

**AICPA Audit Guide, Government Auditing Standards and Single Audits
2018 Edition - Summary of Illustrative Audit Report Changes**

The [2018 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 summary¹ 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 2018 edition of the guide are available in their entirety on [GAQC's Illustrative Auditor's Report page](#).

Chapter 4 Report Changes

Example 4-1 – No changes

Example 4-2

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 Example NFP'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 [Example NFP's City of Example'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 Example NFP's internal control over financial reporting and compliance.

Example 4-3, Example 4-4, Example 4-5, Example 4-6 and Example 4-7

Section - Internal Control Over Financial Reporting (2nd paragraph)

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*

¹ This document has been developed for the convenience of our members but is nonauthoritative. Auditors should consult the original AICPA auditing standards and the [2018 AICPA Audit Guide, Government Auditing Standards and Single Audits](#), in its entirety when developing audit reports.

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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.

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

Section – 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.

Example 4-5, Example 4-6 and Example 4-7

Section – Internal Control Over Financial Reporting (3rd paragraph)

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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying [include the title of the schedule in which the findings are reported (e.g., 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] that we consider to be significant deficiencies. [List the reference numbers of the related findings, for example, 20X1-001, 20X1-003, and 20X1-004].

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Example 4-8 and Example 4-9

Section – Internal Control Over Financial Reporting (paragraphs 2 through 4)

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 have not been identified. However,

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as described in the accompanying [include the title of the schedule in which the findings are reported (e.g., schedule of findings and responses or schedule of findings and questioned costs)], we ~~did identify 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 (e.g., 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. ~~[List the reference numbers of the related findings, for example, 20X1-001, 20X1-003, and 20X1-004].~~

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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 (e.g. 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 20X2-005] to be significant deficiencies. ~~[List the reference numbers of the related findings, for example, 20X1-002 and 20X1-005.]~~

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

Section – Example Entity's Response to Findings

Example Entity's response to the findings identified in our audit ~~is~~are described in the accompanying [include the title of the schedule in which the findings are reported (e.g., 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]. Example Entity's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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Chapter 13 Reports

Example 13-1, Example 13-2, Example 13-3, Example 13-4, Example 13-5, Example 13-6

Section – Other Matters (2nd paragraph of Example 13-4, Example 13-5 and Example 13-6)

Example Entity’s response to the noncompliance findings identified in our audit ~~isare~~ described in the accompanying [*insert name of document containing management’s response to the auditor’s findings; for example, schedule of findings and questioned costs and/or corrective action plan.*] 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.

Example 13-2 and Example 13-3

Section – Report on Internal Control Over Compliance (paragraphs 3 and 4)

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 identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we ~~did~~ ~~identify~~~~identified~~ certain deficiencies in internal control over compliance, ~~as~~ described in the accompanying schedule of findings and questioned costs as items [*list the reference numbers of the related findings, for example, 20X1-003, 20X1-004, and 20X1-005*], that we consider to be significant deficiencies.

Example Entity’s response to the internal control over compliance findings identified in our audit ~~isare~~ described in the accompanying [*insert name of document containing management’s response to the auditor’s findings; for example, schedule of findings and questioned costs and/or corrective action plan*]. 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.

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Example 13-4 and Example 13-6

Section – Report on Internal Control Over Compliance (paragraphs 2 and 5)

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we ~~did identify~~ identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

Example Entity's response to the internal control over compliance findings identified in our audit ~~is~~ described in the accompanying *[insert name of document containing management's response to the auditor's findings; for example, schedule of findings and questioned costs and/or corrective action plan]*. 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.

Example 13-5

Section – Internal Control Over Compliance (paragraphs 3 and 4)

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 identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we ~~did identify~~ identified certain deficiencies in internal control over compliance, ~~as~~ described in the accompanying schedule of findings and questioned costs as items *[list the reference numbers of the related findings, for example, 20X1-005, 20X1-006, and 20X1-007]* that we consider to be significant deficiencies.

Example Entity's response to the internal control over compliance findings identified in our audit ~~is~~ described in the accompanying *[insert name of document containing management's response to the auditor's findings; for example, schedule of findings and questioned costs and/or corrective action plan]*. 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.

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Chapter 14 Reports

Example 14-2

Section - Other Matters

Example Entity's response to the noncompliance findings identified in our audit [isare](#) described in the accompanying [*insert name of document containing management's response to audit findings; for example, schedule of findings and questioned costs and/or [corrective action plan](#)*]. 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.