

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, July 2007 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 July 2007 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-Upon Procedures
Requirements for the Planning Phase					
(SAS 99 #12 & AU §316.12) The auditor has responsibility to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud.	(GAS 4.26) The auditors’ responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.	(GAS 7.30 and 7.31) Auditors should assess risks of fraud 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 reasonable assurance of detecting such fraud.	(GAS 6.13(a)) Auditors should design the engagement to provide reasonable assurance of detecting fraud.	(GAS 6.13(b)) Auditors are not expected to provide assurance of detecting potential fraud. If, information comes to the auditors’ attention indicating that fraud that could have a material effect on the subject matter may have occurred, auditors should perform procedures to (1) determine whether fraud is likely to have occurred and; if so, (2) determine its effect on the results of the engagement.	(GAS 6.13 (b)) Auditors are not expected to provide assurance of detecting potential fraud. If information comes to the auditors’ attention indicating that fraud that could have a material effect on the subject matter may have occurred, auditors should perform procedures to (1) determine if fraud is likely to have occurred and; if so, (2) determine its effect on the results of the engagement.

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-Upon Procedures
(SAS 99 #13 & AU §316.13) The auditor must exercise professional skepticism . 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 3.31 and 3.32) Auditors must use professional judgment in planning and performing audits and attestation engagements and reporting results. Professional judgment includes exercising reasonable care and professional skepticism , which includes a mindset which assumes that management is neither honest nor dishonest.	(GAS 3.31 and 3.32) Auditors must use professional judgment in planning and performing audits and attestation engagements and reporting results. Professional judgment includes exercising reasonable care and professional skepticism , which includes a mindset which assumes that management is neither honest nor dishonest.	(GAS 3.31 and 3.32) Auditors must use professional judgment in planning and performing audits and attestation engagements and reporting results. Professional judgment includes exercising reasonable care and professional skepticism , which includes a mindset which assumes that management is neither honest nor dishonest.	(GAS 3.31 and 3.32) Auditors must use professional judgment in planning and performing audits and attestation engagements and reporting results. Professional judgment includes exercising reasonable care and professional skepticism , which includes a mindset which assumes that management is neither honest nor dishonest.	(GAS 3.31 and 3.32) Auditors must use professional judgment in planning and performing audits and attestation engagements and reporting results. Professional judgment includes exercising reasonable care and professional skepticism , which includes a mindset, which assumes that management, is neither honest nor dishonest.
(SAS 99 # 14 & AU §316.14) Prior to or in conjunction with information-gathering procedures, the audit team should discuss the potential for material misstatement due to fraud.	(GAS 4.03 (b)) The auditor must obtain a sufficient understanding of the entity and its environment, including its internal controls, to assess the risk of material misstatement of the financial statements, whether due to error or fraud, and to design the nature, timing, and extent of audit procedures.	(GAS 7.30) Audit team members should discuss 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 corresponding requirement	No corresponding requirement	No corresponding requirement

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-Upon Procedures
<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 3.43(b) and 4.03 (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. The auditor must obtain sufficient understanding of the entity and its environment, including its internal controls, to assess the risk of material misstatement of the financial statements, whether due to error or fraud.</p>	<p>(GAS 3.43(b) and 7.30) 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 3.43(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 3.43 (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 3.43 (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</p>	<p>(GAS 4.07) Tests of internal controls over financial reporting and compliance with laws, regulations, and provisions of contracts or grant agreements contribute to the evidence supporting the auditors' opinion. However, such tests generally are not sufficient in scope to</p>	<p>(GAS 7.31) 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</p>	<p>(GAS 6.13 (a)) Auditors should assess the risk and possible effects of material fraud, illegal acts, or violations of provisions of contracts or grant agreements on the subject matter of the attestation engagement. When risk factors are identified, auditors</p>	<p>(GAS 6.13.(b)) If information comes to the auditors' attention indicating that fraud, illegal acts, or violations of provisions of contracts or grant agreements that could have a material effect on the subject matter may have occurred, auditors should perform</p>	<p>(GAS 6.13.(b)) If information comes to the auditors' attention indicating that fraud, illegal acts, or violations of provisions of contracts or grant agreements that could have a material effect on the subject matter may have occurred, auditors should perform</p>

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-Upon Procedures
<i>identified risks</i> of material misstatement due to fraud have been suitably designed and placed in operation.	provide an opinion on the effectiveness of internal control or compliance with laws, regulations, and provisions of contracts or grant agreements. To meet the needs of certain audit report users, laws and regulations sometimes prescribe <i>supplemental testing</i> and reporting requirements.	fraud. <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.	should document the risk factors identified, the auditors' response to those risk factors individually or in combination, and the auditors' conclusions.	procedures to (1) determine if fraud, illegal acts, or violations of provisions of contracts or grant agreements are likely to have occurred and, if so, (2) determine their effect on the results of the engagement.	procedures to (1) determine if fraud, illegal acts, or violations of provisions of contracts or grant agreements are likely to have occurred and, if so, (2) determine their effect on the results of the engagement.
(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	(GAS 4.28) If <i>specific information comes to the auditors' attention</i> that provides evidence concerning the existence of possible illegal acts that could have a material indirect effect on the financial statements, the auditors should apply audit procedures specifically directed to ascertaining whether an illegal act has occurred. When an illegal act has or is likely to have occurred, auditors should determine the	(GAS 7.31) 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 6.13 (a)) Auditors should <i>assess the risk</i> and possible effects of material fraud, illegal acts, or violations of provisions of contracts or grant agreements on the subject matter of the engagement. When risk factors are identified, auditors should document the risk factors identified, the auditors' response to those risk factors individually or in combination, and the auditors' conclusions.	No corresponding requirement	No corresponding requirement

