

**LEGAL SERVICES CORPORATION
OFFICE OF INSPECTOR GENERAL**



AUDIT GUIDE FOR RECIPIENTS AND AUDITORS

October 2023

Table of Contents

PART I. INTRODUCTION	1
I-1. PURPOSE	1
I-2. REQUIRED STANDARDS AND GUIDANCE	2
I-3. APPLICABILITY	2
I-4. AUTHORITY	3
I-5. EFFECTIVE DATE	3
I-6. COMMUNICATING WITH THE OIG REGARDING AUDIT MATTERS	3
I-7. REVISIONS TO THE GUIDE	3
I-8. CUMULATIVE STATUS OF REVISIONS	4
I-9. RESPONSIBILITIES OF RECIPIENTS	4
I-9.A. Maintain Adequate Internal Controls	4
I-9.B. Provide Audited Financial Statements	5
I-9.C. Requirements for Recipient 5-Day Letter "Special Report" to the OIG on Noncompliance with Laws and Regulations	5
I-9.D. Corrective Action Plans	6
PART II. AUDIT PERFORMANCE REQUIREMENTS	7
II-1. AUDIT REQUIREMENTS	7
II-1.A. Objectives	7
II-1.B. Reports	7
II-1.C. Qualifications of the IPA	7
II-1.D. Auditor Access to Records	8
II-1.E. Audit Work Papers	8
II-1.F. Access to Audit Work Papers	8
II-1.G. Disclosure of Irregularities, Illegal Acts and Other Noncompliance	8
II-1.H. Requirements for Auditor 5-Day Letter "Special Report" to the OIG on Noncompliance with Laws and Regulations	9
II-1.I. IPA Notification to OIG on Cessation of Audit Services	10
II-2. ASSESSING INTERNAL CONTROLS	10
II-3. ASSESSING COMPLIANCE WITH LAWS AND REGULATIONS	10
II-4. AUDIT FOLLOW-UP	11
PART III. AUDIT REPORTING REQUIREMENTS	12
III-1. AUDIT REPORTS AND DISTRIBUTION	12
III-2. EXTENSION REQUESTS FOR AUDIT SUBMISSIONS	12
III-3. VIEWS OF RESPONSIBLE OFFICIALS	12
PART IV. REFERENCE MATERIALS	13

Index of Appendices

Five appendices are available on the Office of Inspector General (OIG) website, (<https://www.oig.lsc.gov/ipa-resources/lsc-regulations,-requirements-guidance>) for use by recipients and auditors, as follows:

- Appendix A** The Compliance Supplement provides notice to both recipients of LSC funds and their auditors of the specific Legal Services Corporation (LSC) regulations to be tested for compliance. The Compliance Supplement will change as LSC rules, regulations, and guidelines are adopted, amended, or revoked, but it establishes no new rules, regulations, or guidelines itself.
- Appendix B** The Summary Report Form on Noncompliance with Laws and Regulations, Questioned Costs and Reportable Conditions (Summary Report Form or SRF) is completed by the Independent Public Accountants (IPA). It provides a summary of the audit report findings, questioned costs, recipient financial data, including the LSC support, deferred revenue, derivative income, Private Attorney Involvement (PAI) expenditures and total audit cost.
- Appendix C** The Recipient 5-Day Letter to the OIG of the Independent Public Accountants "Special Report on Noncompliance with Laws and Regulations" (Recipient 5-Day Letter) is the recipient's transmittal letter to send the OIG a Special Report on Noncompliance with Laws and Regulations, as outlined in Section I-9.C of this Audit Guide.
- Appendix D** The Auditor 5-Day Letter to the OIG of the IPA's "Special Report on Noncompliance with Laws and Regulations" not Reported by Recipient (Auditor 5-Day Letter) is used when the recipient does not notify the OIG of noncompliance. The auditor uses this Appendix to transmit the auditor's report to the OIG, as outlined in Section II-1.H of this Audit Guide.
- Appendix E** The Auditor Notification of Cessation of Services is used to notify the OIG that there has been a change in audit firms.

