

<b>SOLICITATION/CONTRACT/ORDER FOR COMMERCIAL ITEMS</b> <i>OFFEROR TO COMPLETE BLOCKS 12, 17, 23, 24, &amp; 30</i>				1. REQUISITION NUMBER REQ-1400-17-0007		PAGE OF 1 14	
2. CONTRACT NO. CPSC-D-13-0002		3. AWARD/ EFFECTIVE DATE	4. ORDER NUMBER 0005		5. SOLICITATION NUMBER		6. SOLICITATION ISSUE DATE
7. FOR SOLICITATION INFORMATION CALL:		a. NAME Cassandra Sterba			b. TELEPHONE NUMBER (No collect calls) 301-504-7837		8. OFFER DUE DATE/LOCAL TIME ET
9. ISSUED BY CONSUMER PRODUCT SAFETY COMMISSION DIV OF PROCUREMENT SERVICES 4330 EAST WEST HWY ROOM 523 BETHESDA MD 20814			CODE FMPS	10. THIS ACQUISITION IS <input checked="" type="checkbox"/> UNRESTRICTED OR <input type="checkbox"/> SET ASIDE. % FOR			
				<input type="checkbox"/> SMALL BUSINESS <input type="checkbox"/> HUBZONE SMALL BUSINESS <input type="checkbox"/> SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESS		<input type="checkbox"/> WOMEN-OWNED SMALL BUSINESS (WOSB) ELIGIBLE UNDER THE WOMEN-OWNED SMALL BUSINESS PROGRAM <input type="checkbox"/> EDWOSB <input type="checkbox"/> 8(A)	
11. DELIVERY FOR FOB DESTINATION UNLESS BLOCK IS MARKED <input type="checkbox"/> SEE SCHEDULE		12. DISCOUNT TERMS Net 30		13a. THIS CONTRACT IS A RATED ORDER UNDER DPAS (15 CFR 700) <input type="checkbox"/>		13b. RATING	
				14. METHOD OF SOLICITATION <input checked="" type="checkbox"/> RFQ <input type="checkbox"/> IFB <input type="checkbox"/> RFP			
15. DELIVER TO CONSUMER PRODUCT SAFETY COMMISSION OFFICE OF THE INSPECTOR GENERAL 4330 EAST WEST HIGHWAY ROOM 827 BETHESDA MD 20814			CODE IG	16. ADMINISTERED BY CONSUMER PRODUCT SAFETY COMMISSION DIV OF PROCUREMENT SERVICES 4330 EAST WEST HWY ROOM 523 BETHESDA MD 20814			
17a. CONTRACTOR/ OFFEROR CLIFTONLARSONALLEN LLP 11710 BELTSVILLE DR STE 300 BELTSVILLE MD 20705		CODE	FACILITY CODE	18a. PAYMENT WILL BE MADE BY CPSC Accounts Payable Branch AMZ 160 P. O. Box 25710 Oklahoma City OK 73125			
TELEPHONE NO.				CODE FMFS			
<input type="checkbox"/> 17b. CHECK IF REMITTANCE IS DIFFERENT AND PUT SUCH ADDRESS IN OFFER				<input type="checkbox"/> 18b. SUBMIT INVOICES TO ADDRESS SHOWN IN BLOCK 18a UNLESS BLOCK BELOW IS CHECKED <input type="checkbox"/> SEE ADDENDUM			
19. ITEM NO.	20. SCHEDULE OF SUPPLIES/SERVICES			21. QUANTITY	22. UNIT	23. UNIT PRICE	24. AMOUNT
	DUNS Number: COR: Mary Meier Phone: (301) 504-7040 Email: MMeier@cpsc.gov  Task Order 0005 to contract CPSC-D-13-0002 is hereby issued to obtain an independent audit of the annual financial statements for the U.S. Consumer Product Safety Commission for fiscal year 2017 in accordance with the attached Statement of Work. <i>(Use Reverse and/or Attach Additional Sheets as Necessary)</i>						
25. ACCOUNTING AND APPROPRIATION DATA 0100A17DSE-2017-521560000-EXFMFS2700-251A0					26. TOTAL AWARD AMOUNT (For Govt. Use Only) \$129,912.15		
<input type="checkbox"/> 27a. SOLICITATION INCORPORATES BY REFERENCE FAR 52 212-1, 52 212-4, FAR 52 212-3 AND 52 212-5 ARE ATTACHED. ADDENDA				<input type="checkbox"/> ARE <input type="checkbox"/> ARE NOT ATTACHED.			
<input type="checkbox"/> 27b. CONTRACT/PURCHASE ORDER INCORPORATES BY REFERENCE FAR 52 212-4 FAR 52 212-5 IS ATTACHED. ADDENDA				<input type="checkbox"/> ARE <input type="checkbox"/> ARE NOT ATTACHED.			
28. CONTRACTOR IS REQUIRED TO SIGN THIS DOCUMENT AND RETURN COPIES TO ISSUING OFFICE. CONTRACTOR AGREES TO FURNISH AND DELIVER ALL ITEMS SET FORTH OR OTHERWISE IDENTIFIED ABOVE AND ON ANY ADDITIONAL SHEETS SUBJECT TO THE TERMS AND CONDITIONS SPECIFIED				29. AWARD OF CONTRACT: _____ OFFER DATED _____ YOUR OFFER ON SOLICITATION (BLOCK 5), INCLUDING ANY ADDITIONS OR CHANGES WHICH ARE SET FORTH HEREIN IS ACCEPTED AS TO ITEMS.			
30a. SIGNATURE OF OFFEROR/CONTRACTOR				31a. UNITED STATES OF AMERICA (SIGNATURE OF CONTRACTING OFFICER) 			
30b. NAME AND TITLE OF SIGNER (Type or print)		30c. DATE SIGNED		31b. NAME OF CONTRACTING OFFICER (Type or print) Eddie Ahmad		31c. DATE SIGNED 1/9/17	

