Federal Audit Readiness Checklist

OMB A-123 (2026) · GAO Green Book (2025) · GAGAS (2024) · Uniform Guidance (2 CFR 200)

For federal agencies, grant recipients and federal contractors preparing for an OIG review, GAO engagement, A-123 assessment or Single Audit. Check each item you can show evidence for. Items marked NEW reflect the 2025 Green Book and the March 2026 revision of A-123.

1. Internal Controls — OMB A-123 and the GAO Green Book

- ☐ **Statement of Assurance current**
  Annual FMFIA assurance statement completed and supported by evidence
- ☐ **Control environment documented**
  Oversight, structure, authority and accountability defined
- ☐ **Fraud and improper payment risk** NEW
  Risk assessment considers fraud, improper payments and information security
- ☐ **Significant changes assessed** NEW
  Process to review controls when programs, systems or staff change
- ☐ **IT general controls**
  Access, change management and backup controls for key systems
- ☐ **Deficiencies tracked**
  Material weaknesses and significant deficiencies logged
- ☐ **Green Book framework applied**
  Controls mapped to the 5 components and 17 principles
- ☐ **Risk assessment documented** NEW
  Results documented, not just performed
- ☐ **Key controls tested** NEW
  Evidence that key controls are designed well and operating effectively, not just documented
- ☐ **Segregation of duties**
  No one person controls every step of a transaction
- ☐ **Monitoring**
  Ongoing monitoring and separate evaluations defined and carried out
- ☐ **Corrective action plans**
  Owners, milestones and target dates, tracked until closed

2. Financial Management and Reporting

- ☐ **Reconciliations current**
  Accounts reconciled monthly, differences resolved
- ☐ **Journal entries supported**
  Every entry has support and an approval
- ☐ **Fixed assets reconciled**
  Subledger agrees to the general ledger
- ☐ **USSGL alignment**
  Chart of accounts follows the U.S. Standard General Ledger
- ☐ **Trial balance ties out**
  Trial balance agrees to the financial statements
- ☐ **Payables and receivables current**
  Aging reviewed, old items explained
- ☐ **Accruals supportable**
  Documented basis and calculation
- ☐ **Intragovernmental balances**
  Agreements and balances reconciled with trading partners

3. GAGAS Readiness — Yellow Book, 2024 revision

- ☐ **Quality management system in place**
  Designed and implemented by December 15, 2025
- ☐ **Quality risks assessed**
  Quality objectives and risks identified, with responses
- ☐ **CPE met**
  80 hours every 2 years, including 24 hours on government topics
- ☐ **Evidence standards met**
  Sufficient, appropriate evidence for every finding
- ☐ **Quality management evaluation** DUE
  First evaluation completed by December 15, 2026
- ☐ **Independence documented**
  Threats evaluated for each engagement, including nonaudit services
- ☐ **Engagement terms agreed**
  Engagement letters signed before fieldwork
- ☐ **Peer review current**
  External peer review within the last 3 years

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Federal Audit Readiness Checklist

Continued

4. Grant Compliance Uniform Guidance, 2 CFR Part 200 (2024 revision)

- ☐ **Single Audit threshold tracked**
  Federal spending monitored against the $1,000,000 threshold
- ☐ **Allowable costs reviewed**
  Charges tested against the cost principles in 2 CFR 200 Subpart E
- ☐ **Procurement standards**
  Purchases follow 2 CFR 200.317 to 200.327
- ☐ **Prior findings on a plan**
  Prior Single Audit findings have a corrective action plan and status
- ☐ **Schedule of federal awards**
  SEFA current and tied to the general ledger
- ☐ **Indirect costs supported**
  Negotiated rate agreement, or the de minimis rate of up to 15%
- ☐ **Subrecipient monitoring**
  Risk assessed and monitoring documented for each subrecipient
- ☐ **Federal Audit Clearinghouse**
  Reporting package filed within 30 days of the report or 9 months after year end

5. Documentation and Records

- ☐ **Policies and procedures current**
  Reviewed and updated within the past 2 years
- ☐ **Audit trails on**
  System-generated audit trails enabled for financial systems
- ☐ **Records retention followed**
  Retention schedule documented and enforced
- ☐ **Personal information protected**
  PII safeguarded and access limited by role

37 to 40 checked
Audit ready. Keep your evidence organized before auditors arrive.

28 to 36 checked
Some gaps. Fix the open items before fieldwork starts.

Below 28 checked
Significant gaps. Get help now so findings don't pile up.

Standards behind this checklist

- OMB Circular A-123, Management's Responsibility for Internal Control (revised March 10, 2026)
- GAO-25-107721, Standards for Internal Control in the Federal Government (Green Book), effective fiscal year 2026
- GAO-24-106786, Government Auditing Standards (Yellow Book), 2024 revision
- 2 CFR Part 200, Uniform Guidance, as revised in 2024 (effective October 1, 2024)
- Federal Managers' Financial Integrity Act and the Payment Integrity Information Act of 2019

Need a second set of eyes? Valley Financial Advisors is led by a former federal auditor with 17+ years and 30+ audits and assessments at SBA, CBP, the VA Office of Inspector General and the State Department Office of Inspector General. Call (540) 412-7255 or visit valleyfinancialadvisorsllc.com.

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Updated November 2026 · General guidance only. Requirements vary by agency, award and engagement.