

## **NPC Audit Toolkit**

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[Date]

[address to a partner in an accounting firm]  
[Address]

[Salutation:]

The [NPC] is seeking proposals from selected certified public accounting firms that have extensive experience in providing audit and tax services to not-for-profit organizations.

[NPC] is a 501(c)(3) not-for-profit organization providing a flexible funding mechanism for the conduct of approved research and education at the [name of your medical center]. The NPC's budgeted operating revenue for calendar year 2XXX is approximately \$XXXXXX. [NPC] anticipates it will have X full-time equivalent programmatic and X full-time equivalent administrative positions.

[NPC] is requesting a three year bid from your firm for the performance of services as described on the page entitled "Required services and bid amount," which is enclosed. The prices quoted should be a not-to-exceed amount, which would include all incidental expenses.

[NPC] has an effective computerized [name of program – Quickbooks, Blackbaud, etc.] accounting system and accounting staff willing and able to provide assistance to the fullest extent allowable in the completion of your audit work.

Before receiving written proposals we would like to schedule a pre-bid meeting to answer any questions you may have. This meeting will allow us to meet the members of your staff who would be doing the requested work. It will permit you to discuss and explain the unique qualifications and abilities of your firm to provide [NPC] with its required services.

If you are interested in setting up this pre-bid meeting or have any preliminary questions, please contact my assistant [Name] by [Date]. He/she will be scheduling meetings for the weeks of [Date].

Sealed proposals, in the format described in "minimum proposal requirements," also enclosed, will be accepted until [Date]. Proposals received after this date will not be considered.

Enclosed are the following documents:

- The financial statements of [NPC] for the year ended December 31, 200X.
- Form 990 for the year ended December 31, 200X.
- [NPC] bylaws or brochure describing the organization's purpose and operating characteristics

Additional information about [NPC] can be found at [website address]

Sincerely,

[Name of Chair of Audit Committee]  
Chair, Audit Committee

cc: [Name of Executive Director], Executive Director

Enclosures

## REQUIRED SERVICES AND BID AMOUNT

[NPC] is requesting a three year bid from your firm to:

- Conduct an audit and issue opinions on the financial statements of [NPC] for the year ended [Month XX, 2XXX]. These statements will be comparative with the prior year.
- [if applicable] Conduct an audit and provide your opinions as required by OMB Circular A-133.
- [if applicable] Conduct an audit and provide your opinions as required under the Generally Accepted Government Auditing Standards (GAGAS).
- Prepare a management or advisory comments letter, for the Audit Committee and the board, if required.
- A representative of the firm will meet or participate in a conference call with Committee members prior to the audit to review services to be provided.
- Hold an exit interview with the Executive Director and accounting staff to review drafts of the above reports before such reports are presented to governance representatives.
- A representative of the firm will meet or participate in a conference call with the Audit Committee after the audit to discuss opinions and any findings
- [If no Audit Committee] A representative of the firm will meet or participate in a conference call with the board of directors during their [insert date of board meeting following the end of your fiscal year] meeting
- Prepare Form 990 for [NPC]
- Provide routine consultation regarding accounting procedures and tax regulations.

The prices should be quoted separately for each service and should be a not-to-exceed amount that includes all incidental expenses.

## Minimum Proposal Requirements

Please provide your firm's responses to the following in an executive summary of no more than five pages. Separate supporting schedules should be provided with biographical information, client preferences, and information about the firm and firm capabilities. Sealed proposals will be accepted until [Date]. Proposals received after that date will not be considered.

- Describe what makes your firm uniquely qualified to provide the professional services [NPC] requires.
- Include a general discussion of your firm's approach to performing an audit, and the resulting advantages that would accrue to [NPC].

### Staff Issues:

- In order to assess your firm's ability to staff our audit and tax work, provide information about the size and mix of your staff in the office that would be responsible for [NPC]'s audit and tax return preparation.
- Identify the engagement team who will be performing the work, including their experience and qualifications.
- Explain how your firm would provide for continuity of staffing on [NPC]'s audit and tax engagement.