19. ITEM NO.	20. SCHEDULE OF SUPPLIES/SERVICES	21. QUANTITY	22. UNIT	23. UNIT PRICE	24. AMOUNT
0001	<p>Delivery: 01/05/2018</p> <p>The Contractor shall be required to conduct a full scope financial audit of the CPSC "Annual Financial Statements" for the fiscal year ending September 30, 2017.</p> <p>Contract #: CPSC -D-13-0002</p> <p>The total amount of award: \$129,912.15. The obligation for this award is shown in box 26.</p>				129,912.15

32a. QUANTITY IN COLUMN 21 HAS BEEN  
 RECEIVED     INSPECTED     ACCEPTED, AND CONFORMS TO THE CONTRACT, EXCEPT AS NOTED: \_\_\_\_\_

32b. SIGNATURE OF AUTHORIZED GOVERNMENT REPRESENTATIVE    32c. DATE    32d. PRINTED NAME AND TITLE OF AUTHORIZED GOVERNMENT REPRESENTATIVE

32e. MAILING ADDRESS OF AUTHORIZED GOVERNMENT REPRESENTATIVE    32f. TELEPHONE NUMBER OF AUTHORIZED GOVERNMENT REPRESENTATIVE  
 32g. E-MAIL OF AUTHORIZED GOVERNMENT REPRESENTATIVE

33. SHIP NUMBER    34. VOUCHER NUMBER    35. AMOUNT VERIFIED CORRECT FOR    36. PAYMENT    37. CHECK NUMBER  
 PARTIAL     FINAL     COMPLETE     PARTIAL     FINAL

