

# **State of Alaska**

## **Audit Guide and Compliance Supplement for State Single Audits**

**Department of Administration  
Division of Finance**

May 2024 – Audit Package Submission

# TABLE OF CONTENTS

<b>SECTION 1 - INTRODUCTION .....</b>	<b>3</b>
Overview.....	3
Intent of the Guide.....	3
Effective Date .....	3
Audit Requirements .....	3
Professional Standards .....	4
Where to send Audits .....	4
Reporting Package.....	5
Future Improvements or Suggestions .....	5
State of Alaska Agencies .....	6
Definitions.....	7
<b>SECTION 2 - SCHEDULE OF STATE FINANCIAL ASSISTANCE (SSFA) .....</b>	<b>9</b>
Example of SSFA and Footnotes.....	10
<b>SECTION 3 - STATE MAJOR PROGRAM DETERMINATION .....</b>	<b>11</b>
<b>SECTION 4 - AUDITOR'S REPORT .....</b>	<b>14</b>
Audit Scope .....	15
Audit Documentation .....	16
Example of Schedule of Findings and Questioned Costs.....	17
<b>SECTION 5 - AUDIT FINDINGS.....</b>	<b>18</b>
Corrective Action Plan (CAP) .....	20
Summary Schedule of Prior Audit Findings (SPAF).....	20
Management Decisions .....	21
Example of Corrective Action Plan (CAP) .....	22
Example of Summary Schedule of Prior Audit Findings (SPAF) .....	23
<b>SECTION 6 - COMPLIANCE SUPPLEMENT .....</b>	<b>24</b>
Compliance Supplement Overview .....	24
Who to Contact for Additional Assistance .....	24
General Compliance Requirements .....	25
State Program Compliance Supplements Listing.....	28
List of Single Audit Contacts .....	34
<b>SECTION 7 - ILLUSTRATIVE AUDITOR'S REPORTS.....</b>	<b>35</b>

# SECTION 1 - INTRODUCTION

---

## OVERVIEW

The *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* (the Guide) has been prepared to assist grantees and auditors with state single audit preparation. It contains two major sections:

- **Audit Guide:** Covers general information, audit, and reporting requirements. It is prepared by the single audit coordinator's office: State of Alaska Department of Administration Division of Finance.
- **Compliance Supplement:** Contains both the general compliance requirements, which are prepared by the single audit coordinator's office included in this Guide; and the specific compliance requirements, which are prepared by the various State of Alaska agencies administering the state financial assistance programs.
- If State funds are used as match for a Federal award, Federal requirements apply to those funds and the auditor should use the Federal Compliance Supplement.

## INTENT OF THE GUIDE

This Guide sets forth standards for obtaining consistency and uniformity among State agencies for the audit of non-Federal and non-State of Alaska entities expending State awards. This mirrors **2 CFR 200 Subpart F – Audit Requirements** for Federal Single Audits.

## EFFECTIVE DATE

This Guide is effective for audits of fiscal years beginning July 1, 2023, and after, and supersedes the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* issued in May 2023.

## AUDIT REQUIREMENTS

**State Single Audit Requirements under 2 AAC 45.010:** An entity that meets the state single audit threshold is required to have an independent auditor conduct an audit for the entire operations of the entity.

**State Single Audit Threshold:** Unless additional audit requirements are imposed by state or federal law, a recipient of state financial assistance that **expends a cumulative total** equal to or greater than \$750,000 during the entity's fiscal year is required to submit an annual single audit. Please refer to definition section below **Financial Assistance** to see which programs to exclude from the Schedule of State Financial Assistance and from this threshold calculation.

## Professional Standards

Auditors must comply with the current standards contained in and/or issued by:

- Government Auditing Standards (GAGAS)
- Generally Accepted Auditing Standards (GAAS)
- American Institute of Certified Public Accountants (AICPA)
- Governmental Accounting Standards Board (GASB)
- Generally Accepted Accounting Procedures (GAAP)
- The Alaska Administrative Code **2 AAC 45**
- The State of Alaska Audit Guide and Compliance Supplement for State Single Audits

## WHERE TO SEND AUDITS

Be sure to include the complete reporting package as described below.

State Single Audit Only (No Federal Single Audit was done)	Federal Single Audit (No State Single Audit was done)	Federal and State Single Audit both performed
<ul style="list-style-type: none"> <li>• Email copy to the State Single Audit Coordinator following dual certification directions provided below: single.audit@alaska.gov</li> </ul>	<ul style="list-style-type: none"> <li>• Email copy to the State Single Audit Coordinator following dual certification directions provided below: single.audit@alaska.gov</li> </ul>	<ul style="list-style-type: none"> <li>• Email copy to the State Single Audit Coordinator following dual certification directions provided below: single.audit@alaska.gov</li> </ul>

For dual certification purposes, the auditee must email an unprotected copy of the audit package and copy the CPA firm. The audit firm should respond to the email confirming the report attached is the final agreed-upon version. No response will be considered concurrence. Audits will also be accepted if received directly from the CPA firm, if the auditee is copied on the email.

**Note:** School districts have an **additional** requirement to send a complete reporting package, including management letter, directly to Department of Education & Early Development.

## **REPORTING PACKAGE**

An entity that meets the state single audit requirements is required to submit a reporting package that includes the following:

- Audited financial statements and notes to the financial statements that include the appropriate addressee's name, statement titles and dates.
- Schedule of State Financial Assistance and notes that describe the significant accounting policies used in preparing the schedule. See example on page 10.
- Auditor's reports - To make the reports understandable and reduce the number of reports issued, the following format of reports is required:
  - Opinion(s) on Financial Statements and in-relation opinion of SSFA
  - Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with **Government Auditing Standards**.
  - Report on Compliance for Each Major State Program and Report on Internal Control over Compliance Required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*
- Schedule of Findings and Questioned Costs. See example on page 17.
- Corrective Action Plan (as applicable). See example on page 22.
- Summary Schedule of Prior Audit Findings (as applicable). See example on page 20.

## **FUTURE IMPROVEMENTS OR SUGGESTIONS**

We appreciate your assistance in identifying improvements for future updates to the **State of Alaska Audit Guide and Compliance Supplement for State Single Audits**. Please direct your comments to:

Elizabeth (Buffy) Pederson, CPA  
Single Audit Coordinator  
State of Alaska Department of Administration Division of Finance  
PO Box 110204  
Juneau, AK 99811-0204

**Phone :** (907) 465-4666  
**E-mail :** [single.audit@alaska.gov](mailto:single.audit@alaska.gov)

# STATE OF ALASKA AGENCIES

---

## Centralized Monitoring of State of Alaska Agencies

State assistance from **all** state agencies – including component units - is subject to the single audit requirements of 2 AAC 45, unless excluded by 2 AAC 45.010(m) or exempt under 2 AAC 45.080. The following is a listing of State of Alaska agencies that receive centralized single audit monitoring services from the State of Alaska's Single Audit Coordinator's office.

- Alaska Court System (ACS)
- Alaska Energy Authority (AEA)
- Alaska Housing Finance Corporation (AHFC)
- Alaska Mental Health Trust Authority (AMHTA)
- Alaska State Council on the Arts (ASCA)
- Department of Administration (DOA)
- Department of Commerce, Community, and Economic Development (DCCED)
- Department of Corrections (DOC)
- Department of Education & Early Development (DEED)
- Department of Environmental Conservation (DEC)
- Department of Fish & Game (DFG)
- Department of Health & Social Services (DHSS)
- Department of Labor & Workforce Development (DLWD)
- Department of Law (LAW)
- Department of Military & Veterans Affairs (DMVA)
- Department of Natural Resources (DNR)
- Department of Public Safety (DPS)
- Department of Revenue (DOR)
- Department of Transportation & Public Facilities (DOTPF)
- Surplus Property (Department of Administration, Shared Services of Alaska)

Any component unit **not on this list** will perform its own single audit monitoring. Questions regarding their assistance programs should be addressed directly to that component unit.

Questions regarding state assistance and the application or interpretation of 2 AAC 45 should be directed to the Single Audit Coordinator at (907) 465-4666 or [single.audit@alaska.gov](mailto:single.audit@alaska.gov).

State Agency Contact List: [http://doa.alaska.gov/dof/ssa/resource/sa\\_contacts.pdf](http://doa.alaska.gov/dof/ssa/resource/sa_contacts.pdf)

## **DEFINITIONS**

**Audit Findings** – include internal control findings, compliance findings, questioned costs, or fraud.

**Audit Period** – The entity’s fiscal year in which the entity expended financial assistance.

**Department** – Refers to the single audit coordinator’s office in the Department of Administration, Division of Finance (the department). The department receives copies of all single audit reporting packages and distributes to other State Granting Agencies.

**Entity (Recipient)** – a non-State of Alaska and non-Federal entity that receives a State of Alaska award directly from a State awarding agency. The term recipient does not include subrecipients or individuals that are beneficiaries of the State award.

**Financial Assistance** - State grants, provider agreements, cooperative agreements, certain tax payments, all forms of state financial assistance to an entity, and all forms of state financial assistance provided through an entity to a third party.

