

Appendix C

Illustrative Auditor's Report

Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with Maine Uniform Accounting and Auditing Practices for Community Agencies.

(Unqualified Opinion on Compliance; No Material Weaknesses or Significant Deficiencies in Internal Control Over Compliance Identified)

Independent Auditor's Report

(Addressee)

Compliance

We have audited Sample Community Agency's compliance with the types of compliance requirements described in the *Maine Uniform Accounting and Auditing Practices for Community Agencies* (MAAP), and with the requirements in the Contract Compliance Rider(s) of the Agency's agreement(s) with the Maine Department of Health and Human Services and the Maine Department of Transportation (the Department) that could have a direct and material effect on each of Sample Community Agency's major Department agreements for the year ended June 30, 20XX. Sample Community Agency's major Department programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contract and grants applicable to each of its major Department programs is the responsibility of Sample Community agency's management. Our responsibility is to express an opinion on Sample Community Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the MAAP. Those standards and the MAAP require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Department agreement occurred. An audit includes examining, on a test basis, evidence about Sample Community Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. Our audit does not provide a legal determination of Sample Community Agency's compliance with those requirements.

In our opinion, Sample Community Agency complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Department agreements for the year ended June 30, 20XX. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with the MAAP and which are described in the accompanying schedule of findings and questioned costs as items *(list the reference numbers of the related findings, for example, 20X1-2 and 20X1-4; if there are no such instances, this sentence should be omitted)*.

Internal Control Over Compliance

Management of Sample Community Agency is responsible for establishing and maintaining effective internal controls over compliance with the requirements of laws, regulations, contracts, and grant applicable to Department agreements. In planning and performing our audit, we considered Sample Community Agency's internal control over compliance with the requirements that could have a direct and material effect on a major Department agreement to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with MAAP, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Sample Community Agency's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Department agreement on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Department agreement will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal over compliance that we consider to be *material weaknesses*, as defined above.

Sample Community Agency's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Sample Community Agency's responses and we express no opinion on the responses (*If there are no findings, this paragraph should be omitted*).

This report is intended solely for the information and use of management, (*identify the body or individuals charged with governance*), others within the entity, (*identify the legislative or regulatory body*), Department awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

(Signature)

(Date)