



Georgia Fiscal Management Council

Audit Readiness

GEORGIA DEPARTMENT OF
AUDITS AND ACCOUNTS



Agenda

- Audit Readiness - Suggestions for achieving a smooth audit
 - Preparing for your audit
 - Suggestions for a successful audit
 - Benefits of audit readiness
- What's new for FY 2016?
- Enhancing our client engagement
- The audit engagement lifecycle

Preparing for Your Audit

- Update your annual risk assessment
- Revise and update policies and procedures
- Review previous audit reports
- Prepare an adequate work space for auditors
- Notify staff when audit has started
- Don't forget your Federal programs

Suggestions for a Successful Audit

1. Think like an auditor
 - Understand your financial information
 - Anticipate what information auditors will request
 - Look for red flags in advance
 - Perform a preliminary fluctuation analysis to identify unusual trends in the financial information
 - Consider drafting a “mini” MD&A



Suggestions for a Successful Audit – Cont.

2. The Client Request List (CRL)

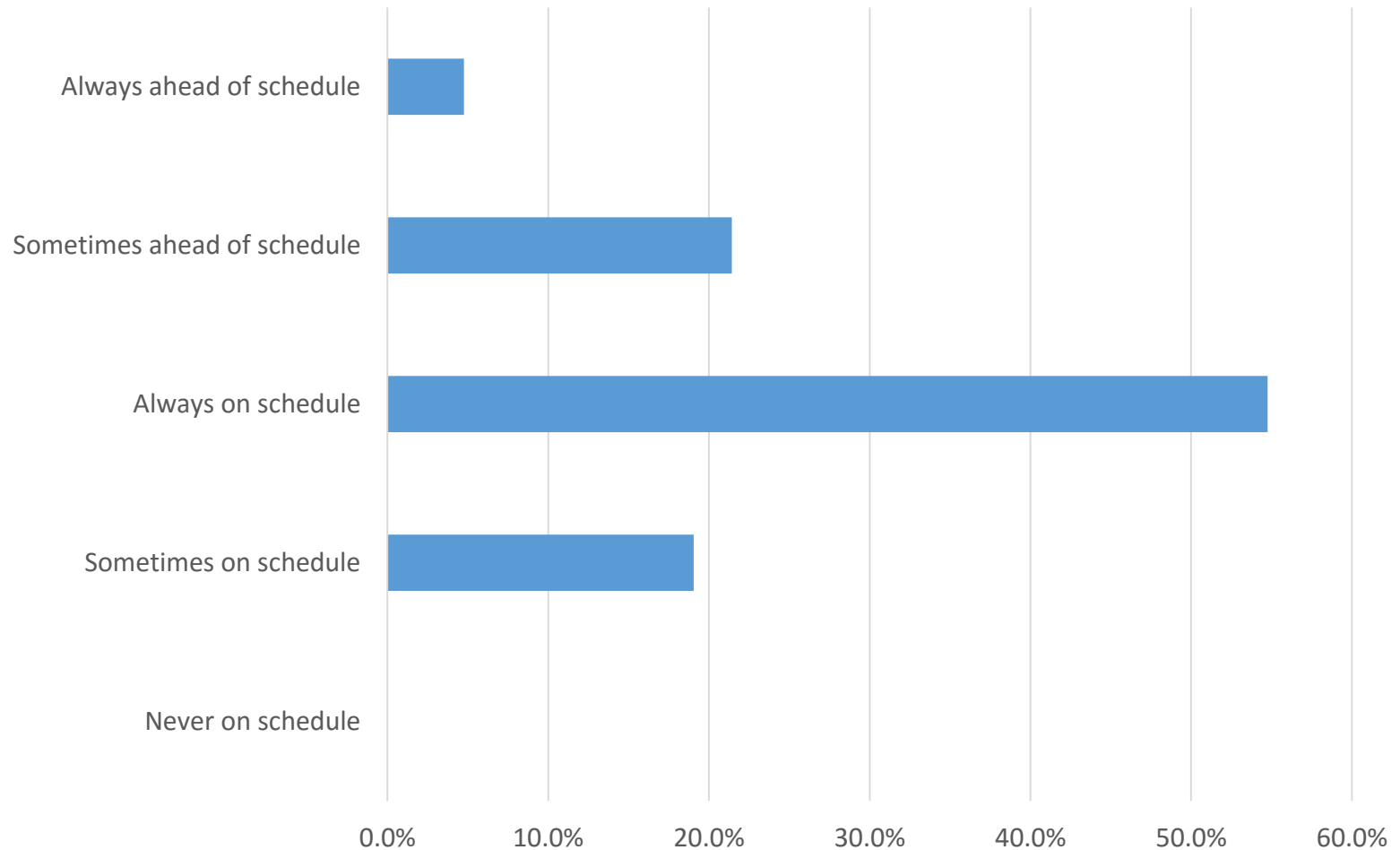
- Obtain and complete prior to fieldwork
 - Request CRL if you don't receive in a timely manner
- Review CRL and contact auditor if there's anything you don't understand
- Understand the documents you are providing
 - Anticipate questions the auditors may ask
- Utilize existing reports where possible