### Planning and Scheduling:

- Indicate the expected timing and completion of the audit. State how soon after completion of the fieldwork we can expect delivery of drafts and the final version of the financial statements and the management comment letter.
  - Include the estimated number of hours to be spent by each level of staff and the approximate rate per hour of each in making your bids. We would expect to meet in a planning session and review time schedules well before the audit work commences.
  - Affirm ability to complete audit by [Date] in order for [NPC] to submit its federally mandated annual report to the VA by June 1.
  - Indicate ways in which you would suggest that [NPC]'s staff and resources might be used to minimize audit costs.
  - Comment on the impact of the transition on [NPC]'s staff and first year scheduling if your firm is selected.
  - Provide a list of your other not-for-profit clients, indicating which are similar in size and scope to [NPC]. Explain these similarities and provide the name and telephone number of a contact person. This person should be in a position to comment on your firm's performance in providing the services we are seeking. Please provide at least three references.
  - State the date of the last peer review that your company had and the outcome, and include a copy of the peer review firm's opinion letter as an attachment to the proposal.
  - State your fees for the services described in "required services and bid amount", enclosed.
- Provide any other information you deem appropriate.

## QUESTIONS FOR THE AUDITORS

1. What commitment does your firm have to serving not-for-profit organizations? [Why this is important: a number of national firms have decided not to serve not-for-profit organizations. Therefore few people within such a firm see this industry as a vehicle for advancing their own careers and, as a result, clients in this industry will be second class citizens among all the clients the CPA firm serves.]
2. What expertise does your firm (local office) have relative to tax issues of not-for-profit organization? [NPC] needs tax advice from individuals with experience in tax consulting to tax exempt organizations.
3. Do you (personally) specialize in serving not-for-profit organizations? If the answer is “yes,” what made you decide to specialize in this industry? [Look for an answer that indicates the person is considering a not-for-profit organization to be a business that needs accounting and tax advice like any commercial entity.]
4. What benefits (advantages) will accrue to [NPC] from hiring your firm? What makes your firm unique or stand out?
5. What issues would you expect to be discussing in your client advisory letter?
6. How many clients do you have that require an audit in accordance with the requirements of OMB Circular A-133?
7. How many clients do you have that require an audit in accordance with Generally Accepted Government Auditing Standards (GAGAS)?
8. Please describe what involvement we may expect of the partner during the audit.
9. Can your firm guarantee delivery of the financial statements and IRS Form 990 by [deadline you previously set] so our board of directors can review and approve the materials and the organization can meet the June 1 filing deadline of its federally mandated annual report to VA?

**[NPC]  
Audit and Tax RFP  
Evaluation Matrix**

<b>Evaluation Criteria</b>	<b>Max Avail Points</b>	<b>Firm A</b>	<b>Firm B</b>	<b>Firm C</b>	<b>Firm D</b>	<b>Firm E</b>	<b>Firm F</b>	<b>Firm G</b>	<b>Firm H</b>
Understanding the Research Organizations	14								
Not-for-profit accounting experience	14								
Not-for-profit tax expertise	14								
A-133 accounting experience	14								
GAGAS accounting experience	14								
Reasonable Fee	10								
Interpersonal skills	4								
Peer Review Report Letter	4								
Responsiveness to RFP	4								
Firm's commitment to not-for-profit industry	4								
Adequate number of employees	4								
<b>Total Points</b>	<b>100</b>								

## NPC Audit Toolkit

### Sample Agenda for Audit Planning Meeting with Management and Auditors

*NOTE: It is recommended that the lead finance staff, and others as necessary, meet with the auditors as part of the audit planning process. The following list includes items that the NPC may consider including in the agenda for the planning meeting with the auditors.*

