**AU-C 935**

**SAMPLE COMBINED REPORTS ON COMPLIANCE**

**AND INTERNAL CONTROL**

**Uniform Guidance**

**November 2019[[1]](#footnote-1)**

**THIS LETTER SHOULD NOT BE USED FOR 12-31-21 & SUBSEQUENT FYEs.**

**Auditor Notes**:

1. See 13.41 of the AICPA *Governmental Auditing Standards and Single Audits* Guide regarding reporting findings of abuse.
2. See guidance in AU-C 935.43 for reissuing reports.
3. AICPA Single Audit References were updated for the 2019 guide.

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**Example #1.** Unmodified Opinion on Compliance (with or without reportable noncompliance *not* affecting our opinion), No Significant Deficiencies, no Material Weaknesses

**You must cut and paste applicable sections below into Example 1 when required:**

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**Example #3.** Adverse Opinion on Compliance on One Major Program, Unmodified Opinion on Other Major Programs (with or without additional reportable noncompliance *not* affecting our opinion)

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**Example #10** Additional paragraph when we attach SEFA to Single Audit report instead of to the basic statements --- *SEFA work completed* ***after*** *basic statement opinion date.*

**Example 1: Unmodified Opinion on Compliance**

**(With or without reportable noncompliance not affecting our opinion – see endnote 3); no Significant Deficiencies, no Material Weaknesses**

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH REQUIREMENTS**

**APPLICABLE TO the MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

[ENTITY NAME]

[COUNTY NAME]

[STREET ADDRESS]

[CITY], Ohio [ZIP CODE]

To the [GOVERNING BODY]:

***Report on Compliance for the Major Federal Program***

We have audited [ENTITY NAME]’s (the Entity) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect [ENTITY NAME]’s major federal program for the year ended [FYE Date]. The *Summary of Auditor’s Results* in the accompanying schedule of findings identifies the Entity’s major federal program.

**Include only when applicable per endnote [[2]](#endnote-1):** The Entity’s basic financial statements include the operations of [name of component unit or department], which expended $XXX in federal awards which is not included in the Entity’s Schedule of Expenditures of Federal Awards during the year ended [FYE]. Our audit, described below, did not include the operations of [name of component unit or department] because the component unit [department] engaged another auditor to audit its Federal award programs in accordance with the Uniform Guidance. **<< Modify last sentence as needed per endnote 1.**

***Management’s Responsibility***

The Entity’s Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

***Auditor’s Responsibility***

Our responsibility is to opine on the Entity’s compliance for the Entity’s major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States’ *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Entity’s

compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Entity’s major program. However, our audit does not provide a legal determination of the Entity’s compliance.

***Opinion on the Major Federal Program***

In our opinion, [ENTITY NAME] complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended [FYE Date].

***Other Matters*** Include “Other Matters” *only* if we must report noncompliance findings 2 CFR 200.516(a) requires us to report that do not require qualifying the opinion on a major program (such as q-costs that are immaterial, but > $25,000).[[3]](#endnote-2)

The results of our auditing procedures disclosed **[an instance]** **[instances]** of noncompliance which Uniform Guidance requires us to report, described in the accompanying schedule of findings as item**(s)** 20XX-003 and 20XX-006. Our opinion on *the* major federal program is not modified with respect to these matters.

The Entity’s response**(s)** to our noncompliance finding**(s)** **is / are** described in the accompanying schedule of findings **and / or corrective action plan**. We did not subject the Entity’s response**(s)** to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on **it / them**. (Omit ¶ if there are no responses. Omit reference to corrective action plan if not part of the audit report.)

