue and expenditures of <i>each</i> program</li> </ul>				

If the financial statements are presented in accordance with generally accepted accounting principles, answer questions 22 through 24. These questions concern information that is required to be presented in the notes to financial statements generated in accordance with generally accepted accounting principles.

<p>22. Is the summary of significant accounting principles exclusive of any accounting policies that might have an adverse effect upon federal or state awards?</p> <p>If not, identify the policies that might have an adverse effect upon federal or state awards.</p>				
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DATA COLLECTION	YES	NO	N/A	COMMENTS
<p>23. Does the disclosure of contingent liabilities indicate that the contractor is free from contingent liabilities payable to the Department?</p> <p>If not, identify the contingent liabilities payable to the Department of Human Services.</p>				
<p>24. Are subsequent events clearly identified in the notes?</p> <p>Do the notes indicate any subsequent events that could significantly affect federal or state awards?</p> <p>If so, identify the subsequent events and their effect.</p>				

If financial statements are presented in accordance with a comprehensive basis of accounting other than generally accepted accounting principles, answer questions 25 through 28.

<p>25. Are the financial statements presented in accordance with either:</p> <ul style="list-style-type: none"> <li>• A basis of accounting that the reporting entity uses to comply with the financial reporting requirements of a governmental regulatory agency to whose jurisdiction the entity is subject; or</li> <li>• The cash basis of accounting and modification of the cost basis having substantial support?</li> </ul>				
<p>26. Are the financial statements suitably titled considering the basis of accounting used?</p>				
<p>27. Do the notes to the financial statements clearly describe the basis of presentation used and how the basis differs from generally accepted accounting principles?</p>				
<p>28. Have any contingencies, changes in accounting principles, related party transactions and subsequent events been disclosed in the notes to financial statements?</p>				

DATA COLLECTION	YES	NO	N/A	COMMENTS
<p>29. Does the report include a Schedule of Federal Grant or Contract Activity indicating:</p> <ul style="list-style-type: none"> <li>• Grant or contract title?</li> <li>• Grant or contract number?</li> <li>• Beginning of year fund balance?</li> <li>• Revenue received?</li> <li>• Matching contributions?</li> <li>• Expenditures?</li> <li>• Year-end fund balance?</li> </ul>				
<p><b>REPORT ON COMPLIANCE</b></p> <p>30. Does the report reference all financial statements presented?</p>				
<p>31. Does the report state that the examination was performed in accordance with GAGAS and the Single Audit Act of 1984 (OMB Circular A-128).</p>				
<p>32. The reports on compliance and on the basic financial statements have the same objectives: to describe clearly the character of the auditor's examination and the degree of responsibility the auditor is taking.</p> <p>Comparing these two reports, does it appear the auditor has clearly described his examination and responsibilities in the report on compliance?</p> <p>If the auditor has not been clear, indicate the areas requiring clarification.</p>				
<p>33. Does the report contain:</p> <ul style="list-style-type: none"> <li>• A statement of positive assurance with respect to those items tested for compliance?</li> <li>• A statement of negative assurance on those items not tested?</li> <li>• A summary of all instances of noncompliance?</li> <li>• An identification of total amounts questioned, if any, for each federal and state assistance award as a result of noncompliance?</li> </ul>				

DATA COLLECTION	YES	NO	N/A	COMMENTS
<p>34. Does the report for each identified instance of noncompliance:</p> <ul style="list-style-type: none"> <li>• Indicate the federal assistance programs for which noncompliance was found?</li> <li>• Describe what was found and the criteria used, and the cause (why it happened)?</li> <li>• Relate the noncompliance to the number of cases examined?</li> <li>• Identify the questioned costs (if applicable)?</li> </ul> <p>Reference the pages of the report containing the compliance finding.</p>				
<p>35. Does the report include the recommendations for corrective action to improve problem areas noted in the report on compliance?</p>				
<p>36. Does the report include the comments by officials of the contractor concerning what was found and actions planned to improve the entity's operation?</p>				
<p>37. Does the report contain the auditor's response to the contractor's plan of action?</p> <p>If so, does the auditor agree or disagree?</p>				
<b>REPORT ON INTERNAL CONTROL</b>				
<p>38. Does the report reference all financial statements presented?</p>				
<p>39. Does the report state that the examination was performed in compliance with GAGAS and the Single Audit Act of 1984 (OMB Circular A-128)?</p>				

DATA COLLECTION	YES	NO	N/A	COMMENTS
<p>40. The reports on internal control and on the basic financial statements have the same objectives: to describe clearly the character of the auditor's examination and the degree of responsibility the auditor is taking.</p> <p>Comparing these two reports, does it appear the auditor has clearly described his examination and responsibilities in the report on internal control?</p> <p>If the auditor has not been clear, indicate the areas requiring clarification.</p>				
<p>41. Does the report on the study and evaluation of internal control system identify:</p> <ul style="list-style-type: none"> <li>• The contractor's significant internal accounting transaction cycles?</li> <li>• Those controls designed to provide reasonable assurance that federal program general, specific, and other requirements are being complied with, and that federal programs are being managed in accordance with the terms of the contract?</li> <li>• The controls that were evaluated?</li> <li>• The controls that were not evaluated?</li> <li>• The material weaknesses identified as a result of the auditor's evaluation?</li> </ul>				
<p>42. Does the report include recommendations for corrective action to improve problem areas noted in the report on internal accounting control?</p>				
<p>43. Has the contractor provided comments on the auditor's findings and recommendation and its corrective action plan to address the recommendations?</p>				
<p><b>GENERAL</b></p> <p>44. Do funds reimbursed to the contractor equal the revenue reported on the financial statement?</p>				
<p>45. Has the previous year's audit report been received and reviewed?</p>				



DATA COLLECTION	YES	NO	N/A	COMMENTS
46. Have the findings been satisfactorily resolved following the review of the audit report?				
47. Is the equipment inventory list complete and up-to-date?				
48. Is the fund balance satisfactory?				
49. Is the program income properly accounted for?				
50. Have the matching requirements been met?				
<p>51. Based upon the reviewer's knowledge, have all items in the reviewed audit report that should have been reported as instances of noncompliance been reported as such?</p> <p>If not, identify those instances that have not been appropriately reported.</p>				
<p>52. Have the reviewer's questions or concerns regarding the contractor's operations (if any) been answered or satisfied?</p> <p>If not, are there any questions that require answers that could be obtained by communication with the auditor either via mail or telephone?</p> <p>If so, list the questions and answers obtained.</p>				