

PURPOSE OF AN AUDIT



2023 Annual Treasurers Conference
Indiana State Board of Accounts

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REQUIRED AUDIT



- Indiana Code 5-11-1-9
 Requires the State Examiner to examine all accounts and all financial affairs of every public entity
- Federal Grant Agreements
 Federal grant agreements commonly call for an annual audit
- Debt Covenants & Bond Rating Agencies
 Most financial institutions and bond rating agencies accept the SBOA audit report for their purposes

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TYPES OF ENGAGEMENTS



- Federal Single Audit
 - ✓ Expenditures of Federal assistance exceeds \$750,000
- Audit
 - ✓ Performed for all units
- Compliance Reports
 - ✓ Performed for units that do not have outstanding debt
 - ✓ Have revenues confirmed by outside sources
 - ✓ Have a limited amount of funds



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GOAL OF AN ENGAGEMENT




- Provide Opinions on Financial Information Presented by Auditee
 - ✓ Unmodified, or "clean" opinion, lets readers know the information is materially correct
 - ✓ Modified opinion lets readers know there are issues that need to be taken into consideration when it comes to the information presented
- Provide Reader with Noncompliance of Federal Requirements for Major Programs and State Requirements
 - ✓ Federal: Section II (Financial Statement Compliance); Section III (Major Program Compliance)
 - ✓ State: Audit Results and Comments (significant or impactful to the unit and/or public)
- Provide Management with less Significant Noncompliance of State Requirements
 - ✓ Management Letter - General Noncompliance with State Statute or SBOA Compliance Guidelines Manual

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ENTRANCE CONFERENCE



Who is invited?

- Those charged with governance:
Council President & Commissioner President
- Management:
Fiscal Officer: Auditor



What is discussed?

- Introduction to the Field Examiners that will be working on the audit
- General overview of:
 - Audit Objectives*
 - Management Responsibilities*
 - Audit Procedures (general, internal control, compliance)*
 - Informing Management of general records that will be requested*
 - Start date & expected issuance date*

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ENTRANCE CONFERENCE

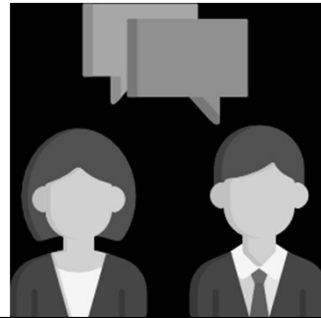


Continuing Expectations

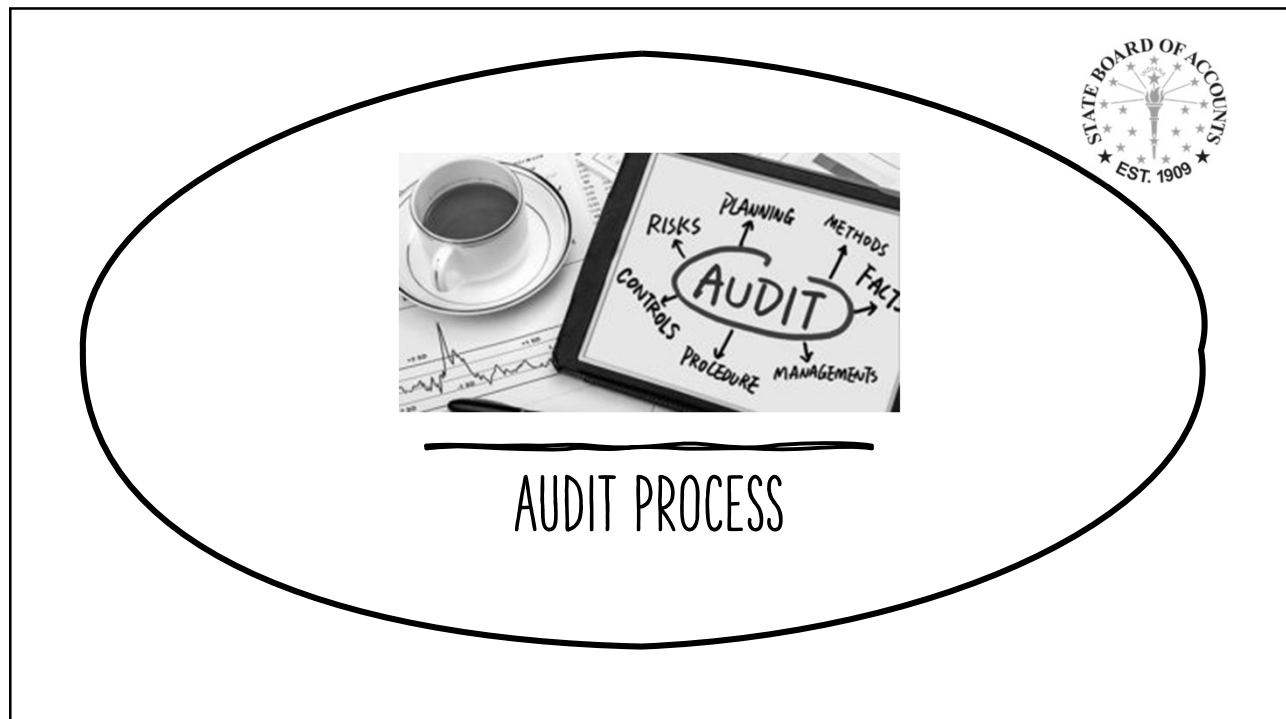
- Provide and inform attendees with a method to allow for continued communication throughout the audit process