Financial assistance does not include:

- public assistance provided under AS 47;
- goods or services purchased for the direct administration or operation of state government (typically in the form of a contract);
- moneys advanced to an entity under one or more state loan programs;
- power cost equalization payments made to an electric cooperative on behalf of its customers;
- scholarships, loans, or other tuition aid provided to students, but paid to an education institution on their behalf.
- <sup>1</sup>refunds and formulated shared revenue provided for public use under the following programs:
  - community revenue sharing money provided under AS 29.60.850-;
  - aviation fuel tax money provided under AS 43.40.010;
  - electric and telephone cooperative gross revenue tax refunds provided under AS 10.25.570;
  - alcoholic beverage license fee refunds provided under AS 04.11.610;
  - fisheries tax refunds provided under AS 29.60.450, AS 43.75.130, and AS 43.77.060;
  - vehicle registration fees provided under AS 28.10.431
- PERS/TRS relief funding under money appropriated to pay employer unfunded liability attributable to the entity under AS 14.25 and AS 39.35;

---

<sup>1</sup> Alaska Statute 2 AAC 45.010(m) is in the process of being repealed and moved to 2 AAC 45.080. These changes were included in the FY22, FY23, and now FY24 State Single Audit Guide under definition of State Financial Assistance and CPA firms are strongly encouraged to exclude these programs from the Schedule of State Financial Assistance effective with the FY22 State Single Audit Guide and all future years as these changes will eventually be finalized.

- money expended for projects that are solely managed, supervised, and controlled by the Alaska Energy Authority under AS 44.83 and turned over to the entity at the conclusion of the project.
- money expended for Village Safe Water projects that are solely managed, supervised, and controlled by Department of Environmental Conservation on-behalf of the entity and turned over to the entity at the conclusion of the project.

**Questioned Costs** – a cost that is questioned by the auditor because of an audit finding:

- (1) Which resulted from a violation or possible violation of a statute, regulation, or the terms and conditions of a State award;
- (2) Where the costs, at the time of the audit, are not supported by adequate documentation; or
- (3) Where the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances.
- (4) Questioned costs are not an improper payment until reviewed and confirmed to be improper by the appropriate State Agency performing the required follow-up per **2 AAC 45**.

**State Single Audit** - Audits required under **2 AAC 45.010**. Entities expending state financial assistance in amounts described in **2 AAC 45.010** are required to submit audits to the Department of Administration Division of Finance.

**Subrecipient** – a non-State of Alaska and non-Federal entity, that receives a subaward from a pass-through entity to carry out part of a State award; but does not include an individual that is a beneficiary of such award. A subrecipient may also be a recipient of other State awards directly from a State of Alaska awarding agency.

**Vendor/Contractor** – An entity that receives a procurement contract for goods or services from a recipient. Vendor contracts are usually a result of a competitive bidding process. A vendor’s responsibility is to meet the requirements of the procurement contract. Contracts are not subject to State Single Audit Requirements.



## **SECTION 2 – SCHEDULE OF STATE FINANCIAL ASSISTANCE (SSFA)**

See the definition of **State Financial Assistance** under **Definitions** section above for which programs and State Funds not included on the Schedule of State Financial Assistance.

At a minimum, the Schedule of State Financial Assistance (see example on the following page) prepared by the **auditee** must include the following information for **each** financial assistance award:

1. Name of state agency administering the award;
2. Award/<sup>2</sup>Program name and award number;
3. Expenditures for audit period;
4. Amounts passed through to subrecipients either:
  - On the face of the schedule; OR
  - Footnote see example Footnote below – if no passthrough footnote would say “No amounts were passed-through to subrecipients”;
5. Identification of major state programs.

The Schedule of State Financial Assistance must include total overall state expenditures, as well as expenditures subtotaled by each awarding agency (e.g. Alaska Housing Finance Corporation, Department of Public Safety, Department of Fish & Game, etc.).

**Notes to the Schedule:** Notes to the Schedule of State Financial Assistance that describe the significant accounting policies used in preparing the schedule must be included. Optional notes includes: amounts provided to subrecipients, value of State non-cash assistance, or reconciliation to Grant Revenue reported on the Income Statement.

**Optional Information:** Any other information, such as the following, may be included to make the schedule easier to read:

- Award Period
- Award Amount
- Beginning Revenues Receivable (deferred revenue)
- Ending Revenues Receivable (deferred revenue)

### **MINIMUM PRINTED FONT SIZE REQUIREMENT**

Information contained in the financial statement audit and single audit reports are read by a variety of users to assess, among other things, the financial condition of the organization and make decisions on the allocation of resources. Readability of the audit report is essential for these objectives to be met.

---

<sup>2</sup> Name of program should be consistent between awarding document and compliance supplement for ease of identifying which Compliance Supplement to use.

**Name of Entity**  
**EXAMPLE: SCHEDULE OF STATE FINANCIAL ASSISTANCE**  
**Year Ended June 30, 20x4**

STATE AGENCY / PROGRAM TITLE	AWARD NUMBER	TOTAL AWARD AMOUNT	PASSED THROUGH TO SUBRECIPIENTS	STATE EXPENDITURES
<b><u>DEPARTMENT OF PUBLIC SAFETY</u></b>				
* VILLAGE PUBLIC SAFETY OFFICER	22-00x	\$ 610,000	\$ 0	\$ 495,000
<b>TOTAL DEPARTMENT OF PUBLIC SAFETY</b>		610,000	0	495,000
<b><u>DEPARTMENT OF NATURAL RESOURCES</u></b>				
MARKETING GRANT	HS 22.01.0x	30,000	0	24,084
SNOWMOBILE TRAILS GRANT	GRT 22xx3x	25,000	25,000	25,000
<b>TOTAL DEPARTMENT OF NATURAL RESOURCES</b>		55,000	25,000	49,084
<b><u>ALASKA HOUSING FINANCE CORPORATION</u></b>				
* WEATHERIZATION ASSISTANCE PROGRAM	003xxx	481,000	0	416,511
<b>TOTAL ALASKA HOUSING FINANCE CORPORATION</b>		481,000	0	416,511
<b>TOTAL STATE FINANCIAL ASSISTANCE:</b>		<b>\$ 1,146,000</b>	<b>\$ 25,000</b>	<b>\$ 960,595</b>

**NOTE 1: MAJOR PROGRAM NOTATION**

\* denotes a major program.

**NOTE 2: BASIS OF PRESENTATION**

The accompanying schedule of state financial assistance (the "Schedule") includes the state award activity of Example Entity under programs of the State of Alaska for the year ended June 30, 202X. The information in this Schedule is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the Schedule presents only a selected portion of the operations of Example Entity, it is not intended to and does not present the financial position, changes in net assets or cash flows of Example Entity.

**NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting.

**NOTE 4: AWARDS TO SUBRECIPIENTS (NOTE – NOT REQUIRED SINCE SHOWN ON FINANCIAL STATEMENT)**

Of the state expenditures presented in the Schedule, Example Entity passed state awards on to this subrecipient(s):

PROGRAM / AWARD #	NAME OF SUBRECIPIENT	AMOUNT TO SUBRECIPIENT
Regional Trails-GRT 19xx3x	Organization ABC	\$ 25,000

## **SECTION 3 – STATE MAJOR PROGRAM DETERMINATION**

Audit emphasis must focus on the most important areas. Because it is impractical to audit all programs of every entity and keep the single audit emphasis on materiality and efficiency, auditors are required to evaluate administration of “major programs”. Major Program Thresholds:

- (a) **Step one:** The auditor must use a risk-based approach to determine which State programs are major programs. This risk-based approach must include consideration of: current and prior audit experience, oversight by State agencies and pass-through entities, and the inherent risk of the State program.
- (1) The auditor must identify the larger State programs, which must be labeled Type A programs. Type A programs are defined as State programs with State awards expended during the audit period exceeding the levels outlined in the table below:
- (2) State programs not labeled Type A under paragraph (b)(1) of this section must be labeled Type B programs.
- (3)

<b>Total State awards expended</b>	<b>Type A/B Threshold</b>
Equal or exceed \$750,000 but less than or equal to \$25 million	\$750,000
Exceed \$25 million but less than or equal to \$100 million	Total State award expended times .03
Exceed \$100 million but less than or equal to \$1 billion	\$3 million
Exceed \$1 billion but less than or equal to \$10 billion	Total State award expended times .003
Exceed \$10 billion but less than or equal to \$20 billion	\$30 million
Exceed \$20 billion	Total State award expended times .0015

- (b) **Step two:**
- (1) The auditor must identify Type A programs which are low-risk. In making this determination, the auditor must consider whether the oversight exercised by State agencies and pass-through entities (similar to Federal requirements in [§ 200.519\(c\)](#)), the results of audit follow-up, or any changes in personnel or systems affecting the program indicate significantly increased risk and preclude the program from being low risk. For a Type A program to be considered low-risk, it must have been audited as a major program in at least one of the two most recent audit periods, and, in the most recent audit period, the program must have not had:

- a. Internal control deficiencies which were identified as material weaknesses in the auditor's report on internal control for major programs;
- b. A modified opinion on the program in the auditor's report on major programs; or
- c. Known or likely questioned costs that exceed five percent of the total State awards expended for the program.