38. S/R ACCOUNT NUMBER    39. S/R VOUCHER NUMBER    40. PAID BY

41a. I CERTIFY THIS ACCOUNT IS CORRECT AND PROPER FOR PAYMENT    42a. RECEIVED BY (*Print*)  
 41b. SIGNATURE AND TITLE OF CERTIFYING OFFICER    41c. DATE    42b. RECEIVED AT (*Location*)  
 42c. DATE REC'D (*YY/MM/DD*)    42d. TOTAL CONTAINERS

## 1. TASK DESCRIPTION

The contractor shall provide an audit of the U.S. Consumer Product Safety Commission's (CPSC) Fiscal Year (FY) 2017 Financial Statements. This audit is to be performed in accordance with the current version of Government Accountability Office's (GAO) *Government Auditing Standards* (GAS) and the Office of Management and Budget (OMB), Bulletin No. 15-02, *Audit Requirements for Federal Financial Statements*. The primary objective of the audit will be to ascertain whether the CPSC's financial statements are presented fairly, in all material respects, for the periods ended September 30, 2017 and 2016.

## 2. BACKGROUND

The CPSC's FY 2017 annual appropriation from Congress is \$125 million.

The CPSC received an unmodified audit opinion on its FY 2016 financial statements.

3. PERFORMANCE ASSESSMENT PLAN -as indicated in the basic contract (section J.1, 2, and 3)

## 4. PERIOD OF PERFORMANCE

The period of performance for this task order is date of award through January 5, 2018.

## 5. DESCRIPTION OF SERVICES

1. The Contractor shall be required to conduct a full scope financial audit of the CPSC "Annual Financial Statements" for the fiscal year ending September 30, 2017.

2. The audit shall be performed in accordance with generally accepted government auditing standards (GAGAS), as specified in the most current version of the GAO's *Government Auditing Standards* (GAS), and additional audit requirements of the Office of Management and Budget (OMB) Bulletin 15-02, *Audit Requirements for Federal Financial Statements*. In conducting the audit, the methodology used shall be at a minimum, consistent with the most current version of the GAO/Presidential Commission on Integrity and Efficiency (PCIE) *Financial Audit Manual* (FAM). Should there be any deviations from the methodology set forth in the FAM; the Contractor must provide documentation to the Office of Inspector General (OIG) on a timely basis, demonstrating how the Contractor's methodology satisfies the requirements of the FAM. The OIG shall be notified immediately of any deviations from the FAM.

3. The audit shall also include an evaluation of internal controls over financial reporting as required by OMB Bulletin 15-02, OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, as revised; OMB Circular A-136, *Financial Reporting*

*Requirements*, as revised and GAO's *Standards for Internal Control in the Federal Government*, dated September 2014 (or updated guidance effective FY 2017). As such, the Contractor shall obtain an understanding of the internal controls relevant to the audit. This shall include an evaluation of the design and implementation of internal controls to assess the risk of material misstatement to each relevant assertion(s) embodied in the classes of transactions, account balances, and disclosure components of the financial statements. For those controls that have been suitably designed and implemented, the Contractor will perform sufficient tests of such controls to conclude whether the controls are operating effectively.

4. The audit shall also include understanding of information system(s) application controls that are significant to the financial statements, as required by OMB Bulletin 15-02 or updated as applicable. The Contractor shall obtain an understanding of information system related internal controls to plan and perform test of information system controls based on the assessed level of control risk.

5. With respect to compliance with applicable laws and regulations, the Contractor shall test compliance with laws and regulations, including laws governing the use of budget authority; laws, regulations, and Government-wide policies identified by OMB Bulletin 15-02, or any other laws and regulations that could have a direct and material effect on the basic financial statements.

6. With respect to Management Discussion and Analysis (MD&A) portions of the financial statements, the Contractor shall assess whether the information and manner of its presentation is materially consistent with the information in the principal statements. In performing this assessment, the Contractor shall abide by the requirements of OMB Bulletin 15-02 and the American Institute of Certified Public Accountants' (AICPA) AU-C 720, *Other Information in Documents Containing Audited Financial Statements*.

