

# APPENDIX A

## (AUDITOR'S LETTERHEAD)

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133 AND  
CHAPTER [cite 10.550 OR 10.650, AS APPLICABLE]  
RULES OF THE AUDITOR GENERAL**

**(Unqualified Opinion on Compliance and No Material Weaknesses [No Significant  
Deficiencies in Internal Control Over Compliance Identified])**

To (entity official)

### *Compliance*

We have audited the compliance of (entity) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement*, and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that are applicable to each of its major Federal programs and State projects for the year ended \_\_\_\_\_, 20XX. The (entity)'s major Federal programs and State projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs and State projects is the responsibility of (entity)'s management. Our responsibility is to express an opinion on the (entity)'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards; generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter (*cite 10.550 or 10.650, as applicable*), Rules of the Auditor General. Those standards, OMB Circular A-133, and Chapter (*cite 10.550 or 10.650, as applicable*), Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program or State project occurred. An audit includes examining, on a test basis, evidence about the (entity)'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the (entity)'s compliance with those requirements.

In our opinion, the (entity) complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs and State projects for the year ended \_\_\_\_\_, 20XX. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and Chapter (*cite 10.550 or 10.650, as applicable*), Rules of the Auditor General, 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, 20XX-1 and 20XX-6].<sup>1</sup>

## APPENDIX A (Continued)

### Internal Control Over Compliance

The management of the (entity) is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to Federal programs and State projects. In planning and performing our audit, we considered the (entity)'s internal control over compliance with the requirements that could have a direct and material effect on a major Federal program or State project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the (entity) internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a Federal program or State project on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a Federal program or State project such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal program or State project that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a Federal program or State project will not be prevented or detected by the entity's internal control.

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

(Entity)'s response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit (entity)'s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, *[identify the body or individuals charged with governance]*, others within the entity, *[identify the legislative or regulatory body]*, and Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

[Signature]

[Date]

<sup>1</sup> · When there are no such instances of noncompliance identified in the schedule of findings and questioned costs, the last sentence should be omitted.