- Summary of fiscal year results from management, including:
  - Financial results (provide a copy of the most recent available monthly or quarterly financial statements to the auditor)
  - Significant changes to federal funding, if applicable
  - Significant transactions and events
  - Significant changes to accounting policies
  - Significant changes to internal control over financial reporting
  - Significant changes to internal control over federal award compliance, if applicable
  - Significant fraud or noncompliance that has occurred
  - Actual or threatened litigation and other contingent loss issues
  - Summary of any audits by government or other entities (e.g. IRS, granting agencies, state agencies, etc.)
  - Other matters as deemed necessary
- Summary of the auditor's view on any areas of particular risk or audit challenge; discuss how to proactively manage those risks and challenges
- Summary of new accounting and auditing standards that have a significant impact on the current year audit; discuss how this will impact the NPC and what matters need to be further investigated, researched, and/or resolved before audit fieldwork
- Establish engagement calendar and milestones:
  - Date of audit planning discussion with Audit Committee
  - Due date for auditors to provide "audit request list" to management
  - Due date(s) for management to provide any requested materials (e.g. confirmations, internal control narratives, etc.) prior to fieldwork
  - Due date by which management will have the final audit trial balance ready for the auditors
  - Date(s) of any interim fieldwork
  - Dates of final fieldwork
  - Due date for auditors to provide management with draft of audit reports for review
  - Due date for management to provide any questions, comments, or edits regarding the audit reports back to auditors
  - Date of audit report to the Audit Committee
  - Due date for issuance of final reports by the auditors. **REMINDER:** NPC must comply with a mandatory June 1 deadline for submission of NPC's annual report to VA. All audit and IRS Form 990 work must be completed by May 15.
- Letter of engagement and fee estimates, including a discussion of any non-audit services the auditors will provide to the NPC

## **NPC Audit Toolkit**

### **Sample Agenda for Audit Planning Meeting with Audit Committee and Auditors**

*NOTE: It is recommended that the Audit Committee (or the equivalent as determined by the board of directors) meet with the auditors as part of the audit planning process. The following list includes items that the NPC may consider including in the agenda for the planning meeting between the Audit Committee and the auditors.*

- Summary of fiscal year results from management, including:
  - Financial results
  - Significant transactions and events
  - Significant changes to accounting policies
  - Significant changes to internal control over financial reporting and compliance
  - Significant fraud or noncompliance that has occurred
  - Other matters as deemed necessary
- Summary of new accounting and auditing standards that have a significant impact on the current year audit
- Input on audit risks from the Audit Committee to the auditors, including:
  - Quality of internal control
  - Financial reporting risks
  - Fraud risks
  - Noncompliance risks
  - Other matters as deemed necessary
- Summary of the auditor's audit plan including the timing of fieldwork and final report to the Audit Committee
- Letter of engagement and fee estimates, including a discussion of any non-audit services the auditors will provide to the NPC

## Sample – Edit as Needed for Your NPC and Print on NPC Letterhead

### Background About NPCs for Auditors

Congratulations! Your auditing firm has been engaged (or: is being considered) to conduct an audit of *NPC*, a VA-affiliated nonprofit research and education corporation (NPC). The following information will assist you in understanding this organization as you initiate your work.

**About (Insert the name and a few details about your NPC):** *NPC* is affiliated with the ? VA medical center (VAMC) in *city, state*. Currently, *NPC* employs ? administrative staff and ? individuals engaged in research or education. At the present, *NPC* is administering ? research projects and ? education activities. Last year, *NPC* received private, federal and state funding that amounted to \$?. Total expenditures were \$? with \$? derived from federal grants and subgrants, \$? from federal contracts and subcontracts, and the remainder from private sector sources.

**About NPCs Generally:** In 1988, Public Law 100-322, codified at Title 38, sections 7361-7366, authorized Department of Veterans Affairs medical centers to establish nonprofit research and education foundations. At the present time, there are 82 NPCs across the nation. Each NPC is an independent, state chartered organization exempt from federal taxation under section 501(c)(3) of the Internal Revenue Service Code. Last year, NPCs received over \$240 million in support of the programs they administer.

**Purpose of NPCs:** NPCs provide VA medical centers with flexible funding mechanisms to accept and administer private sector and non-VA federal research and education funds. They donate a variety of research- and education-related goods and services to their affiliated VA medical center and advance knowledge through support of VA-approved research projects as well as VA-approved educational activities. All research studies supported by NPCs are VA research conducted for the purpose of discovering new or improved treatments for disease and disability. Educational programs supported by NPCs must benefit VA personnel, or patients and their families.

**Relationship with VA:** Depending on the facts and circumstances of each board's composition, NPCs may be considered "related" to the VA for purposes of IRS Form 990 reporting. However, NPCs are not owned or controlled by the US government; nor are they an agency or instrumentality of the United States. Most NPC offices are located in VA space. NPC personnel work closely with VA principal investigators (PIs) who are usually VA-paid employees, but who may also have appointments with universities affiliated with the VAMC. In addition to their administrative staffs, NPCs hire employees (nurses, laboratory technicians, etc.) to work on research projects and educational activities. NPC employees working on VA research or education must have a VA without compensation (WOC) appointment, work on VA approved research or education activities and must be supervised by a VA employee in order to be eligible for protections afforded under the Federal Tort Claims Act (FTCA).