7. With respect to Required Supplementary Stewardship Information (RSSI) and Required Supplementary Information (RSI), the Contractor shall assess whether the information and its presentation is materially consistent with the information in the principal statements. In performing this assessment, the contractor shall the requirements of OMB Bulletin 15-02 and the AICPA's AU-C 730, *Required Supplemental Information*.

8. With respect to Other Accompanying Information, the Contractor shall assess whether the information and its presentation is materially consistent with the information in the principal statements. In performing this assessment, the Contractor shall follow the requirements of OMB Bulletin 15-02 and the AICPA's AU-C 720, *Other Information in Documents Containing Audited Financial Statements*.

9. Information System Control Environment Review

As part of the CPSC Financial Statement Audit, the Contractor shall perform procedures to assess the effectiveness of the information system control environment. The procedures will focus on

evaluating the adequacy of information systems controls over the following GAO's *Federal Information System Controls Audit Manual (FISCAM)* general control areas:

- Entity-wide Security Program Planning and Management,
- Access Controls (including mainframe system logical security and data center physical security),
- Segregation of Duties (for data center management and operations),
- Application Software Development and Change Control,
- System Software Controls and Modification, and
- Service Continuity.

This work will also be utilized by other CPSC OIG auditors with respect to the Federal Information Security Management Act (FISMA) requirements. Thus, the information system control environment review performed under this task shall be coordinated with the OIG auditors to ensure the work is completed timely enough for the other auditors to use in performing their audits.

## 6. OPINIONS

Opinions are not to be discussed with any CPSC personnel without prior approval and/or presence of the Contracting Officer's Representative (COR). Any "potential opinion issues" are not to be discussed with any CPSC personnel without the presence and/or approval of the COR. Furthermore, all contractor reports (both draft and final reports) shall be submitted only to the COR.

## 7. CPSC ANNUAL FINANCIAL REPORT

The Contractor shall determine whether information presented in the Agency Financial Report is consistent with the Audited financial statements. The Agency Financial Report is due to OMB by November 15 following the fiscal year under audit.

## 8. AUDIT DOCUMENTATION, ACCESS TO AUDIT DOCUMENTATION AND SECURITY OF AUDIT DOCUMENTATION

All audit documentation shall be prepared in accordance with GAS and contain the required elements prescribed by GAS. The Contractor shall also consult the GAO/PCIE FAM for specific audit documentation contents. At a minimum, audit documentation should include a summary memo documenting the conclusions reached on each significant internal control cycle, account balance, lead schedule, phase of the audit, audit adjustments, and on the overall audit. Adequate indexing and cross referencing must exist. The Contractor shall also ensure that audit documentation contains the audit completion checklist FAM 1003.

The CPSC OIG and GAO shall have ongoing access to auditors and audit documentation at all times. The Contractor shall, at no additional cost, provide audit documentation to the CPSC OIG upon

request. The Contractor shall, at no additional cost, provide training to CPSC OIG and GAO staff on the usage of electronic audit documentation programs if required. Audit documentation is also subject to review by other Government auditors such as the GAO, therefore, the Contractor shall make audit documentation available to the GAO or any other federal entity conducting a peer review or any other review or audit of the CPSC OIG. Based on the results of these reviews, the Contractor may be required by the COR to perform corrective action and/or additional work within the scope of the task necessary to support its audit conclusions, if necessary.

The Contractor shall provide copies of the audit documentation, prepared in accordance with GAS, to the CPSC OIG at no additional cost. The CPSC OIG will accept electronic workpapers and adequately cross referenced hard-copy files to meet this requirement. These documents shall become the property of CPSC but shall not be disclosed outside of CPSC and other federal agencies unless required by other statutory or regulatory requirements, without the prior consent of the contractor.

Audit documentation shall be retained and safeguarded for a minimum of 6 years by the Contractor at no additional cost. Written documentation must be obtained from the CPSC OIG prior to destruction of any audit documentation.