Suggestions for a Successful Audit – Cont.

- The CRL– cont.
 - Provide completed information from the CRL as soon as it is ready
 - Utilize collaboration space
 - Prepare a workpaper package for the auditor



How would you describe your ability to complete audit requests from your auditor in a timely manner?



Suggestions for a Successful Audit – Cont.

3. Communicate

- Maintain open communication between staff, auditors and management
- Communicate with auditors early, frequently, and as openly as possible
- Be truthful and forthcoming
- Minimize unplanned and unexpected issues



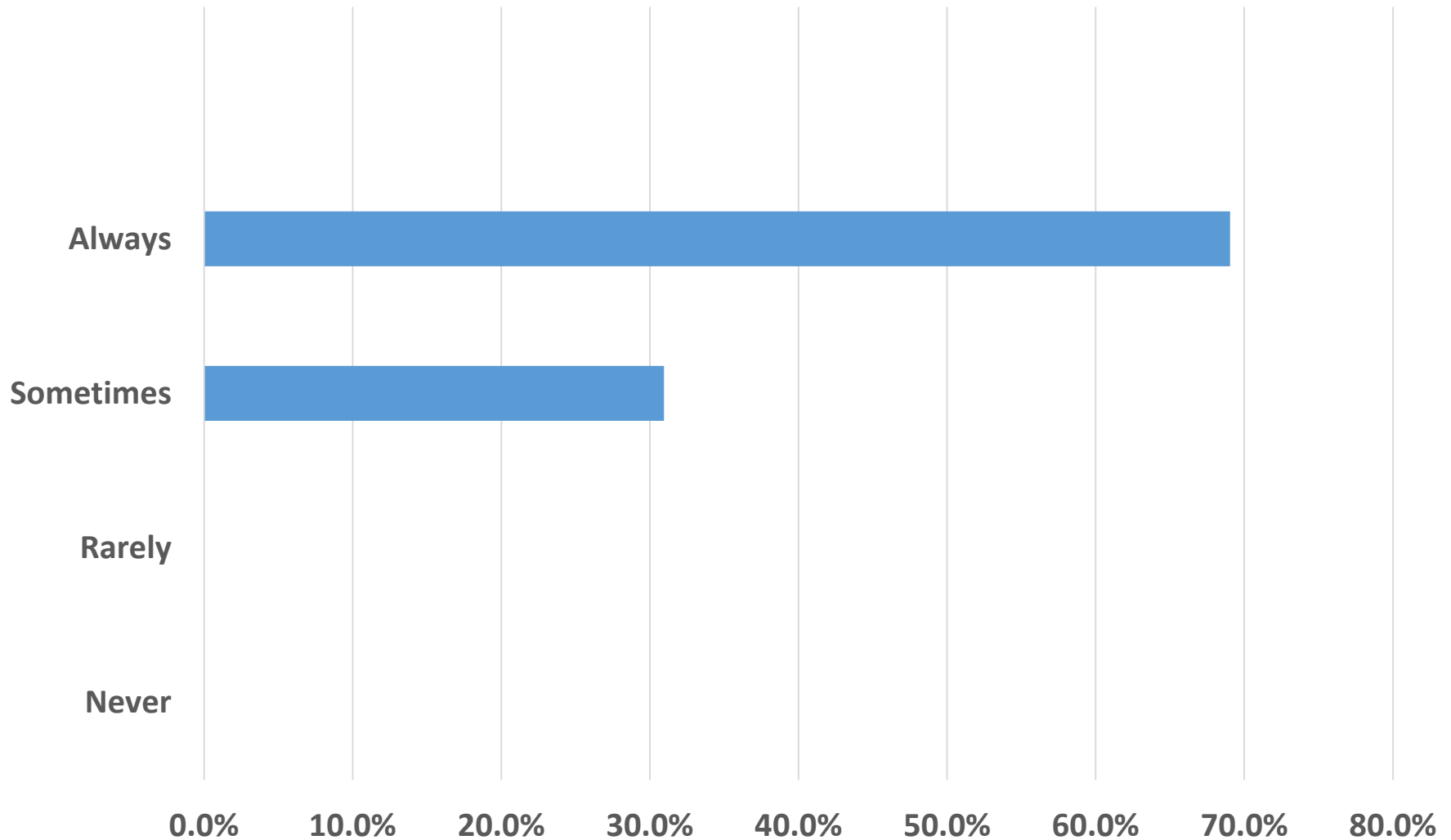
Suggestions for a Successful Audit – Cont.