PART I. INTRODUCTION

The Office of Inspector General (OIG) of the Legal Services Corporation (LSC) is responsible for establishing and interpreting LSC audit policy per the Inspector General Act of 1978, as amended, 5 U.S.C. App. 3, §4(a)(1) and 4(b)(1), and the LSC Board of Directors' resolution of May 13, 1995. In 1996, in section 509 of the Omnibus Consolidated Rescissions and Appropriations Act of 1996, Pub.L. 104-134, 110 Stat. 1321, 1321-50 (April 26, 1996) (1996 Act or 110 Stat. 1321), Congress:

- 1) mandated that routine on-site monitoring of recipient (person or entity receiving financial assistance from LSC, hereinafter referred to as recipients or grantees) compliance be accomplished through annual audits conducted by Independent Public Accountants (IPA or auditor),
- 2) increased the restrictions and prohibitions on the types of activities in which recipients may engage,
- 3) increased the OIG's responsibility for oversight, and
- 4) declared that the audits conducted per section 509 of the 1996 Act were in lieu of the financial audits otherwise required by the section 1009(c) of the Legal Services Corporation Act of 1974, as amended, 42 U.S.C. §§ 2996-2996I (LSC Act), § 2996(h).

The OIG will examine the audits to identify reported instances of noncompliance with laws and regulations, questioned costs, and control deficiencies, and will refer the findings and recommendations to LSC management for action.

I-1. PURPOSE

The Audit Guide for Recipients and Auditors (Audit Guide) provides a uniform approach for audits of LSC recipients and describes each recipient's responsibilities for the audit. LSC funds are appropriated by Congress to LSC, a nonprofit entity. LSC awards funds to recipients. Recipients must use these funds according to all applicable laws and regulations, LSC rules, and grant agreement provisions. The Audit Guide is to be used in conjunction with the Compliance Supplement (Appendix A). Both documents provide the auditor with suggested audit procedures to consider in planning and performing their audit of an LSC recipient. The OIG encourages IPAs to exercise professional judgment to determine the audit procedures necessary to accomplish audit objectives. The suggested audit procedures contained in the Audit Guide and Compliance Supplement do not supplant professional judgment.

I-2. REQUIRED STANDARDS AND GUIDANCE

IPAs should approach an audit of LSC funds like an audit performed in accordance with requirements of Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. pt. 200 (2013), (Uniform Guidance) with the significant exception that ***all LSC funds are considered major programs*** regardless of spending threshold. The Compliance Supplement (Appendix A) identifies the laws and regulations that apply to LSC funds and should be followed in their entirety. IPAs are expected to cite the Compliance Supplement (Appendix A) in their reports on compliance with requirements applicable to major programs and internal controls over compliance in accordance with section 200.515(c) of the Uniform Guidance. IPAs should be aware that if a recipient's non-LSC funds (Federal or state) are subject to a Uniform Guidance audit, the OMB Compliance Supplement may otherwise apply to those funds.

Audits of recipients, contractors, persons, or entities receiving financial assistance from LSC shall be performed in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States; Uniform Guidance, 2 C.F.R. §§ 200.500-200.521; the Compliance Supplement (Appendix A); and this Audit Guide.

Each recipient of LSC funds is required to have an annual audit in accordance with the requirements of this Audit Guide. Such audits shall meet the objectives outlined in Section II-1.A, *Objectives*, which include an assessment of the recipient's compliance with the laws and regulations identified in the Compliance Supplement (Appendix A). The OIG also monitors the results of the recipient's annual, financial audit (performed by IPAs), provides audit guidance to IPAs, tracks IPA findings and corrective actions, and oversees the IPA Quality Control Review Program to determine whether the IPA's work was conducted in accordance with applicable standards and OIG guidance.

I-3. APPLICABILITY

This Audit Guide applies to all recipients and subrecipients of LSC funds, except where specific provisions have been otherwise made through grant or subgrant agreements. This Audit Guide does not apply to grants awarded to law schools, universities, or other special grants, which are covered by special provisions of those grant agreements. Exceptions to these audit requirements are determined by the OIG in consultation with LSC management.