***Report on Internal Control Over Compliance***

The Entity’s management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Entity’s internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program’s compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Entity’s internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program’s applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program’s applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance**.**

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

***Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance4***

(Insert this heading and Example 9 or 10 only if we report on the schedule of expenditures of federal awards in this report)



[report date][[4]](#endnote-3)

**Example 2**: **Qualified Opinion on Compliance on Major Program(s);**

**Unmodified Opinion on Compliance on Other Major Program(s)**

**(With or without reportable noncompliance unrelated to the qualification)**

**Reminder: If programs are part of a cluster, report the cluster name (i.e. Nutrition Cluster) and use a singular reference to ‘program’ in the letter. Do not list each individual program.**

[Include *Report on Compliance for the Major Federal Program*, *Management’s Responsibility* and *Auditor’s Responsibility* Sections from Example 1.]

***Basis for Qualified Opinion on [name of major Federal Program(s)]***

As described in finding**[s]** 20XX-004 through 20XX-007 in the accompanying schedule of findings, the Entity did not comply with requirements regarding [*identify type(s) of compliance requirement, such as matching, eligibility, etc.*] applicable to its [*identify major federal program(s), example: CFDA 93.600 Head Start*] major federal program**[s]**. Compliance with **this / these** requirement**[s]** is necessary, in our opinion, for the Entity to comply with requirements applicable to **this / these** program**[s]**.

***If there are multiple noncompliance findings, use this tabular format instead:***

As described in Findings 20XX-001 and 20XX-002 in the accompanying schedule of findings, the Entity did not comply with requirements regarding the following:

|  |  |  |  |
| --- | --- | --- | --- |
| Finding # | CFDA # | Program (or Cluster) Name | Compliance Requirement |
| 20XX-001 | 93.600 | Head Start | Eligibility |
| 20XX-002 | 93.600 | Head Start | Reporting |

Compliance with these requirements is necessary, in our opinion, for the Entity to comply with the requirements applicable to **this / these** program**[s]**.

***Qualified Opinion on [name of major Federal Program(s)]***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on [name of major Federal Program(s)]* paragraph, [ENTITY NAME] complied, in all material respects, with the requirements referred to above that could directly and materially affect its*[name of major Federal Program(s)]*for the year ended [FYE Date].

***Unmodified Opinion on* *the Other Major Federal Program(s)***

***Insert if applicable***

In our opinion, [ENTITY NAME] complied in all material respects with the requirements referred to above that could directly and materially affect its other major federal program**[s]** identified in the *Summary of Auditor’s Results* section of the accompanying schedule of findingsfor the year ended [FYE Date].

***Other Matters***

*Insert if we report findings not affecting the opinion, or if the* schedule of findings *includes management responses – See Example 1*

***Report on Internal Control Over Compliance***

(Insert applicable internal control section)

***Report on Schedule of Expenditures of Federal Awards Required by*** ***the Uniform Guidance******[[5]](#endnote-4)***

(Insert this heading and Example 9 or 10 only if we report on the schedule of expenditures of federal awards in this report)

**Example 3: Adverse Opinion on Compliance on Major Program(s),**

**Unmodified Opinion on Other Major Program(s)**

**(With or without reportable noncompliance unrelated to the adverse opinion)**

**Reminder: If programs are part of a cluster, report the cluster name (i.e. Nutrition Cluster) and use a singular reference to ‘program’ in the letter. Do not list each individual program.**

*[Include Report on Compliance for the Major Federal Program, Management’s Responsibility and Auditor’s Responsibility Sections from Example 1.]*

***Basis for Adverse Opinion on [name of major Federal Program(s)]***

As described in finding**[s]** 20XX-007 in the accompanying schedule of findings**,** the Entity did not comply with requirements regarding [*identify type(s) of compliance requirement, such as eligibility, matching, etc.*] that apply to its [*identify major federal program(s)*]. Compliance with **this / these** requirement**[s]** is necessary, in our opinion, for the Entity to comply with requirements applicable to **this / these** program**[s]**. *(Use Example 2 tabular format if the list is lengthy.)*

***Adverse Opinion on [name of major Federal Program(s)]***

In our opinion, because of the significance of the matter**[s]** described in the *Basis for Adverse Opinion on [name of major Federal Program(s)]*, [ENTITY NAME] did not comply, in all material respects with the requirements referred to above that could directly and materially affect its [name of major federal program**[s]** for the year ended [FYE Date].

