



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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