4. Spend adequate time addressing prior-year audit recommendations....

We'll be coming back!

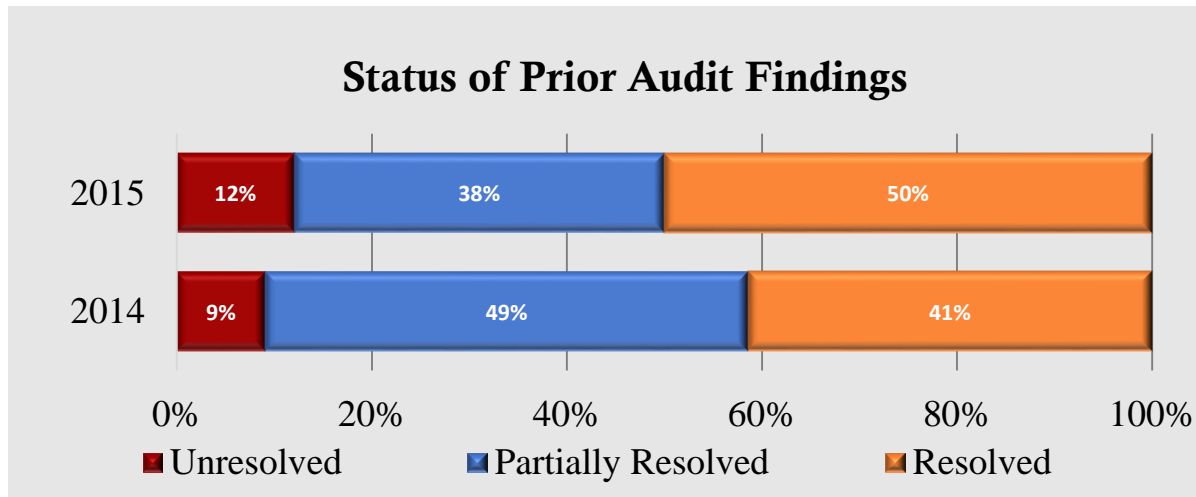


How often do you complete all of your auditor's year-end recommendations before the next audit? ?



