

American Institute of Certified Public Accountants (AICPA) Statement on Auditing Standards (SAS), “Consideration of Fraud in a Financial Statement Audit” (SAS 99), October 2002, was codified in AU §316, “Consideration of Fraud in a Financial Statement Audit.” SAS 99 and AU §316 establish standards and provide guidance to independent auditors in obtaining reasonable assurance that financial statements are free of material misstatement, whether caused by error or fraud.

Government Auditing Standards, December 2011 Revision, contain professional standards and guidance for auditors of government entities and entities that receive government awards and government audit organizations and public accounting firms that perform GAGAS audits and attestation engagements.

This matrix crosswalks the requirements in SAS 99 and AU §316 to the requirements in the December 2011 GAGAS for government auditors to consider fraud when performing audits and attestation engagements.

AICPA SAS 99 Requirements Financial Audits Codified in AU §316	Government Auditing Standards (GAS) Requirements				
	Financial Audits (includes all AICPA requirements plus)	Performance Audits	Attestation		
			Examination	Review	Agreed-Up Procedures
Requirements for the Planning Phase					
(SAS 99 #12 & AU §316.12) The auditor has responsibility to plan and perform the audit to obtain <i>reasonable assurance</i> about whether the financial statements are free of material misstatement, whether caused by error or fraud.	(GAS 4.47) The AICPA standards require the auditor to apply the concept of materiality appropriately in planning and performing the audit.	(GAS 6.30 and 6.31) Auditors should <i>assess risks of fraud</i> occurring that is significant to the objectives. When auditors identify factors or risks related to fraud that has occurred or is likely to have occurred that they believe are significant, they should design procedures to provide <i>reasonable assurance</i> of detecting such fraud.	(GAS 5.07) Auditors should design the engagement to provide <i>reasonable assurance</i> of detecting fraud.	(GAS 5.49) If, on the basis of conducting the procedures necessary to perform a review, instances of fraud come to the auditors’ attention, auditors should determine whether the existence of such matters affects the auditors’ ability to conduct or report on the review.	(GAS 5.59) If, on the basis of conducting the procedures necessary to perform an agreed-upon procedures engagement, instances of fraud come to the auditors’ attention, auditors should determine whether the existence of such matters affects the auditors’ ability to conduct or report on the agreed-upon procedures engagement.

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(SAS 99 #13 & AU §316.13) The auditor must exercise <i>professional skepticism</i> . The auditor should have a mindset that a material misstatement due to fraud could be present regardless of any experience with the entity or any belief about management’s honesty or integrity.	(GAS 3.60 and 3.61) Auditors must use <i>professional judgment</i> in planning and performing audits and reporting results. <i>Professional judgment</i> includes exercising reasonable care and <i>professional skepticism</i> , which includes a mindset which assumes that management is neither dishonest nor of unquestioned honesty.	(GAS 3.60 and 3.61) Auditors must use <i>professional judgment</i> in planning and performing audits and reporting results. <i>Professional judgment</i> includes exercising reasonable care and <i>professional skepticism</i> , which includes a mindset which assumes that management is neither dishonest nor of unquestioned honesty.	(GAS 3.60 and 3.61) Auditors must use <i>professional judgment</i> in planning and performing audits and reporting results. <i>Professional judgment</i> includes exercising reasonable care and <i>professional skepticism</i> , which includes a mindset which assumes that management is neither dishonest nor of unquestioned honesty.	(GAS 3.60 and 3.61) Auditors must use <i>professional judgment</i> in planning and performing audits and reporting results. <i>Professional judgment</i> includes exercising reasonable care and <i>professional skepticism</i> , which includes a mindset which assumes that management is neither dishonest nor of unquestioned honesty.	(GAS 3.60 and 3.61) Auditors must use <i>professional judgment</i> in planning and performing audits and reporting results. <i>Professional judgment</i> includes exercising reasonable care and <i>professional skepticism</i> , which includes a mindset, which assumes that management is neither dishonest nor of unquestioned honesty.
(SAS 99 # 14 & AU §316.14) Prior to or in conjunction with information-gathering procedures, the audit team <i>should discuss</i> the potential for material misstatement due to fraud.	(GAS 4.05) Auditors should evaluate whether the audited entity has taken appropriate corrective action to address findings and recommendations from previous engagements that could have a material effect on the financial statements or other financial data significant to the audit objectives.	(GAS 6.30) Audit team members <i>should discuss</i> among the team fraud risks, including factors such as individuals’ incentives or pressures to commit fraud, the opportunity for fraud to occur, and rationalizations or attitudes that could allow individuals to commit fraud.	No additional requirement identified in GAGAS.	No additional requirement identified in GAGAS.	No additional requirement identified in GAGAS.