***Unmodified Opinion on* *the Other Major Federal Program(s)***

***Insert if applicable***

In our opinion, [ENTITY NAME] complied, in all material respects, with the requirements referred to above that could directly and materially affect its other major federal program**[s]** identified in the *Summary of Auditor’s Results* section of the accompanying schedule of findings for the year ended [FYE Date].

***Other Matters***

*Insert if we report findings not affecting the opinion, or if the* schedule of findings *includes management responses – See Example 1*

***Report on Internal Control Over Compliance***

(Insert applicable internal control section)

***Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance 4***

(Insert this heading and Example 9 or 10 only if we report on the schedule of expenditures of federal awards in this report)

**Example 4**: **Scope Limitation for Major Program(s),**

**Unmodified Opinion on Other Major Program(s)**

**(With or without reportable noncompliance unrelated to the scope restriction)**

**Reminder: If programs are part of a cluster, report the cluster name (i.e. Nutrition Cluster) and use a singular reference to ‘program’ in the letter. Do not list each individual program.**

*[Include Report on Compliance for the Major Federal Program, Management’s Responsibility and Auditor’s Responsibility Sections from Example 1.]*

***Basis for Qualified Opinion on [name of major Federal Program(s)]***

As described in Finding**[s]** 20XX-002 in the accompanying schedule of findings, we were unable to obtain sufficient appropriate audit evidence supporting the Entity’s compliance with the requirements of [*identify major federal program(s)*] regarding [*identify type(s) of compliance requirement, such as eligibility, matching, etc.*], consequently we were unable to determine whetherthe Entity complied with that **[those]** requirement**[s]** applicable to that **[those]** programs. *(Use Example 2 tabular format if the list is lengthy.)*

***Qualified Opinion on [name of major Federal Program(s)]***

In our opinion, except for the possible effects of the noncompliance described in the *Basis for Qualified Opinion on [name of major Federal Program(s)]* paragraph, the Entity complied, in all material respects, with the requirements referred to above that could directly and materially affect its [*identify major federal program(s)*] for the year ended [FYE Date].

***Unmodified Opinion on* *the Other Major Federal Program(s)***

***Insert if applicable***

In our opinion, [ENTITY NAME] complied, in all material respects, with the requirements referred to above that could directly and materially affect its other major federal program**[s]** identified in the *Summary of Auditor’s Results* section of the accompanying schedule of findings for the year ended [FYE Date].

***Other Matters***

*Insert if we report findings not affecting the opinion, or if the* schedule of findings *includes management responses – See Example 1*

***Report on Internal Control Over Compliance***

(Insert applicable internal control section)

***Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance 4***

(Insert this heading and Example 9 or 10 only if we report on the schedule of expenditures of federal awards in this report)

**Example 5**: **Disclaimer of Opinion on Compliance**

**(With or without other reportable noncompliance not affecting the opinion)**

**Reminder: If programs are part of a cluster, report the cluster name (i.e. Nutrition Cluster) and use a singular reference to ‘program’ in the letter. Do not list each individual program.**

*[Include Report on Compliance for the Major Federal Program and Management’s Responsibility Sections from Example 1.]*

***Auditor’s Responsibility***

Our responsibility is to opine on the Entity’s compliance for the Entity’s major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States’ *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because of the matter described in the *Basis for Disclaimer of Opinion on [name of major Federal Programs]* paragraph, we were unable to obtain sufficient appropriate evidence to opine on the Entity’s major Federal program**[s]** listed in the following section.

