What to Expect from an OSC Audit

William D. Naylor, CIA, Auditor 2 Division of Local Government and School Accountability



Our Mission

• To improve the condition of local governments and the communities they serve.

- Risk Assessments

- Audits

- Reviews (Budget/Tax Cap/Consolidation)

- Information
- Training

New York State Comptroller THOMAS P. DINAPOLI

Authority

- Constitutional responsibility to oversee the fiscal affairs of local governments.
- General Municipal Law (GML)
 - Section 33 To Examine
 - Section 35 To Report

Why do an Audit?

- · Meet legal requirements
- Provide oversight

 Board/ Supervisory/ OSC
- Ensure the proper handling of public moneys
- · Identify improvement opportunities
- Create a forum to express concerns
 COMMUNICATION

New York State Comptroller THOMAS P. DINAPOLI

Types of Audits

- Performance Audits
- · Financial Statement Audits

New York State Comptroller THOMAS P. DINAPOLI

Performance Audits

Provide findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria.

- · What is supposed to be? (Criteria)
- What actually is? (Condition)
 What evidence is there to support differences?
- What could happen or what did happen as a result of the differences? (Effect)
- Why is there a difference? (Cause)
- What should you do differently? (Recommendation)

Performance Audits

 Performance audits provide objective analysis to assist management and those charged with governance and oversight in using the information to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.

New York State Comptroller THOMAS P. DINAPOLI

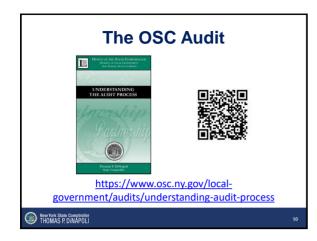
Types of Performance Audits

- Program effectiveness and results Program meeting goals?
- Economy and efficiency
- Processes/practices in need of improvement?
- · Internal control
- Compliance with legal or other requirements
 Federal, State, local, etc.
- Providing prospective analysis, guidance or summary information

New York State Comptroller THOMAS P. DINAPOLI

Applicable Standards

- Generally Accepted Government Auditing Standards (GAGAS)
- Promulgated by the Comptroller General of the United States (GAO)
 - General Standards
 - Fieldwork Standards
 - Reporting Standards



Conducting the Audit

- Notification
- Entrance conference
- Fieldwork
- Reporting
- Exit and response

New York State Comptroller THOMAS P. DINAPOLI

Notification

- To local government officials
- A phone call
- An email

Sample Data Request

Files Type	Activities included			
Board Meeting Minutes	Prior and Current Fiscal Years			
Adopted Budgets	Last 3 Years			
Audit Reports, Management letters and audited financial statements	Last 3 Years			
Annual Financial Reports	Last 3 Years			
List of all bank accounts by bank and account number	Prior and Current Fiscal Years			
Bank Reconciliations	Last Completed Month			
General Ledger Activities	All Activities Prior FY to Current FY			
Cash Receipts Activities	All Receipt Activities Prior FY to Current FY			
Cash Disbursement Activities	All Disbursement Activities Prior FY to Current FY			
Vendor Master	A listing of all Vendors used by the District; active and inactive			
Payroll Activities	Disbursements to all employees for last year			
Report of Reserve funds	Most recent			
Employee Master Listing	A listing of active and inactive employees			
Monthly State Retirement Reports	Last Completed Month			
ERS Standard Workday	Any standard workday and reporting resolutions			
Most recent interim financial reports	Most recent			
Long-Term Financial Plans	Most recent			
Capital Projects	Prior and Current Fiscal Years			
Written Policies and Regulations	Current			
Outside Business Interests	Prior and Current Fiscal Years			
Employee manual or handbook	Current version			
Collective bargaining agreements	Covering audit period			
Key personnel employment contracts	Covering audit period			
Insurance and bonding policies	Covering audit period			
New York State Comptroller		13		

Entrance Conference

- Invite key local government officials:
 CEO and CFO initially
 - 1-on-1 with anyone else notified (board/clerk/etc.)
- · Discuss audit process:
 - Staff, timeline, procedures, documentation, needs of staff, access to employees
- Discuss any concerns of Local Government officials:
 - Fraud, programs, etc.

New York State Comptroller THOMAS P. DINAPOLI

Risk Assessment

- · Deciding who and what to audit.
- · Research and information gathering.
- A mile wide, and an inch deep...

Planning

- In General:
 - Laws and Regulations
 - Internal Control
 - Purpose and Goals
 - Efforts
 - Program Operations
 - Outputs
 - Outcomes

New York State Comptroller THOMAS P. DINAPOLI

Planning

- Understand and test controls. – Create our audit procedures.
- Focus and finalize our objective more. – Narrow our scope areas.

New York State Comptroller THOMAS P. DINAPOLI

Fieldwork

- Compare criteria to what is actually occurring.
- · Determine why there is a "difference."
- · Identify any effects of the "difference."

Fieldwork

- Collect, analyze and test data such as:
 - Bank account reconciliations
 - Receipts and disbursements
 - Contracts
 - Reports

New York State Comptroller THOMAS P. DINAPOLI

End of Fieldwork

- Informally discuss with local government officials issues we have identified.
 - Verbal findings
 - Clarification of written findings
 - Attempt to close gaps

New York State Comptroller THOMAS P. DINAPOLI

Reporting

- Draft Audit Report
- Exit Conference
- Response
- Final Release

Exit Conference

- · Held after fieldwork is completed.
- Includes select local government officials. – Similar to entrance conference
- Includes a draft copy of the written report, distributed to the officials.

New York State Comptroller THOMAS P. DINAPOLI

Exit Conference

- Provides an opportunity to clarify any issues in the draft report.
- Discuss findings and recommendations.



Report Distribution

- Provided to audited municipality prior to public release.
- Is a public document.
- Includes formal response from audited municipality.

New York State Comptroller THOMAS P. DINAPOLI

Corrective Action Plan

- · General Municipal Law (GML), Section 35
- · 90 days from issuance of final report
- · Filed by Governing Board
- Describe actions (to be) taken or reasons why not taking corrective action.

New York State Comptroller THOMAS P. DINAPOLI

Audit Findings - 2022

- Procurement
 27 Audits
- Financial Management/Fund Balance – 26 Audits
- Network Access/Controls
 13 Audits
- · Claims Auditing
 - -9 Audits

Questions?

Division of Local Government and School Accountability localtraining@osc.ny.gov



28