I-4. AUTHORITY

This Audit Guide has been prepared under the authority of the following sections of the LSC Act, the IG Act, and 110 Stat. 1321 (1996):

- LSC Act § 1008(a), (b), 42 U.S.C §2996g(a), (b),
- LSC Act § 1009(c)(1), 42 U.S.C §2996h(c)(1), and
- LSC Act § 1010(c), 42 U.S.C §2996i(c).
- IG Act § 4(a)(1), 4(b)(1), 5 U.S.C APP 3 § 4(a), 4(b), and
- 110 Stat. 1321 (1996) §§ 509(a) to (l).

I-5. EFFECTIVE DATE

This Audit Guide is effective for audits of LSC recipients and subrecipients for audits of fiscal years ending on or after September 30, 2023, except as otherwise authorized by the LSC OIG.

I-6. COMMUNICATING WITH THE OIG REGARDING AUDIT MATTERS

Visit the LSC OIG website "Contact Us" page to submit a request to LSC OIG staff. There is also the option to submit a complaint if you think that an LSC recipient, or someone employed by an LSC recipient, has violated the LSC Act or LSC rules and regulations.

In addition, the OIG has audit staff available to answer questions, or address audit issues. Contact the OIG using the following:

Audit Help Line Telephone - (202) 295-1671

Email - audits@oig.lsc.gov

Web Site - www.oig.lsc.gov

I-7. REVISIONS TO THE GUIDE

The OIG will periodically review the Audit Guide and its appendices and update as needed. The OIG will revise the Audit Guide through bulletins or replacement sections as necessary during the period between updates. Revisions may incorporate changes to public law, LSC regulations, auditing standards, or other guidelines. Recipients and IPAs should refer to the LSC OIG website, under "IPA Resources", for the most current Audit Guide and Bulletins that update the Audit Guide. Questions on revisions should be directed to the OIG.

I-8. CUMULATIVE STATUS OF REVISIONS

<u>Effective Date</u>	<u>Description</u>
August 1976	Original Edition of "Audit and Accounting Guide for Recipients and Auditors" issued.
June 1977	Revised Original Edition of Audit and Accounting Guide issued.
September 1979	Revision to Pages 4-1 and 6-6.
September 1981	Revision to Pages ii, 4-1, 6-6, VIII-3, and addition of Page 4-2.
January 1, 1986	Revised 1986 Edition of Audit and Accounting Guide Effective.
August 13, 1986	Regulation 1630 Replaces Chapter 4 of both the Original and 1986 Edition of the Audit and Accounting Guide.
December 31, 1995	Chapter 6 of both Original and 1986 Audit and Accounting Guide replaced by Audit Guide.
December 31, 1996	Revision to November 1995 Audit Guide to adopt audit provisions of 110 Stat. 1321 (1996).
October 1, 2023	Revision to December 1996 Audit Guide

I-9. RESPONSIBILITIES OF RECIPIENTS

I-9.A. Maintain Adequate Internal Controls

Recipients, under the direction of their board of directors, are required to establish and maintain adequate accounting records and internal control procedures. Guidance for these responsibilities may be found in the *LSC Financial Guide* (effective January 1, 2023), this Audit Guide, and any Bulletins issued by the OIG.

Internal control is defined as the process established by the recipient's board of directors, management, and other personnel designed to provide reasonable assurance of achieving objectives over:

1. Reliability of financial reporting,
2. Compliance with provisions of laws, regulations, contracts, and grant agreements that have a direct and material effect on the program; and any other laws identified in the Compliance Supplement (Appendix A), and
3. Prevention or prompt detection and correction of unauthorized acquisition, use, or disposition of an entity's assets.

I-9.B. Provide Audited Financial Statements

Each recipient is responsible for preparing annual financial statements and arranging for audits of those statements. The audits must be completed and submitted to the OIG within 120 days of the recipient's fiscal year end. While the recipient's board of directors have the final responsibility to appoint the auditor, under section 509(d) of the 1996 Act, the OIG has direct authority to "...remove, suspend, or bar an independent public accountant, upon showing of good cause, from performing audit services required by this section...", based upon rules of practice promulgated by the OIG. These rules of practice appear at 45 C.F.R. pt. 1641.