(c) **Step three:**

(1) The auditor must identify Type B programs which are high-risk using professional judgment and the Federal criteria in [§ 200.519](#) applied to State programs. However, the auditor is not required to identify more high-risk Type B programs than at least one fourth the number Type A programs identified as low-risk. Except for known material weakness in internal control or compliance problems, a single criterion in risk would seldom cause a Type B program to be considered high-risk. When identifying which Type B programs to risk assess, the auditor is encouraged to use an approach which provides an opportunity for different high-risk Type B programs to be audited as major over a period of time.

(2) The auditor is not expected to perform risk assessments on relatively small State programs. Therefore, the auditor is only required to perform risk assessments on Type B programs that exceed twenty-five percent (0.25) of the Type A threshold determined in Step 1.

(d) **Step four:** At a minimum, the auditor must audit all of the following as major programs:

- (1) All Type A programs not identified as low risk under step two.
- (2) All Type B programs identified as high-risk under step three.
- (3) Such additional programs as may be necessary to comply with the percentage of coverage rule discussed in [paragraph \(f\)](#) below. This may require the auditor to audit more programs as major programs than the number of Type A and/pr Type B programs.

(e) **Percentage of coverage rule.** If the auditee meets the criteria for a low-risk auditee seen in (i) below, the auditor need only audit the major programs identified in Step 4 and such additional State programs with State awards expended that, in aggregate, all major programs encompass at least 20 percent (0.20) of total State awards expended. Otherwise, the auditor must audit the major programs identified in Step and such additional State programs with State awards expended that, in aggregate, all major programs encompass at least 40 percent (0.40) of total State awards expended.

(f) **Documentation of risk.** The auditor must include in the audit documentation the risk analysis process used in determining major programs.

(g) **Auditor's judgment.** When the major program determination was performed and documented in accordance with this Guide, the auditor's judgment in applying the risk-based approach to determine major programs must be presumed correct. Challenges by State agencies and pass-through entities must only be for clearly improper use of the requirements in this part. However, State agencies and pass-through entities may provide auditors guidance about the risk of a particular State program and the auditor must consider this guidance in determining major programs in audits not yet completed.

(h) **Criteria for a low-risk auditee:**

(a) Single audits were performed on an annual basis in accordance with AAC 245.010 and the State Single Audit Guide, including submitting the reporting package to the department within the specified timeframe; OR (b)

(b) Single audits were performed on an annual basis in accordance with the provisions of this Subpart, including submitting the data collection form and the reporting package to the FAC within the timeframe specified in [§ 200.512](#). A non-Federal entity that has biennial audits does not qualify as a low-risk auditee.

(c) The auditor's opinion on whether the financial statements were prepared in accordance with GAAP, or a basis of accounting required by state law, and the auditor's in relation to opinion on the schedule of state financial assistance were unmodified.

(d) There were no deficiencies in internal control which were identified as material weaknesses under the requirements of GAGAS.

(e) The auditor did not report a substantial doubt about the auditee's ability to continue as a going concern.

(f) None of the State and/or Federal programs had audit findings from any of the following in either of the preceding two audit periods in which they were classified as Type A programs:

(1) Internal control deficiencies that were identified as material weaknesses in the auditor's report on internal control for major programs;

(2) A modified opinion on a major program in the auditor's report on major programs; or

(3) Known or likely questioned costs that exceeded five percent of the total State awards expended for a Type A program during the audit period.

## **SECTION 4- AUDITOR'S REPORTS**

- 1. Financial Statements.** The auditor must determine and provide an opinion whether the financial statements of the auditee are presented fairly in all material respects in accordance with generally accepted accounting principles (or special purpose framework) stated in all material respects to the auditee's financial statements.
- 2. Report on internal control over financial reporting and compliance** with provisions of laws, regulations, contract, and award agreements, noncompliance with which could have a material effect on the financial statements. This report must describe the scope of testing of internal control and compliance and the results of the tests, and, where applicable, it will refer to the separate schedule of findings and questioned costs described below.
- 3. Report on compliance for each major State program and a report on internal control over compliance.** This report must describe the scope of testing of internal control over compliance, include an opinion of disclaimer of opinion as to whether the auditee complied with State statutes, regulations, and the terms and conditions of the State aware which could have a direct and material effect on each major program and refer to the separate schedule of findings and questioned costs described below.
- 4. Schedule of Findings and Questioned Costs for State awards –**

See example on next page. A Schedule of Findings and Questioned Costs, which includes the following three components:

A. Summary of the auditor's results, which shall include:

- 1) The type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP (i.e., unmodified opinion, qualified opinion, adverse opinion or disclaimer of opinion);
- 2) A statement indicating if any significant deficiencies or material weaknesses in internal control were disclosed by the audit of the financial statements;
- 3) A statement on whether the audit disclosed any noncompliance that is material to the financial statements;
- 4) The type of report the auditor issued on compliance for major state programs (i.e., unmodified opinion, qualified opinion, adverse opinion or disclaimer of opinion);
- 5) A statement indicating if any significant deficiencies or material weaknesses in internal control over state major programs were disclosed by the audit;
- 6) The dollar threshold used to distinguish between Type A and Type B programs;
- 7) A statement as to whether the auditee qualified as a low-risk auditee

B. Findings related to the financial statements that are required to be reported in accordance with GAGAS.

C. Findings and questioned costs for state awards which must include:

- 1) Audit findings that relate to the same issue must be presented as a single audit finding. Where practical, audit findings should be organized by State agency (and pass-through entity if applicable)
- 2) Audit findings that relate to both the financial statements and State awards must be reported in both sections of the Schedule. However, the reporting in one section of the schedule may be in summary form with a reference to a detailed reporting in the other section of the Schedule.

**Audit Scope**

The audit must be conducted in accordance with GAGAS. The audit must cover the entire operations of the auditee. The financial statements and schedule of state financial assistance must be for the same audit period.

The auditor must determine whether the financial statements of the auditee are presented fairly in all material respects in accordance with generally accepted accounting principles. The auditor must also determine whether the schedule of state financial assistance is stated fairly in all material respects in relation to the auditee's financial statements as a whole.

In addition to the requirements of GAGAS, the audit must for Internal Controls:

1. Perform procedures to obtain an understanding of internal controls over State programs sufficient to plan the audit to support a low assessed level of control risk for noncompliance for major programs.
2. Plan the testing of internal control over compliance for major programs to support a low assessed level of control risk for the assertions relevant to the compliance requirements for each major program and perform testing of internal controls as planned.
3. When internal controls over some or all of the compliance requirements for a major program are likely to be ineffective in preventing or detecting noncompliance, the planning and performing of testing as described in 1 and 2 above are not required for those compliance requirements. However, the auditor must report a significant deficiency or material weakness, assess the related control risk at the maximum, and consider whether additional compliance tests are required because of the ineffective internal control.

In addition to the requirements of GAGAS, the audit must for Compliance:

1. Determine whether the auditee has complied with Federal or State Statutes, regulations, and the terms and conditions of the State award that may have a direct and material effect on each of its major programs.
2. The principal compliance requirements applicable to most State programs are included in the compliance supplements.

## **Audit Documentation**

1. The auditor must retain audit documentation and reports for a minimum of three years after the date of issuance of the auditor's report(s) to the auditee. When the auditor is aware that the State of Alaska Granting Agency, pass-through entity, or auditee is contesting an audit finding, the auditor must contact the parties contesting the audit finding for guidance prior to destruction of the audit documentation.
2. Copies of Audit documentation must be made available upon request to the State of Alaska Department of Administration Division of Finance as part of a quality review, to resolve audit findings, or to carry out oversight responsibilities, as is reasonable and necessary.



## Name of Entity

### EXAMPLE: SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 202X

#### SECTION I – SUMMARY OF AUDITOR’S RESULTS

##### Financial Statements

Type of auditor’s report issued:

**Unmodified**

Internal control over financial reporting:

- Significant deficiency(ies) identified?  Yes  None reported
- Material weakness(es) identified?  Yes  No
- Noncompliance material to financial statements?  Yes  No

##### State Financial Assistance

Type of auditor’s report issued on compliance for major programs:

**Unmodified**

Internal control over major programs:

- Significant deficiency(ies) identified?  Yes  None reported
- Material weakness(es) identified?  Yes  No

Dollar threshold used to distinguish between type A and type B programs:

**\$750,000**

Auditee qualified as low-risk auditee?

   yes    no

#### SECTION II – FINANCIAL STATEMENT FINDINGS

The (***name of entity***) did not have any findings that relate to the financial statements.

