**DESK REVIEW-GAAP**

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| --- | --- |
| Entity Name: |  |
| Entity Number: |  |
| Auditor: |  |
| Audit Period: |  |
| Date of Report: |  |
| Date Received: |  |
| Reviewer: |  |
| Date of Review: |  |
| **DATABASE** | |
|  | If the file name of the audit report does not meet LGS naming conventions, update the file name accordingly in the database (CRM-audit screen). In the documents sub-screen, highlight the document then “edit properties” to make changes to the file name. |
|  | If a DPCU is presented in the report or if the audited entity is a DPCU of another entity, check the database (CRM-entity screen) to ensure the DPCU’s Parent LGE field links to the correct entity. |
|  | Compare audit revenue to the AFR revenue and if there is a filing-fee variance for entities other than school districts, indicate in the database (CRM-audit screen) that follow-up is required. Also, alert the LGS Accounting-Reporting Manager of the variance. |
|  | Determine if the audit is required. If revenues plus financial assistance (debt proceeds in governmental or proprietary funds) are less than the audit threshold, update the database (CRM-audit screen) to indicate a Voluntary Audit. Perform Voluntary Audit procedures to ensure uniform, consistent reporting and identification of potential distressed entity. |

# Independent Auditor’s Report on the Financial Statements

| **Review Item** | | | **Yes** | | | **No** | | **N/A** | | **Ref.** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Is the independent auditor’s report in the proper format?   * Does it include in the title the word independent? * Is it addressed appropriately? * Does it include required section headings and content? * Is it appropriately signed and dated? * Does it name the city and state of the auditor’s office?   *(AU-C §700A.19-.41; AU-C §700A.A18; GUIDE-GAS/SA 4.48 & fn 25; GUIDE-GAS/SA 4.89)* |  | |  | | |  | |  | |
|  | Is the introductory paragraph proper?   * Does it reference the correct entity and fiscal years? If a biennial audit, does it refer to both fiscal years? *(Contract ¶10. D)* * Are the opinion units identified the same as those opined upon and presented in the financial statements? * A single-purpose business-type activity (BTA) will have only one opinion unit and will identify the “basic financial statements.” A single-purpose governmental entity will have at least two opinion units: (1) governmental activities & (2) the major fund.   *(AU-C §700A.25; GUIDE-SLG 4.73, 4.77 & 16.14-.17)* |  | |  | | |  | |  | |
|  | Is the auditor’s responsibility paragraph proper?   * Was the audit conducted in accordance with Government Auditing Standards (GAS)? *(GAS-11 4.17-.18; GAS-18 6.36, 6.39-6.44)* * Is the GAS compliance statement modified appropriately when a portion of the audit was not conducted in accordance with GAS? *(GUIDE-GAS/SA 4.50; GAS-11 2.23-2.25; GAS-18 2.16-2.19)* * Have appropriate group audit disclosures been made, if applicable?  *(AU-C §600; AU-C §600.A97)* * If including a disclaimer of opinion, does the auditor’s responsibility paragraph state that the auditor was not able to obtain sufficient appropriate audit evidence for the opinion unit? *(AU-C §705A.28)* |  | |  | | |  | |  | |
|  | Are the opinion paragraphs proper?   * Is the reporting entity, including all funds, activities, and discretely presented component units, properly opined upon? * Do they identify the correct entity and fiscal years? Biennial audits should reference each fiscal year end. *(Contract ¶10. D)* * If issuing modified opinions, do the basis for modified opinion paragraphs provide descriptions, quantifications, or explanation, if practicable? *(AU-C 705A.17-.22)* * If disclaiming an opinion, do the basis for disclaimer of opinion paragraphs provide the reasons for the inability to obtain a basis for opinion? *(AU-C §705A.21; AU-C 705A.26)* * Do they refer to cash flows or budgetary comparisons, if applicable? *(GUIDE-SLG 16.103 Appendix A, A-1)* * Have proper group audit disclosures been made, if applicable? *(AU-C §600; AU-C §600.A52)*   *(AU-C §700A; AU-C §705A; GUIDE-SLG 16.103 Appendix A)* |  | |  | | |  | |  | |
|  | Are emphasis-of-matter paragraphs proper, if applicable?   * If the reporting entity significantly changed? * If an accounting principle/method significantly changed? * If the entity reports on a cash/modified cash basis, do they indicate the basis is other than GAAP? * Do they immediately follow the opinion paragraphs? * Do they relate only to information presented in the financial statements? If not, the matter may need to be in an other-matter paragraph instead. * Do they provide reference to applicable disclosure and indicate the opinion is not modified with respect to the matter?   *(AU-C §706A.06-.07; AU-C §708.07-.16; AU-C §800.19)* |  | |  | | |  | |  | |
|  | Are the other-matters paragraphs proper?   * Are RSI and SI appropriately referenced with either a disclaimer of opinion or an in-relation-to opinion? * If RSI is omitted, only partially presented, or departs materially from prescribed guidelines, is the matter appropriately reported? * The standard audit contract requires in-relation opinions on the OPI enrollment and extracurricular schedules as well as on the OMB schedule of federal awards. *(Contract 4.G, 11.D & 12.B)*   *(AU-C §725.09-.13 & .A17; §730.07-.09 & .A3; GUIDE-SLG 16.66-.86)* |  | |  | | |  | |  | |
|  | Is the other-reporting paragraph proper?   * Does it reference the GAS internal control/compliance report? * Is the date referenced the same as the GAS report?   *(AU-C §700A.37 - .38; GAS-11 4.22; GAS-18 6.43)* |  | | |  | |  | |  | |

