

**EXAMPLES OF AUDITOR'S REPORTS ON  
COMPLIANCE**

# LEGAL COMPLIANCE AUDIT GUIDE

## EXAMPLES OF AUDITOR'S REPORTS ON COMPLIANCE

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Auditor's legal compliance report for political subdivisions *other than school districts*. Includes separate paragraphs for cities and counties or other political subdivisions; use just one of the two. (Note: This paragraph should be eliminated from the auditor's report.)

## AUDITOR'S REPORT ON LEGAL COMPLIANCE

(Governing Body)  
(Entity)

We have audited the financial statements of (list opinion units) of \_\_\_\_\_ as of and for the year ended \_\_\_\_\_ and have issued our report thereon dated \_\_\_\_\_.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

[Paragraph to be used in audits of cities and counties]

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions* covers seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our study included all of the listed categories, \*except that we did not test for compliance in (identify area not tested) because (state reasons for excluding any areas from audit).

[Paragraph to be used for other governmental entities]

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions* contains six categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions. Our study included all of the listed categories, \*except that we did not test for compliance in (identify area not tested) because (state reasons for excluding any areas from audit).

The results of our tests indicate that for the items tested, \_\_\_\_\_ complied with the material terms and conditions of applicable legal provisions, \*except as described below (or in the Schedule of Findings).

This report is intended solely for the information and use of \_\_\_\_\_ and is not intended to be, and should not be, used by anyone other than those specified parties.

(Signature)

(Date)

Note: This report on compliance may be issued as a separate letter or combined with the "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*" (see example on page 6-6).

\*If the rest of the sentence does not apply, put a period here and continue to the next paragraph.

Auditor's legal compliance report for *school districts*. (Note: This paragraph should be eliminated from the auditor's report.)

## AUDITOR'S REPORT ON LEGAL COMPLIANCE

(Governing Body)  
(Entity)

We have audited the financial statements of (list opinion units) of \_\_\_\_\_ as of and for the year ended \_\_\_\_\_ and have issued our report thereon dated \_\_\_\_\_.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions* covers seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, uniform financial accounting and reporting standards for school districts, and miscellaneous provisions. Our study included all of the listed categories, \*except that we did not test for compliance in (identify area not tested) because (state reasons for excluding any areas from audit).

The results of our tests indicate that for the items tested, \_\_\_\_\_ complied with the material terms and conditions of applicable legal provisions, \*except as described below (or in the Schedule of Findings).

This report is intended solely for the information and use of \_\_\_\_\_ and is not intended to be, and should not be, used by anyone other than those specified parties.

(Signature)

(Date)

Note: This report on compliance may be issued as a separate letter or combined with the "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*" (see example on page 6-6).

\*If the rest of the sentence does not apply, put a period here and continue to the next paragraph.

Auditor's legal compliance report for *charter schools*. (Note: This paragraph should be eliminated from the auditor's report.)

## AUDITOR'S REPORT ON LEGAL COMPLIANCE

(Governing Body)  
(Entity)

We have audited the financial statements of (list opinion units) of \_\_\_\_\_ as of and for the year ended \_\_\_\_\_, and have issued our report thereon dated \_\_\_\_\_.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions* covers two categories of compliance to be tested in audits of charter schools: uniform financial accounting and reporting standards and charter schools. Our study included the listed categories, \*except that we did not test for compliance in (identify areas not tested) because (state reasons for excluding any areas from audit).

The results of our tests indicate that, for the items tested, \_\_\_\_\_ complied with the material terms and conditions of applicable legal provisions, \*except as described below (or in the Schedule of Findings).

This report is intended solely for the information and use of \_\_\_\_\_ and is not intended to be, and should not be, used by anyone other than those specified parties.

(Signature)

(Date)

Note: This report on compliance may be issued as a separate letter or combined with the "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*" (see example on page 6-6).

\*If the rest of the sentence does not apply, put a period here and continue to the next paragraph.

Auditor's legal compliance report for police and fire relief associations. (Note: This paragraph should be eliminated from the auditor's report.)

## AUDITOR'S REPORT ON LEGAL COMPLIANCE

(Governing Body)  
(Entity)

We have audited the financial statements of the \_\_\_\_\_ Relief Association as of and for the year ended \_\_\_\_\_, and have issued our report thereon dated \_\_\_\_\_.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions* covers three categories of compliance to be tested in audits of relief associations: deposits and investments, conflicts of interest, and relief associations. Our study included all of the listed categories, \*except that we did not test for compliance in (identify areas not tested) because (state reasons for excluding any areas from audit).