#### SECTION III: STATE AWARD FINDINGS AND QUESTIONED COSTS

<b>Finding:</b>	<b>202X-001 Deadline for State Single Audit</b>
<b>State Agency:</b>	Department of Public Safety
<b>Grant Name:</b>	Tactical Equipment for Local Law Enforcement
<b>Grant Number:</b>	24-DPS-9999 <b>Award Year:</b> 20x2
<b>Criteria:</b>	2 AAC 45.010(b) states an entity that expends a cumulative total of \$750,000 or more shall submit an audit report for the audit period by...” the earlier of 30 days after the entity receives its audit report for the audit period; or nine months after the end of the audit period” or a later date agreed upon in writing and advance of the date in this section.
<b>Condition:</b>	The organization did not engage a qualified audit firm within the required timeline to complete and submit the audit in a timely manner.
<b>Questioned Costs:</b>	None noted.
<b>Context:</b>	The audit firm was engaged to perform an audit in accordance with the 2 AAC 45 more than nine months after the audit period.
<b>Effect:</b>	The organization is not in compliance with 2 AAC 45.010 (b)(1).
<b>Cause:</b>	The organization did not have controls in place to identify the requirements of the state single audit threshold.
<b>Repeat Finding:</b>	This is a repeat of finding 20x1-xxx.
<b>Recommendation:</b>	The organization needs to adjust the accounting records timely, arrange for an annual audit and submit the reporting package within the guidelines as outlined in the State of Alaska single audit regulations.

## **SECTION 5- AUDIT FINDINGS**

- A. **Audit findings reported.** The auditor must report the following as audit findings in the ***schedule of findings and questioned costs for State awards***.
1. Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abusing relating to major programs. The auditor's determination of whether a deficiency in internal controls is a significant deficiency or for the purpose of a material weakness is reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.
  2. Material noncompliance with the provisions of State statutes, regulations, or the terms and conditions of State awards related to a major program. The auditor's determination of whether a noncompliance with the provisions of State statutes, regulations, or the terms and conditions of State awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.
  3. Known questioned costs that are greater than \$5,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor. In evaluating the effect of questioned costs on the opinion on compliance, the auditor considers the best estimate of total costs questioned (likely questioned costs), not just the questioned costs specifically identified (known questioned costs). The auditor must also report known questioned costs when likely questioned costs are greater than \$5,000 for a type of compliance requirement for a major program. In reporting questioned costs, the auditor must include information to provide proper perspective for judging the prevalence and consequences of the questioned costs.
  4. Known questioned costs that are greater than \$5,000 for a State program which is not audited as a major program. Except for audit follow-up, the auditor is not required under this part to perform audit procedures for such a State program; therefore, the auditor will normally not find questioned costs for a program that is not audited as a major program. However, if the auditor does become aware of questioned costs for a State program that is not audited as a major program (e.g., as part of audit follow-up or other audit procedures) and the known questioned costs are greater than \$5,000, then the auditor must report this as an audit finding.
  5. The circumstances concerning why the auditor's report on compliance for each major program is other than an unmodified opinion, unless such circumstances are otherwise reported as audit findings in the ***schedule of findings and questioned costs for State awards***.
  6. Known or likely fraud affecting a State award, unless such fraud is otherwise reported as an audit finding in the schedule of findings and questioned costs for State awards. This paragraph does not require the auditor to report publicly information which could compromise investigative or legal proceedings or to make an additional reporting when the auditor confirms that the fraud was reported outside the auditor's reports under the direct reporting requirements of GAGAS.

7. Instances where the results of audit follow-up procedures disclosed that the summary schedule of prior audit findings prepared by the auditee materially misrepresents the status of any prior audit finding.
- B. Audit finding detail and clarity.** Audit findings must be presented in sufficient detail and clarity for the auditee to prepare a corrective action plan and take corrective action, and for State agencies and pass-through entities to arrive at a management decision. The following specific information must be included in each audit finding:
1. A **unique** reference number<sup>3</sup> assigned to each audit finding (financial statement finding or state award finding) using the following standard format: the four-digit audit year, a hyphen and a three-digit sequence number (e.g., 2024-001, 2024-002...2024-999).
  2. State program and specific State award number and year, State agency, and name of the applicable pass-through entity if applicable. The criteria or specific requirement upon which the audit finding is based, including the statutory, regulatory, or other citation.
  3. The criteria or specific requirement upon which the audit finding is based, including the State statutes, regulations, or the terms and conditions of the State awards. Criteria generally identify the required or desired state or expectation with respect to the program or operation. Criteria provide a context for evaluating evidence and understanding findings.
  4. The condition found, including facts that support the deficiency identified in the audit finding. Information to provide proper perspective for judging the prevalence and consequences of the audit finding.
  5. A statement of cause that identifies the reason or explanation for the condition or the factors responsible for the difference between the situation that exists (condition) and the required or desired state (criteria), which may also serve as a basis for recommendations for corrective action.
  6. The possible asserted effect to provide sufficient information to the auditee and State 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 statement of the effect or potential effect should provide a clear, logical link to establish the impact or potential impact of the difference between the condition and the criteria.
  7. Identification of questioned costs and how they were computed. Known questioned costs must be identified by applicable State award.
  8. Information to provide proper perspective for judging the prevalence and consequences of the audit findings, such as whether the audit findings represent an isolated instance or a systemic problem. Where appropriate, instances identified must be related to the universe and the number of cases examined and be quantified in terms of dollar value. The auditor should report whether the sampling was a statistically valid sample.

---

<sup>3</sup> Financial statement findings and state award findings **may not share the same finding number**. Each finding is expected to have a unique finding number.

9. Identification of whether the audit finding was a repeat of a finding in the immediately prior audit and if so, any applicable prior year audit finding numbers.
10. Recommendations to prevent future occurrences of the deficiency identified in the audit finding.
11. Views of responsible officials of the auditee.

## **CORRECTIVE ACTION PLAN**

The *auditee* is responsible for follow-up and corrective action on all audit findings included in the current year's auditor's report. This extends to findings related to both the state major programs and the financial statements, which are required to be reported in accordance with GAGAS.

The *auditee* is required to prepare and submit, in a document separate from the auditor's Schedule of Findings and Questioned Costs, a corrective action plan that addresses each finding in the current year auditor's reports. The auditee **must** submit the Corrective Action Plan on auditee letterhead.

The Corrective Action Plan will contain adequate information for state agencies to evaluate and monitor the recipient's intended actions. As a part of the review process, state funding agencies may request additional information or clarification of the intended actions.

Corrective action plans must include the following elements:

- **Reference Numbers Required.** The Corrective Action Plan must include the unique reference number the auditor assigned to each audit finding(s) in the Schedule of Findings and Questioned Costs.
- The Name(s) of the contact person(s) responsible for corrective action
- Corrective action planned
- Anticipated completion date
- If auditee does not agree with the audit findings or believes corrective action is not required, then the correction action plan must include an explanation and specific reasons.

## **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

The *auditee* must prepare and submit a schedule summarizing the status of all prior audit findings included in the prior audit's Schedule of Findings and Question Costs. This summary must also include the status of findings from any previous audits if *those findings were reported as unresolved or partially resolved in the prior year audit period*. The auditee **must** submit the Schedule of Prior Audit Findings on auditee letterhead.

- When audit findings were fully corrected, the summary schedule only list the audit findings and state that corrective action was taken.

- When audit findings were not corrected or were only partially corrected, the summary schedule must describe the reasons for the finding's reoccurrence and planned corrective action, and any partial corrective action take.

*Auditors* must follow-up on all prior audit findings, perform procedures to assess the reasonableness of the summary schedule of prior (SPAF) year audit findings prepared by the auditee and report, as a current year audit finding, when the auditor concludes that the SPAF materially misrepresents the status of any prior audit findings.

## **MANAGEMENT DECISIONS**

State awarding Agencies must follow-up on audit findings to ensure the recipient takes appropriate and timely corrective action and issue a Management Decision Letter:

1. The management decision must clearly state whether or not the audit finding is sustained, the reasons for the decision, and the expected auditee action to repay disallowed costs, make financial adjustments, or take other action. If the auditee did not complete corrective action, a timetable for follow-up should be given. Prior to issuing the management decision, the State Agency may request additional information or documentation from the auditee. While not required, the State Agency may also issue a management decision on findings relating to the financial statements which are required to be reported in accordance with GAGAS.
2. State of Alaska Department of Administration Division of Finance Single Audit Coordinator is responsible for coordinating management decision for audit findings affecting more than one State Agency. A State awarding agency is responsible for issuing a management decision letter for findings that are related to State awards it makes to non-Federal and non-State of Alaska entities.
3. The State awarding agency responsible for issuing a management decision must do so within six months of the Audit Report Issue Date. The Auditee must initiate and proceed with corrective action as rapidly as possible and corrective action should begin no later than upon receipt of the audit report.
4. Management decisions must include the reference numbers the auditors assigned to each audit finding.

**Name of Entity**  
**EXAMPLE: CORRECTIVE ACTION PLAN**  
**Year Ended December 31, 202X**

**Financial Statement Findings**

**Finding:** 202X-001 Segregation of Duties

**Name of Contact Person:** Name, Title

**Corrective Action:** The duties will be separated as much as possible and alternative controls will be used to compensate for lack of separation. The accounting staff will become more involved in providing these controls.