# Independent Auditor’s Report on Internal Control Over Financial Reporting-Compliance (GAS)

| **Review Item** | | **Yes** | **No** | **N/A** | **Ref.** |
| --- | --- | --- | --- | --- | --- |
|  | Is the GAS report on internal control and compliance in proper format?   * Does the title include the word independent? * Is it addressed appropriately? * Does it include the required section headings and content? * Is it appropriately signed and dated? * Is the report date referenced the same as the date presented in the auditor’s report on the financial statements? * Does it name the city and state of the auditor’s office?   *(GUIDE–GAS/SA 4.54 & 4.89;* *AU-C §265.14)* |  |  |  |  |
|  | Is the introductory paragraph proper?   * Are the opinion units identified the same as those presented in the financial statements and referenced in the auditor’s report on the financial statements? (*GAS-11 2.07(a), GAS-18 1.17(a))* * Does it reference correct dates, fiscal years, and entity? Biennial audits should separately identify each fiscal year audited. Note: the period covered by the report may only address the current year (per the audit contract) even though the auditor takes responsibility for multiple years of information in the financial statements. * Does it identify modifications to the GAS compliance statement and opinion modifications?   *(GUIDE–GAS/SA 4.54 & 4.89 fn 31 & 32)* |  |  |  |  |
|  | Is the report on internal control over financial reporting proper?   * The definition of significant deficiency is required when one is identified. *(AU-C §265.14(a); GUIDE–GAS/SA 4.54 fn 29)* * It should not include a statement that no significant deficiencies were identified *(AU-C §265.16)* * Identified deficiencies should reference the schedule of their location or be listed in the report. *(GUIDE-GAS/SA 4.54(i-k))* * A statement describing the results of testing is required regardless of whether deficiencies were identified *(GAS-11 4.19; GAS-18 6.39)* |  |  |  |  |
|  | Is the report on compliance and other matters proper?   * Material instances of noncompliance and abuse are required to be identified. Nonmaterial instances may be reported here, but not required. *(GAS-11 4.25; GAS-18 6.41-6.44; GUIDE GAS/SA 4.54(o))* * Identified instances of noncompliance should reference the schedule of their location or be listed in the report. *(GUIDE-GAS/SA 4.54(o))* * A statement describing the results of testing is required regardless of whether instances were identified *(GAS-11 4.19; GAS-18 6.39)* * If the auditor disclaimed on the financial statements as a whole, a statement indicating other instances of noncompliance may have been identified is required. *(GUIDE GAS/SA 4.89 ex. 9)* |  |  |  |  |
|  | If the report presents deficiencies/noncompliance, are the views of responsible officials and their planned corrective actions reported?   * If the audited entity refuses or is unable to provide comments, does the auditor indicate in the report that the audited entity did not provide comments? *(GAS-11 4.33 – 4.39; GAS-18 6.57-6.60)* * MCA 2-7-515 provides the entity 30 days from the date it receives the audit report to provide a response and corrective action. |  |  |  |  |
|  | Is the restricted-use paragraph proper?   * The paragraph should include a heading “Purpose of This Report”. * Is there a reference to GAS?   *(GUIDE GAS/SA 4.54(p.-q.); AU-C §905.11 & .A11)* |  |  |  |  |