It is imperative that the contractors protect all audit documentation from unauthorized access.

9. LIST & SCHEDULE OF DELIVERABLES (See item 10 below, for a description of each deliverable)

The Contractor shall provide the following deliverables:

<b>TASK #</b>	<b>DELIVERABLE</b>	<b>DUE DATE</b>	<b>RECIPIENT</b>
1	Independence/Quality Assurance Statement	15 working days from signing the task order	CPSC OIG
6	Entrance Conference	No later than June 23, 2017	CPSC & CPSC OIG
2	Detailed Audit Planning Document	15 working days from entrance conference	CPSC OIG
3	Audit Program Guides	20 working days from entrance conference	CPSC OIG
7	Status (at least monthly) and other key meeting agenda	Agendas are due 1 working day (at least 24 hours) before each meeting	CPSC & CPSC OIG
9	Monthly Progress Reports	5 <sup>th</sup> working day of the month, July 2017 – January 2018	CPSC & CPSC OIG
4	Notice of Findings and Recommendations	Within 2 business days of discovery	CPSC OIG
5A	Initial Summary of Unadjusted Audit Differences (SUAD)	14 prior to anticipated end of fieldwork	CPSC & CPSC OIG
10A	Draft Consolidated Audit Report(s)	By October 13, 2017	CPSC OIG

5B	Final Consolidated Audit Report(s) to OIG	No later than 2 business days before exit conference	CPSC & CPSC OIG
10B	Final SUAD	By November 7, 2017	CPSC & CPSC OIG
12	Summary Conclusion Memo	By November 7, 2017	CPSC OIG
13	FAM 1003	By November 7, 2017	CPSC OIG
14	FAM 2010 and 2020	By November 7, 2017	CPSC OIG
8	Exit Conference	No later than November 8, 2017	CPSC & CPSC OIG
11A	Draft Management Letter to OIG	No later than November 28, 2017	CPSC OIG
11B	Final Management Letter	On or before December 21, 2017	CPSC OIG
15	Status of Prior Year Recommendations Letter	On or before January 5, 2018	CPSC & CPSC OIG
16	All working papers (finalized)	On or before January 5, 2018	CPSC OIG
17	Other Deliverables	One business day after receipt by contractor	CPSC OIG

## 10. DESCRIPTION OF DELIVERABLES

### 1. Independence/Quality Control Assurance Statement

The Contractor shall submit an Independence/Quality Control Assurance Statement which shall address each of the following items:

- a) A statement that the firm is independent with respect to this reporting entity, and that all personnel assigned to this audit maintain the number of required continuing professional education (CPEs).
- b) Any existing, ongoing or planned non-audit services with respect to this reporting entity.
- c) Any lawsuits with this reporting entity.
- d) Any relationships with this reporting entity that could impair independence.
- e) Explanation of the firm's current internal quality control system, including such items as audit documentation review procedures, staff independence requirements, and continuing professional education requirements.
- f) A copy of the firm's most recent internal inspection report or equivalent if available, external Peer Review, Letter of Comments, and Management's response.
- g) Results or a copy of the firm's most recent Inspection Report prepared by the Public Company Accounting Oversight Board and the firm's response.

### 2. Detailed Audit Planning Document

A Detailed Audit Planning Document shall be submitted. For any methodology other than the

GAO/PCIE FAM, the Contractor must provide documentation to the OIG on a timely basis, demonstrating how the Contractor's methodology satisfies the requirements of the FAM. At a minimum, the Detailed Audit Planning Document shall include the following:

