



Resolving Audit Findings Policy

<p>Policy Area: Accounting & Financial Reporting</p>	<p>Effective Date: 7/1/1995</p>
<p>Policy Sub Area: State Financial Reporting</p>	<p>Last Revision Date: 12/10/2013</p>
<p>Authority: General Statute 143B-426.39 and 147-64.6; Requirements of the Single Audit Act Amendments of 1996</p>	<p>Policy Owner/Division: Statewide Accounting</p>
<p><u>Policy:</u></p> <p>Each state agency and component unit (including community colleges and individual universities) must promptly evaluate all single audit findings, recommendations, and adjustments to account balances reported by either OSA, certified public accounting (CPA) firms, or federal representatives. The state agency or component unit determines proper actions in response to the findings and recommendations and corrects the matters brought to their attention within an established time frame. Copies of all auditor findings and recommendations, responses to auditor's findings, and any auditor adjustments are submitted to OSC for review.</p> <p>As a recipient of federal financial assistance, the State is responsible for ensuring that an adequate internal control structure is in place and that the State has complied with applicable laws and regulations. The internal control structure is subject to periodic evaluation by management and its internal audit staff, in addition to OSA.</p> <p>OSC promptly evaluates CAFR audit findings and recommendations reported by OSA, determine proper actions in response to audit findings and recommendations, and correct the matters brought to its attention within an established time frame. Responsible action is that which corrects identified deficiencies. Where audit findings identify opportunities for improvement rather than cite deficiencies, responsive action is that which produces improvements.</p>	
<p><u>Procedures</u> NA</p>	

Accounting Guidance

The Office of the State Auditor (OSA) completes an annual financial audit of the CAFR. The auditor's examination of the CAFR is conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards (GAGAS)*, issued by the Comptroller General of the United States. The auditor's opinion is included in the CAFR. In addition, the State presents the Single Audit Report of all federal financial assistance. The preparation of the report is coordinated through the OSA. The auditor's examination in regards to this report is conducted in accordance with *Government Auditing Standards*, the requirements of the Single Audit Act Amendments of 1996, and the provisions of the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The auditor's opinion and all state level audit findings are included in the Single Audit Report.

Related Documents (Memos/Forms)

NA

Revision History

Date	Description
12/10/2013	Removed paragraph on auditor adjustments.