



Audits



AUDITS:

- Financial Statements
 - AFR in Gateway
- Federal Programs
 - Schedule of Federal Expenditures(SEFA)
- Compliance

Internal Controls



- Objectives include:
 - Operations:
 - Safeguarding of assets
 - Financial Reporting
 - AFR including Grant schedule
 - Compliance with laws and regulations

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Findings



- Deficiency in Internal Controls
- Non-Compliance
 - Statute
 - Uniform Compliance Guidelines
 - Local policy
 - Grant Requirements

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Report of Findings



- Verbal Comments (MFC)
- Management Letter
- Comments in Audit Report
 - Federal Findings
 - Audit Results and Comments (ARC)

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Purpose of Findings



- Need for Resolution
- Understand the problem
- Take corrective action – often requires establishing or modifying internal controls.

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Repeat Findings



- IC 5-11-5-1.5
 - Finding in Report – Take corrective action
 - Finding is repeated in subsequent Report:
 - Corrective Action Plan filed with SBOA
 - Follow up by SBOA

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Corrective Action Plan



- Packet will be given at exit conference
 - Templates
- 10 days to respond
 - Can ask for more time
- Six months to implement
 - Can ask for more time

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Root Cause



- The first step is to fully understand the issue.
- Second step to determine the root cause.
- The power of “Why”

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Root Cause



- Problem – Bank Reconciliation not done.
 - Why – no one completed it
 - Why – no one was assigned to complete it
 - Why- there are no procedures in place to assign the work and monitor the work

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Corrective Action Plan



- Template on website
- Description of the corrective action
- Timeline for implementation
- Focus on root cause, not on effect.

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Corrective Action Plan



- SBOA review and approval
- Report when implementation is complete.
- SBOA follow up
 - Send in documents
 - On site follow up

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INTERNAL CONTROLS



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Internal Controls

- First step was to understand internal control
- Second step is an ongoing process
 - Establish policies (in writing)
 - Modify as needed over time



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Five Components



- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring

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Resources



- Contact Stephanie or Lori
- State Board of Accounts website
 - Internal Control Manual
 - Uniform Compliance Guidelines
 - Best Practices (to be expanded)

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