***Basis for Disclaimer of Opinion on [name of major Federal Programs]***

As described in Finding**[s]** 20XX-003 in the accompanying schedule of findings, we were unable to obtain sufficient appropriate documentation supporting the Entity’s compliance with the requirements of [*identify major federal program(s)*] regarding [*identify type(s) of compliance requirement, such as eligibility, matching, etc.*], consequently we were unable to determine whether the Entity complied with **that** **[those]** requirement**[s]** applicable to **that** **[those]** program**[s]**. *(Use Example 2 tabular format if the list is lengthy.)*

***Disclaimer of Opinion on [name of major Federal Program(s)]***

Because of the significance of the matter**[s]** described in the *Basis for Disclaimer of Opinion on [name of major Federal Program(s)]* paragraph, the scope of our work was insufficient to enable us to express, and we do not express, an opinion on the Entity’s compliance with the compliance requirements applicable to [*identify major federal program(s)*] for the year ended [FYE Date].

***Unmodified Opinion on* *the Other Major Federal Program(s)***

***Insert if applicable***

In our opinion, [ENTITY NAME] complied, in all material respects, with the requirements referred to above that could directly and materially affect its other major federal program**[s]** identified in the *Summary of Auditor’s Results* section of the accompanying schedule of findings for the year ended [FYE Date].

***Other Matters***

*Insert if we report findings not affecting the opinion, or if the* schedule of findings *includes management responses – See Example 1*

***Report on Internal Control Over Compliance***

(Insert applicable internal control section)

***Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance the Uniform Guidance 4***

(Insert this heading and Example 9 or 10 only if we report on the schedule of expenditures of federal awards expenditures in this report)

**Example 6: Material Weakness(es) *and* Significant Deficiency(ies)**

***Report on Internal Control over Compliance***

The Entity’s management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Entity’s internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program’s compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Entity’s internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, as discussed below, we identified **(a)** certain deficiency(**ies)** in internal control over compliance that we consider to be **(a)** material weakness**(es)** and a deficiency **[other deficiencies]** we consider to be **(a)** significant deficiency **[significant deficiencies]**.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program’s applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program’s compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiency **(deficiencies)** in internal control over compliance described in the accompanying schedule of findingsas item**(s)** 20XX-002 through 20XX-005 and 20XX-008 to be **(a)** material weakness**(es)**.

A *significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a federal program’s applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency **(deficiencies)** in internal control over compliance described in the accompanying schedule of findings as item**(s)** 20XX-006 and 20XX-007 to be **(a)** significant deficiency **(deficiencies)**.

The Entity’s response**(s)** to our internal control over compliance finding**(s)** **is / are** described in the accompanying schedule of findings **and / or corrective action plan**. We did not subject the Entity’s response**(s)** to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on **it / them**. (Omit ¶ if there are no responses. Omit reference to corrective action plan if not part of the audit report.)

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on the Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

**Example 7: Material Weakness(es) *but no* Significant Deficiency(ies)**

***Report on Internal Control over Compliance***

The Entity’s management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Entity’s internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program’s compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Entity’s internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program’s applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program’s compliance requirement will not be prevented, or timely detected or corrected. A *significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a federal program’s applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, we identified **(a)** certain deficiency(**ies)** in internal control over compliance that we consider to be **(a)** material weakness**(es),** described in the accompanying schedule of findings as item**(s)** 20XX-006 and 20XX-007.

The Entity’s response**(s)** to our internal control over compliance finding**(s)** **is / are** described in the accompanying schedule of findings **and / or corrective action plan**. We did not subject the Entity’s response**(s)** to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on **it / them**. (Omit ¶ if there are no responses. Omit reference to corrective action plan if not part of the audit report.)

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on the Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

**Example 8: Significant Deficiency(ies) *but no* Material Weaknesses(es)**

***Report on Internal Control over Compliance***

The Entity’s management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Entity’s internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program’s compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Entity’s internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program’s applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program’s applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance**.**

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.However, we identified **[a]** certain **[deficiency]** deficiencies in internal control over compliance that we consider to be **[a]** significant **[deficiency]** deficiencies, described in the accompanying schedule of findings as item**(s)** 20XX-002 through 20XX-005 and 20XX-008.