- a) A schedule of milestones for completing each section of the audit. These sections shall include (at a minimum) planning, internal control, management assurance review, testing, and reporting. This schedule should take IT control environment audit work into consideration.
- b) A listing of staff, including IT staff that will be assigned to the audit. T
- c) A schedule of budgeted hours by labor category for each section of the audit.
- d) The entity profile, general risk analysis, and account risk analysis and cycle matrix or equivalents as described in the joint GAO/PCIE FAM.
- e) The sampling plan to be used during the internal control and substantive testing.
- f) The materiality levels-- planning, design, and test materiality

With regards to legal representation letters, the GAO/PCIE FAM, Section 1002, Inquiries of Legal Counsel, shall be used for the legal representation letters for guidance and provides an example of the reporting levels used by GAO in the audit of the Consolidated Financial Statements of the US Government. These levels were two and one-half (2.5) percent of design materiality for individual cases and five (5) percent of design materiality for the aggregate of all cases. Any deviation from these materiality levels must be requested in writing and accepted by the COR.

The COR is responsible for review and acceptance of the Detailed Audit Planning Document. Review comments will be provided to the Contractor no later than 14 working days after receipt of the documents. This review and acceptance of these planning documents will not alter the contractor fixed price.

### **3. Proposed audit programs for interim and year-end testing**

Draft audit programs shall be submitted by the contractor. While the audit program may be modeled after standard work programs guidance issued by the GAO/PCIE, AICPA or other organizations, it shall be specific to the entity under audit. The program, at a minimum, shall include:

- a) A review of management's assessment of internal controls for financial reporting;
- b) A section on tests of significant internal controls identified during the planning phase.
- c) A section on tests of compliance with applicable laws and regulations, and a list of the laws and regulations to be tested.
- d) A section on substantive testing procedures to be applied to the individual account balances.
- e) A section on the tests relating to the existence and completeness assertions by management relevant to performance measures reported in the MD&A of the Reporting Entity.
- f) A section on the procedures to be performed on Other Accompanying Information, RSSI, and RSI.
- g) A section on tests of the IT control environment. The program shall, at a minimum, require the evaluation of general controls and shall be performed in accordance with the GAO FISCAM. If

general controls are determined to be properly designed, testing shall be done to determine if they are operating effectively. If general controls are both properly designed and operating effectively, as determined in the prior year's audit, further testing of applications controls for financial systems should be proposed and discussed with the COR. The COR is responsible for review and acceptance of the audit programs. Review comments will be provided to the Contractor no later than 14 working days after receipt of the documents. This review and acceptance of these documents will not alter the Contractor's overall fixed ceiling price submitted at the time of acceptance of the task order.

#### **4. Notification of Findings and Recommendations (NFR)**

The COR shall be kept advised of all findings and issues (both IT and financial issues). NFRs should be issued, as the finding is identified, not at the end of the audit. Prior to issuing NFRs to component management, copies of the NFRs, including recommendations, shall be provided to the COR via e-mail. Upon receiving concurrence from the COR, the Contractor shall provide draft NFRs of all potential findings to management and request that they review and respond to the findings' factual accuracy within 7 calendar days. After obtaining management concurrence the recommendation may be provided to component management. Copies of component responses shall also be provided to the COR. At a minimum, the written summaries should include condition, cause, criteria, effect, and recommendation.

The COR will schedule meetings with the contractor between the CPSC Inspector General and agency management to discuss all findings and recommendations related to financial management, as required.

#### **5. Unadjusted Audit Differences**

The Contractor shall provide 14 days prior to the anticipated end of fieldwork, a Summary of Unadjusted Audit Differences (SUAD) to the COR/task monitor. The SUAD for the CPSC Audit shall reflect a roll-up of the adjustments to the financial statement level. Additionally, the SUAD shall be provided to component management for inclusion in the management representation letter as required by OMB Bulletin 15-02. The Contractor shall provide a final SUAD no later than November 7, 2017.

#### **6, 7 & 8. Entrance & Exit Conferences, Status, & Other Meetings**

The entrance conference shall occur no later than June 15, 2017. The Contractor shall be responsible for scheduling the entrance conference and shall provide participants with at least 5 working days advance notice. Final agendas and meeting materials shall be provided to the COR 24 hours prior to the entrance conference.

