

**AICPA Audit Guide, Government Auditing Standards and Single Audits  
2017 Edition - Summary of Illustrative Audit Report Changes**

The [2017 edition of the AICPA Audit Guide, Government Auditing Standards and Single Audits](#), revised certain of the illustrative reports included in chapters 4, 13 and 14 of the guide. The changes were made to ensure consistency between all reports and are largely editorial in nature. The GAQC has developed this non-authoritative summary<sup>1</sup> of the changes to assist members in updating their report templates. The following identifies the section of each report that changed and the mark-up of the changes. As a reminder, selected illustrative audit reports from the 2017 edition of the guide are available in their entirety on [GAQC's Illustrative Auditor's Report page](#).

**Chapter 4 Report Changes**

**Example 4-1**

**Section** - 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 City of Example'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 City of Example's](#) internal control over financial reporting or on compliance.<sup>2</sup> That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Example's internal control over financial reporting and compliance.

**Example 4-2**

**Section** – Auditor's Responsibility (1<sup>st</sup> paragraph)

Our responsibility is to express an opinion on these consolidated financial statements based on our ~~audits~~[audit](#). We conducted our ~~audits~~[audit](#) 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*,<sup>fn 18</sup> issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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<sup>1</sup> This document has been developed for the convenience of our members but is nonauthoritative. Auditors should consult the original AICPA auditing standards and the [2017 AICPA Audit Guide, Government Auditing Standards and Single Audits, in its entirety when developing audit reports](#).

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**Example 4-3** – no changes

**Example 4-4** – no changes

**Example 4-5, Example 4-6, Example 4-7, Example 4-8 and Example 4-9**

**Section - Internal Control Over Financial Reporting** (3<sup>rd</sup> paragraph of 4-5, 4-6 and 4-7; 2<sup>nd</sup> paragraph of 4-8 and 4-9)

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 and therefore, material weaknesses or significant deficiencies may exist that ~~were not~~ have not been identified.

**Chapter 13 Reports**

**Example 13-1, Example 13-2, Example 13-3, Example 13-5**

**Section - Report on Internal Control Over Compliance** (2<sup>nd</sup> paragraph)

*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 federal 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 federal 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 federal 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.

**Example 13-4, Example 13-6**

**Section - Report on Internal Control Over Compliance** (3<sup>rd</sup> paragraph)

*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 federal 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 federal program will not be prevented, or detected and corrected, on

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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*]<sup>fn 63</sup> to be material weaknesses.

**Example 13-2, Example 13-3, Example 13-4, Example 13-5, Example 13-6**

**Section - Report on Internal Control Over Compliance (13-2, 13-3, and 13-5 - 3rd paragraph; 13-4 and 13-6 – 2<sup>nd</sup> paragraph)**

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been~~were not~~ identified.

**Example 13-4**

**Section - Auditor's Responsibility (2<sup>nd</sup> paragraph)**

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for ~~each~~ major federal programs. However, our audit does not provide a legal determination of Example Entity's compliance.

**Example 13-5**

**Section - Auditor's Responsibility (2<sup>nd</sup> paragraph)**

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for ~~each~~ major federal programs. However, our audit does not provide a legal determination of Example Entity's compliance.

**Example 13-6**

**Section - Auditor's Responsibility (2<sup>nd</sup> paragraph)**

We believe that our audit provides a reasonable basis for our adverse and unmodified opinions on compliance for ~~each~~ major federal programs. However, our audit does not provide a legal determination of Example Entity's compliance.

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Chapter 14 Reports

**Example 14-2**

**Section** – Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance 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*].<sup>fn 15</sup> <sup>fn 16</sup> Our opinion on Example Entity's [*identify the federal program*] is not modified with respect to these matters.

Example Entity's response to the noncompliance findings identified in our audit are described in the accompanying [*insert name of document containing management's response to audit findings; for example, schedule of findings and questioned costs*]. Example Entity's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.<sup>fn 17</sup>

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