The Entity’s response**(s)** to the internal control over compliance finding**(s)** we identified **is / are** described in the accompanying schedule of findings **and / or corrective action plan**. We did not subject the Entity’s response**(s)** to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on **it / them**. (Omit ¶ if there are no responses. Omit reference to corrective action plan if not part of the audit report.)

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on the Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

**Example 9: In-relation-to opinion paragraph on SEFA**

1. **Single Audit and SEFA procedures completed the same date**

**as financial opinion date or**

1. **the SEFA procedures completed the same date as financial statement opinion date and the Single Audit completed after the financial statement opinion date**

Add this paragraph to Single Audit report when:

* We include the SEFA as part of the Single Audit report instead of as supplemental information “attached” to the basic statement presentation, and
* We completed the procedures the in-relation opinion describes by the ***same date*** as the financial opinion date.
  + If we complete SEFA procedures ***after*** the financial statement opinion date, use **Example 10.**
  + If we completed the Single audit procedures after the financial statement opinion date see the dual dating example referenced in **footnote 3.**

***Report on Schedule of Expenditures of Federal Awards******Required by the Uniform Guidance***

We have also audited thefinancial statements of [the governmental activities, the business-type activities, the [aggregate] discretely-presented component unit[s], each major fund and the aggregate remaining fund information ♠ of [ENTITY NAME] (the Entity) as of and for the year ended [FYE Date], and the related notes to the financial statements, which collectively comprise the Entity’s basic financial statements. We issued our **[unmodified]** report thereon dated [report date]. *[,* which we modified because the Entity did not accrue compensated absences in its governmental activities’ statement of net assets.*]* wherein we noted the Entity followed the special purpose framework the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America*.<delete if inapplicable*Our opinion also explained that the Entity adopted *Governmental Accounting Standard No. XX* during the year. We conducted our audit to opine on the Entity’s basic financial statements as a whole. The accompanying schedule of expenditures of federal awards presents additional analysis required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is management’s responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. **Ø**

**Example 10: In-relation-to opinion paragraph on SEFA**

**Single Audit and SEFA procedures completed after the**

**financial opinion date**

Add this paragraph to Single Audit report when:

* We include the SEFA as part of the Single Audit report instead of as supplemental information “attached” to the basic statement presentation, and
* We completed the procedures the opinion describes ***after*** the financial opinion date.
  + If we complete SEFA procedures by the ***same date*** as the financial statement opinion date, use **Example 9.**
  + *Note the sentence in the middle of the paragraph explaining we did not update the Financial Statement subsequent events. Reminder: Single Audit subsequent events should be reviewed and documented through the date of this letter.*

***Report on Schedule of Expenditures of Federal Awards******Required by the Uniform Guidance*3**

We have also audited thefinancial statements of [the governmental activities, the business-type activities, the [aggregate] discretely-presented component unit[s], each major fund and the aggregate remaining fund information ♠ of [ENTITY NAME] (the Entity) as of and for the year ended [FYE Date], and the related notes to the financial statements, which collectively comprise the Entity’s basic financial statements. We issued our **[unmodified]** report thereon dated [report date]. *[,* which we modified because the Entity did not accrue compensated absences in its governmental activities’ statement of net assets.*]* wherein we noted the Entity followed the special purpose framework the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America*.< delete if inapplicable* Our opinion also explained that th*e Entity* adopted *Governmental Accounting Standard No. XX* during the year. We conducted our audit to opine on the Entity’s basic financial statements as a whole. We have not performed any procedures to the audited financial statements subsequent to ***[****date of the auditor's report on the financial statements, for example, “September 15, 20XX”****]*.** The accompanying schedule of expenditures of federal awardspresents additional analysis required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is management’s responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. **Ø**