Prior year audit finding comparison

Prior Audit Findings

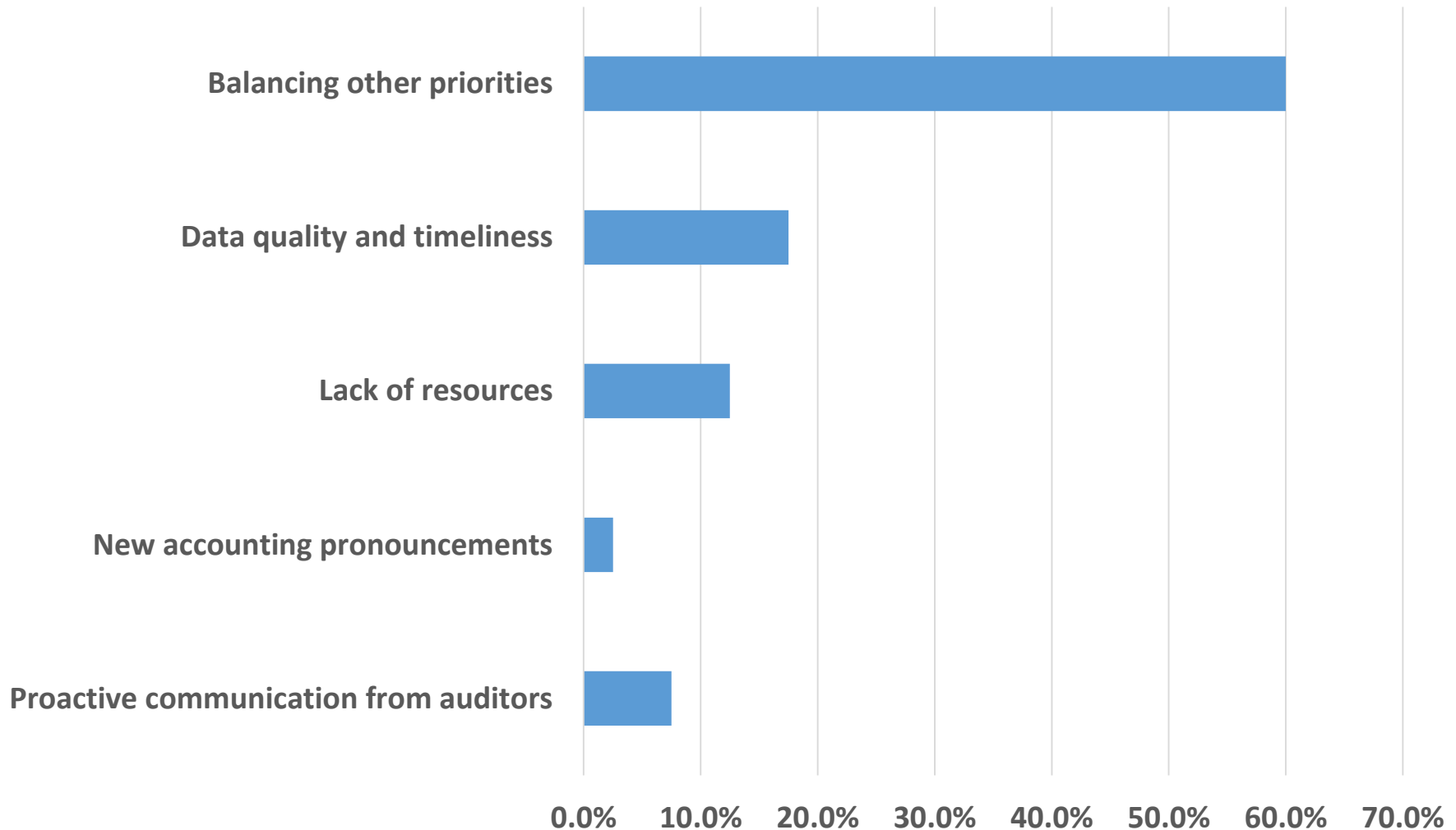


Comparing the status of prior audit findings reported in the *Summary Schedule of Prior Audit Findings* for FY 2015 and FY 2014 shows a 9% increase in the number of findings resolved year over year.

Benefits of audit readiness

- Reduce audit preparation time and cost
- Prevent staff burnout
- Minimize surprises
- Improve professional relationships
- Meet tight reporting deadlines
- Enable strategic resource deployment

What is the biggest challenge when preparing for the year-end audit?