Pursuant to section 509(c) of the 1996 Act, the recipient's failure to provide an acceptable audit in accordance with the guidance promulgated by the OIG may result in the following sanctions: 1) withholding a percentage of the recipient's funding until the audit is completed satisfactorily; or 2) suspending the recipient's funding until an acceptable audit is completed.

The recipient and the IPA must execute a written contractual agreement, following the American Institute of Certified Public Accountants' AU-C Section 210, *Terms of Engagement*, which, at a minimum, should specifically include all matters described below in Section II-1, *Audit Requirements (Subsections A through I)*. The recipient should consider including in engagement letters a clause that would allow, without penalty, modification, or cancellation of the contract due to changes in law.

I-9.C. Requirements for Recipient 5-Day Letter "Special Report" to the OIG on Noncompliance with Laws and Regulations

Section 509(b) of the 1996 Act states that recipients "shall report in writing any noncompliance found by the auditor during the audit within 5 business days to the [OIG] and shall provide a copy of the report simultaneously to the auditor. If the recipient fails to report the noncompliance, the auditor shall report the noncompliance directly to the OIG within 5 business days of the recipient's failure to report. The auditor shall not be liable in a private action for any finding, conclusion, or statement expressed in a report made pursuant to this section."

To fulfill this requirement, recipients are required to notify the OIG of any instances of noncompliance with the practice restrictions and requirements identified in the Compliance Supplement (Appendix A).

See Section II-1.H, *Requirements for Auditor 5-Day Letter "Special Report" to the OIG on Noncompliance with Laws and Regulations* of this Audit Guide for more information on special reporting requirements.

I-9.D. Corrective Action Plans

Consistent with section 509(j) of the 1996 Act, recipient management is responsible for expeditiously resolving all IPA identified and communicated material weaknesses, significant deficiencies, and deficiencies, including those of subrecipients, included in findings and recommendations. These findings and recommendations can be identified and communicated on 1) internal control; 2) noncompliance with laws, regulations, contracts, and grant agreements identified in the LSC Compliance Supplement (Appendix A); and 3) questioned costs. At the completion of the annual financial statement audit, the auditee must prepare a Corrective Action Plan (CAP) to address each audit finding included in the current year auditor's reports. CAPs should be formatted as a document separate from the auditor's findings and included as part of the audit report package submission. A recipient may incorporate its CAP in its response to the auditor's findings and recommendations. However, selecting this option does not change the time frame to submit the audit reports nor shall it be used as a basis for an extension request. Regardless of whether this CAP is a separate document or included in the response to the auditor's findings and recommendations it must identify: 1) each finding reported by the IPA; and 2) the action that will be taken and the date by which it will be taken or completed. If the recipient disagrees with the finding or believes corrective action is not required, it shall provide an explanation and specific reason(s) (e.g., regulatory, or legal requirements) that corrective action is not required.

Per section 509(k)(1) of the 1996 Act, LSC management has the responsibility for follow-up on "...significant reportable conditions, findings and recommendations found by the independent public accountants and reported to [LSC] management by the [OIG] to ensure that instances of deficiencies and noncompliance are resolved in a timely manner..." Therefore, the OIG will forward CAPs to LSC management.

PART II. AUDIT PERFORMANCE REQUIREMENTS

II-1. AUDIT REQUIREMENTS

II-1.A. Objectives

The primary audit objectives are to determine whether:

1. The financial statements are presented fairly, in all material respects, in accordance with U.S. Generally Accepted Accounting Principles (U.S. GAAP), or other Comprehensive Basis of Accounting,
2. The internal control structure is designed to provide reasonable assurance of achieving effective and efficient operations, reliability of reporting for internal and external use, and compliance with provisions of applicable laws and regulations, and
3. The recipient has complied with criteria established by provisions of laws, regulations, contracts, and grant agreements, or other requirements which may have a direct and material effect on its financial statement amounts and on the LSC program.

