

Executive Order 2013-006 Compliance Review Tool

EO Compliance Review Template		
Type of Opinion	Definition	Resolution
Adverse (adverse audit report)	After having obtained enough good audit evidence, the auditor concludes that misstatements, individually or when grouped with other misstatements, are both material and pervasive to the financial statements.	The entity is engaging in financial statement fraud. The entity will not be allowed to enter into grant agreements.
Disclaimer (disclaimer report)	The auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, and concludes that the possible effects on the financial statements of undetected misstatements, if any, could be both material and pervasive.	A fiscal agent will be required and there should be discussion whether the entity should be allowed to enter into grant agreements. Continue review and document the findings for discussion.
Qualified (qualified report)	The auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are material but not pervasive to the financial statements, or the auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, but concludes that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive.	A portion or segment of the auditee's accounting methods and procedures have failed completely. That portion carries a disclaimer or adverse opinion and is separate from the rest of the organization. This will require separate scrutiny of both the main part of the organization and the disclaimed portion. Disclaimed or Adverse segment, follow the resolution above. Unmodified segment, follow the resolution below.
Unmodified (clean report)	The auditor concludes that the financial statements of a given entity are presented fairly, in all material respects, in accordance with generally accepted accounting principles.	Check for material weaknesses or significant deficiencies. If none exist, entity is eligible to receive the grant. If some exist, review the type of finding and follow the resolution below. If the type of finding or resolution is not listed, please add and share with the other reviewers. Check for repeat findings. If there is a repeat finding, a fiscal agent will be required.

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Type of Finding	Definition	Resolution
Policies & Procedures	A procedure is the counterpart to a policy; it is the instruction on how a policy is followed. It is the step-by-step instruction for how, when, and where the policies outlined above will be achieved. A policy defines a rule, and the procedure defines who is expected to do it and how they are expected to do it.	Submit a copy of the written departmental policies and procedures for review by DFA.
Internal Controls	Internal controls are processes and records that ensure the integrity of financial and accounting information and prevent fraud.	Submit a copy of the approval of transactions, which should also show the segregation of duties and any security concerns.
Governance	Governance is the act or process of governing or overseeing the control and direction of something.	Submit documentation showing the department is organized in a way that maximizes operations, shows the operations are working as effectively and efficiently as possible, and that the information is communicated in a clear and timely fashion to all impacted parties.
Business Continuity	Business continuity is a business's level of readiness to maintain critical functions after an emergency or disruption.	Submit documentation showing all employees are cross-trained, that the department has a Continuity of Operations Plan (COOP), and that there are written desktop procedures for major functions.
Compliance	Compliance is the act of obeying a law or rule, especially one that controls a particular industry or type of work.	Submit documentation showing the entity understands the compliance landscape specific to the department, the entity seeks out relevant training to stay up to date on laws, regulations, and policies and that employees are educated on the importance of compliance.
Fixed Asset Management	Fixed asset management involves tracking, monitoring and maintaining equipment, computers, vehicles and other physical assets.	Submit documentation showing the department has completed a physical inventory of fixed assets at least annually and that all changes to the list are communicated to the Fixed Asset Department (if applicable), that all equipment that is no longer needed is disposed of properly, that all assets are depreciated on an appropriate schedule and that is readily available in the accounting software.
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State / Federal Grant Compliance	Grant compliance is ensuring your business is following certain standards set by the government, oversight boards, or even your own organization.	A detailed understanding of the grant's compliance and reporting requirements, Submit documentation showing a mapping of requirements to individual controls and processes, a documented set of grant management policies and procedures that your organization publicizes and follows, a robust set of internal controls and mechanisms to prevent fraud, waste, and abuse, training programs designed to promote grant compliance, risk assessments to map your organization's policies and procedures against evolving requirements for each grant, and periodic auditing in compliance with relevant guidance and statutes.
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