The results of our tests indicate that, for the items tested, the \_\_\_\_\_ Relief Association complied with the material terms and conditions of applicable legal provisions, \*except as described below (or in the Schedule of Findings).

This report is intended solely for the information and use of the \_\_\_\_\_ Relief Association and is not intended to be, and should not be, used by anyone other than those specified parties.

(Signature)

(Date)

\*If the rest of the sentence does not apply, put a period here and continue to the next paragraph.

Auditor's internal control and compliance report based on an audit of financial statements performed in accordance with *Government Auditing Standards* and the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*. (Note: This paragraph should be eliminated from the auditor's report.)

**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***

(Governing Body)  
(Entity)

We have audited the financial statements of (*list related opinion units*) of \_\_\_\_\_ as of and for the year ended \_\_\_\_\_, and have issued our report thereon dated \_\_\_\_\_. We conducted our 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*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered \_\_\_\_\_'s internal control over financial reporting as a basis for designing our auditing procedures 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 \_\_\_\_\_'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the \_\_\_\_\_'s internal control over financial reporting.

A deficiency in internal control over financial reporting 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 combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of \_\_\_\_\_'s financial statements will not be prevented, or detected and corrected, on a timely basis.\*

Our consideration of internal control over financial reporting 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we identified certain deficiencies in internal control described in the Schedule of Findings and Questioned Costs as items (*list deficiency reference numbers here*) that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.\*

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the \_\_\_\_\_'s financial statements are free of 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 determination of financial statement amounts. 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*. \*\*

## Minnesota Legal Compliance

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

[Paragraph to be used for counties or cities]

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions* contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our study included all of the listed categories, \*\*\*except that we did not test for compliance in (*identify area not tested*) because (*state reasons for excluding any areas from audit*).

[Paragraph to be used for school districts]

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions* covers seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, uniform financial accounting and reporting standards for school districts, and miscellaneous provisions. Our study included all of the listed categories, \*\*\*except that we did not test for compliance in (*identify area not tested*) because (*state reasons for excluding any areas from audit*).

[Paragraph to be used for audits of charter schools]

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions* covers two categories of compliance to be tested in audits of charter schools: uniform financial accounting and reporting standards and charter schools. Our study included the listed categories, \*\*\*except that we did not test for compliance in (*identify areas not tested*) because (*state reasons for excluding any areas from audit*).

[Paragraph to be used for other political subdivisions]

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions* contains six categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions. Our study included all of the listed categories, \*\*\*except that we did not test for compliance in (*identify area not tested*) because (*state reasons for excluding any areas from audit*).



The results of our tests indicate that, for the items tested, \_\_\_\_\_ complied with the material terms and conditions of applicable legal provisions, \*\*\*except as described in the Schedule of Findings as items (*list related finding reference numbers*).

\_\_\_\_\_’s written responses to the internal control and legal compliance findings (*adjust as necessary for what they responded to*) identified in our audit have not been subjected to any auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the \_\_\_\_\_ (governing body), management, others within \_\_\_\_\_, \*\*\*\* and should not be, used by anyone other than those specified parties.

(Signature)

(Date)

\* If conditions believed to be material weaknesses are disclosed, these two paragraphs should be replaced with two or three of the following paragraphs:

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the Schedule of Findings and Questioned Costs we identified certain deficiencies in internal control that we consider to be material weaknesses\*\*\* and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control over financial reporting 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 combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of \_\_\_\_\_’s financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items (*list deficiency reference numbers here*) to be material weaknesses.

A significant deficiency is a deficiency or combination of deficiencies in internal control over financial reporting 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 Schedule of Findings as items (*list deficiency reference numbers here*) to be significant deficiencies. (Use this paragraph only when there are significant deficiencies that are not material weaknesses.)

\*\* If instances of noncompliance were identified, replace the last sentence with: “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 Schedule of Findings as items (*list finding reference numbers*).

\*\*\* If the rest of the sentence does not apply, put a period here and continue to the next paragraph.

\*\*\*\*For Single Audits, distribution should include “federal awarding agencies and pass-through entities.”