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<p>(SAS 99 # 19 & AU §316.19) Obtain knowledge about the entity.</p> <ul style="list-style-type: none"> • Make inquiries of management and others to obtain their views about risks of fraud. • Consider unusual or unexpected relationships identified in planning the audit. • Consider whether fraud risk factors exist. 	<p>(GAS 3.72(b)) The auditor or team collectively should possess general knowledge of the environment in which the audited entity operates and the subject matter under review.</p>	<p>(GAS 3.72 (b)) and 6.30) The auditor or team collectively should possess general knowledge of the environment in which the audited entity operates and the subject matter under review. Auditors should gather and assess information to identify risks of fraud that are significant to the scope of the audit objectives or that could affect the findings and conclusions.</p>	<p>(GAS 3.72 (b)) The auditor or team collectively should possess general knowledge of the environment in which the audited entity operates and the subject matter under review.</p>	<p>(GAS 3.72 (b)) The auditor or team collectively should possess general knowledge of the environment in which the audited entity operates and the subject matter under review.</p>	<p>(GAS 3.72 (b)) The auditor or team collectively should possess general knowledge of the environment in which the audited entity operates and the subject matter under review.</p>
<p>(SAS 99 #35-44 & AU §316.35-44) Identify and assess risks that may result in a material misstatement due to fraud (improper revenue recognition, management override of controls, etc.). The auditor should evaluate whether programs and controls that address identified risks of material misstatement</p>	<p>(GAS 4.21) To form a basis for expressing an opinion on the design or the design and operating effectiveness of an entity’s internal control, as applicable, the auditor would need to plan and perform the examination to provide a high level of assurance about whether the entity maintained, in all material respects,</p>	<p>(GAS 6.31) When auditors identify factors or risks related to fraud that has occurred or is likely to have occurred that they believe are significant within the context of the audit objectives, they should design procedures to provide reasonable assurance of detecting such fraud. Assessing the risk of fraud is an</p>	<p>(GAS 5.07) Auditors should assess the risk and possible effects of fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that could have a material effect on the subject matter or an assertion about the subject matter of the examination engagement. When</p>	<p>(GAS 5.49) If, on the basis of conducting the procedures necessary to perform a review, instances of fraud come to the auditors’ attention, auditors should determine whether the existence of such matters affects the auditors’ ability to conduct or report on the review.</p>	<p>(GAS 5.59) If, on the basis of conducting the procedures necessary to perform an agreed-upon procedures engagement, instances of fraud come to the auditors’ attention, auditors should determine whether the existence of such matters affects the auditors’ ability to conduct or report on the agreed-upon procedures engagement.</p>

