



GEORGIA DEPARTMENT OF AUDITS AND ACCOUNTS



Overview

- What's new at DOAA?
- Client Satisfaction Survey Results (2014, 2015)
- DOAA Award of Distinction for Excellent Financial Reporting
- Accounting and Reporting issues
- FY 2016 Audit Cycle updates

DOAA Management Team

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DOAA Management Team

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Villa Rica Office

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DOAA Management Team

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DOAA Management Team

Sara Rohrbach – Manager II

Douglas Office

Manager I – Open Position

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Leesburg Office

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Macon Office

Manager I – Michele Moulton

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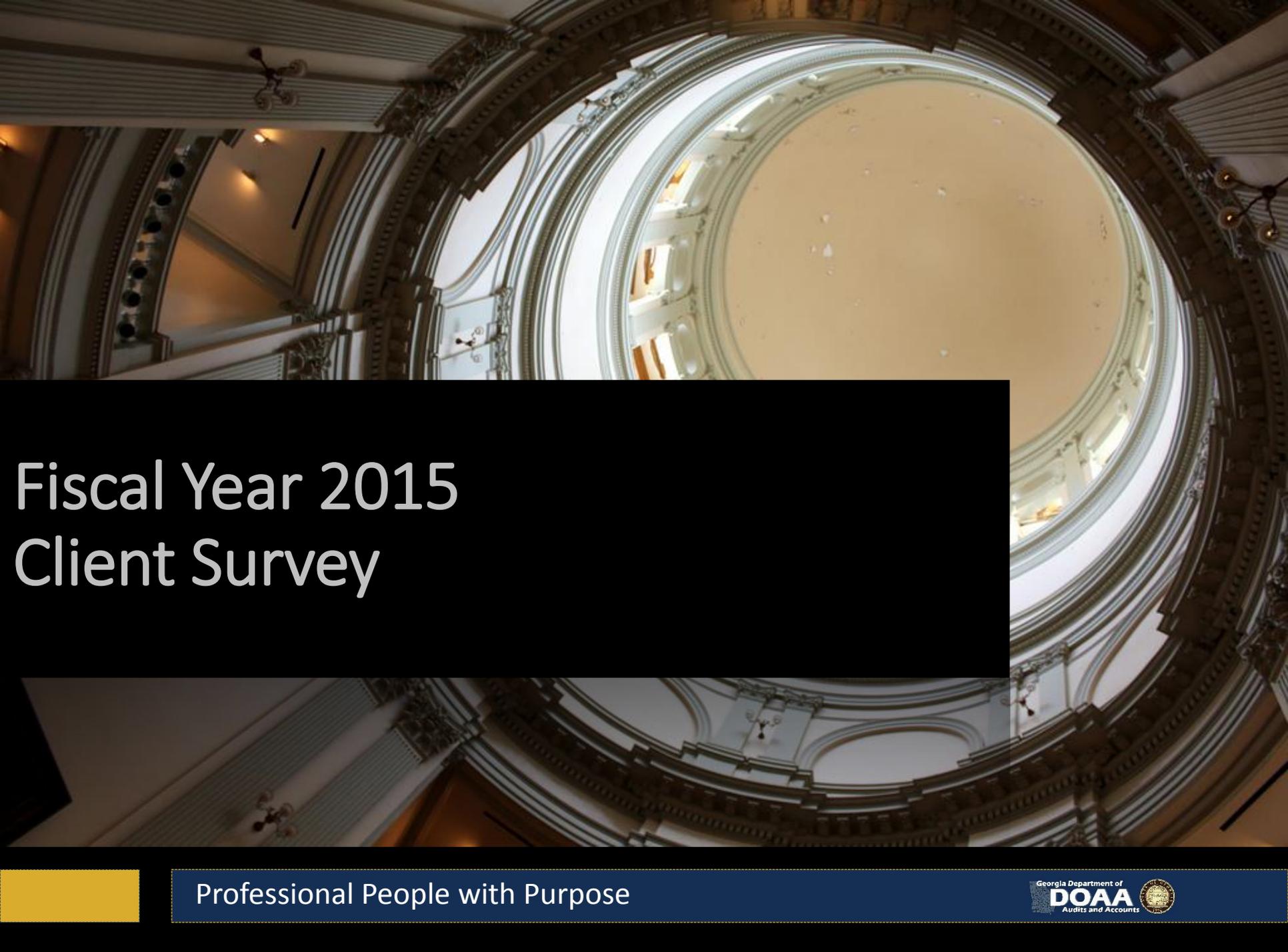
478-471-2084

Statesboro Office

Manager I – Caroline James

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Fiscal Year 2015 Client Survey

Professional People with Purpose

2015 Client Feedback Results

- Survey sent at the end of each engagement
 - Process was new for FY 2015
 - Surveys went directly to our PSP Division
 - We received summary data from PSP Division
 - We are currently following up on all of the results.
- 2014 – 65% response rate (70 of 108)
- 2015 – 80% response rate (39 of 49)

