



Georgia Fiscal Management Council

Department of Audits and Accounts

Greg Griffin, State Auditor
September 28, 2014

Agenda

- Organization
- 2013 client survey results
- New this Fall
- Strategic plan update

Organization

Standards and Quality

provides the state auditor with confidence that the operational divisions of the department are complying with internal and professional standards; develops standards; develops strategies to enhance office capacity

Functions:

Technical and Professional Standards
Professional Development
Quality Assurance
Technical Advice

Corporate Services

contributes to building and maintaining a leading edge audit office by providing efficient and effective corporate support services

Functions:

Communications
Financial and Administrative Services
Policy
Workforce Development
Information Technology
Resources

Assurance Services

conducts financial statement and controls audits, assurance reports, information systems engagements, and issues audit opinions

Performance Audit

conducts audits into the efficiency and effectiveness of public sector agencies and programs and agency performance

These activities result in **REPORTS** to the **GENERAL ASSEMBLY, GOVERNOR** and other key stakeholders that identify **MATTERS OF SIGNIFICANCE**

The Year At A Glance

360

Financial
Statement
Reports

14

Performance
Audits and Follow-
up Reports

131

Number of
Employees Holding
Professional
Certifications

775

Quality Control
Reviews of
Financial Audit
Reports of Local
Governments

86%

Overall Client
Satisfaction
Rating

394,986

Total number of property
sales validated to prepare
the Statewide Equalized
Adjusted Property Tax
Digest. Additionally, **5,207**
appraisals were
completed with this
process.

30

Number of COAM
Master License
Holders audited – This
resulted in reviews of
352 COAM operators

59

Nursing Home Cost
Report Audits

10,480

Total Training
Hours
Provided to
Staff

2,232

Number of entities
we oversee for
immigration
reporting

78%

Overall
Employee
Satisfaction
Rating

31

Information
Systems
Engagements

2013 Client Survey Feedback

2013 Client Feedback

- New survey process developed and implemented for 2013 audit season
- Requested feedback from every financial audit client for fiscal year 2013
- Overall response rate for first year was 45%

Survey Layout

- Rating the engagement process and reporting
- Comment request section:
 - *Was there anything about the engagement you especially liked (appreciated)?*
 - *Was there anything about the engagement you especially disliked?*
 - *Was there anything about the engagement we could have done more effectively?*
 - *Specifically, how might the engagement services you receive add more value to your organization in the future?*

Drivers of Audit Process Quality

- Knowledge
 - Understanding of client organization
 - Staff continuity throughout engagement
 - Involvement of senior staff as appropriate
- Communication
 - Discussions about audit purpose and scope and key milestones
 - Engagement issues promptly communicated
- Auditor interaction with auditee
 - Fieldwork performed timely
 - Meet agreed-upon expectations re: communications, deadlines and deliverables
 - Responsiveness to client needs
 - Respectful of agency resources and time
 - Auditor professionalism

Drivers of Reporting Quality

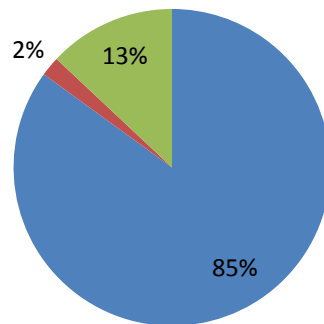
- Issues/Findings are clearly communicated
- Issues/Findings identified are fair and balanced
- Client organization is provided adequate opportunity to comment on issues, findings, etc. before finalization of the engagement
- Reports are issued timely

Scores

- Our target is to achieve a client satisfaction index score of >90% for:
 - Audit process and client engagement
 - Effectiveness and fairness of audit communication and reporting

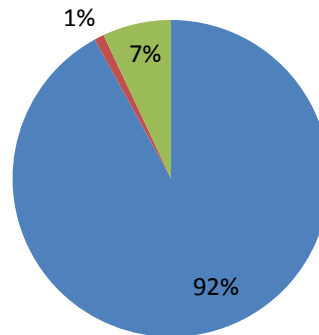
Process

■ Positive ■ Negative ■ Neutral



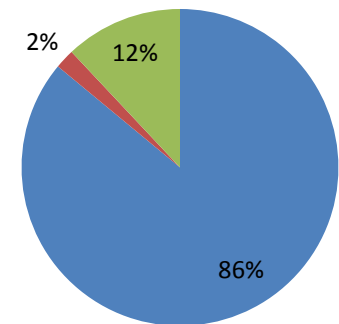
Reporting

■ Positive ■ Negative ■ Neutral



Overall Total

■ Positive ■ Negative ■ Neutral



Positive Results

- Communications and reporting:
 - Engagement purpose and scope were clearly communicated to management (97)
 - Reports clearly communicated deficiencies, findings, and other issues noted (97)
 - Your organization was provided with an adequate opportunity to comment on deficiencies, findings, and other issues before finalization of the engagement (93)
 - Engagement reports and other communications issued in a timely manner (91)