# Independent Auditor’s Report on Compliance for Each Major Program (UG)

| **Review Item** | | | **Yes** | | **No** | | **N/A** | | **Ref.** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Was a federal audit required given the amount of federal assistance observable, including federal loans with continuing compliance requirements?  *(2 CRF §200.501(a))* |  | |  | |  | |  | |
|  | Is the UG report on compliance/internal control in proper format?   * Does the title include the word independent? * Is it addressed appropriately? * Does it reference correct fiscal years, entity, programs, and compliance requirements?   + Both years of a biennial audit must be covered even if only one of the two years met the audit threshold. *(2 CFR§200.504)* * Does it include required section headings and content? * Is it appropriately signed and dated? * Is the report date referenced the same as the date presented in the auditor’s report on the financial statements? * Does it name the city and state of the auditor’s office? * A basis for modified opinion paragraph should reference the program and associated finding number. * Reportable noncompliance not resulting in a modified opinion should be described or referenced in an other-matter paragraph. * Does it include all the results of testing and reference their location? * Is the restricted-use paragraph proper and is there a reference to Uniform Guidance?   *(2 CFR §200.515(c); AU-C §935.30-.31; AU-C 905.06; GUIDE-GAS/SA 13.26 & .66)* |  | |  | |  | |  | |
|  | Does the summary of auditor’s results include the required components?   * Financial statement opinion * Financial statement findings * Major program findings, including §200.516(a) findings * Major program compliance opinion * Major program identification. (Only cluster name is required) * Type A/B Threshold * Whether entity was a low-risk auditee * Does it agree to the audit results as reported in the GAS and UG reports?   *(2 CFR §200.515(d)(1))* |  | |  | |  | |  | |
|  | Is major program information proper?   * Are they properly determined and tested based on the threshold reported in the summary of auditor’s results, expenditures reported in the SEFA, and prior-year testing results? *(2 CFR§200.518)*   + Type A programs must be audited as major programs in at least one of the two most recent audit periods. *(2.CFR§200.518(c))* * Do they meet expenditure coverage rules – 40% of federal awards expended or 20% if entity is low-risk *(2 CFR §200.518(f))* * If applicable, are all components of a program cluster audited as part of the major program? *(2 CFR §200.515(d)(1)(vii))* |  | |  | |  | |  | |
|  | If the entity is identified as a low-risk auditee, does it qualify for that designation? The auditee must meet all of the following for the preceding two audit periods:   * Single audits performed annually and submitted to FAC by due date, * Unmodified opinions, in accordance with GAAP, on the financial statements and in-relation on the SEFA, * No GAGAS material weaknesses, * No substantial doubt of going concern, * No Type A program material weaknesses, modified opinions, or questioned costs exceeding five percent of total federal awards.   *(2 CFR §200.520)* |  | |  | |  | |  | |

# Findings

| **Review Item** | | **Yes** | **No** | **N/A** | **Ref.** |
| --- | --- | --- | --- | --- | --- |
|  | Do the number and type of findings referenced in the GAS and UG audit reports agree to the findings reported in the schedule of findings? |  |  |  |  |
|  | Do audit findings contain, “to the extent necessary,” the required elements: criteria, condition, cause, and effect?   * If a federal audit finding, are the reference numbers for each finding in the format required by the data collection form and do the findings identify the applicable federal program and CFDA title and number, including year and federal agency? *(2 CFR 200.516(b-c))*   *(GAS-11 4.10 – 4.14, 4.28 & 4.29; GAS-18 6.17-6.18, 6.39-6.44)* |  |  |  |  |
|  | Are the following situations included in an audit finding, if applicable?   * Matters related to opinion qualifications. * Any significant misstatements in the financial statements, including discrepancies in note disclosures. * If a school district audit, any variance in the enrollment schedule or significant district-related and other non-student-related activity (ex: library; lunch, drivers’ ed) included in extracurricular funds. *(MASBO Student Activity Fund Accounting)* * Non-compliance with various laws and regulations. * Significant budget overdrafts. * Failure to meet state (12 months) and federal (9 months) reporting deadlines. If a federal audit is late, the auditee cannot be low-risk for two years. *(2 CFR §200.512, §200.520; MCA 2-7-503)*   *(GAS-11 4.23-.28; GAS-18 6.39-6.44)* |  |  |  |  |
|  | Is there a report disclosing corrective action taken by the entity upon prior audit report recommendations, if applicable?   * If corrective action differs significantly from the prior year’s audit, adequate explanation should be provided. *(2.CFR§200.511(b)(2))*   *(Contract ¶11. E. & F.)* |  |  |  |  |