II-1.B. Reports

The IPA will prepare the audit reports required by GAS and 2 CFR Part 200, Subpart F-Audit Requirements, as amended. Recipients should ensure that management representation letters are included with the report submissions to the OIG as well as the Summary Report Form on Noncompliance with Laws and Regulations, Questioned Costs and Reportable Conditions (Summary Report Form) (See Appendix B for form and content). The IPA has additional responsibility under Section II-1.H, *Requirements for Auditor 5-Day Letter "Special Report" to the OIG on Noncompliance with Laws and Regulations*, for interim reporting of noncompliance with certain laws and regulations.

II-1.C. Qualifications of the IPA

IPAs must meet the qualifications and requirements stated in GAS Chapters 3-6, *Ethics, Independence, and Professional Judgment, Competence and Continuing Professional Education, Quality Control and Peer Review, and Standards for Financial Audits*, respectively. Specifically, the comprehensive nature of auditing performed in accordance with GAS places responsibility on the IPA to ensure that:

1. The audit is conducted by personnel who collectively have the necessary skills,
2. Independence is maintained,

3. Applicable standards are followed in planning and conducting audits and reporting the results,
4. The IPA has an appropriate internal quality control system in place, and
5. The IPA undergoes an external quality control review.

II-1.D. Auditor Access to Records

The IPA should have access to any records that, in the IPA's judgment, are necessary to complete the audit. Although auditors' access is not limited to the records listed in section 509(h) of the 1996 Act, that section clarifies that LSC auditors and monitors have access to "financial records, time records, retainer agreements, client trust fund and eligibility records, and client names, for each recipient...except for reports or records subject to the attorney-client privilege." If the recipient asserts attorney-client privilege or attempts to deny the IPA access to necessary documents or relevant portions thereof, contact the OIG immediately. The OIG contact information is on page 3.

II-1.E. Audit Work Papers

The audit work papers are to be prepared in accordance with AU-C Section 230, *Audit Documentation*, and applicable GAS requirements. The IPA must retain the work papers for a period of at least five years from the report release date.

II-1.F. Access to Audit Work Papers

IPAs must make their audit work papers available for examination if requested by representatives of LSC and the U.S. Government Accountability Office (GAO). The only limitation on such access is information subject to the attorney-client privilege. The LSC Act, §1009(d), makes clear that neither LSC nor GAO has access to any reports or records subject to the attorney-client privilege. Additionally, section 509(h) of the 1996 Act specifies that, to the extent not protected by the attorney-client privilege, the LSC, including the OIG, is to be provided access to "...financial records, time records, retainer agreements, client trust fund and eligibility records, and client names" The audit work papers are subject to LSC OIG Quality Control Reviews.

II-1.G. Disclosure of Irregularities, Illegal Acts and Other Noncompliance

During an audit, if matters are uncovered of actual, potential, or suspected fraud, misappropriation, theft, embezzlement, or other similar irregularities, the IPA will comply with AU-C 240, *Consideration of Fraud in a Financial Statement Audit*, AU-C 254, *Illegal Acts by Clients*, and relevant guidance in GAS, Chapter 6, *Standards for Financial Reporting*. Although the auditor shall contract directly with the recipient for audit services, any items considered by the auditor to justify reporting to the recipient's program director and/or board of directors, required by AU-C 260, *The Auditor's Communication with Those*

Charged with Governance, should also be included in the auditor's reports or management letter for LSC's consideration. IPAs should know that the recipient has a responsibility to report to the OIG within specified time periods on matters involving misappropriation, theft, embezzlement of any funds (LSC, non-LSC, and client escrow funds) and property, regardless of recovery. IPAs shall follow GAS, Chapter 6, *Standards for Financial Audits*, for guidance on direct reporting of irregularities and illegal acts to the OIG. The reporting requirements under this section are separate and distinct from the special reporting requirements discussed at Section II.1.H. below.

