

## REVIEW OF IPA AUDIT REPORTS

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In reviewing IPA audit reports, ask yourself the following questions:

**1. Does the audit accurately reflect program requirements and funding allocations, and the condition of subrecipient record-keeping systems?**

There can be considerable variation in the quality of the work done by IPAs. Therefore, before you can use the information in an IPA audit, you must first decide whether the auditor's review was adequate. Check to make sure that:

- b. The IPA is properly qualified;
- c. The allocations, program periods, categories of expenses, and other data relative to the CDBG program are consistent with your understanding of what the correct figures should be;
- d. The audit reflects the compliance tests and reporting requirements specified in 2 CFR Part 200; and
- e. The audit report reflects any uncorrected deficiencies in the subrecipient's system that you already know about.

**2. Did the IPA give an “unqualified” or “qualified” opinion?**

A “qualified” opinion may mean that the subrecipient's systems were so inadequate or its documentation so incomplete that the auditor could not offer its opinion with assurance. This is usually a sign of serious problems.

**3. Were there “repeat” findings?**

You should always be concerned if the subrecipient has not corrected findings from a previous audit.

**4. Were there any questioned costs?**

A good audit will include a “Management Letter,” which is sometimes not appended to the formal Audit Report

Most IPAs go to considerable lengths to resolve questionable expenses before they issue a report. Therefore, numerous questioned costs, or a single questioned cost of significant size, may mean the subrecipient is doing other things wrong.