



Carr, Riggs & Ingram, LLC

Audits – Understanding and Preparation



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Planning Phase

- Client Acceptance
- Review prior Auditor workpapers
- Planning meeting with client
- Read all relevant documents, including minutes





Planning Phase (continued)

- Assess internal controls and walkthroughs
- Calculate materiality
- Assess risk, including fraud risk
- Develop audit program
- Audit team planning meeting





Risk Assessment

- Gaining an understanding of auditee & its environment
- Assess risks of material misstatement
- Responding to assessed risks
- Internal control matters
- Documentation of risk assessment



How is materiality calculated?

- Governmental activities, business-type activities by major fund, aggregate discretely presented component units, all aggregately remaining fund info
- Planning materiality
- Tolerable misstatement
- Low risk/high risk by area
- Passed AJE's



“EXCEEDING EXPECTATIONS”



Types of Audit Testing

- Internal Control
- Further Audit Procedures (Substantive)
- Compliance
- Analytics





Efficient Audits

- Planning meeting
- PBC list
- Send auditors information in advance
- Internal controls documented





Efficient Audits (continued)

- Walk-throughs before year end
- Fraud confirms
- Confirms out before audit fieldwork
- Audit fieldwork – auditors in field





Efficient Audits (continued)

- Exit conference with partner involved
- Go over financial statement draft/reports/comments
- Signed rep letters
- Presentation to Council





Reports Issued

- Audit Report
- Internal control and compliance
- Single Audit internal control and compliance*
- Auditor General of Florida requires management letter



*if applicable



Compliance with Florida Law

- Level of testing up to auditor
- Bid testing
- Travel and entertainment
- Change annually





Financial Condition Assessment

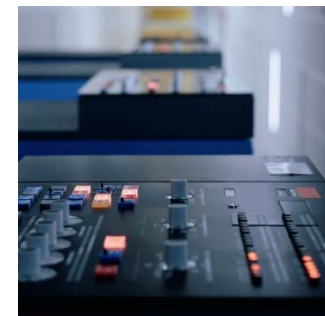
- Benchmarks against similar size entities – population or revenues.
- Looks at five year trends.
- Favorable, unfavorable, inconclusive.
- If unfavorable > 60%, auditor must report.
- Can pull out entities not truly comparable.





Internal Controls

- Significant material deficiency
- Significant deficiency
- Remainder = Management Letter Comments





Data Collection Form

- Required for a Federal Single Audit
- Must be filed earlier than 30 days after receipt of auditor's reports or nine months after fiscal year end



Internet Data Entry System



Single Audit Reports

- Schedule of Expenditures of Federal Awards and State Financial Assistance
- Internal Control and Compliance over Federal Awards and/or State Financial Assistance
- Schedule of Findings and Questioned Costs
- Summary Schedule of Prior Year Audit Findings
- Corrective Action Plan



Single Audits – Federal and State

- When do you need one?
- \$500,000 of expenditures during year
- How to identify major programs:
 - Type A
 - Type B
 - ARRA





Single Audits – Federal and State (continued)

- Must calculate materiality for all major programs
- Must document controls in place and test they are functioning





Single Audits – Federal and State (continued)

- Testing based on CFDA and CSFA
(see Compliance Supplement Matrix –
www.whitehouse.gov/omb/circulars/A133_compliance_supplement2011)
- Test for compliance to grant agreement and compliance supplement.