Field Examiners will:


- Explain the objectives of the engagement
- Explain what responsibilities management has
- Inform management of audit fees
- Answer any questions regarding the audit process




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IDENTIFICATION OF RISKS




- Risks Associated with Significant Audit Areas
- How County Addressed Risks
- How Will Risk Impact Audit Procedures Performed

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INTERNAL CONTROLS



- The field examiner assigned will need to determine what controls are in place throughout the office and whether they have been properly designed and implemented.
- This can be done through:
 - ✓ Inquiry with official and staff
 - ✓ Observation of the process
 - ✓ Inspection of documents
- Field examiner will communicate any deficiencies found
- Policies and Procedures that have been instituted will be tested to ensure that they are sufficient and are working as intended.

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TESTING - SUBSTANTIVE



Field Examiners will perform procedures to determine if financial statement information is materially correct. All Cash, Receipts, and Disbursements within the Auditor's Ledger should be represented on the Financial Statements

Cash

Auditor's Ledger should always be in agreement with the FUNDS LEDGER - Cash Line on the Treasurer's Cash Book

	Balance Previous Day	Transferred From Accounts Above By Quietus	Today's Cash Received By Quietus		Disbursed	Balance Close of Day
			70,357.54			
Other than Funds Ledger						
FUNDS LEDGER - CASH	54,607,667.35	-	70,357.54		(183.00)	54,678,207.89

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TESTING - SUBSTANTIVE



Receipts:

- Money was actually received and belongs to the county
- Properly recorded and for correct amount
- Recorded in the correct accounting period
- Recorded in the proper fund

Disbursements (includes Payroll):

- Actual obligation belongs to the county
- Properly recorded and for correct amount
- Recorded in the correct accounting period
- Recorded in the proper fund

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TESTING - COMPLIANCE



Field Examiners will perform procedures to determine that the county is in compliance with laws and regulations.



Receipts:

- Recorded in a timely manner
- From an allowable source
- Posted to correct fund

Disbursements:

- Voucher or attached invoice is adequately itemized and approved by person receiving goods/services.
- Recorded in a timely manner
- Certified by the fiscal officer
- Approved by governing board
- Proper use of funds
- Voucher = PO = Supporting Documentation = Check

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TESTING - COMPLIANCE



Payroll:

- Rate of pay agrees to salary ordinance / resolution / contract adopted by governing board
- Attendance / time records maintained (salaried & hourly)
- Claim / Time record approved
- Recorded in a timely manner
- Proper use of funds
- Payee not paid in advance of hours worked.



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ITEMS/RECORDS NEEDED FOR AUDIT



- Financial Ledger
- Bank Statements and Reconcilements
- Claims/Receipts/Supporting Documentation
- Minutes of Meetings (up to current date)
- Ordinances / Resolutions
- Contracts
- Policies and Procedures (includes internal controls)
- Financial Reports (Filed with State & Federal)
- Grant Documents (Agreements etc...)