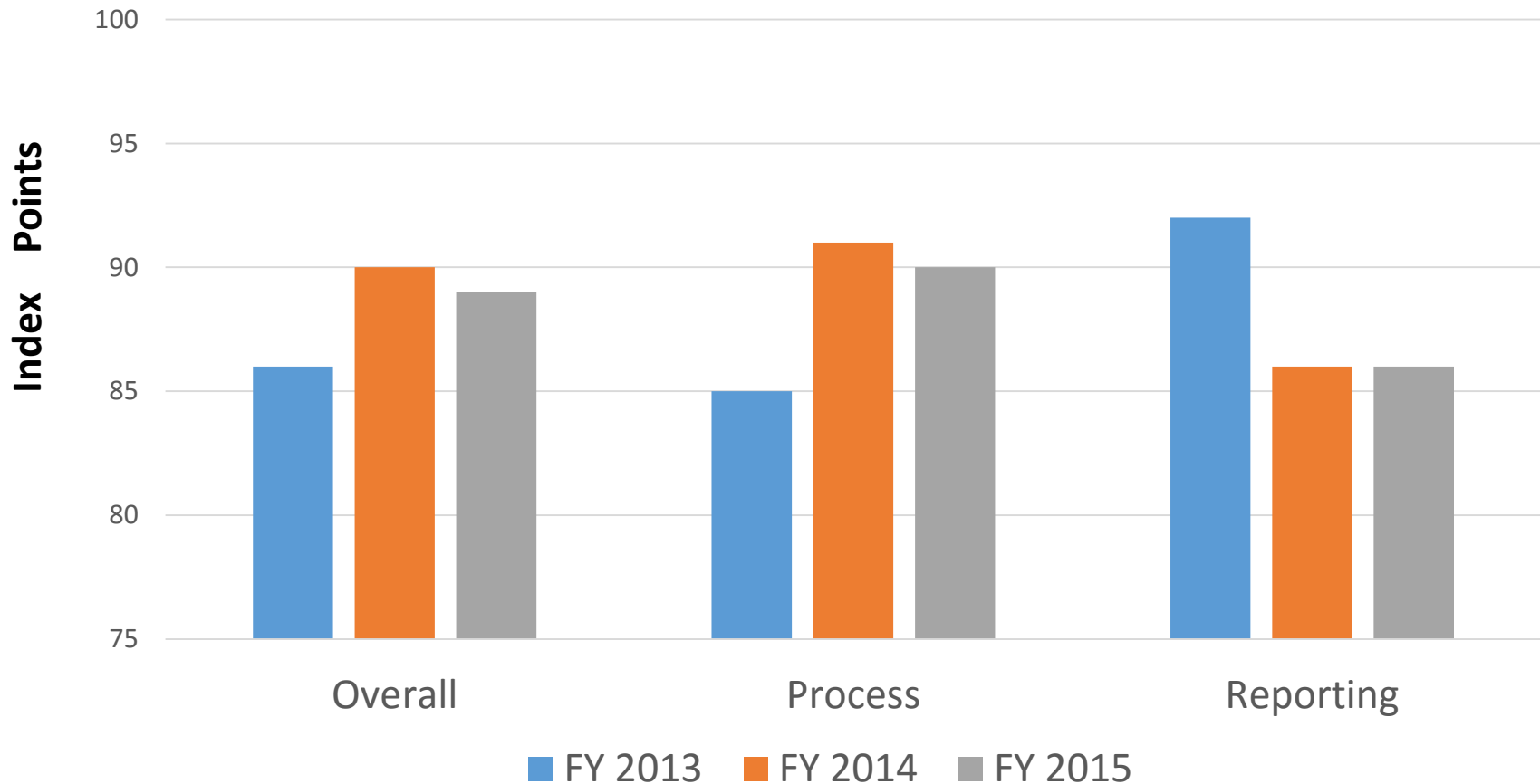
New for FY 16

What's new for FY 2016

- Robust fraud risk program
- Piloting operational audit under performance standards
- Audit programs under Uniform Guidance

Enhancing our client engagement

Feedback from financial audit clients



Areas to sustain

100%

Professional conduct

↑ 4 points

99%

Audit scope
communicate clearly

↑ 2 points

98%

Demonstrated skills
and knowledge

↑ 4 points

96%

Responsiveness

↑ 3 points

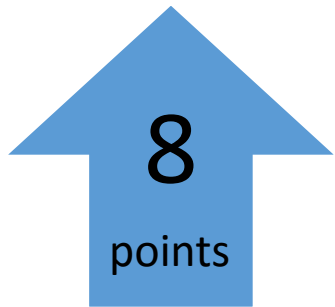
Most improved



Senior audit staff appropriately involved (95%)



Fieldwork undertaken in timely manner (91%)



Adequate continuity of audit staff (94%)

Areas to improve

87%

Report(s) and recommendations issued timely

↑ 7 points

89%

Promptly informed of issues throughout engagement

↑ 2 points

92%

Adequate opportunity to comment on deficiencies, findings and other issues before engagement finalized

↑ 5 points

Audit Engagement Lifecycle

Audit Engagement Lifecycle



Planning

Fieldwork

Closure

Activities

- Complete engagement letter
- Identify engagement contact
- Gain an understanding of changes in entity's environment
- Review management controls and risk assessments
- Plan audit strategy
- Communicate initial Client Request List (CRL)
- Conduct entrance meeting

Fieldwork phase

Activities

- Testing
- Access to client records and staff
- Issues and recommendations discussed
- Progress meetings
- Exit meeting

Closure phase

Planning

Fieldwork

Closure

Activities

- Evaluate audit findings
- Draft report and management comments
- Form and issue audit opinion on financial statements

Questions?

