# AUDIT EXPECTATIONS

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## TOPICS

- What Does an Audit Consist of  
- Internal Controls  
- What to Expect During Audit  
- Monthly and Annual Engagement Uploads  
- Official Response  
- Repeat Findings  
- Corrective Action Plan (CAP)
WHAT DOES AN AUDIT CONSIST OF

AUDIT TYPES

AUDITS:
• Financial Statements
• Annual Financial Report in Gateway
• Federal Programs
  • Schedule of Federal Expenditures (SEFA)
• Compliance
AUDIT FINDINGS

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

REPORT OF AUDIT FINDINGS

Verbal Comments (MFC)
Management Letter
Comments in Audit Report
  • Federal Findings
  • Audit Results and Comments (ARC)
PURPOSE OF FINDINGS

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

INTERNAL CONTROLS
INTERNAL CONTROLS

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

FIVE COMPONENTS

Control Environment
Risk Assessment
Control Activities
Information and Communication
Monitoring
WHAT TO EXPECT DURING AUDIT

- On-site & Remote Audit Work
- Request of Documentation
- Follow up on prior period comments
MONTHLY AND ANNUAL ENGAGEMENT UPLOADS

Monthly Uploads
• Bank Reconcilements
• Bank Statements
• Outstanding Check Lists
• Cash Balance Report (Cash Book)
• Documentation of Reconciliation of Form 61

Annual Uploads
• Year End Investment Statements
At exit, you will be asked if you would like to provide an official response to the results and comments in the form of a letter to be bound in the report.
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
ROOT CAUSE

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

ROOT CAUSE (CONTINUED)

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
CORRECTIVE ACTION PLAN (CAP)

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
CORRECTIVE ACTION PLAN

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

Visit our website: https://www.in.gov/sboa/political-subdivisions/counties/

- Corrective Action Plan (CAP) – Repeat Findings
- Uniform Compliance Guidelines
- Internal Control Manual
- County Treasurers Manual
- Resource Library

NEED HELP? HAVE QUESTIONS?

Call or Email Us
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