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
account balances, classes of transactions, and related assertions, and (b) obtain corroboration of management's explanations or representations concerning material matters.	effect on the financial statements as well as the implications for other aspects of the audit.				
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 4.28) If specific information comes to the auditors' attention that provides evidence concerning the existence of possible illegal acts that could have a material indirect effect on the financial statements, the auditors should apply audit procedures specifically directed to ascertaining whether an illegal act has occurred. When an illegal act has or is likely to have occurred, auditors should determine the effect on the financial statements as well as	(GAS 7.31 and 7.32) <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	GAS 6.13(a) Auditors should <i>assess the risk</i> and possible effects of material fraud, illegal acts, or violations of provisions of contracts or grant agreements on the subject matter of the 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 6.13(b)) If information <i>comes to the auditors' attention</i> indicating that fraud that could have a material effect on the subject matter may have occurred, auditors should perform procedures to determine if fraud is likely to have occurred and; if so, determine its effect on the results of the engagement. Auditors are <i>not expected to provide assurance</i> of detecting potential fraud for these types of engagements.	(GAS 6.13(b)) If information <i>comes to the auditors' attention</i> indicating that fraud that could have a material effect on the subject matter may have occurred, auditors should perform procedures to determine if fraud is likely to have occurred and; if so, determine its effect on the results of the engagement. Auditors <i>are not expected to provide assurance</i> of detecting potential fraud for these types of 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-Upon Procedures
	the implications for other aspects of the audit.	the audit findings.			
(SAS 99 #83 & AU §316.83) Documenting the auditor’s consideration of Fraud. The auditor should <i>document</i> the following: <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 	(GAS 4.19) Auditors must prepare <i>audit 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 that enables an experienced auditor, having no previous connection to the audit, to understand a. the nature, timing, and extent of procedures performed to comply with GAGAS and other applicable standards and requirements; b. the results of the procedures performed and the audit evidence obtained; c. the	(GAS 7.77) 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.	(GAS 6.20 and 6.21) 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’	(GAS 6.20 and 6.21) 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’	(GAS 6.20 and 6.21) 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

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-Upon Procedures
<p>procedures were required.</p> <ul style="list-style-type: none"> The nature of the communications about fraud made to management, the audit committee, and others. 	<p>conclusions reached on significant matters; and d. that the accounting records agree or reconcile with the audited financial statements or other audited information.</p>		<p>significant judgments and conclusions.</p>	<p>significant judgments and conclusions.</p>	<p>judgments and conclusions.</p>
<p>No corresponding requirement</p>	<p>(GAS 4.29) 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</p>	<p>(GAS 7.35) 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</p>	<p>(GAS 6.29) 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</p>	<p>(GAS 6.29) 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</p>	<p>(GAS 6.29) 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</p>

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-Upon Procedures
	engagement to avoid interfering with an investigation.	interfering with an investigation.	portion of the engagement to avoid interfering with an investigation.	the engagement or a portion of the engagement to avoid interfering with an investigation.	portion of the engagement to avoid interfering with an investigation.
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 5.10, 5.15, 5.16) 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 8.18, 8.21, 8.22) Auditors should report all instances of fraud , and illegal acts unless they are inconsequential 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 is inconsequential is a matter of the auditors' professional judgment. Auditors should document such communication.	(GAS 6.33, 6.36, 6.37) Auditors should report all instances of fraud and illegal acts unless inconsequential. When auditors conclude that fraud that has an effect on the subject matter that is more than inconsequential , either 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 is inconsequential is a matter of professional judgment. Auditors should document such communications.	(GAS 6.33, 6.36, 6.37) Auditors should report all instances of fraud and illegal acts unless inconsequential. When auditors conclude that fraud that has an effect on the subject matter that is more than inconsequential , either 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 is inconsequential is a matter of professional judgment. Auditors should document such communications.	(GAS 6.33, 6.36, 6.37) Auditors should report all instances of fraud and illegal acts unless inconsequential. When auditors conclude that fraud that has an effect on the subject matter that is more than inconsequential , either 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 is inconsequential is a matter of professional judgment. Auditors should document such communications.

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
(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 5.18, 5.19) <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 legal requirements to report such information directly to parties outside the audited entity.	(GAS 8.24, 8.25) <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 legal requirements to report such information directly to parties outside the audited entity.	(GAS 6.39, 6.40) 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 legal requirements to report such information directly to parties outside the entity. Auditors	(GAS 6.39, 6.40) 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 legal requirements to report such information directly to parties outside the entity. Auditors	(GAS 6.39, 6.40) 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 legal requirements to report such information directly to parties outside the entity. Auditors

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-Upon Procedures
	Auditors should comply with these requirements even if they have resigned or been dismissed from the audit prior to its completion.	Auditors should comply with these requirements even if they have resigned or been dismissed from the audit prior to its completion.	should comply with these requirements even if they have resigned or been dismissed from the engagement prior to its completion.	should comply with these requirements even if they have resigned or been dismissed from the engagement prior to its completion.	should comply with these requirements even if they have resigned or been dismissed from the engagement prior to its completion.