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due to fraud have been suitably designed and placed in operation.	effective internal control over financial reporting as of a point in time or for a specified period of time.	<i>ongoing</i> process throughout the audit and relates not only to planning the audit but also to evaluating evidence obtained during the audit.	<i>risk factors are identified</i> , auditors should document the risk factors identified, the auditors' response to those risk factors individually or in combination, and the auditors' conclusions.		
(SAS 99 #46 & AU §316.46) The auditor's <i>response to the assessment of the risks</i> of material misstatement due to fraud involves the application of professional skepticism in gathering and evaluating audit evidence. Specifically, the auditor should (a) design additional or different audit procedures to obtain more reliable evidence in support of specified financial statement account balances, classes of transactions, and related assertions, and (b) obtain	(GAS 4.08) If auditors become aware of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives, auditors should apply audit procedures specifically directed to ascertain the potential effect on the financial statements or other financial data significant to the audit objectives. After performing additional work, auditors may discover that the abuse represents potential fraud.	(GAS 6.31) When auditors <i>identify factors or risks</i> related to fraud that has occurred or is likely to have occurred that they believe is significant to audit objectives, they should design procedures to provide <i>reasonable assurance</i> of detecting such fraud.	(GAS 5.07) Auditors should <i>assess the risk</i> and possible effects of fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that could have a material effect on the subject matter or an assertion about the subject matter of the examination engagement. When <i>risk factors are identified</i> , auditors should document the risk factors identified, the auditors' response to those risk factors individually or in combination, and the auditors' conclusions.	No additional requirement identified in GAGAS.	No additional requirement identified in GAGAS.

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corroboration of management's explanations or representations concerning material matters.					
Requirements for the Execution Phase					
(SAS 99 # 68 – 75 & AU §316.68) <i>Assessment of risk should be ongoing</i> throughout the audit (evaluating the evidence; evaluating the accumulated results of the audit procedures; responding to identified misstatements)	(GAS 4.08) If auditors become aware of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives, auditors should apply audit procedures specifically directed to ascertain the potential effect on the financial statements or other financial data significant to the audit objectives. After performing additional work, auditors may discover that the abuse represents potential fraud.	(GAS 6.31 and 6.32) <i>Assessing the risk of fraud is an ongoing</i> process throughout the audit and relates not only to planning the audit but also to evaluating evidence obtained during the audit. When information comes to the auditors' attention indicating that fraud that is significant may have occurred, auditors should extend the audit steps and procedures to determine whether fraud has likely occurred and, if so, determine its effect on the audit findings.	(GAS 5.07) Auditors should <i>assess the risk</i> and possible effects of fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that could have a material effect on the subject matter or an assertion about the subject matter of the examination engagement. When <i>risk factors are identified</i> , auditors should document the risk factors identified, the auditors' response to those risk factors individually or in combination, and the auditors' conclusions.	(GAS 5.49) If, on the basis of conducting the procedures necessary to perform a review, instances of fraud come to the auditors' attention, auditors should determine whether the existence of such matters affects the auditors' ability to conduct or report on the review.	(GAS 5.59) If, on the basis of conducting the procedures necessary to perform an agreed-upon procedures engagement, instances of fraud come to the auditors' attention, auditors should determine whether the existence of such matters affects the auditors' ability to conduct or report on the agreed-upon procedures engagement.

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<p>(SAS 99 #83 & AU §316.83) Documenting the auditor’s consideration of Fraud. The auditor should <i>document</i> the following:</p> <ul style="list-style-type: none"> • team discussion, • procedures performed, • fraud risks identified and the auditor’s response, • why improper revenue recognition was not a risk, • Results of procedures performed to address the risk of management override of controls. • Other conditions that caused the auditor to believe additional auditing procedures were required. • The nature of the communications about fraud made to management, the audit committee, and others. 	<p>(GAS 4.15) Auditors should comply with the AICPA requirements for audit documentation when performing a GAGAS financial audit.</p>	<p>(GAS 6.79) Auditors should prepare <i>audit documentation in sufficient detail</i> to enable an experienced auditor, having no previous connection to the audit, to understand the nature, timing, extent, and results of audit procedures performed, the audit evidence obtained and its source, and the conclusions reached, including evidence that supports the auditors’ significant judgments and conclusions.</p>	<p>(GAS 5.16 (a)) Auditors should prepare <i>attest documentation in sufficient detail</i> to provide a clear understanding of the work performed, the evidence obtained and its source; and the conclusions reached. Auditors should prepare documentation in sufficient detail to enable an experienced auditor, having no previous connection to the engagement, to understand from the documentation the nature, timing, extent, and results of procedures performed and the evidence obtained and its source and the conclusions reached, including evidence that supports the auditors’ significant judgments and conclusions.</p>	<p>(GAS 5.16 (a)) Auditors should prepare <i>attest documentation in sufficient detail</i> to provide a clear understanding of the work performed; the evidence obtained and its source; and the conclusions reached. Auditors should prepare documentation in sufficient detail to enable an experienced auditor, having no previous connection to the engagement, to understand from the documentation the nature, timing, extent, and results of procedures performed and the evidence obtained and its source and the conclusions reached, including evidence that supports the auditors’ significant judgments and conclusions.</p>	<p>(GAS 5.16 (a)) Auditors must prepare <i>attest documentation in sufficient detail</i> to provide a clear understanding of the work performed; the evidence obtained and its source; and the conclusions reached. Auditors should prepare documentation in sufficient detail to enable an experienced auditor, having no previous connection to the engagement, to understand from the documentation the nature, timing, extent, and results of procedures performed and the evidence obtained and its source and the conclusions reached, including evidence that supports the auditors’ significant judgments and conclusions.</p>