**Proposed Completion Date:** February 1, 202X

**State Award Findings and Questioned Costs**

**Finding:** 202X-002 Late submission of financial reports

**Name of Contact Person:** Name, Title

**Corrective Action:** The program coordinator will be responsible for submitting quarterly and year-end financial reports within 15 working days of the quarter or year end.

**Proposed Completion Date:** The above procedure was implemented November 1, 202X.

**Name of Entity**  
**EXAMPLE: SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Year Ended September 30, 202X**

**Finding: 202X-001, Segregation of duties**

This finding has been resolved.

**Finding: 202X-002, Failure to reconcile bank accounts**

This finding is still unresolved.<Insert reasoning and corrective action plan> It is repeated as finding 20x2-001 for the year ended September 30, 20x1.

**Finding: 202X-003, Grant reimbursement not requested on a timely basis**

This finding has been resolved.

## **SECTION 6 - COMPLIANCE SUPPLEMENTS**

---

### **COMPLIANCE SUPPLEMENT OVERVIEW**

This section describes general and specific compliance requirements, which if not met, could have a material effect on the auditee's combined financial statements and/or state programs.

Each requirement is accompanied by suggested audit procedures for testing compliance. These are intended to be suggestions and are not the only or necessarily the best audit procedures, **nor are they mandatory**. Auditors should apply professional judgment in determining the audit procedures that are necessary to adequately measure an entity's compliance.

**General Requirements:** Some constitutional or statutory requirements are applicable to all or most state assistance programs and should be considered in all financial and compliance audits.

**Specific Requirements:** These requirements are applicable to specific state programs. Specific Requirements are organized in five categories:

- Types of service allowed or unallowed
- Eligibility
- Matching, level of effort, or earmarking requirements
- Reporting requirements
- Special tests and provisions

Auditors are not relieved of responsibility for compliance testing of programs not included in specific requirements or compliance supplement sections. Auditors should review the award, grant agreement, regulations, or enabling legislation to determine whether there are special conditions that need to be considered.

**Reminder** - If State funds are used as match for a Federal award, Federal requirements apply to those funds and the auditor should use the Federal Compliance Supplement for audit purposes.

### **WHO TO CONTACT FOR ADDITIONAL ASSISTANCE**

Questions regarding state assistance and the application or interpretation of this guide or 2 AAC 45 should be directed to the Single Audit Coordinator at (907) 465-4666 or [single.audit@alaska.gov](mailto:single.audit@alaska.gov).



## **GENERAL COMPLIANCE REQUIREMENTS**

### **Civil Rights Compliance Requirement**

Alaska Statute 18.80.200 and federal civil rights laws prohibit discrimination against a person because of race, religion, color, national origin, sex, age, physical or mental disability, marital status, change in marital status, pregnancy, or parenthood.

#### **Suggested Audit Procedures:**

1. Obtain representation and/or attorney letters to determine whether any civil rights suits have been adjudicated or are pending.
2. During the fiscal year for each program, determine the:
  - a. Number of complaints filed with federal, state and/or local agencies responsible for ensuring nondiscrimination.
  - b. Status of unresolved complaints or investigations.
  - c. Actions taken on resolved complaints or completed investigations.

### **Minimum Wages Compliance Requirement**

Alaska Statute 23.10.065 requires employers to meet minimum wage requirements.

**Suggested Audit Procedure:** If Payroll is being reviewed, verify payroll records for compliance.

### **Workers' Compensation Compliance Requirement**

As required by AS 23.30, recipients of state financial assistance and their contractors shall provide and maintain workers' compensation insurance.

#### **Suggested Audit Procedures:**

1. Examine project records to determine whether workers' compensation insurance was provided as required.
2. Determine whether any Department of Labor & Workforce Development actions regarding insufficiency of workers' compensation are proposed or pending.
3. Examine insurance policy to determine whether it provides Alaska benefits for employees hired in Alaska.

### **Prevailing Wages Compliance Requirement**

Alaska Statute 36.05.010 requires certain projects meet the provisions of AS 36 Public Contracts. To the extent that such provisions apply to the project that is the subject of an assistance agreement, the recipient shall pay the current prevailing rates of wage to employees.

#### **Suggested Audit Procedures:**

1. Identify the programs involving construction activities.

2. Review construction contracts and subcontracts and determine whether they contain provisions requiring the payment of prevailing wages.
3. For the selected construction contracts and subcontracts, determine whether the audited entity immediately notified the Alaska Department of Labor & Workforce Development under AS 36.05.035 of the:
  - a) Amount and effective date of the contract
  - b) Identity of the contractor and all subcontractors
  - c) Site or sites of construction
  - d) Project description

### **Contractors' Bonds Compliance Requirements**

Alaska Statute 36.25.010 specifies that except as provided in AS 44.33.300, before a contract exceeds \$100,000 for the construction, alteration, or repair of a public building; or public work of the state or political subdivision of the state is awarded, the contractor shall furnish performance and payment bonds.

#### **Suggested Audit Procedures:**

1. Review the recipient's system designed to ensure that contractors meet bonding requirements.
2. Review project records for evidence that contractors met bonding requirements.

### **Political Activity Compliance Requirement**

Alaska Statute 37.05.321 states grant funds may not be used for influencing legislative action. Grant or earnings from a grant made under AS 37.05.315 - .317 (grants to municipalities, grants to named recipients, and grants to unincorporated communities), may not be used for the purpose of influencing legislative actions; or for travel in connection with influencing legislative action unless pursuant to a specific request from a legislator or legislative committee.

**Suggested Audit Procedures:** If testing for Types of service allowed or unallowed during payroll or expenditure test of controls, check if any of the employees charging to that grant award are involved in these unallowed activities and verify positive timekeeping is occurring.

### **Responsibility for Third Parties Compliance Requirement**

Per 2 AAC 45.010, a recipient of state financial assistance that disburses financial assistance to a third party(s) in an amount equal to or greater than the audit threshold is required to ensure that the third party(s) complies with audit requirements. The recipient entity must also ensure that appropriate corrective action is taken within six months after disclosure of a third party's noncompliance with state statute or regulation, or financial assistance agreement.

#### **Suggested Audit Procedures:**

1. Determine whether the recipient entity has established a system for notifying third parties of their responsibilities, and that the system is being used.
2. Determine that the recipient entity has established a system to ensure third party compliance.
3. Determine whether the recipient entity has established a system to ensure that appropriate corrective action is taken within six months after a third party's noncompliance is disclosed.

### **Retention and Inspection of Records Compliance Requirements**

A recipient of state financial assistance shall maintain and make available records of expenditure for those funds. As a minimum, the expenditure records shall be maintained until audits required under 2 AAC 45.010 are completed, and noncompliance findings are resolved.

**Suggested Audit Procedure:** Determine whether prior audit recommendations were resolved and if not; determine that pertinent records are still available for inspection.

### **Audit Requirements Compliance Requirement**

Per 2 AAC 45.010, recipients of state financial assistance that meet the audit threshold are required to submit an audit to the single audit coordinator's office within 9 months of their Fiscal Year-End.

**Suggested Audit Procedure:** If an audit report does not meet the due date, then auditors must write an audit finding regarding the late report.

## **STATE PROGRAM COMPLIANCE SUPPLEMENTS**

See below for a listing of State Programs with Compliance Supplements to be used for the program audit. If a program is State Funds being used as Federal Match, the Auditors should conduct Audit the same as a Federal Single Audit for the respective Assistance Listing Number (ALN). The Compliance Supplements can be found on DOF's website: [http://doa.alaska.gov/dof/ssa/audit\\_guide.html](http://doa.alaska.gov/dof/ssa/audit_guide.html)

<b>Program Name</b>	<b>State Agency</b>	<b>Program Number</b>	<b>Federal Match Y/N</b>	<b>Last Revised or Federal ALN</b>
Rural Energy Program	AEA	01	N	05/2021
Energy Development Program	AEA	02	N	05/2021
Senior Citizens Housing Development Program	AHFC	01	N	05/2021
Supplemental Housing Development Grants Program	AHFC	02	N	05/2024
Weatherization Assistance for Low Income Persons	AHFC	03	N	05/2024
Grants Match Program	AHFC	04	N	05/2022
Basic Homeless Assistance Program (BHAP)	AHFC	05	N	05/2022
Special Needs Housing Grant Program	AHFC	06	N	05/2022
Teacher, Health Professional and Public Safety Officials Grant Program	AHFC	07	N	05/2024
Trust Authority Grant Program	AMHTA	01	N	05/2012
(Special Education Service Agency - SESA)	ASCA	01	N	05/2018
Salmon Enhancement Tax	DCCED	01	N	05/2024
Capital Project Matching Grants	DCCED	02	N	05/2016
Grants to Named Recipients	DCCED	03	N	05/2015
Grants to Unincorporated Communities	DCCED	04	N	05/2015
Rural Development Assistance	DCCED	05	N	05/2016

