



# CHECKLIST FOR AGENCY AUDITS

## ONGOING FISCAL BEST PRACTICES

### Plan ahead.

- Focus on year-end transactions to ensure compliance with generally accepted accounting principles (GAAP) and state fiscal policies.
- Keep reconciliations and budget to actual tracking reports up to date throughout the year.
- Maintain an open line of communication with the auditors to discuss new or unusual transactions.

### Stay up-to-date.

- Stay apprised of new standards and guidance issued by the Governmental Accounting Standards Board (GASB).
- Stay apprised of changes in state fiscal policies and any relevant changes in North Dakota Century Code or administrative rules.

### Assess changes in activities.

- Have there been changes in activities that affect accounting or reporting issues? If there have been changes, document the changes and the justification, and be prepared to share with the auditors.
- Consider new programs, new grants, discontinued activities and changes in internal controls.

### Learn from the past.

- Consider prior audit recommendations and verify corrective measures have been successfully implemented.
- Prepare descriptions of corrective measures implemented for prior audit recommendations to provide to auditors at the initiation phase of the next audit.
- Reflect on the prior audit. Consider what went well and where there are opportunities for improvement. Discuss with the auditors areas where communication or the exchange of information could be improved.

### Organize data.

- Create a repository of schedules requested in prior audits, along with workpapers and supporting documents.
- Consider security requirements for confidential information that may be accessed by the auditors:
  - Consider appropriate methods to provide information, such as through the use of the NDIIT Secure File Transfer System (SFTS).
  - Document the state or federal statutes that mandate the confidentiality requirements and share with auditors during the audit initiation phase.
- Retain original supporting documentation for all transactions throughout the year and retain documentation for prior years in accordance with the records retention schedule.

### Perform self-review.

- Ensure a fraud risk assessment has been completed at least once during the last biennium.
- Conduct a monthly review of financial transactions for completeness, accuracy and adequate documentation.
- Ensure adequate blanket bond coverage is maintained in accordance with NDCC 26.1-21-10.
- Conduct year end review to ensure end of fiscal year and end of biennium transactions comply with appropriation law and fiscal policy.
- Review budget to actual variances and significant spending variances from the prior year.

# AUDIT PARTICIPATION CHECKLIST

## AUDIT INITIATION PHASE

- Identify a team member to serve as the agency audit point of contact.**
  - Ensure internal processes exist so that all agency team members keep the point of contact informed regarding information being requested by the auditor.
  - The point of contact should participate in all formal meetings with the auditor.
  - Request that any preliminary recommendations be provided to and reviewed with the agency audit point of contact.
  - Note that designating an agency audit point of contact should not limit the auditor's ability for direct contact with agency team members as may be required during the audit.
  
- Organize an agency audit team, if necessary, to facilitate communication within the agency and keep agency leadership informed regarding audit status.**
  
- Develop a communication plan for audit-related communications during audit initiation and fieldwork phases.**
  - Appoint a communications contact person, if different than agency audit point of contact, to address possible media inquiries and other communications matters.
  - Communicate to all agency team members the following:
    - The audit initiation date.
    - Who the agency audit point of contact is: provide guidance that the agency audit point of contact should be kept informed of all information requests and communication with the auditor.
    - Team members on the agency audit team.
    - Who the communications contact person is: provide guidance that all media inquiries go through communications contact.
    - Anticipated audit timeline.
    - Team member expectations:
      - Auditors may conduct a team member survey: encourage staff to provide open, honest responses.
      - Address confidential data disclosure issues, if any.
  
- Advise the agency's assistant Attorney General that the agency has been selected for an audit and confirm that there is no conflict of interest in legal representation.**
  
- Review the engagement letter. If it is different than the attached sample, consult with the agency's assistant Attorney General.**
  
- Conduct an entrance conference with the agency audit team and the auditors to review audit plan, including the specific audit schedule, scope and objectives.**
  
- Determine if a team member survey will be conducted as part of the audit.**
  
- Obtain a list of documents and information being requested by the auditors.**



# AUDIT PARTICIPATION CHECKLIST

- Assign responsibility for all documents and information being requested by the auditors during the audit initiation phase. Requests for information during the audit fieldwork phase may be directed to specific agency team members, and not through the agency audit point of contact. The agency audit point of contact should review information for completeness prior to submitting to the auditors.

## AUDIT FIELDWORK PHASE

- Respond timely to all requests and ensure all data provided is accurate, reliable and complete.
- Review preliminary audit findings as they become available to resolve any misunderstandings and clarify information before a draft audit report is prepared.

## AUDIT CONCLUSION PHASE

- Review draft audit report for accuracy and completeness. Keep the report confidential until it is finalized, except for review with agency governing body, agents, management team, or others in the agency chain of command.
- Clarify agency questions or concerns with the auditors as soon as possible after receipt of the draft audit report.
- Review audit findings and recommendations with the agency's assistant Attorney General for legal advice, as necessary.
- Review the proposed response to audit findings with agency governing body, agents, management team, or others in the agency chain of command.
- Participate in the audit exit conference involving the auditors and agency audit team to review audit issues and findings.
- Develop an agency follow-up plan to address audit recommendations and improve internal processes and procedures.
- Develop a communication plan for audit-related communications during the audit conclusion phase:
  - Announce to the agency that the audit has been concluded and the draft report received.
  - Distribute the agency follow-up plan to agency team members and provide direction as necessary to ensure successful plan implementation.
  - Review the agency follow-up plan with communications contact and agency audit team to determine need for external communications.
  - Prepare a summary of agency follow-up plan to distribute externally, if necessary.
- Implement the follow-up plan for improvements to internal processes and procedures.

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