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No additional AICPA requirement identified.	(GAS 4.09) Laws, regulations, or policies might require auditors to <i>report indications of certain types of fraud</i> to law enforcement or investigatory authorities <i>before performing additional audit procedures</i> . When investigations or legal proceedings are initiated or in process, auditors should evaluate the impact on the current audit. In some cases, it may be appropriate for the auditors to work with investigators and/or legal authorities, or withdraw from or defer further work on the audit engagement or a portion of the engagement to avoid interfering with an investigation.	(GAS 6.35) Laws, regulations, or policies might require auditors to <i>report indications of certain types of fraud</i> to law enforcement or investigatory authorities <i>before performing additional audit procedures</i> . When investigations or legal proceedings are initiated or in process, auditors should evaluate the impact on the current audit. In some cases, it may be appropriate for the auditors to work with investigators and/or legal authorities, or withdraw from or defer further work on the audit or a portion of the audit to avoid interfering with an investigation.	(GAS 5.10) Laws, regulations, or policies might require auditors to <i>report indications of certain types of fraud</i> to law enforcement or investigatory authorities <i>before performing additional procedures</i> . When investigations or legal proceedings are initiated or in process, auditors should evaluate the impact on the current engagement. In some cases, it may be appropriate for the auditors to work with investigators and/or legal authorities, or withdraw from or defer further work on the engagement or a portion of the engagement to avoid interfering with an investigation.	(GAS 5.10) Laws, regulations, or policies might require auditors to <i>report indications of certain types of fraud</i> to law enforcement or investigatory authorities <i>before performing additional procedures</i> . When investigations or legal proceedings are initiated or in process, auditors should evaluate the impact on the current engagement. In some cases, it may be appropriate for the auditors to work with investigators and/or legal authorities, or withdraw from or defer further work on the engagement or a portion of the engagement to avoid interfering with an investigation.	(GAS 5.10) Laws, regulations, or policies might require auditors to <i>report indications of certain types of fraud</i> to law enforcement or investigatory authorities <i>before performing additional procedures</i> . When investigations or legal proceedings are initiated or in process, auditors should evaluate the impact on the current engagement. In some cases, it may be appropriate for the auditors to work with investigators and/or legal authorities, or withdraw from or defer further work on the engagement or a portion of the engagement to avoid interfering with an investigation.