Shared Fisheries Tax Program	DCCED	06	N	05/2007
Community Assistance Program	DCCED	07	N	05/2019
Alaska Regional Economic Assistance Program	DCCED	08	N	05/2013
Rural Utility Business Advisor (RUBA) Program	DCCED	09	N	05/2014
Grants to Municipalities	DCCED	10	N	05/2015
Village Safe Water Program (VSW)	DEC	01	Y	ALN 66.202; 10.760 Revised 04/2024
Remote Maintenance Worker Program (RMW)	DEC	02	Y	ALN 66.202; 10.760 Revised 04/2024
Clean Water State Revolving Fund (CWSRF)	DEC	03	Y	ALN 66.458 Revised 04/2024
Drinking Water State Revolving Fund (DWSRF)	DEC	04	Y	ALN 66.468 Revised 04/2024
Alaska Clean Water Actions (ACWA)	DEC	05	Y	ALN 66.468; 66.472; 66.447 Revised 04/2024
Boarding Home Program	DEED	01	N	05/2020
Debt Retirement Program	DEED	02	N	05/2024
School Broadband Assistance	DEED	03	N	05/2024
Capital Improvement Projects for School Districts	DEED	04	N	05/2024
Public School Funding Program	DEED	05	N	05/2022
Pupil Transportation	DEED	06	N	05/2024
District-Operated Residential Schools	DEED	07	N	05/2026
Alaska School for the Deaf	DEED	08	N	05/2022
Providence Heights School	DEED	09	N	05/2022

Interlibrary Cooperation Grant	DEED	10	N	05/2024
Low Incidence Disabilities (Special Education Service Agency - SESA)	DEED	11	N	05/2022
Public Library Assistance	DEED	12	N	05/2024
Youth in Detention Program	DEED	13	N	05/2024
State Head Start Program	DEED	14	N	05/2022
Capital Improvement Projects for School Districts Funded with State G.O. Bonds	DEED	15	N	05/2024
Alaska Adult Education Program	DLWD	01	N	05/2024
State Training and Employment Program (STEP)	DLWD	02	N	05/2024
Technical and Vocational Education Program (TVEP)	DLWD	03	N	05/2024
Alaska Construction Academies Grant	DLWD	04	N	05/2024
Alaska Workforce Infusion Grant (AWIG)	DLWD	05	N	Created 05/2024
Older Individuals who are Blind	DLWD	06	Y	84.177B Created 05/2024
Senior Community Service Employment Program	DLWD	07	N	Created 05/2024
Emergency Management Program	DMVA	01	Y	05/2016
Public Assistance Program	DMVA	02	Y	05/2024
Hazard Mitigation Grant Program	DMVA	03	Y	05/2024
Pre-Disaster Mitigation Program	DMVA	04	Y	05/2018
Snowmachine Trail Program	DNR	01	N	05/2022
Alaska Public Broadcasting Commission Grants	DOA	01	N	05/2013
Comprehensive Behavioral Health - Prevention and Early Intervention Programs	DOH	01	N	05/2024

Comprehensive Behavioral Health - Treatment and Recovery Programs	DOH	02	N	05/2024
Alcohol Safety Action Program	DOH	03	N	05/2024
Senior and Disabilities Services - Community Based Grants (includes Adult Day Services, Alzheimer's Disease and Related Disorders Education and Support Services, Deaf Navigator, Senior In-Home Services, and Behavioral Risk Management Grants)	DOH	04	N	04/2023
Independent Living Rehabilitation - Statewide Centers (includes Centers for Independent Living Grants)	DOH	05	N	04/2023
Public Health Nursing	DOH	06	N	05/2024
Capital Grant-In-Aid	DOH	07	N	04/2023
Emergency Medical Services	DOH	08	N	04/2023
Early Intervention/Infant Learning Program (EI/ILP)	DOH	09	N	05/2024
Residential Childcare Program	DOH	10	N	05/2024
Tobacco Prevention and Control Grant	DOH	11	N	05/2024
Rural Human Services Systems	DOH	12	N	05/2024
Human Services Community Matching Grant	DOH	13	N	04/2023
Medicare Counseling and Outreach	DOH	14	N	04/2023
Aging & Disability Resource Centers and Developmental Disability Resource Connection Program	DOH	15	N	04/2023
Senior and Disabilities Services - Community Based Grants-Title III Programs (includes Senior Meals through Schools)	DOH	16	N	04/2023
Senior Residential Services Program	DOH	17	N	04/2023
Community Initiative Matching Grants	DOH	18	N	04/2023

Trauma System	DOH	19	N	04/2023
Positive Youth Development Afterschool Program	DOH	20	N	04/2023
Health Promotion and Disease Prevention - State Match	DOH	21	Y	ALN 93.043
National Family Caregiver Support - State Match	DOH	22	Y	ALN 93.052
Family Reunification - State Match	DOH	23	Y	ALN 93.556
Native Family Assistance - State Match	DOH	24	Y	ALN 93.558
Childcare Licensing - State Match	DOH	25	Y	ALN 93.575
Child Care Resource and Referral - State Match	DOH	26	Y	ALN 93.596
Services for Adoption Support - State Match	DOH	27	Y	ALN 93.659
Statewide Coordination of Parenting and Prevention Services - State Match	DOH	28	Y	ALN 93.659
Emergency Shelter Services for Youth - State Match	DOH	29	Y	ALN 93.669
Mentorship for Independent Living - State Match	DOH	30	Y	ALN 93.674
HIV Care - State Match	DOH	31	Y	ALN 93.674
Adult Rural Peer Support - State Match	DOH	32	Y	ALN 93.917
Independent Case Management and Flexible Supports - State Match	DOH	33	Y	ALN 93.958
Permanent Supportive Housing - State Match	DOH	34	Y	ALN 93.958
Recidivism Reduction - State Match	DOH	35	Y	ALN 93.958
Supported Employment - State Match	DOH	36	Y	ALN 93.958
Therapeutic Court - State Match	DOH	37	Y	ALN 93.958
Bethel Community Service Patrol and Sobering Center - State Match	DOH	38	Y	ALN 93.958
Pregnant and Parenting Women SUD Services - State Match	DOH	39	Y	ALN 93.959



Sobering Center, Withdrawal Management and Residential SUD Treatment Services - State Match	DOH	40	Y	ALN 93.959
Family Support - State Match	DOH	41	Y	ALN 93.959
Nutrition, Transportation, and Support Services - State Match	DOH	42	Y	ALN 93.990
Parent Navigation - State Match	DOH	43	Y	ALN 93.044; 93.045
Childcare Assistance - State Match	DOH	44	Y	ALN 93.251; 93.994
Circles of Support - State Match	DOH	45	Y	ALN 93.575; 93.596
Commodity Supplemental Food - State Match	DOH	46	Y	ALN 10.565
Shared Taxes - Commercial Passenger Vessel Excise Taxes	DOR	01	N	05/2024
Grant Program	DOTPF	01	N	05/2024
Municipal Harbor Facility Grant	DOTPF	02	N	05/2024
Edward Byrne Memorial Justice Assistance (JAG) Program Sub-Grants	DPS	01	N	05/2021
Council on Domestic Violence and Sexual Assault (CDVSA) Grants	DPS	02	N	05/2021
Village Public Safety Officer Program	DPS	03	N	05/2021