# Financial Statements

| **Review Item** | | **Yes** | **No** | **N/A** | **Ref.** |
| --- | --- | --- | --- | --- | --- |
|  | Is the MD&A appropriate? If omitted, does the independent auditor’s report appropriately report it?  *(GASB-COD §2200.106-109; GASB-Q&A 7.5.4-.14)* |  |  |  |  |
|  | Do the financial statements reconcile/agree to each other?   * Do they reconcile/agree to prior-year and current year statements for net position and fund balances? * Do they reconcile/agree for other related amounts (e.g., cash)? * Do they balance? * Do they foot and cross-foot? |  |  |  |  |
|  | Are the government-wide statements proper?   * Are discretely presented component units properly reported? * Do transfers and internal balances between gov-activities and bus-activities net to zero? Are transactions to fiduciary funds treated as external transactions? * Are the components of net position properly determined? Unspent capital debt proceeds are not typically included in the calculation of net investment in capital assets.   *(GASB-COD §2200.110-.156, §1800.102-.105)* |  |  |  |  |
|  | Are the governmental funds statements proper?   * Budgetary comparisons may be included, if not presented as RSI. * Are the major funds consistently identified throughout the financial statements, notes, RSI, SI, and auditor’s reports? * Are fund balances reported in the correct classifications?   + Are negative balances not reported in restricted, committed, or assigned fund balances? * Is restricted fund balance reasonably similar to restricted net position reported on the government-wide statements? * Do governmental fund balances and transfers net to zero?   *(GASB-COD §1300.104-.108, §1800.102-.103, §1800.165-.179, §2200.157-.169; GASB-Q&A Z.54.10)* |  |  |  |  |
|  | Are the statements that reconcile the fund and government-wide statements proper?   * Do reconciling items materially agree to information reported in the current and prior-year financial statements or notes?   *(GASB-COD §2200.160)* |  |  |  |  |
|  | Are the proprietary funds statements proper?   * All internal service funds should be presented in one column. * Are the components of net position properly determined? Unspent capital debt proceeds are not typically included in the calculation of net investment in capital assets. * Do cash amounts agree to current and prior-year statements and do cash flow totals internally agree within proprietary financial statements?   *(GASB-COD §2200.170-.171 &.174, GASB-COD §2450)* |  |  |  |  |
|  | Are the fiduciary fund statements proper?   * Each fiduciary fund type should be a separate column and funds should not be reported as major funds *(GASB-Q&A 7.55.5)* * County audits should include an investment trust fund. * Are agency funds presented with only assets and liabilities and no statement of changes in fiduciary net position? * FDRA Assets:   + If an actuarial liability is reported in governmental activities, then the FDRA assets should be reported as governmental fund assets. *(2017 GASB-COD §P23.105)*   + If no actuarial liability is reported in governmental activities, then the FDRA assets should be presented in agency funds. * If the entity is reporting under GASBS 84:   + The external portion of investment pools not held in a qualifying trust should be reported in a separate column under a custodial fund classification.   + Custodial funds replace agency funds and are included in the Fiduciary Funds Statement of Changes in Net Position.   *(2017 GASB-COD §2200.196 - .200, §I50.136; GASB-COD §2200.197-.200)* |  |  |  |  |