II-1.H. Requirements for Auditor 5-Day Letter "Special Report" to the OIG on Noncompliance with Laws and Regulations

Section 509(b) of the 1996 Act:

- 1) Recognizes the auditor's responsibility to select and test a representative number of transactions and report any instances of noncompliance with laws and regulations,
- 2) Provides that the auditor shall not be liable in a private action for any finding, conclusion, or statement expressed in a special report on noncompliance made pursuant to this section, and
- 3) Places additional responsibility on the auditor to report any instances of noncompliance directly to the OIG, in the event the recipient fails to notify the OIG within five (5) business days of receipt of the auditor's interim report on noncompliance.

The IPA is responsible for providing sufficient information to the recipient on the findings of noncompliance so the recipient can meet its interim reporting responsibilities under Section I-9.C, *Requirements for Recipient 5-Day Letter "Special Report" to the OIG on Noncompliance with Laws and Regulations*. The laws and regulations requiring special reporting are listed in Section I-9.C and in the Compliance Supplement (Appendix A). When a determination has been made, based on sufficient competent evidential matter, that an instance of noncompliance has occurred, IPAs are to report it immediately to the recipient. The IPA's report to the recipient required by this section should not wait until completion of the audit reports identified in Section III, *Audit Reporting Requirements*. The IPA's special report to the recipient shall be in letter format and shall contain, at a minimum, the following: 1) a description of the particular instance(s) of noncompliance discovered during the audit; and 2) the circumstances surrounding the instance(s) of noncompliance.

Within five (5) business days after issuance of the IPA's Special Report to the recipient, and in accordance with Section I-9.C, *Requirements for Recipient 5-Day Letter "Special Report" to the OIG on Noncompliance with Laws and Regulations*, the recipient should give the auditor a copy of the recipient's 5-Day Letter to the OIG. If the recipient does

not give the auditor a copy, the IPA will submit its Special Report directly to the OIG. This submission will be within five (5) business days of the recipient's failure to provide the 5-Day Letter to the OIG. This statutory procedure ensures that the OIG will receive a copy of the IPA's Special Report on Noncompliance within ten (10) business days after the recipient's receipt of the report from its auditor (see Appendix D for the Auditor 5-Day Letter to the OIG). The auditor's submission to the OIG under this section must be transmitted by email. In addition to the email transmission, the recipient may, but is not required to submit a hard copy via the United States Postal Service.

II-1.I. IPA Notification to OIG on Cessation of Audit Services

Section 509(e) of the 1996 Act requires the IPA to notify the OIG when it ceases to provide audit services to the recipient. The IPA shall notify the OIG within five (5) business days of its termination or cessation of services to the recipient. (See Appendix E for the Notification Form.)

II-2. ASSESSING INTERNAL CONTROLS

LSC Grant Terms and Conditions require recipients to comply with LSC Laws, Regulations, and Guidance. The *LSC Financial Guide* (effective January 1, 2023) states that "An LSC recipient, under the direction of its Board of Directors, is required to establish and maintain adequate accounting records and internal control procedures." As part of assessing internal controls, the auditor is required to assess the effectiveness of the recipient's accounting system and internal controls over financial reporting. The primary objectives of these assessments are to ensure that the accounting system can reliably report on financial information and the recipient complies with LSC regulations.

II-3. ASSESSING COMPLIANCE WITH LAWS AND REGULATIONS

The requirements in the Compliance Supplement (Appendix A) are those that may have a direct and material effect on the recipient's financial statement amounts and on the LSC program. Therefore, assessing these compliance requirements is part of the audit. As stated in Section I-1, *Purpose*, Congress increased the restrictions and prohibitions on the types of activities in which recipients may engage. The failure of a recipient to comply with the practice restrictions listed in Section I-9.C and contained in the Compliance Supplement (Appendix A) may affect the recipient's eligibility for LSC funding.

The Compliance Supplement (Appendix A) specifies the compliance requirements and provides procedures to be considered in the auditor's assessment of a recipient's compliance with laws and regulations. The suggested procedures should be used to test for compliance with laws and regulations, as well as to assess the related internal controls.