Where DOAA Can Improve

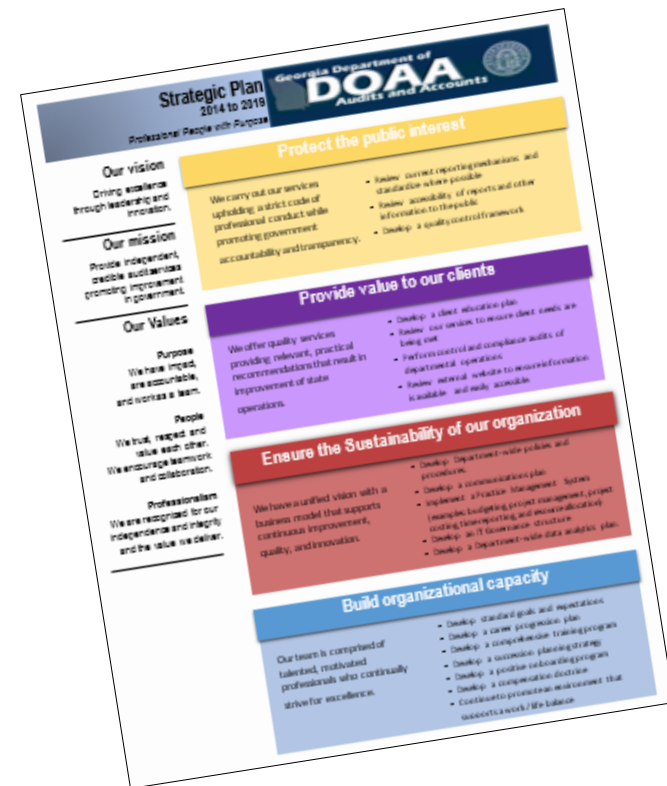
- Knowledge
 - Gain a better understanding of your organization (79)
 - Involvement of senior staff as appropriate (79)
 - Staff continuity throughout engagement (81)
- Auditor interaction
 - Fieldwork performed timely (75)
 - Met agreed-upon expectations re: communications, deadlines and deliverables (81)
 - Respectful of agency resources and time (81)
 - Responsiveness to client needs (84)
- Catalyst for improvement of financial management
 - Share best practices
 - Make process improvement recommendations

Our Response

- Resource allocation/assignments
 - Realization that not everything needs to be conducted between July and December
 - Limit disruptions to continuity of the engagement
 - Schedule to start/finish not start/stop/restart
 - Address continuity of audit teams over time
- Develop industry expertise
- Risk-based approach beyond CAFR
- Enhanced audit programs
 - Internal control focus
 - Process and/or program focus

Strategic Direction

- DOAA aims to provide an audit program that is relevant, responsive and risk-focused, and has the potential to make a difference in the public sector.
- Meet statutory responsibilities
 - Demonstrate a high bar for accountability to the public
 - High expectations for financial reporting
 - Report what we find without fear or favor
- Go beyond assurance to make a difference
 - Make the most of the information we have access to and create something of value
 - Present recommendations that work and follow up



New this Fall

- CAFR, Statewide Single Audit, BCR are major focus
- Risk model used to evaluate audit work to be performed
 - One, two or three-year cyclical basis considering risk
 - Financial, adherence to laws and regulations, internal controls and management of program funds
- Timing of audits to shift
- Pension census data testing

Pension Census Data Testing

- Catalysts
 - New GASB pension standard effective FY2014
 - New AICPA audit guidance to test plan census data
- Risk-based approach by plan auditor to select employers to test
 - Individually important employers (e.g. > 20% of plan) tested annually
 - Plan auditor performs risk assessment on remaining employers using tiered approach
 - Employers between 5% and 20% tested to approximate a 5-year cycle
 - Employers less than 5% tested to approximate a 10-year cycle
 - Many small employers may never be tested (less than 2%)

Pension Census Data Testing

- Employer auditor may perform procedures under examination engagement in accordance with AT (Attest) Section 101
 - Employer auditor engaged to provide opinion on relevant assertions related to census data reported to plan during period
 - Efficient approach to satisfy plan auditor requirements
- ERS and TRS employers audited this Fall under this approach

Questions?

VISION	<i>Driving excellence through leadership and innovation</i>
MISSION	Provide independent, credible audit services promoting improvement in government
VALUES	<ul style="list-style-type: none"> • Purpose • Professionalism • People • Positive response to change
STRATEGIC THEMES	<ul style="list-style-type: none"> • Shifting effort to things that matter • Protecting the state auditor's independence and credibility • Adding value to stakeholders and client agencies • Building capacity and sustainability • Taking opportunities for improvement • Meeting the standards we expect of others
KEY RESULT AREAS (Core Processes)	<ul style="list-style-type: none"> • Protecting the public interest (relationships) • Provide value and impact to our clients (products and services) • Ensure the sustainability of our organization (the way we work) • Build organizational capacity (people & systems)

- **OBJECTIVES**
- **STRATEGIES**
- **TARGETS AND MEASURES**

- Programs and tools in place (under development or renovation) to support and implement our strategic plan, including:
- Division operating plans
 - Audit methodology
 - Quality assurance framework
 - Risk management framework
 - Workforce development plan
 - Learning and development program
 - Employee performance appraisal and reviews
 - Communications strategies
 - Office policies
 - Client surveys
 - HR Strategic plan
 - Employee engagement surveys
 - Information systems strategy