The exit conference shall occur before November 8, 2017. The Contractor shall be responsible for scheduling the exit conference and shall provide participants with at least 5 working days advance

notice. Final agendas and meeting materials shall be provided to the COR 24 hours prior to the exit conference.

Status meetings among the Contractor, auditee, and COR will be held on a weekly basis or as mutually agreed to by the aforementioned individuals. IT issues shall also be discussed at the status meetings, unless the issues are deemed technical in nature and warrant a separate IT status meeting. In addition, the Contractor shall brief the COR and component on the results of field office visits (if any) upon the auditors' return.

At least one working day (24 hours) in advance of each status meeting, the Contractor will provide a proposed written briefing agenda to both the COR and the auditee, preferably via e-mail. At a minimum, the agenda shall include the following:

- a) The time, date, and location of the meeting.
- b) Contact information for audit staff currently on site.
- c) The status of action items from the last meeting including any corrective action undertaken.
- d) The results of audit work performed since the last status meeting.
- e) Outstanding documentation requests/potential delays.
- f) A listing of current findings/audit issues to date, including IT control environment issues.
- g) Planned audit areas/work to be completed by the next status meeting.
- h) Status of interim, draft, and final financial statement packages.
- i) Upcoming deadlines.
- j) The time and date of the next status meeting.

Other potential areas of discussion will include access to records and documents, scheduled field office visits, significant accomplishments, and any other areas where the Contractor, auditee, and COR may need clarification or assistance.

The COR shall be notified in advance of other meetings held to discuss audit issues and will attend as needed. Additionally, if there is any change in the scope of the audit, a meeting must be conducted with the COR.

## **9. Monthly Progress Reports**

Monthly progress reports are due by the fifth working day of each month. Progress reports must also be submitted with each billing received, detailing how the Contractor has met the required deliverable.

## **10. Reports**

The Contractor, in accordance with Section 580 of the FAM, shall issue the report inclusive of the following sections:

- a) Introduction;
- b) Significant Matters (when applicable);
- c) Conclusions on:
  - 1. Financial statements,
  - 2. Internal control,
  - 3. Financial management systems' substantial compliance with broad FFMIA requirements,
  - 4. Compliance with laws and regulations, and
  - 5. Consistency of other information;
- d) Objective, Scope, and Methodology; and
- e) Agency Comments and our evaluation (if applicable).

The Contractor shall report on all information included in the annual financial statement. The annual financial statement consists of the MD&A of the reporting entity, principal statements and related notes, required supplemental stewardship information, and required supplemental information. In addition, the annual financial statement may include "other accompanying information" that, in the judgment of management, provides users of the financial statement with relevant information useful for obtaining a better understanding of the entity's programs and the extent to which they are achieving their intended objectives.

The Contractor shall complete a thorough evaluation of the information in the MD&A, and all required supplemental financial and accompanying information sections, to ensure that nothing in these sections appears materially inconsistent when compared to the principal financial statements. The contractor shall include in its Report on the Principal Financial Statements the level of assurance it is providing on this additional information. With respect to reporting on the MD&A, all required supplemental information, and other accompanying information, the contractor shall follow the aforementioned OMB and AICPA AU Standards and Clarification Standards (see section 5). Performance information shall be evaluated and reported in conformance with current OMB guidance.

The Report on the Internal Control shall conform with the requirements of the GAS and with any formal guidance issued by the OMB.

The Report on Compliance with Laws and Regulations shall also conform with the requirements of the GAS and with any formal guidance issued by the OMB.

For each condition identified in the Reports on the Internal Control, Compliance with Laws and Regulations, if any, the Contractor shall include a description of the condition identified, the criteria used to assess the situation, causes of the situation, any negative or potentially negative effects resulting from the condition, and recommendations for correcting the condition.