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Requirements for the Reporting Phase					
(SAS 99 #79 & AU §316.79)The auditor should report fraud to the appropriate level of management, unless involving senior management, then it should be reported to the audit committee.	(GAS 4.06) Auditors should report all instances of fraud and illegal acts unless inconsequential. When auditors conclude that fraud that has an effect on the financial statements that is more than inconsequential , either has occurred or is likely to have occurred, they should include the relevant information in their audit report. Determining whether and how to communicate fraud that is inconsequential is a matter of professional judgment. Auditors should document such communications.	(GAS 7.18, 7.21, 7.22) Auditors should report instances of fraud, noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse that have occurred or are likely to have occurred and are significant within the context of the audit objectives. When auditors conclude that fraud either has occurred or is likely to have occurred, they should report the matter as a finding. Determining whether or how to communicate to officials of the audited entity fraud that does not warrant the attention of those charged with governance is a matter of the auditors' professional judgment. Auditors should document such communication.	(GAS 5.20, 5.24, 5.25) Auditors should report all instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the subject matter or an assertion about the subject matter and any other instances that warrant the attention of those charged with governance. When auditors conclude that fraud that has a material effect on the subject matter or an assertion about the subject matter has occurred or is likely to have occurred , they should include the relevant information in their report. Determining whether or how to communicate to entity officials fraud that does not warrant the	(GAS 5.20, 5.24, 5.25) Auditors should report all instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the subject matter or an assertion about the subject matter and any other instances that warrant the attention of those charged with governance. When auditors conclude that fraud that has a material effect on the subject matter or an assertion about the subject matter has occurred or is likely to have occurred , they should include the relevant information in their report. Determining whether or how to communicate to entity officials fraud that does not warrant the	(GAS 5.20, 5.24, 5.25) Auditors should report all instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the subject matter or an assertion about the subject matter and any other instances that warrant the attention of those charged with governance. When auditors conclude that fraud that has a material effect on the subject matter or an assertion about the subject matter has occurred or is likely to have occurred , they should include the relevant information in their report. Determining whether or how to communicate to entity officials fraud that does not warrant the

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			<i>attention of those charged with governance</i> is a matter of professional judgment.	<i>attention of those charged with governance</i> is a matter of professional judgment.	<i>attention of those charged with governance</i> is a matter of professional judgment.
(SAS 99 #82 & AU §316.82) The auditor has a duty to report potential fraud outside the entity to comply with legal and regulatory requirements; to a successor auditor when asked; in response to a subpoena; or to a funding agency if receiving government financial assistance.	(GAS 4.30, 4.31) <i>Auditors should report known or likely fraud directly to parties outside the audited entity</i> (a) when entity management fails to satisfy legal or regulatory requirements to report such information to external parties specified in law or regulation or (b) when entity management fails to take timely and appropriate steps to respond to known or likely fraud that (1) is significant to the findings and conclusions and (2) involves funding received directly or indirectly from a government agency , The reporting above is in addition to any	(GAS 7.24, 7.25) <i>Auditors should report known or likely fraud, directly to parties outside the audited entity</i> (a) when entity management fails to satisfy legal or regulatory requirements to report such information to external parties specified in law or regulation or (b) when entity management fails to take timely and appropriate steps to respond to known or likely fraud that (1) is significant to the findings and conclusions, and (2) involves funding received directly or indirectly from a government agency The reporting above is in addition to any	(GAS 5.29, 5.30) Auditors should report known or likely fraud directly to parties outside the audited entity (a) when entity management fails to satisfy legal or regulatory requirements to report such information to external parties specified in law or regulation or (b) when entity management fails to take timely and appropriate steps to respond to known or likely fraud that (1) is likely to have a material effect on the subject matter and (2) involves funding received directly or indirectly from a government agency , The reporting above is in addition to any	(GAS 5.29, 5.30) Auditors should report known or likely fraud directly to parties outside the audited entity (a) when entity management fails to satisfy legal or regulatory requirements to report such information to external parties specified in law or regulation or (b) when entity management fails to take timely and appropriate steps to respond to known or likely fraud that (1) is likely to have a material effect on the subject matter and (2) involves funding received directly or indirectly from a government agency , The reporting above is in addition to any	(GAS 5.29, 5.30) Auditors should report known or likely fraud directly to parties outside the audited entity (a) when entity management fails to satisfy legal or regulatory requirements to report such information to external parties specified in law or regulation or (b) when entity management fails to take timely and appropriate steps to respond to known or likely fraud that (1) is likely to have a material effect on the subject matter and (2) involves funding received directly or indirectly from a government agency , The reporting above is in addition to any

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