

Federal Audit Readiness Checklist

OMB A-123 · GAGAS / Yellow Book · Internal Controls · COSO Framework · Uniform Guidance

This checklist helps federal agencies, grant recipients, and federal contractors assess their audit readiness before an OIG review, GAO engagement, or Single Audit. Use it to identify gaps before auditors do.

1 INTERNAL CONTROLS — OMB A-123 & GAO Green Book

■ Management Assurance Statement Agency has a current FMFIA annual assurance statement	■ COSO Framework Applied Controls mapped to all 5 COSO components
■ Control Environment Documented Tone at the top, organizational structure, and accountability documented	■ Material Weaknesses Tracked Open material weaknesses and significant deficiencies logged with CAP status
■ Risk Assessment Completed Risk assessment performed and updated within past 12 months	■ Corrective Action Plans CAPs have owners, milestones, and target completion dates
■ Control Activities Mapped Key controls documented for each major financial process	■ Process Documentation Narratives or flowcharts exist for key business processes
■ Segregation of Duties No single individual controls all phases of a transaction	■ IT General Controls ITGC documented for financial systems
■ Information & Communication Policies communicated to all relevant personnel	■ A-123 Assessment Cycle Assessment cycle completed on schedule per OMB requirements
■ Monitoring Activities Ongoing monitoring activities defined and executed	■ Prior Year Findings Closed Prior audit findings closed or on active CAP

2 FINANCIAL MANAGEMENT & REPORTING

■ Reconciliations Current All accounts reconciled monthly; no unresolved differences	■ Fixed Assets Reconciled Fixed asset subledger reconciled to general ledger
■ Trial Balance Accurate Trial balance ties to financial statements	■ Accruals Supportable Accrued liabilities have documented basis and calculation
■ Journal Entries Supported All JEs have adequate supporting documentation and approval	■ Interagency Agreements IAAs reconciled with trading partners
■ Budget vs. Actual Review Regular budget-to-actual variance analysis performed	■ Financial Statement Drafts Draft financial statements prepared and reviewed
■ Accounts Payable Current AP aging reviewed; no unexplained long-outstanding items	■ USSGL Compliance Chart of accounts aligned with USSGL requirements
■ Accounts Receivable Current AR aging reviewed; collectibility assessed	■ SFFAS Compliance Accounting policies align with FASAB standards

3 GAGAS AUDIT READINESS — Yellow Book (2024 Revision)

■ Independence Documented Independence assessments completed for all engagement team members	■ Working Papers Organized Prior year workpapers organized and accessible
■ QMS Designed Quality management system (QMS) designed per 2024 Yellow Book	■ Prior Findings Log Log of all prior audit findings maintained with current status
■ QMS Implemented QMS implemented — not just documented	■ Management Responses Ready Process for drafting timely management responses established

■ **CPE Requirements Met**
All audit staff meet GAGAS CPE requirements (80 hrs/2 yrs, 24 hrs govt)

■ **Evidence Standards Met**
Evidence gathering meets GAGAS sufficiency and appropriateness standards

■ **Engagement Letters Signed**
Engagement letters executed before fieldwork begins

■ **Report Drafts Reviewed**
Audit report review process established with defined timelines

4 GRANT COMPLIANCE — Uniform Guidance (2 CFR Part 200)

■ **Expenditure Threshold Tracked**
Monitoring whether \$1M Single Audit threshold will be met

■ **Prior Single Audit Findings**
All prior Single Audit findings on active CAP with status

■ **SEFA Prepared**
Schedule of Expenditures of Federal Awards (SEFA) current

■ **Procurement Standards**
Procurement procedures comply with 2 CFR 200.317-327

■ **Subrecipient Monitoring**
Subrecipient monitoring program documented and executed

■ **Cash Management**
Minimizing time between drawdown and expenditure

■ **Cost Allocation Plan**
Cost allocation plan or indirect cost rate agreement current

■ **Program Income Tracked**
Program income identified, tracked, and reported correctly

■ **Allowable Costs Reviewed**
All grant expenditures reviewed for allowability under FAR Part 31

■ **Grant Close-Out Prepared**
Close-out procedures documented for expiring awards

5 DOCUMENTATION & RECORDS MANAGEMENT

■ **Policies & Procedures Current**
P&Ps; reviewed and updated within past 2 years

■ **Audit Trail Maintained**
System-generated audit trails enabled for financial systems

■ **Retention Schedule Followed**
Records retention schedule documented and enforced

■ **Supporting Documentation**
Source documents retained for all transactions

■ **Electronic Records Accessible**
Electronic records retrievable and organized by fiscal year

■ **Workpaper Standards**
Workpaper standards defined (cross-referencing, sign-off, dating)

■ **Delegations of Authority**
Written delegations of authority current and on file

■ **PII Controls**
Personally identifiable information protected per agency policy

37–40 Checked

28–36 Checked

Below 28 Checked

Audit Ready — Strong control environment.
Document everything before auditors arrive.

Moderate Risk — Targeted gaps exist. Prioritize
corrective action before audit begins.

High Risk — Significant gaps. Engage an audit
readiness consultant immediately.

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