The Contractor shall also include in its reports the status of prior year findings and recommendations.

The Contractor shall ensure that copies of its Reports on the Principal Financial Statements, Internal Control, and Compliance with Laws and Regulations are cross referenced to the audit documentation when the final draft is submitted, to assist the OIG in the review of these reports.

The Contractor is responsible for performing the audit as required by OMB Bulletin 15-02 (and successor bulletins and technical amendments), which state that the audit will be performed in accordance with GAS and the provisions of the OMB Bulletin, and will provide an opinion as to whether the CPSC's financial statements are fairly presented in all material respects in conformity with generally accepted accounting principles and the presentation pursuant to the requirements of the Treasury Financial Manual, Chapter 4700.

The Contractor shall work with the OIG to ensure that the OIG meets requirements and the due date for FY 2017.

### **11. Management Letter**

For internal control deficiencies that are not a reportable condition in the above reports, the Contractor shall communicate the results in a management letter as described in Standards issued by the AICPA. The contractor will also follow up on any previous recommendations and issue a report on corrections made and the status of uncompleted actions. The Contractor shall provide the draft Management Letter on or before November 28, 2017 and the final Management Letter on or before January 5, 2018

### **12. Summary Conclusion Memo**

Copies of the following audit documentation should be provided by November 7, 2017:

- a) Summary memo for each significant internal control
- b) Summary memo for each significant account
- c) Summary memo on audit adjustments
- d) Summary memo on the overall audit including fraud risks
- e) A Summary Audit Opinion on Contractor letterhead to be published in the agency AFR

### **13. Financial Statement Audit Completion Checklist (FAM 1003)**

The Contractor shall provide the completed checklist by November 7, 2017.

### **14. Financial Reporting: Checklist for Federal Accounting (FAM 2010) and Checklist for Federal Report and Disclosures (FAM 2020)**

The Contractor shall provide the completed checklist by November 7, 2017.

## **15. Status of Prior Year Recommendations Letter.**

The Contractor shall prepare a letter stating its position on CPSC's corrective action plan to resolve the financial statement audit recommendations from prior year audits. The letter shall clearly state whether the Contractor considers CPSC's corrective action plans to be sufficient to resolve each recommendation, as defined by OMB Circular A-50, "Audit Follow-up." The Contractor shall provide this letter on or before January 5, 2018.

The Letter must contain the following information:

- Contractor reference number for each recommendation
- The current status for each recommendation identified as either "Resolved," "Unresolved," or "Partially Resolved.
- For each "Unresolved" or "Partially Resolved" recommendation, the remaining corrective actions necessary to close the recommendation.
- A copy of CPSC's management's corrective action plan.

## **16. All Working Papers**

A complete copy of the audit documentation shall be provided to the COR.

## **17. Other Deliverables**

The contractor shall provide the following documentation one day after receiving them from the CPSC:

- Draft financial statements when provided to the CPSC
- All required legal representation letters provided by CPSC, including all attachments
- All required management representation letters prepared by the CPSC
- All white paper/issue papers prepared on accounting issues identified during the audit

## **11. REPORTING REQUIREMENTS**

1. All reports should be sent electronically, via email in Word Document format to the COR.
2. The contractor shall include, at minimum, in the draft final report:
  - i. An opinion as to whether the CPSC's principal financial statements, required supplemental information (if any), and notes to the financial statements are fairly presented in all material respects in accordance with guidance set forth in Office of Management and Budget statement (OMB) form and content.
  - ii. A Report or Consideration of the effectiveness of the CPSC's internal control that shall

conform to the requirements of the Government Audit Standards (GAS) and with any formal guidance issued by OMB.

iii. An opinion on CPSC's compliance with applicable laws and regulations.

3. Final Report - A final report shall be issued in accordance with GAS

12. GOVERNMENT FURNISHED PROPERTY - as indicated in the basic contract (section I)