

**Interim Guidance on Reporting  
Deficiencies in Internal Control for  
GAGAS Financial Audits and Attestation Engagements  
(November 2008)**

Interim Guidance on Complying with Reporting Requirements of *Government Auditing Standards* in Conjunction with the Following Newly-issued AICPA Standards:

Statement on Auditing Standards (SAS) No. 115 (AU 325), *Communicating Internal Control Related Matters Identified in an Audit*

Statement on Standards for Attestation Engagements (SSAE) No. 15 (AT 501), *An Examination of an Entity's Internal Control Over Financial Reporting That Is Integrated With an Audit of Its Financial Statements*

*Government Auditing Standards* (GAGAS) incorporate the AICPA field work and reporting standards for financial audits and the related Statements on Auditing Standards (SAS) as well as the AICPA field work and reporting standards for attestation engagements and the related Statements on Standards for Attestation Engagements (SSAE) unless specifically excluded or modified by GAGAS.

In October 2008, the AICPA's Auditing Standards Board (ASB) issued a revised attestation standard, SSAE 15, *An Examination of an Entity's Internal Control Over Financial Reporting That Is Integrated With an Audit of Its Financial Statements* (AT 501). It also issued a new auditing standard, SAS 115, *Communicating Internal Control Related Matters Identified in an Audit* (AU 325), to conform the definitions in AU 325 for internal control deficiencies and the related guidance for evaluating such deficiencies with the SSAE 15 definitions and guidance. SSAE 15 is effective for engagements for periods ending on or after December 15, 2008, and SAS 115 is effective for audits of financial statements for periods ending on or after December 15, 2009. Early implementation is permitted for both standards.

The new AICPA standards have resulted in differences from the definitions of material weaknesses and significant deficiencies used in the July 2007 revision of GAGAS.

To facilitate reporting of internal control deficiencies identified in engagements performed under GAGAS and the new AICPA standards and to assist auditors in complying with GAGAS until the next update, GAO is providing the following interim guidance for complying with the internal control reporting requirements of GAGAS:

- Auditors may satisfy the internal control reporting requirements in GAGAS paragraph 5.11 by including in the GAGAS report on internal control all identified “material weaknesses” and “significant deficiencies” following the new definitions and requirements from SAS 115 and SSAE 15, as applicable, providing those definitions, and describing the scope of testing performed on the entity’s internal control over financial reporting.
- Auditors are reminded to comply with all other relevant GAGAS requirements related to reporting deficiencies in internal control, such as developing findings and providing recommendations for corrective action if findings are sufficiently developed (GAGAS paragraphs 5.21 and 6.42), obtaining views of responsible officials (GAGAS paragraphs 5.32 through 5.38 and 6.44 through 6.50), and ensuring appropriate report distribution (GAGAS paragraphs 5.44 and 6.56).

This guidance becomes effective concurrent with the auditors’ implementation of AICPA’s newly-revised SAS 115 and/or SSAE 15. The Comptroller General’s Advisory Council on Government Auditing Standards will fully deliberate this issue in conjunction with the next GAGAS update, at which time this guidance may change.

For additional information or for questions related to this guidance, please contact Michael Hrapsky at 202-512-9535 or at [yellowbook@gao.gov](mailto:yellowbook@gao.gov) .