**Applicable Regulations:** Two provisions in the NPCs' authorizing statute establish the rules applicable to NPCs. These are:

1. 38 USC §§ 7361-7366 and regulations prescribed by the Secretary of the Department of Veterans Affairs [38 USC §7361(d)(1)].
2. Policies and procedures established by the Under Secretary for Health to guide expenditures. Such policies and procedures must be consistent with the purpose of such corporations as flexible funding mechanisms and with Federal and State laws and regulations, and executive orders, circulars, and directives that apply generally to the receipt and expenditure of funds by nonprofit organizations exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986 [38 USC § 7364(e)].

Otherwise, NPCs are required to comply only with those federal and state laws, regulations, and executive orders and directives that apply generally to private nonprofit corporations [38 USC §7361(d)(1)].

**Revenue sources:** NPCs may accept funds from individuals, but most of their revenues are derived from private and public entities. Government funding sources may include grants (or contracts) from DoD, NIH, CDC and other federal agencies as well as state governments. Many NPCs also receive subawards or subcontracts from universities or other nonprofit organizations that flow down from government grants or contracts. Private sources may include industry sponsors (pharmaceutical companies and device manufacturers) and clinical research organizations (CROs) as well as disease specific nonprofit organizations (i.e., American Heart Association, American Diabetes Association, etc.).

Because VA may not transfer to NPCs funds appropriated to the Department of Veterans Affairs, there are only two circumstances in which an NPC may receive funds from VA:

- 1) VA may transfer to an NPC funds that are given (not appropriated) to VA by another federal agency, industry sponsor, individual donor, etc., in support of VA research or education [38 USC §7364(b)(1)]; and
- 2) VA may use VA-appropriated funds to reimburse an NPC for costs incurred by an NPC pursuant to an approved Intergovernmental Personnel Act (IPA) appointment [38 USC §7364(b)(2)].

**Expenditures:** Because the statutory purpose of NPCs is to facilitate VA research and education, all funds received must be expended to support VA research or education activities, or the NPC's business operations, in accordance with the purpose for which the funds are provided.

**Resource documents:**

- 38 USC §§7361-7366  
[http://www.navref.org/library/pdf/NPCAuthorizingStatute-May\\_5\\_2010.pdf](http://www.navref.org/library/pdf/NPCAuthorizingStatute-May_5_2010.pdf)
- Handbook 1200.17, December 8, 2010  
[http://www.navref.org/about/pdf/Handbook1200.17hk\\_12-08-10.pdf](http://www.navref.org/about/pdf/Handbook1200.17hk_12-08-10.pdf)

**Specific NPC features of particular interest to auditors:**

- NPCs must submit a report to VA by June 1 of each year. **This is not a flexible date.** Late submissions are noted in the report on NPCs that VA provides to Congress each year. **NOTE:** Please be sure to complete your audit work and the NPC's IRS Form 990 in time to allow review of drafts by the NPC staff, presentation of your audit results and 990 to the board, and approval by the board before the June 1 deadline.
- NPC funds must be held in financial instruments backed by the full faith and credit of the US government.
- Handbook 1200.17 requires NPCs to have written internal control policies and procedures.
- Certain VA personnel must serve on an NPC board of directors as well as individuals who are not federal employees. Whether an NPC is "related" to VA for IRS Form 990 reporting purposes depends on the composition of the board.
- NPCs often reimburse VA employees for travel expenses related to VA research or education. Consequently, their accounting systems should be set up to capture the data necessary to respond to IRS Form 990, Core Form Part IX, Line 18, regarding travel reimbursements to government employees.
- Most NPCs administer industry-sponsored clinical trials for new drugs and/or medical devices. Clinical trials generally do not have a fixed total budget like grants. Rather, NPCs may receive start-up funds and revenues that are dependent on the number of study subjects that are enrolled and/or the number of study subjects that meet certain milestones. In addition, study subject participation might be terminated if the sponsor determines that it has sufficient subject data to meet FDA filing requirements. Therefore, revenue from clinical trials is usually uncertain, difficult to predict and not entirely under NPC control.

