

Getting the Most From Your Audit

Audits are essential to good government. As the State's independent Auditor, the Auditor General provides unbiased, timely, and relevant information that can be used to promote government accountability and stewardship, improve government operations, and instill confidence among citizens and stakeholders.

This *Guide to Audits* contains information about the audit process and includes tips for ensuring a successful audit. I recommend reviewing it and sharing the information with key members of your staff.

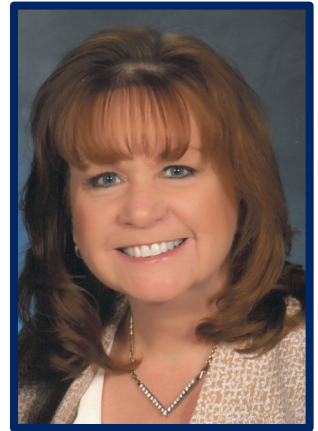
We understand that audits can be stressful and may require additional work for your staff. Please be assured that our auditors work professionally and efficiently to minimize the impact on your operations.

I hope you will find the information in this Guide helpful during your next audit, and that you will make the most of the audit results.

Sincerely,



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Responsibilities of the Auditor General

The Constitution of the State of Florida provides for the Legislature to appoint an auditor who shall audit the public records and perform related duties as prescribed by law or concurrent resolution. Section 11.42, Florida Statutes, designates the Auditor General as the auditor required by the State Constitution and Sections 11.42 through 11.47, Florida Statutes, set forth her general authority and duties. Independently, and in accordance with applicable professional standards, the Auditor General:

- Conducts financial audits of the accounts and records of State Government, State universities, State colleges, and school districts.
- Conducts operational and performance audits of public programs, activities, and functions and information technology systems.
- Adopts rules, in consultation with the Florida Board of Accountancy, for audits performed by independent certified public accountants of local governmental entities, charter schools and technical career centers, school districts, and certain nonprofit and for-profit organizations.
- Conducts reviews of financial audit reports of local governmental entities, charter schools and technical career centers, school districts, and certain nonprofit and for-profit organizations.
- Conducts examinations of school district and other entity records to evaluate compliance with State requirements governing the Florida Education Finance Program student enrollment and student transportation funding allocations.
- Conducts quality assessment reviews of the internal audits performed by State agency offices of inspectors general.

How can I ensure my organization is prepared for an audit?

State law requires the Auditor General to perform financial, operational, and performance audits, in addition to various attestation engagements. Our audits and other engagements are performed in accordance with the **Government Auditing Standards** set forth by the Comptroller General of the United States.

Each audit is different, but there are steps you can take to make the process as easy and efficient as possible.

1. Conduct an annual risk assessment to identify both financial and mission-critical risks. Managers should implement effective controls to mitigate the risks identified.
2. Review and revise policies and procedures, as necessary, to ensure that written policies reflect current practices.
3. Document approval and the receipt of deliverables, invoices, and requests for changes and retain all mission-critical documentation.
4. Review previous audit reports.

Most audit criteria come from sources readily available to you and your staff, such as the Florida Statutes, the Florida Administrative Code, internal policies and procedures, contract and Federal grant requirements, and other sources applicable to your programs, activities, and functions. Previous audit reports are another important source as we will examine areas with deficiencies noted in previous audits to determine whether appropriate, corrective action has been taken.

Audit reports issued by the Auditor General are available on the Reports page of our Web site:

www.FLAuditor.gov

How are entities and topics selected for audit and what is the audit process?

The Auditor General compiles an annual report that includes both audits completed over the past 12 months and a projected 2-year work plan identifying the audit and other accountability activities expected to be undertaken. The work plan is risk-based and developed considering both the audit frequency requirements in State law and information obtained from the Legislature and other sources concerning areas of audit interest and operational risk.

Once the entities for audit have been identified, the auditor begins performing preliminary research and planning. During this time, the auditor gains an understanding of entity programs and operations, identifies potential audit topics, and develops preliminary audit objectives. Your entity management will be notified of the audit by engagement letter. Some of your staff may already be aware of the upcoming audit, as audit staff begin making contacts during the research and planning phase.