1. Updated October 2021 for clerical corrections. [↑](#footnote-ref-1)
2. This additional paragraph applies only when this single audit does not encompass the entirety of the auditee’s operations. This occasionally occurs, *for example*, when an IPA audits a component under Uniform Guidance. There could be other acceptable reasons for excluding part of the GASB 14/39/61 reporting entity from the single audit. For example, “because the component unit is legally separate from the primary government which this report addresses, and because it expended less than $750,000 of Federal awards for the year ended December 31, 20XX, it was not subject to Uniform Guidance.” You **must** read the AICPA *Governmental Auditing Standards and Single Audits* Guide, Section 13.33. You must also address this matter in the data collection form Part 1, question #4. [↑](#endnote-ref-1)
3. Per §.200.516(a)(3) we must report questioned costs or projected questioned costs exceeding $25,000. In relation to a $750,000 program, one $50,000 questioned cost may require a modified opinion. In relation to a $10 million program, one $50,000 questioned cost may not require a modified opinion. Uniform Guidance also requires auditors to report findings for material noncompliance with compliance requirements related to federal programs in relation to a type of compliance requirement for a major program or audit objective. Therefore, it is also possible to qualify an opinion on a particular compliance requirement because an item of noncompliance is material to that requirement, even if the noncompliance is not material to the program as a whole.

   * ***Also:*** We can only report Federal noncompliance in the single audit report if it is listed in 200.516(a)(3) through (7). ***For example***, we should not report questioned costs in this report unless the actual or projected amount exceeds $25,000. Instead, we can report these matters in the management letter.

   [↑](#endnote-ref-2)
4. See AICPA *Governmental Auditing Standards and Single Audits* Guide 13.19(a) and example 13.1 footnote 16 when dual dating is required as indicated in example 9b above. (Per footnote 16 of the guide ([Date], except for our report on the Schedule of Expenditures of Federal Awards, for which the date is [Date the in-relation-to procedures completed] )). See also AICPA *Governmental Auditing Standards and Single Audits* Guide, § 13.29 & AU-C 9725, concerning report dating and subsequent events for example 10. ***Note:*** We need not update financial statement subsequent events procedures if we use the sentence in Example 10 explaining we did not apply them. However, Single Audit subsequent events procedures need tested through the date of the letter. [↑](#endnote-ref-3)
5. There may be instances where it would be appropriate to report on the schedule of expenditures of federal awards in this report (i.e., if the auditor issues a separate single audit package). In this circumstance, add a new section immediately following the “purpose” paragraph, and include Example 9 or 10. (The red font language applies only to GAAP and OCBOA audits). ***Note:*** If the report on the schedule of expenditures of federal awards is included in the financial statement opinion letter, do not include in this single audit letter.

   Additionally:

   ♠ The red font language applies only to GAAP and OCBOA entities. Delete inapplicable opinion units. If we combine the discrete CU’s and RFI as permitted in limited circumstances by Footnote 7 to SLG Exhibit 4-1, modify as follows: governmental activities, the business-type activities, each major fund and the [aggregate] discretely-presented component unit and remaining fund information of . . .

   **Ø** Describe any qualification, change in consistency, reference to report of other auditors, etc. Also consider the effect of the modification on the schedule of expenditures of federal awards.

   If an opinion qualification on the financial statements also affects the SEFA, modify the last sentence in this paragraph. Here is an example if a qualification also affects the SEFA:

   In our opinion, except for the effects of (describe modification) referred to earlier in this paragraph, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

   See AU-C 725.

   AU-C 725.11 requires us to disclaim on the Federal schedule when GAAP-mandated governments issue statements not conforming to GAAP or OCBOA.

   ***We must disclaim on the SEFA if we render an adverse opinion or disclaimer of opinion.***

   ***Important:*** We normally consider materiality for each opinion unit. However, our in-relation-to opinion on supplementary information is in relation to the financial statements as a whole. Therefore, we consider materiality at a level representing the entire governmental entity. [↑](#endnote-ref-4)