<b>SINGLE AUDIT COORDINATOR FOR THE STATE OF ALASKA: ELIZABETH (BUFFY) PEDERSON</b> Department of Administration, Division of Finance, P.O. Box 110204, Juneau, AK 99811-0204 Phone: 465-4666 <a href="mailto:single.audit@alaska.gov">E-mail: single.audit@alaska.gov</a>	
<b><u>ADMINISTRATION</u></b> Sara Phillips -- 465-5666 Division of Administrative Services P.O. Box 110208, Juneau, AK 99811 <a href="mailto:sara.phillips@alaska.gov">sara.phillips@alaska.gov</a>	<b><u>ENVIRONMENTAL CONSERVATION</u></b> Brook Larson -- 465-5256 Division of Administrative Services P.O. Box 111800, Juneau, AK 99811-1800 <a href="mailto:brook.larson@alaska.gov">brook.larson@alaska.gov</a>
<b><u>ADMINISTRATION, SURPLUS PROPERTY</u></b> JONATHAN HARSHFIELD-- 754-3406 DOA Office of Procurement and Property Management 2400 Viking Drive Anchorage AK 99501 <a href="mailto:Jonathan.harshfield@alaska.gov">Jonathan.harshfield@alaska.gov</a>	<b><u>FISH &amp; GAME</u></b> Thane Kelly -- 465-6068 Division of Administrative Services P.O. Box 115526, Juneau, AK 99811-5526 <a href="mailto:thane.kelly@alaska.gov">thane.kelly@alaska.gov</a>
<b><u>ALASKA COURT SYSTEM</u></b> Rhonda McLeod -- 264-8215 Office of the Administration Director 820 W 4 <sup>th</sup> Ave, Anchorage, AK 99501-2005 <a href="mailto:rmcleod@courts.state.ak.us">rmcleod@courts.state.ak.us</a>	<b><u>HEALTH &amp; SOCIAL SERVICES</u></b> Terra Serpette -- 465-3120 Finance and Management Services P.O. Box 110602, Juneau, AK 99811 <a href="mailto:terra.serpette@alaska.gov">terra.serpette@alaska.gov</a>
<b><u>ALASKA ENERGY AUTHORITY</u></b> Pamela Ellis -- 771-3981 Finance Department 813 West Northern Lights Blvd, Anchorage, AK 99503 <a href="mailto:pellis@akenergyauthority.org">pellis@akenergyauthority.org</a>	<b><u>LABOR AND WORKFORCE DEVELOPMENT</u></b> Erika Klawonn -- 465-5982 Administrative Services Division P.O. Box 21149, Juneau, AK 99802-1149 <a href="mailto:Erika.klawonn@alaska.gov">Erika.klawonn@alaska.gov</a>
<b><u>ALASKA HOUSING FINANCE CORPORATION</u></b> Lisa Tibbo -- 330-8270 Dept Accounting P.O. Box 101020, Anchorage, AK 99510-1020 <a href="mailto:ltibbo@ahfc.us">ltibbo@ahfc.us</a>	<b><u>LAW</u></b> JoAnn Pelayo -- 465-5427 Division of Administrative Services P.O. Box 110300, Juneau, AK 99811 <a href="mailto:joann.pelayo@alaska.gov">joann.pelayo@alaska.gov</a>
<b><u>ALASKA MENTAL HEALTH TRUST AUTHORITY</u></b> Lucas Lind – 269-7999 3745 Community Park Loop, Ste 200, Anchorage, AK 99508 <a href="mailto:lucas.lind@alaska.gov">lucas.lind@alaska.gov</a>	<b><u>MILITARY &amp; VETERAN'S AFFAIRS</u></b> Tim Kelly – 428-7250 Division of Administrative Services P.O. Box 5800, JBER, AK 99505 <a href="mailto:tim.kelly@alaska.gov">tim.kelly@alaska.gov</a>
<b><u>ALASKA STATE COUNCIL ON THE ARTS</u></b> Erica Cuzzort -- 465-8655 Division of Education Support Services P.O. Box 110500 Juneau, AK 99811 <a href="mailto:erica.cuzzort@alaska.gov">erica.cuzzort@alaska.gov</a>	<b><u>NATURAL RESOURCES</u></b> Shonda Belknap -- 465-3771 Division of Support Services 400 Willoughby Ave., Ste 500 Juneau, AK 99801 <a href="mailto:shonda.belknap@alaska.gov">shonda.belknap@alaska.gov</a>
<b><u>COMMERCE, COMMUNITY &amp; ECONOMIC DEVELOPMENT</u></b> Jennie Reinhart – 465-2509 Division of Community & Regional Affairs P.O. Box 110800, Juneau, AK 99811-0800 <a href="mailto:Ced.singleaudits@alaska.gov">Ced.singleaudits@alaska.gov</a>	<b><u>PUBLIC SAFETY</u></b> Craig Douglas – 269-5691 Division of Administrative Services 5700 East Tudor Rd Anchorage AK 99507 <a href="mailto:craig.douglas@alaska.gov">craig.douglas@alaska.gov</a>
<b><u>CORRECTIONS</u></b> Janelle Earls -- 465-8168 Division of Administrative Services P.O. Box 112000, Juneau, AK 99811 <a href="mailto:janelle.earls@alaska.gov">janelle.earls@alaska.gov</a>	<b><u>REVENUE</u></b> Robert Doremus -- 465-2336 Division of Administrative Services P.O. Box 110410, Juneau, AK 99811-0410 <a href="mailto:Robert.doremus@alaska.gov">Robert.doremus@alaska.gov</a>
<b><u>EDUCATION AND EARLY DEVELOPMENT</u></b> Erica Cuzzort -- 465-8655 Division of Education Support Services P.O. Box 110500 Juneau, AK 99811 <a href="mailto:erica.cuzzort@alaska.gov">erica.cuzzort@alaska.gov</a>	<b><u>TRANSPORTATION &amp; PUBLIC FACILITIES</u></b> Elizabeth Dunayski – 465-8445 Division of Administrative Services P.O. Box 112500, Juneau, AL 99811-2500 <a href="mailto:elizabeth.dunayski@alaska.gov">elizabeth.dunayski@alaska.gov</a>

## **SECTION 7 - ILLUSTRATIVE AUDITOR'S REPORTS**

Examples of reports in this section are based on reports issued under generally accepted auditing standards, *Government Auditing Standards*, and the AICPA. These templates have been updated to reflect changes as a result of SAS Nos. 134-141.

- **Example 1:** Unmodified Opinions on Basic Financial Statements Accompanied by Required Supplementary Information and Other Information – State or Local Governmental Entity
- **Example 2:** Unmodified Opinion on Consolidated Financial Statements Accompanied by Other Information - Not-For-Profit Entity
- **Example 3:** Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*  
(No Material Weaknesses Identified; No Significant Deficiencies Identified; No Reportable Instances of Noncompliance or Other Matters Identified)
- **Example 4:** Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*  
(Material Weaknesses and Significant Deficiencies Identified; Reportable Instances of Noncompliance and Other Matters Identified)
- **Example 5:** Report on Compliance for Each Major State Program; Report on Internal Control over Compliance; and Report on the Schedule of State Financial Assistance Required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*  
(Unmodified Opinion on Compliance for each Major State Program; No Material Weaknesses or Significant Deficiencies in Internal Control over Compliance Identified)
- **Example 6:** Report on Compliance for Each Major State Program; Report on Internal Control over Compliance; and Report on the Schedule of State Financial Assistance Required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*  
(Qualified Opinion on Compliance for one Major State Program; Unmodified Opinion on Compliance on Each of the other Major State Programs; Material Weaknesses and Significant Deficiencies in Internal Control over Compliance Identified)

**Example 1: Unmodified Opinions on Basic Financial Statements Accompanied by Required Supplementary Information, Supplementary Information, and Other Information — State or Local Governmental Entity (includes In-Relation Opinion under Supplemental Information)**

**Independent Auditor's Report**

**[Appropriate Addressee]**

**Report on the Financial Statements**

***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the [Name of Governmental Entity (Entity)], as of and for the year ended June 30, 20XX, and the related notes to the financial statements, which collectively comprise the [Entity]'s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the [Entity], as of June 30, 20XX, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards (Government Auditing Standards), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the [Entity] and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the [Entity]'s

ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with GAAS and Government Auditing Standards, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the [Entity]'s internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of ac-counting policies used and the reasonableness of significant ac-counting estimates made by management, as well as evaluate the overall presentation of the financial statement
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the [Entity]'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the [Entity]'s basic financial statements. The [identify accompanying supplementary information such as the combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, *as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and/or schedule of state financial assistance, *as required by the State of Alaska Audit Guide and Compliance Supplement for State Single Audits*] are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to pre-prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit

of the basic financial statements and certain additional procedures, including comparing and reconciling such information 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. <sup>1</sup>In our opinion, the [identify accompanying supplementary information] is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the [identify other information, such as the introductory and statistical sections] but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated [date of report] on our consideration of the [Entity]'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the [Entity]'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering [Entity]'s internal control over financial reporting and compliance.

**[Auditor's signature]**

**[Auditor's city and state (if not included in Letterhead)]**

**[Date of the auditor's report]**

---

<sup>1</sup> In-relation to opinion can be included here or in the report on Internal Controls over Financial Reporting.

**Example 2: Unmodified Opinion on Consolidated Financial Statements Accompanied by Supplementary Information — Not-for-Profit Entity (includes In-Relation Opinion under Supplemental Information)**

**Independent Auditor's Report**

**[Appropriate Addressee]**

**Report on the Financial Statements**

***Opinion***

We have audited the consolidated financial statements of [Name of NFP Entity (Entity)], which comprise the consolidated statement of financial position as of June 30, 20XX, and the related consolidated statements of activities, [functional expenses (if applicable),] and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of [Name of NFP Entity] as of June 30, 20XX, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards (Government Auditing Standards), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the [Entity] and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statement***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the [Entity]'s ability to continue as a going concern for [insert the time period set by the applicable financial reporting framework, which for FASB-reporting entities is one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued, when applicable)]

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statement

In performing an audit in accordance with GAAS and Government Auditing Standards, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the [Entity]'s internal control.
- Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the [Entity]'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The [identify accompanying supplementary information such as the schedule of expenditures of federal awards,<sup>25</sup> as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and/or schedule of state financial assistance, as required by the State of Alaska Audit Guide and Compliance Supplement for State Single Audits] is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial



statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. <sup>2</sup>In our opinion, the [identify accompanying supplementary information] is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

***Other Reporting Required by Government Auditing Standard***

In accordance with Government Auditing Standards, we have also issued our report dated [date of report] on our consideration of the [Entity]'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the [Entity]'s internal control over financial reporting or on compliance. That re-port is an integral part of an audit performed in accordance with Government Auditing Standards in considering the [Entity]'s internal control over financial reporting and compliance

**[Auditor's signature]**

**[Auditor's city and state]**

**[Date of the Auditor's report]**

---

<sup>2</sup> In-relation to opinion can be included here or in the report on Internal Controls over Financial Reporting.