# Note Disclosures

| **Review Item** | | **Yes** | **No** | **N/A** | **Ref.** |
| --- | --- | --- | --- | --- | --- |
|  | Are material disclosures presented in the notes, do they address applicable requirements, and do relevant balances agree to the financial statements?   * Summary of Significant Accounting Policies *(GASB-COD §2300.106)*   + Applicable component units   + Major fund descriptions agree to financial statements * Fund balance disclosures *(GASB-COD §1800.182-.185)* * Investments *(GASB-COD §3100.161-.163)* * Capital assets (*GASB-COD§2300.117-.122)* * Long-term liabilities/obligations (*GASB-COD§2300.117-.124)*   + Leases*, (GASB-COD §L20.134-.136 & .154-.157)*   + Direct borrowings/placements *(GASB-COD §2300.124)*   + Asset retirement obligations *(GASB-COD §A10-.124-.126)* * Pension liability *(GASB-COD GASBS-68 §P20.176-.182; GASBS-78 §P20.230; GASBS-73-§P22.154-.158)* * OPEB liability *(GASB-COD §P52.131-.138)* * If a biennial audit, do they address each year? *(Contract ¶10. D)*   *(GASB-COD §2300)* |  |  |  |  |
|  | Are restatement disclosures proper for   * Corrections of an error? *(GASB-COD §2250.123 & .135; GASB-Q&A 7.22.16)* * Changes in accounting principle? *(GASB-COD §2250.129-.131)* * Changes in reporting entity? *(GASB-COD §2250.134)* |  |  |  |  |

# RSI & SI

| **Review Item** | | **Yes** | **No** | **N/A** | **Ref.** |
| --- | --- | --- | --- | --- | --- |
|  | If applicable, are the RSI schedules presented after the notes, do they include the required information and do relevant balances agree to the financial statements?   * Budgetary comparison schedules for the general fund and each major special revenue fund that has a legally adopted annual budget? *(GASB-COD §2200.206-.207, GASB-Q&A Z.54.41)*   + Differences to GAAP should be reconciled either in a schedule or in notes to RSI. *(GASB-COD §2400.102-.104, §2400.109)* * Pension schedules *(GASB-COD §P20.183-.184)* * OPEB schedules *(GASB-COD §P52.139-.140)* |  |  |  |  |
|  | If a school district audit,   * Does SI include a schedule of enrollment? Are the enrollment dates appropriate? *(Contract ¶13.A)* * Does SI include a schedule of extracurricular activities, if applicable. Does the information agree to information reported in the fiduciary fund statements? *(Contract ¶13.B)*   *(AU-C §725)* |  |  |  |  |
|  | If a federal single act audit, does SI include a schedule of federal awards?   * Are programs identified with the correct CFDA number, listed by federal agency, identify pass-through entities, identify amounts provided to subrecipients, and give totals for each program? * Are federal loans received during the year identified? * Notes to the SEFA should describe accounting policies, if using a de minimis cost rate, and outstanding balances of loan/loan guarantees.   *(2 CFR §200.510(b))* |  |  |  |  |

# Results of Review

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| --- | --- | --- | --- | --- |
|  | **Yes** | **No** | **N/A** | **Ref.** |
| Based on this desk review, the report should be reissued: |  |  |  |  |
| Based on this desk review, comments will be communicated to auditor: |  |  |  |  |

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| **Ref** | **Comments** |
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References Used in this Checklist:

AU-C *Codification of Statements on Auditing Standards,* AICPA, January 2020 version

GASBS *GASB Statements*

GASB-COD *Codification of Governmental Accounting and Financial Reporting Standards*, GASB

2017 GASB-COD *Codification of Governmental Accounting and Financial Reporting Standards*, GASB-2016-2017 version

GASB-Q&A GASB Comprehensive Implementation Guide

GAS-11 *Government Auditing Standards-2011 Revision*, Comptroller General of the U.S.

GAS-18 *Government Auditing Standards-2018 Revision*, Comptroller General of the U.S.

GUIDE-SLG Audit and Accounting Guide, *State and Local Governments*, AICPA, 2019 version

GUIDE–GAS/SA Audit Guide, *Government Auditing Standards and Single Audits*, AICPA, 2019 version

Federal Single Act Audit 2CFR §200, Uniform Administrative Requirements, Cost Principles, and Audit

Requirements for Federal Awards

Contract Department of Administration Standard Audit Contract

MCA Montana Code Annotated