Auditors should use professional judgement in deciding which procedures to apply, and the extent to which tests should be performed. Auditors are required to select and test a representative number of transactions. If an audit procedure is not performed the alternative procedures used to accomplish the objective must be documented in the workpapers. The OIG will examine the alternative procedures during OIG Quality Control Reviews. If the audit procedures are performed as part of the internal control testing, audit procedures should be modified to avoid duplication. Auditors should also refer to the grant and subgrant agreements for additional requirements.

Some noncompliance findings may result in questioned costs. Auditors are to ensure that sufficient information is obtained to support the amounts questioned. Work papers should adequately document the basis for any questioned costs and the amounts reported in accordance with section 200.515 of the Uniform Guidance.

II-4. AUDIT FOLLOW-UP

Consistent with GAS paragraph 6.11, *Results of Previous Engagements*, the auditor is required to follow-up on findings and recommendations from previous audits that could have a significant effect on the financial statement audit and, in this case, the program. The objective is to determine whether the recipient has taken timely and appropriate corrective action on all findings and recommendations. Auditors are required to report the status of uncorrected findings and recommendations that could have a significant effect on the financial statements. These requirements are also applicable to findings and recommendations issued in a management letter.

PART III. AUDIT REPORTING REQUIREMENTS

III-1. AUDIT REPORTS AND DISTRIBUTION

IPAs should follow the requirements of GAS Chapter 6, *Standards for Financial Audits*, and AU-C Section 700, *Forming an Opinion and Reporting on the Financial Statements*, for guidance on the form and content of reports. The reports must reference this LSC Audit Guide and its Compliance Supplement (Appendix A). In addition to the above reports, IPAs are required to submit a Summary Report Form, which includes noncompliance with laws and regulations, questioned costs, and reportable conditions (Appendix B). The reports, and the management letter, where applicable, must be submitted to the OIG within 120 days of the recipient's fiscal year end in portable document format (PDF). Send the PDF to audits@oig.lsc.gov.

III-2. EXTENSION REQUESTS FOR AUDIT SUBMISSIONS

An extension of the 120-day submission requirement may be granted upon written request. Requests can be made by email to audits@oig.lsc.gov. Requests for extensions must be submitted in writing not later than two weeks prior to the report due date and directed to the OIG. Requests not submitted in the required time frame will be granted only for unforeseen and compelling reasons.

III-3. VIEWS OF RESPONSIBLE OFFICIALS

Consistent with GAS paragraph 6.57, *Obtaining and Reporting the Views of Responsible Officials*, auditors should obtain and report the views of responsible officials concerning the auditors' findings, conclusions, and recommendations, as well as planned corrective action.

PART IV. REFERENCE MATERIALS

- A. Title X - Legal Services Corporation Act of 1974, as amended, 42 USC §§ 2996 to 2996(l)
- B. Omnibus Consolidated Rescissions and Appropriations Act of 1996, Pub.L. 104-134, 110 Stat. 1321, 1321-50 (April 26, 1996)
- C. Inspector General Act of 1978, as amended, 5 U.S.C. §§ 401-424
- D. Code of Federal Regulations, Title 45, Subtitle B, Chapter XVI, Legal Services Corporation, Part 1600 to 1644
- E. *Government Auditing Standards*, issued by the Comptroller General of the United States, 2018 Revision, Technical Update April 2021
- F. *Clarified Statements on Auditing Standards*, Auditing Standards Board of the AICPA
- G. Code of Federal Regulations, Title 2, Subtitle A, Chapter II, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- H. AICPA Professional Standards
- I. AICPA, Not-For-Profit Entities – Audit and Accounting Guide
- J. Practitioners Publishing Company Guide to Audits of Nonprofit Organizations, Thirty third Edition (January 2020)
- K. LSC Regulations, 45 C.F.R. § 1630.5(j):

The regulations of the Office of Management and Budget (OMB) shall provide guidance for all allowable cost questions arising under this part when relevant policies or criteria therein are not inconsistent with the provisions of the LSC Act, applicable appropriations acts, this part, the *LSC Financial Guide* (effective January 1, 2023), and LSC rules, regulations, guidelines, and instructions, and other applicable laws.