



# Illinois State Board of Education

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**Jesse H. Ruiz**  
Chairman

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State Superintendent of Education

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## MEMORANDUM

**TO:** All Federal Award Recipients

**FROM:** Tim Imler  
Division Administrator  
Funding and Disbursement Services Division

**SUBJECT:** A-133 Single Audit - Auditor Qualifications

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This memorandum applies to entities that have expended \$500,000 or more in a year in federal awards and are therefore subject to the A-133 Single Audit Act. We are sending this letter to assist you in complying with the A-133 Single Audit Act to ensure that you hire auditors who meet the additional requirements imposed by the Office of Management and Budget (OMB) Circular A-133. While most audits can be performed in accordance with auditing standards generally accepted in the USA (GAAS), OMB Circular A-133 requires that the Single Audit also be performed in accordance with generally accepted government auditing standards (GAGAS or GAS). Some of the requirements that auditors must meet are that they:

- Meet appropriate state licensing requirements
- Are independent from personal, external and organizational impairments
- Have a record of responsible work
- Have received a positive peer review within the last three years
- Have adequate qualifications, including experience with the type of entity being audited
- Have completed the required continuing professional education
- Have not been suspended or debarred from performing government audits
- Have not been the object of any disciplinary action during the past three years

Specifically, in regards to peer review, each audit organization conducting audits in accordance with these standards should have an appropriate internal quality control system in place and undergo an external quality control review (peer review). GAS requires any CPA firm that performs governmental audits to have a quality control review once every three years by an organization not affiliated with their firm.

GAS further requires CPA firms seeking to enter into a contract to perform an audit in accordance with GAS to provide their most recent external quality control review report to the entity contracting for the audit. In addition, you must follow the procurement standards as stated in OMB Circular A-102 (State and Local Governments) and A-110 (Institutions of Higher Education, Hospitals and Non-Profit Organizations). Those standards state, among other requirements, that entities should contract with small businesses, minority-owned firms and women's business enterprises whenever possible. We will be unable to accept audits that are submitted using auditors who have not met the requirements imposed by OMB Circular A-133 and GAS. You will be required to resubmit the audit using an auditor with the proper qualifications. You can obtain information on procuring auditors from our web page at <http://www.isbe.net/funding/html/a133.htm>. Thank you for your consideration and assistance in this matter.

If you have questions regarding this information please contact the Division of Funding and Disbursement Services at 217/782-5256.