We will schedule an entrance conference with entity management during which the audit team leader will explain the scope and objectives of the audit. You will be provided an estimated time frame for completion of the audit and we will also discuss the responsibilities of both the auditors and entity management. Audit planning is a continuous process, and we will inform you of any significant changes in the audit scope, objectives, or time frame as the audit progresses.

Unless other arrangements have been made, after the entrance conference, auditors will be located at the audit site where they will conduct the audit fieldwork. Fieldwork can last anywhere from several weeks to several months. During this time, you can expect to receive numerous data and document requests.

To ensure the timely conduct of fieldwork, it is important that you do your best to meet the request deadlines or notify the auditor as soon as possible if you will not be able to meet a deadline. It is important that your staff be available and cooperative throughout the audit, as this will avoid confusion and delays.

As the audit fieldwork approaches completion, you will begin to receive follow-up questions for confirmation or clarification. These questions do not necessarily mean there will be an audit finding. It is best to answer these questions promptly and completely.

Once audit fieldwork has been completed, audit staff will leave the audit site and begin compiling their work for review. The review process can be lengthy and you may periodically receive additional questions or requests. Meetings with select entity management may be scheduled during the review process. The purpose of these meetings is to ensure that there are no misunderstandings or outstanding issues related to items noted during fieldwork.

After review is substantially complete, an exit conference will be scheduled with entity management. At the exit conference, audit staff will discuss any preliminary and tentative audit findings. After the exit conference, a list of the preliminary and tentative audit findings will be delivered to entity management via e-mail. Pursuant to State law (Section 11.45(4)(d), Florida Statutes), your entity will have up to 30 days to provide a response to the findings. The written response will be included in the public report, and the report, when final, will be delivered to your entity management and those charged with governance and made available to the public on the Auditor General Web site.

Access to Records

Section 11.47, Florida Statutes, establishes that officers and employees of audited entities willfully failing to provide access to any personnel or records necessary to a proper audit, examination, or investigation by the Auditor General risk criminal prosecution. During the audit, we will request such access and records. Records requests routinely include records that would otherwise be considered confidential or exempt from public disclosure. Requests for confidential or exempt records will be made in writing. Section 119.07(6), Florida Statutes, exempts Auditor General working papers from public record laws and requires our audit staff to treat these records with the same duty and care as the owner of the records. By law, Auditor General working papers and notes are not a public record.

Meetings with Audit Staff

Throughout the audit process, you and your staff will have several opportunities to meet with audit staff. The intent of these meetings is to gather information about your processes, establish a positive working relationship with you and your staff, clarify auditor understanding, and resolve any issues that may arise during the course of the audit.

During audit fieldwork, our audit staff will also meet with certain members of your staff individually to conduct fraud interviews. These interviews are routine audit procedures required by auditing standards and are not an indication that fraud is suspected or has been discovered. The results of these interviews are sensitive and will not be shared.

The audit process is relatively transparent and our audit staff are always happy to meet with you to discuss our audit objectives and overall audit process. We look forward to communicating with you and hope that you will find these meetings helpful.

Tips for a Successful Audit

- ◆ Notify your staff that an audit is underway and they may be contacted by the auditors.
- ◆ Prepare an adequate work area for auditors to use.
- ◆ Promptly provide all records, documents, and other information requested by the auditors.
- ◆ Provide auditors read-only access to IT systems as requested.
- ◆ Be responsive to requests for meetings with the auditors.
- ◆ Encourage your staff to be truthful and forthcoming.
- ◆ Maintain open communication with the auditors.
- ◆ Ask the auditors for clarification or more information if you do not understand an audit request or inquiry.
- ◆ Encourage your staff to keep you informed of any issues the auditors bring to their attention.

Using the Audit Results

The mission of the Auditor General is to provide unbiased, timely, and relevant information that the Legislature, Florida's citizens, public entity management, and other stakeholders can use to promote government accountability and stewardship and improve government operations. We strive to make government work better.

We present audit findings and recommendations to help correct errors, enhance compliance, strengthen controls, and reduce risk. Please use the audit results as an opportunity to ensure that your organization is held to the

highest standards, promotes compliance, and effectively limits fraud, waste, and abuse.