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SUBSEQUENT EVENTS

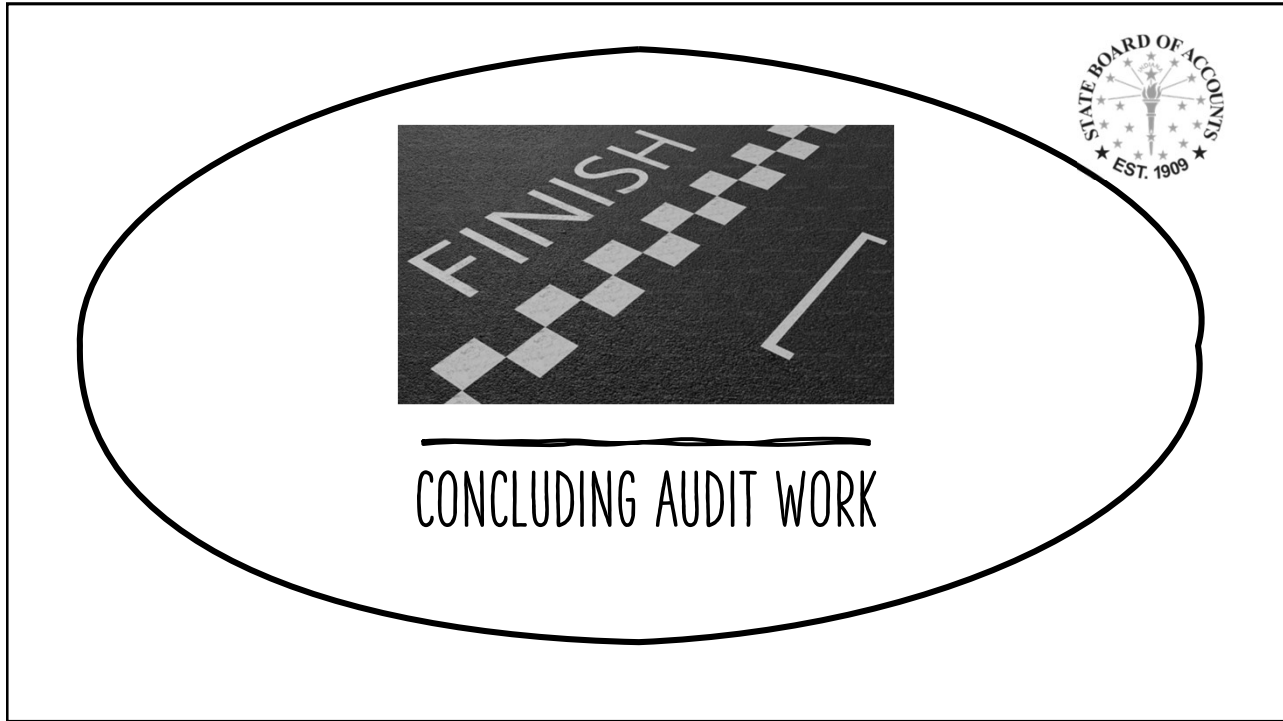


What Happened After The Audit Period:

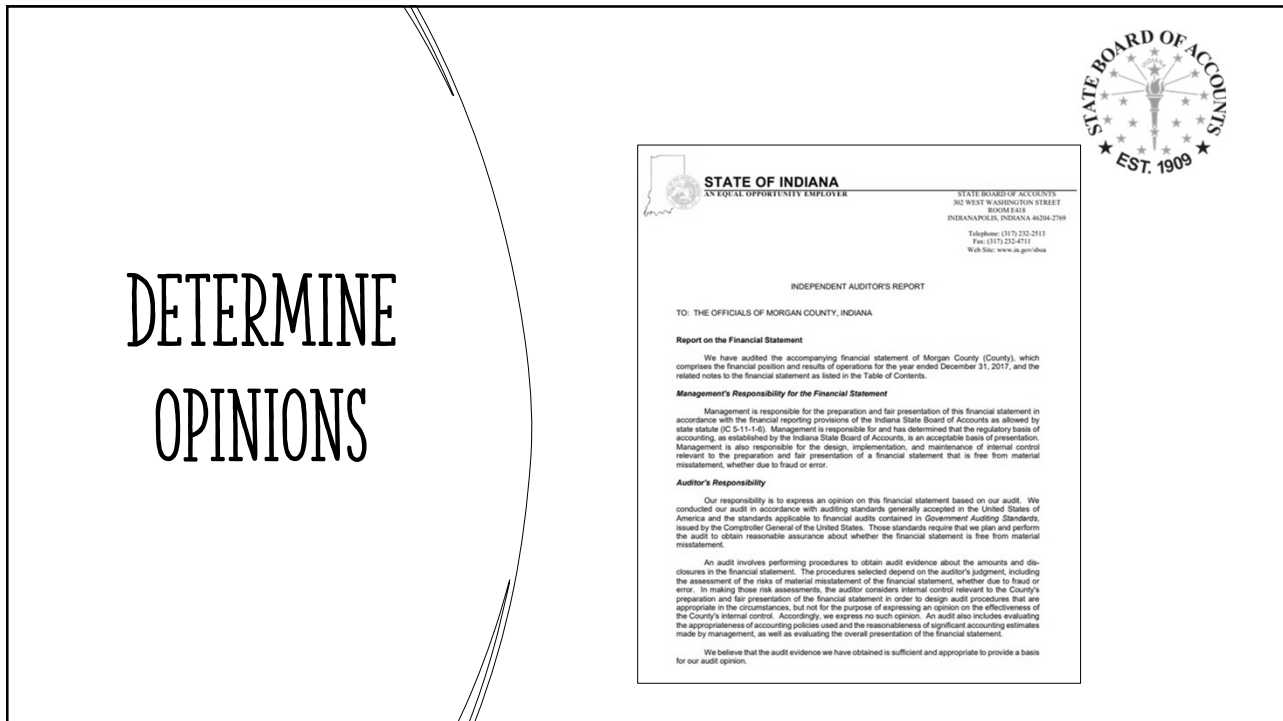
- Debt Issued
- Change in Financial Situation
- Lawsuits
- Any Other Situations with Material Impact



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COMPILING FINDINGS



- 1) Section II - Findings related to the financial statements
- 2) Section III - Findings related to a major program
- 3) Audit Results and Comments - Significant Noncompliance with statute or an SBOA uniform compliance guideline
- 4) Management Letter - Not significant noncompliance with statute or an SBOA uniform compliance guideline - Not public
- 5) Discussion Only - Immaterial noncompliance with statute or an SBOA uniform compliance guideline - Not public

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COMMUNICATION



- Field Examiners will discuss any issues throughout the audit process
- No surprises at Exit



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EXIT CONFERENCE



Who is invited?

- Those charged with governance:
Council President & Commissioner President
- Management:
Fiscal Officer: Auditor
Official Responsible for Findings

What is discussed?

- Field Examiners will discuss any issues found that will be in the Audit Report
- Commissioners and Council will also be informed of issues
- An official response can be made to appear in the report as well
- Corrective Action Plans needed

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REPEAT FINDINGS



- Any Findings that appeared in the prior report are called a repeat finding and a corrective action plan (CAP) is required to be submitted through our website.
- Instructions are found the SBOA website: <https://www.in.gov/sboa/files/CAP-Instructions.pdf>
- The corrective action submitted through our website is not part of the official report.

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AUDIT REPORTS



- Audit Reports are sent to:
 - ✓ Current and Prior Official(s) examined
 - ✓ President of governing board
 - ✓ Other requested officials
- Audit Reports are posted to our website:
 - ✓ <https://secure.in.gov/apps/sboa/audit-reports/#%2F>

Audit Report Filings

This index of Audit Reports issued by the Indiana State Board of Accounts is updated each day with reports released the previous day. If you wish to receive a copy of an audit report that is not available for download, please contact our office at (317) 232-2513. The cost of copies of audit reports is ten (10) cents per page. To speed up the process, have the report file date and number available when calling. These items can be obtained from the results of this search.

SEARCH AUDIT YEARS TO AUDIT TYPE

COUNTY UNIT TYPE

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QUESTIONS?



Government Technical Assistance & Compliance (GTAC) Directors



Lori Rogers, Ricci Hofherr,
& Staci Byrns



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