

# AUDITS: PURPOSE, PREPARATION, AND RESULTS



## 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

## REQUIRED AUDIT CONTINUED

What is the Purpose of the Audit?

- To place an opinion on the financial statements of the county
- To report on identified non-compliance

What departments are included?

- All departments within a county are subject to an audit

Are all departments audited every audit?

- No

How are departments selected for audit?

- We determine which departments are material to the Financial Statements
- We review information submitted to our office
- We review the prior report
- Auditor Judgement



# The department has been selected for audit!





## AUDIT PREPARATION

### Records Needed:

1. Department Ledger that includes all receipts, disbursements, and balances
2. Report of Collections
3. Bank Reconcilements – including all supporting documentation
4. Duplicate receipts
5. Pre-paid/Accounts Receivable



## EXPECTATIONS



- 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:
  - a. Inquiry with official and staff
  - b. Observation of the process
  - c. Inspection of documents
- Field examiner will communicate any deficiencies found

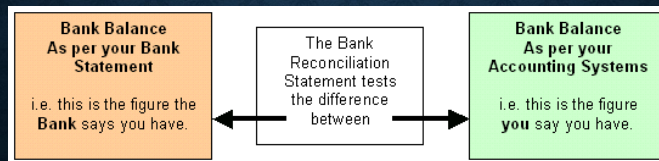
## EXPECTATIONS CONTINUED

### Financial Statements:

- All receipts, disbursements, and balances should be recorded in Fee and Cash Book
- The Fee and Cash Book should be in agreement with the Recorder's Report of Collections and the receipts on the Auditor's ledger that will appear in the financial statements

### Bank Reconcilements:

- The ending bank balance should reconcile to the ending ledger balance for the department
- All reconciling items should have supporting documentation
- Reconcilements are to be done monthly



## EXPECTATIONS CONTINUED



### Receipts:

- Receipts are to be posted daily
- Cash / Check are deposited timely and intact
- Credit Card payments posted/reconciled
- Fee collected should agree to statute
- All money received during the month was included in the Report of Collections and turned over to the County.

### Subsequent (After the audit period):

- Records are to up to date
- Are there items that might need to be disclosed



## AUDIT CONCLUSION

### Communication:

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



## AUDIT CONCLUSION – EXIT CONFERENCE



- 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

# QUESTIONS