We understand that change is not always easy and corrective actions may require new procedures be established. The recommendations in our audit reports are often broad and presented at a high level to allow you to determine the corrective actions that will work best for your organization.

You should address noted deficiencies and take corrective actions as soon as you become aware and appropriately

strengthen your organization's controls to reduce the risk of future deficiencies and errors. You should also consider what records, transactions, etc., were not included in our audit testing but need to be reviewed by your staff. You may also need to consider revising your risk assessment process if the audit disclosed issues that were not addressed by your assessment.

You can ensure the same problems do not show up in subsequent audits by correcting deficiencies as quickly as possible and taking appropriate actions to improve your organization's controls.

About Our Office

The Auditor General is:

- A Constitutional Officer
- A Legislative Officer
- A Certified Public Accountant
- The State's Independent Auditor

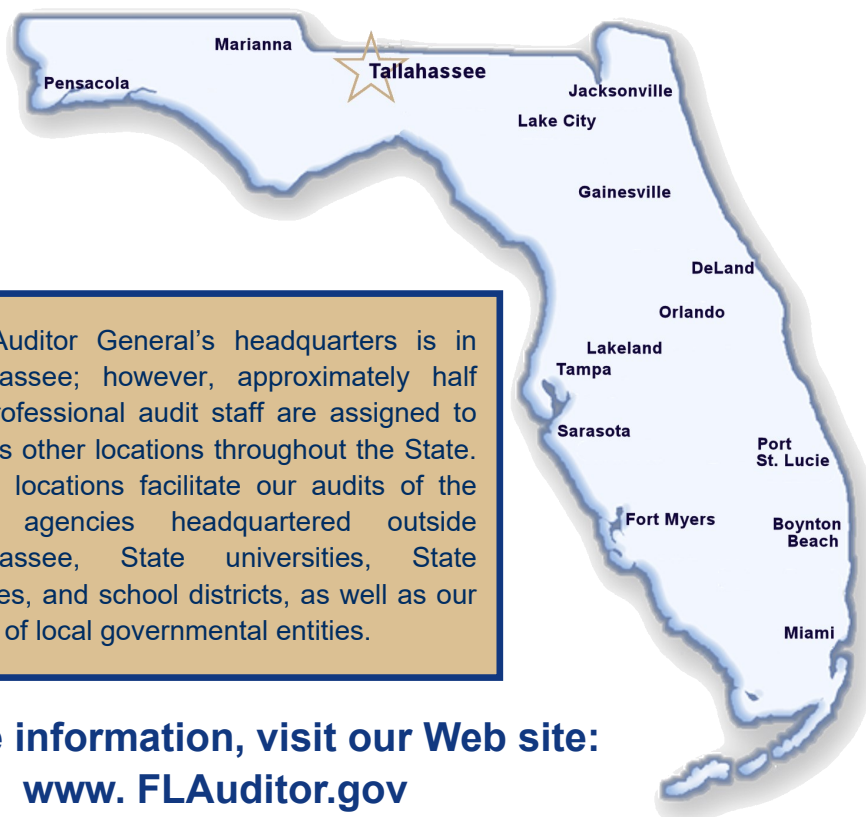
Our Vision is:

Excellence in auditing for the benefit of Floridians.

Our Core Values are:

- **INTEGRITY** – Commitment to ethical conduct and truthfulness in all relationships.
- **INDEPENDENCE** and **OBJECTIVITY** – Being mindful of the reliance that is placed on our work and, therefore, taking a fact-based, nonpartisan, unbiased, fair, and balanced approach to all activities.
- **ACCOUNTABILITY** – Holding ourselves accountable and being responsible for our actions, taking pride in our professionalism, striving for efficiency in our performance, and committing to the highest performance standards.

We conduct our engagements in accordance with **Government Auditing Standards**. Our adherence to those standards ensures that we perform high-quality audits of government organizations, programs, activities, and functions with competence, integrity, objectivity, and independence.



The Auditor General's headquarters is in Tallahassee; however, approximately half our professional audit staff are assigned to various other locations throughout the State. These locations facilitate our audits of the State agencies headquartered outside Tallahassee, State universities, State colleges, and school districts, as well as our audits of local governmental entities.

For more information, visit our Web site:
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