## **NPC Audit Toolkit**

### **Sample Audit Preparation Checklist for Management**

*NOTE: The following list includes items preparation tasks that management may consider performing in getting ready for audit fieldwork.*

- Assign a point person who will be the primary contact from the NPC who works with the auditors.
- Ask the auditors to assign a point person on their team who will be the primary point of contact for audit requests
- Obtain “request list” from auditors -
  - Ask the auditors to number the items on the list to facilitate organization of the materials you prepare and gather in response to the “request list”
  - Review the list to ensure you understand what is specifically being asked for, follow up with auditors to clarify any unclear requested items as needed
- Review the “request list” with the finance team and other staff, assign each requested item to a specific staff member and establish a due date that is in advance of the due date provided by the auditors. Determine who will review each requested item before it is provided to the auditors. Establish who on the team will hold the team accountable for meeting the due dates; often this is the same person that is assigned as point person to work with the auditors (see first bullet point above).
- Designate a centralized repository (for example, a physical box, a folder on the network, a SharePoint site, etc.) where the team will save requested materials before they are provided to the auditors.
- Maintain a working copy of the “request list” –
  - If the auditors did not list a due date for each item on the “request list” ask the auditors for those due dates and add them to the list
  - Add any items requested by the auditors that were not on the original list, so they can be included in the original list next year
  - Note when items are completed and provided to the auditors
  - Retain a copy of any materials provide to the auditors
- Ask the auditors to utilize an internet-based portal system, rather than email, for organizing and exchanging requested materials in electronic format. Common portal systems used by auditors include SharePoint and ShareFile.
- To the extent possible, provide all requested materials to the auditors in electronic format.

- In addition to the materials on the “request list” the following items should be gathered or easily accessible. If the auditors didn’t request these items on the original “request list” they will likely ask for them later in the process:
  - “Permanent file” documents, including the articles and bylaws for the NPC, loan agreements, lease agreements, insurance documents, copies of signature cards for bank accounts, and other significant contracts and agreements that are in effect for multiple years
  - Minutes of meetings for the board of directors and related committees
  - Accounting, personnel, and other policies, procedures, and operating manuals
  - Reconciliations and supporting documentation for each balance sheet account
  - Supporting documentation for all transactions that occurred during the year, including invoices paid, payroll registers, canceled checks, bank statements, investment account statements, etc.
- Ask the auditors for a listing of individuals they will need to interview during the audit process. Facilitate scheduling interview dates/times for these interviews.
- Arrange for a conference room or similar workspace for the auditors while they are on-site.
- Arrange for internet access for auditors while they are on-site, if necessary.

## **NPC Audit Toolkit**

### **Sample Agenda for Audit Entrance Conference with Management and Auditors**

*NOTE: It is recommended that the lead finance staff, and others as necessary, meet with the auditors at the start of audit. The following list includes items that the NPC may consider including in the agenda for the audit entrance conference with the auditors.*

- Review “request list” with the auditors and make note of any items that are not yet ready
- Inform the auditors of any balances on the trial balance that have not yet been reconciled and/or that you are still planning on posting a journal entry to adjust
- Discuss any areas that you would like help from the auditor in resolving during fieldwork; examples might include the accounting for significant transactions or help in completing a rollforward schedule
- Note when the auditors can arrive in the morning and when the auditors need to leave at the end of the day
- Show them the workspace provided for them, discuss whether or not documents and other materials may be left in the room overnight
- Communicate how you would like the auditors to handle any sensitive documents, such as payroll records or certain contract documents; issues to consider are whether the auditors can make copies, who the auditors can and cannot discuss the documents with, and who the auditors should return the documents to before they leave at the end of each day
- Assist the auditors with obtaining internet access through your system, if applicable
- Discuss location of photocopier machines, kitchen, and other facilities
- Discuss access codes or other restrictions on photocopier machines
- Communicate who on your finance team will be the point person for the auditors to go to with questions and additional requests; if necessary, establish specific times each day for the point person and the auditors to meet

## **NPC Audit Toolkit**

### **Sample Agenda for Audit Exit Conference with Management and Auditors**

*NOTE: It is recommended that the lead finance staff, and others as necessary, meet with the auditors at the end of audit fieldwork. The following list includes items that the NPC may consider including in the agenda for the audit exit conference with the auditors.*