**Example 3: Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards (for a Governmental Entity)**

***(No Material Weaknesses Identified; No Significant Deficiencies Identified; No Reportable Instances of Noncompliance or Other Matters Identified)***

**Independent Auditor’s Report**

**[Appropriate Addressee]**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of [Name of Governmental Entity (Entity)], as of and for the year ended June 30, 20XX, and the related notes to the financial statements, which collectively comprise the [Entity]’s basic financial statements, and have issued our report thereon dated August 15, 20XX.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the [Entity]’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the [Entity]’s internal control. Accordingly, we do not express an opinion on the effectiveness of the [Entity]’s internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the [Entity]’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those

provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**[Auditor's signature]**

**[Auditor's city and state]**

**[Date of the auditor's report]**

**Example 4: Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards (for a Governmental Entity)**

***(Material Weaknesses and Significant Deficiencies Identified; Reportable Instances of Noncompliance and Other Matters Identified)***

**Independent Auditor's Report**

**[Appropriate Addressee]**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the [Name of Governmental Entity (Entity)] as of and for the year ended June 30, 20XX, and the related notes to the financial statements, which collectively comprise the [Entity]'s basic financial statements, and have issued our report thereon dated August 15, 20XX.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the [Entity]'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the [Entity]'s internal control. Accordingly, we do not express an opinion on the effectiveness of the [Entity]'s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying [include the title of the schedule in which the findings are reported (for example, schedule of findings and responses or schedule of findings and questioned costs)], we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying [include the title of the schedule in which the findings are reported (for example, schedule of findings and responses or schedule of findings and questioned costs)] as items [list the reference numbers of the related findings, for example, 20X1-001, 20X1-003, and 20X1-004] to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying [include the title of the schedule in which the findings are reported (for example schedule of findings and responses or schedule of findings and questioned costs)]as items [list the reference numbers of the related findings, for example, 20X1-002 and 20X1-005] to be significant deficiencies.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the [Entity]'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying [include the title of the schedule in which the findings are reported (for example, schedule of findings and responses or schedule of findings and questioned costs)]as items [list the reference numbers of the related findings, for example, 20X1-002 and 20X1-005].

### **[Entity]'s Response to Findings**

Government Auditing Standards requires the auditor to perform limited procedures on the [Entity]'s response to the findings identified in our audit and described in the accompanying [include the title of the schedule in which the findings are reported (for example, schedule of findings and responses or schedule of findings and questioned costs) or "previously" if findings and responses are included in the body of the report]. The [Entity]'s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**[Auditor's signature]**

**[Auditor's city and state (if not included in letterhead)]**

**[Date of the auditor's report]**

**Example 5: Report on Compliance for Each Major State Program; Report on Internal Control over Compliance and Report on the Schedule of State Financial Assistance Required by the State of Alaska Audit Guide and Compliance Supplement for State Single Audits (includes in-relation to opinion)**

**(Unmodified Opinion on Compliance for each Major State Program; No Material Weaknesses or Significant Deficiencies in Internal Control over Compliance Identified)<sup>1</sup>**

**Independent Auditor's Report**

**[Appropriate Addressee]**

**Report on Compliance for Each Major State Program**

***Opinion on Each Major State Program***

We have audited Example Entity's compliance with the types of compliance requirements identified as subject to audit in State of Alaska Audit Guide and Compliance Supplements that could have a direct and material effect on each of Example Entity's major state programs for the year ended June 30, 20XX. Example Entity's major state programs are identified on the Schedule of State Financial Assistance.

In our opinion, Example Entity complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 20XX.

***Basis for Opinion on Each Major State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements in the State of Alaska Audit Guide. Our responsibilities under those standards and the State of Alaska Audit Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Example Entity and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of Example Entity's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

---

<sup>1</sup> Examples 5 and 6 in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits (Guide)* are intended to provide illustrations for various situations. Auditors, using professional judgment, may adapt these examples to other situations not specifically addressed within the illustrations.

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Example Entity's state programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Example Entity's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and State of Alaska Audit Guide requirements will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Example Entity's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the State of Alaska Audit Guide, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Example Entity's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Example Entity's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State of Alaska requirements, but not for the purpose of expressing an opinion on the effectiveness of Example Entity's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the State of Alaska Audit Guide and which are described in the accompanying schedule of findings and questioned costs as items [list the reference numbers of the related findings, for example, 20X1-001 and 20X1-002]. Our opinion on each major state program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Example Entity's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Example Entity's response was not

subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State of Alaska. Accordingly, this report is not suitable for any other purpose.

### **<sup>2</sup>Report on Schedule of State Financial Assistance Required by the State of Alaska**

<sup>3</sup>We have audited the financial statements of Example Entity as of and for the year ended June 30, 20XX, and have issued our report thereon dated August 15, 20XX, which contained an

---

<sup>2</sup> Include if in-relation opinion is not included in the Financial Statement Report.

<sup>3</sup> If Governmental Entity use:



unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of state financial assistance is presented for purposes of additional analysis as required by the State of Alaska and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

**[Auditor's signature]**

**[Auditor's city and state (if not included in the letterhead)]**

**[Date of the auditor's report]**

---

### **Report on Schedule of State Financial Assistance Required by the State of Alaska**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Example Entity as of and for the year ended June 30, 20XX, and the related notes to the financial statements, which collectively comprise Example Entity's basic financial statements. We issued our report thereon, dated August 15, 20XX, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of state financial assistance is presented for purposes of additional analysis as required by the State of Alaska and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information 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, the schedule of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Example 6: Report on Compliance for Each Major State Program; Report on Internal Control over Compliance and Report on the Schedule of State Financial Assistance Required by the State of Alaska Audit Guide and Compliance Supplement for State Single Audits (includes in-relation to opinion)**

(Qualified Opinion on Compliance for one Major State Program; Unmodified Opinion on Compliance on Each of the Other Major State Programs; Material Weaknesses and Significant Deficiencies in Internal Control over Compliance Identified)

**Independent Auditor's Report**

[Appropriate Addressee]

**Report on Compliance for Each Major State Program**

***Qualified and Unmodified Opinions***

We have audited Example Entity's compliance with the types of compliance requirements identified as subject to audit in the State of Alaska Audit Guide and Compliance Supplements that could have a direct and material effect on each of Example Entity's major state programs for the year ended June 30, 20XX. Example Entity's major state programs are identified on the Schedule of State Financial Assistance.

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, Example Entity complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on [identify the major state program] for the year ended June 30, 20XX.

***Unmodified Opinion on Each of the Other Major State Programs***

In our opinion, Example Entity complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major state programs identified on the Schedule of State Financial Assistance for the year ended June 30, 20XX.

***Basis for Qualified and Unmodified Opinions***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of the State of Alaska Audit Guide. Our responsibilities under those standards and the State of Alaska are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Example Entity and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our

opinion on compliance for each major state program. Our audit does not provide a determination of Example Entity's compliance with the compliance requirements referred to above.

*Matter(s) Giving Rise to Qualified Opinion on [Identify Major State Program]*

As described in the accompanying schedule of findings and questioned costs, Example Entity did not comply with requirements regarding [identify the major state program and associated finding number(s) matched to the type(s) of compliance requirements; <sup>4</sup>for example, Head Start as described in finding numbers 20X2-001 for Eligibility and 20X2-002 for Reporting]. Compliance with such requirements is necessary, in our opinion, for Example Entity to comply with the requirements applicable to that program.  
legal

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective in-ternal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Example Entity's state programs.

**Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Example Entity's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the State of Alaska Audit Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Example Entity's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the State of Alaska Audit Guide, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Example Entity's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Example Entity's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State of Alaska requirements, but not for the purpose of expressing an opinion on the effectiveness

---

<sup>4</sup> Audit may also consider adding a table to more clearly communicate the basis for the qualified opinion.

of Example Entity's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Other Matters***

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the State of Alaska Audit Guide and which are described in the accompanying schedule of findings and questioned costs as items [list the reference numbers of the related findings, for example, 20X1-003 and 20X1-004]. Our opinion on each major state program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on Example Entity's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Example Entity's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items [list the reference numbers of the related findings, for example 20X1-005 and 20X1-006] to be material weaknesses.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program 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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items [list the reference numbers of the related findings, for example 20X1-007 and 20X1-008] to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on Example Entity's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Example Entity's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State of Alaska Audit Guide. Accordingly, this report is not suitable for any other purpose.

**<sup>5</sup>Report on Schedule of State Financial Assistance Required by the State of Alaska**

<sup>6</sup>We have audited the financial statements of Example Entity as of and for the year ended June 30, 20XX, and have issued our report thereon dated August 15, 20XX, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of state financial assistance is presented for purposes of additional analysis as required by the State of Alaska and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

**[Auditor's signature]**

**[Auditor's city and state (if not included in the Letterhead)]**

**[Date of the auditor's report]**

---

<sup>5</sup> Include if in-relation opinion is not included in the Financial Statement Report.

<sup>6</sup> See footnote 3.