- Review listing of remaining items the auditors need to complete the audit, establish due dates as to when each item will be provided
- Review preliminary audit results:
  - Summary of the audit reports issued on the financial statements, the reports required by Government Auditing Standards (GAGAS), and the Single Audit (A-133) reports, as applicable
  - Summary of findings reported in the audit report documents, if applicable
  - Summary of other comments and recommendations from the auditor that are not included as findings, which may include:
    - Control deficiencies that were not significant enough to be reported as findings
    - “Best practice” recommendations
    - Emerging issues regarding accounting, taxation, auditing, internal controls, governance, or other matters that may impact the NPC in the future
- Revisit and confirm remaining engagement calendar and milestones:
  - Due date(s) for management to provide any remaining requested materials
  - Due date for auditors to provide management with draft of audit reports for review, if not provided during fieldwork
  - Due date for management to provide any questions, comments, or edits regarding the audit reports back to auditors
  - Date of audit report to the Audit Committee
  - Due date for issuance of final reports by the auditors
- Discuss agenda for audit report meeting with Audit Committee

## NPC Audit Toolkit

### Sample Agenda for Audit Report Meeting with Audit Committee and Auditors

*NOTE: It is recommended that the Audit Committee (or the equivalent as determined by the Board of Directors) meet with the auditors and receive the final audit report. The following list includes items that the NPC may consider including in the agenda for the audit report meeting between the Audit Committee and the auditors.*

- Summary of the audit reports issued on the financial statements, the reports required by Government Auditing Standards (GAGAS), and the Single Audit (A-133) reports, as applicable
- Summary of findings reported in the audit report documents, if applicable
- Summary of other comments and recommendations from the auditor that are not included as findings, which may include:
  - Control deficiencies that were not significant enough to be reported as findings
  - “Best practice” recommendations
  - Emerging issues regarding accounting, taxation, auditing, internal controls, governance, or other matters that may impact the NPC in the future
- Required Communications – The following are items that the auditor’s professional standards require the auditor to communicate to those charged with governance of the NPC:
  - The Auditor’s Responsibility Under U.S. Generally Accepted Auditing Standards - The auditor should communicate the level of responsibility assumed for the internal control structure, illegal acts and other matters under auditing standards generally accepted in the United States.
  - Representations the Auditor is Requesting from Management - The auditor should communicate the representations requested from management.
  - Significant Difficulties, if Any, Encountered in Performing the Audit - Serious difficulties encountered in dealing with management that relate to the performance of the audit are required to be brought to the attention of those charged with governance.
  - Disagreements with Management, if Any - Disagreements with management, whether or not satisfactorily resolved, about matters that could be significant to the entity’s financial statements or the auditor’s report should be communicated to those charged with governance.
  - Major Issues Discussed with Management Prior to Retention - Any major issues that were discussed with management in connection with our initial or recurring retention should be communicated to those charged with governance

- Consultation with Other Accountants - When the auditor is aware that management has consulted with other accountants about significant accounting or auditing matters, the auditor's views about the subject of the consultation should be communicated to those charged with governance.
- Fraud - The auditor should communicate to those charged with governance any fraud involving senior management and fraud that causes a material misstatement to the financial statements.
- Irregularities and Illegal Acts - Those charged with governance should be adequately informed of irregularities and illegal acts coming to the auditor's attention during the course of the audit.
- Consideration of an Entity's Ability to Continue as a Going Concern - The auditor is required to communicate with those charged with governance events or conditions that, when considered in the aggregate, indicate there could be a substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time.
- Other Information in Documents Containing the Audited Financial Statements - Those charged with governance should be informed of the auditor's responsibility for information in a document containing the audited financial statements and auditors' report. The auditor is responsible to read the other information in the document and consider whether such information, or its manner of presentation, is materially consistent with the information presented in the audited financial statements.
- Qualitative Aspects of Accounting Practices - The auditor should express his or her views about the qualitative aspects of the organization's significant accounting practices, including accounting policies, accounting estimates, and financial statement disclosures.
- Internal Control Related Matters Identified in an Audit - The auditor is required to report in writing any significant deficiencies or material weaknesses in internal control noted during the audit.
- Significant Audit Adjustments and Uncorrected Misstatements - Material, corrected misstatements that were brought to the attention of management as a result of audit procedures should be communicated to those charged with governance. Additionally, any uncorrected misstatements, other than those the auditor believes are trivial, should also be communicated.