As of 4/18/2016

- **WE THANK YOU!**

2015 Client Feedback Results

Scoring

- Ratings of 4 (Agree) and 5 (Strongly Agree) are considered favorable ratings
- Our Goal – achieve > 80% favorable ratings for:
 - Audit process and client engagement
 - Effectiveness and fairness of audit communications and reporting

Drivers of Audit Process Quality

- Knowledge
 - Understanding of client organization
 - Staff continuity throughout engagement
 - Senior audit staff appropriately involved
- Communication
 - Discussion about audit purpose, scope and key milestones
 - Effective communication between the auditor and the organization
- Auditor interaction with auditee
 - Fieldwork performed timely
 - Meet agree-upon expectations re: communications, deadlines and deliverables
 - Responsiveness to client needs
 - Respectful of agency resources and time
 - Auditor professionalism

Drivers of Reporting

- Issues/Findings are clearly communicated
- Issues/Findings identified are fair and balanced
- Client organization is provided adequate opportunity to comment on issues, findings, etc. before finalization of the engagement
- Reports are issued timely

Scores

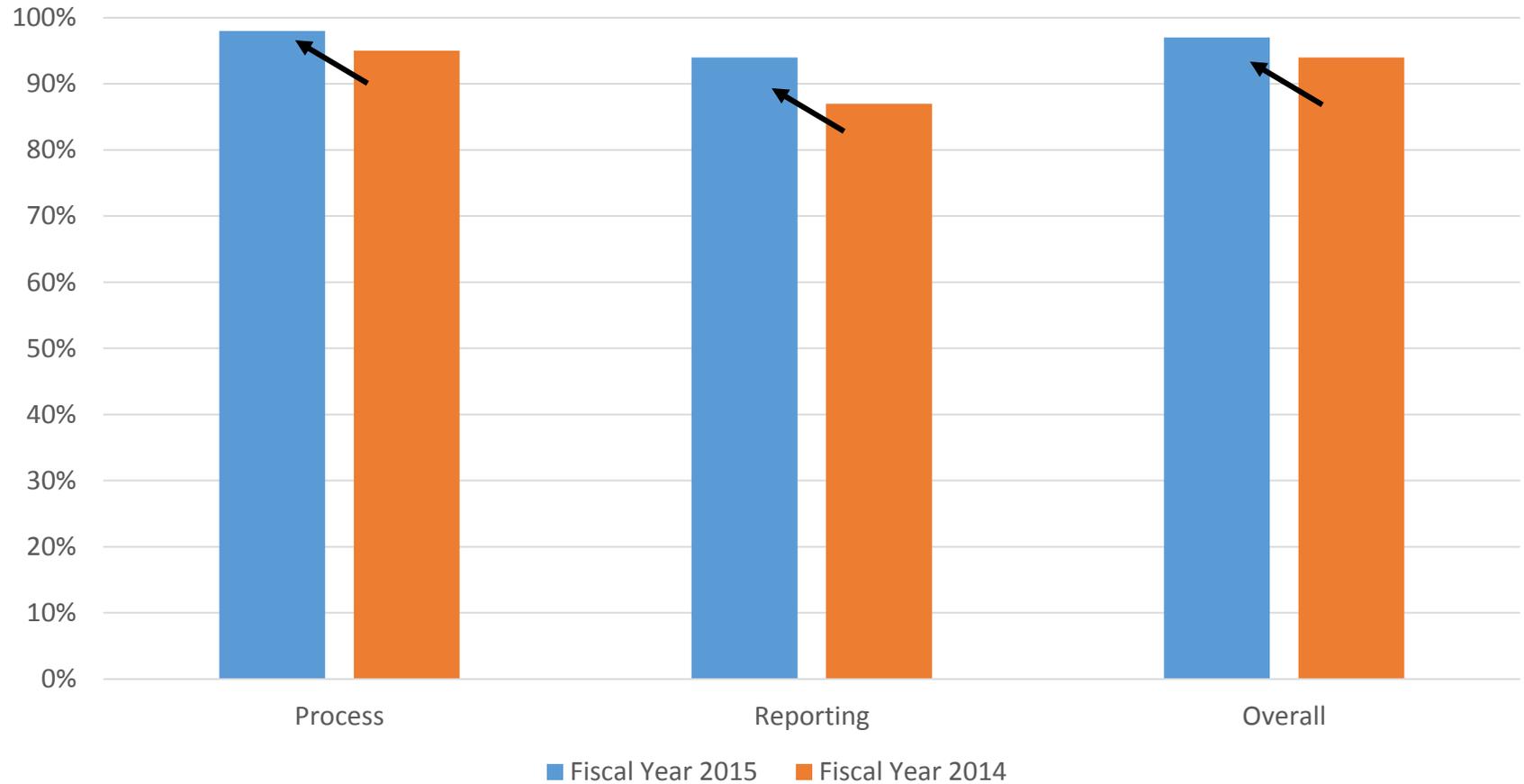
Actual Ratings	2014	2015
Process & Engagement	95%	98%
Communications & Reporting	87%	94%
Overall	94%	97%

Scores

Comparison Between Fiscal Years

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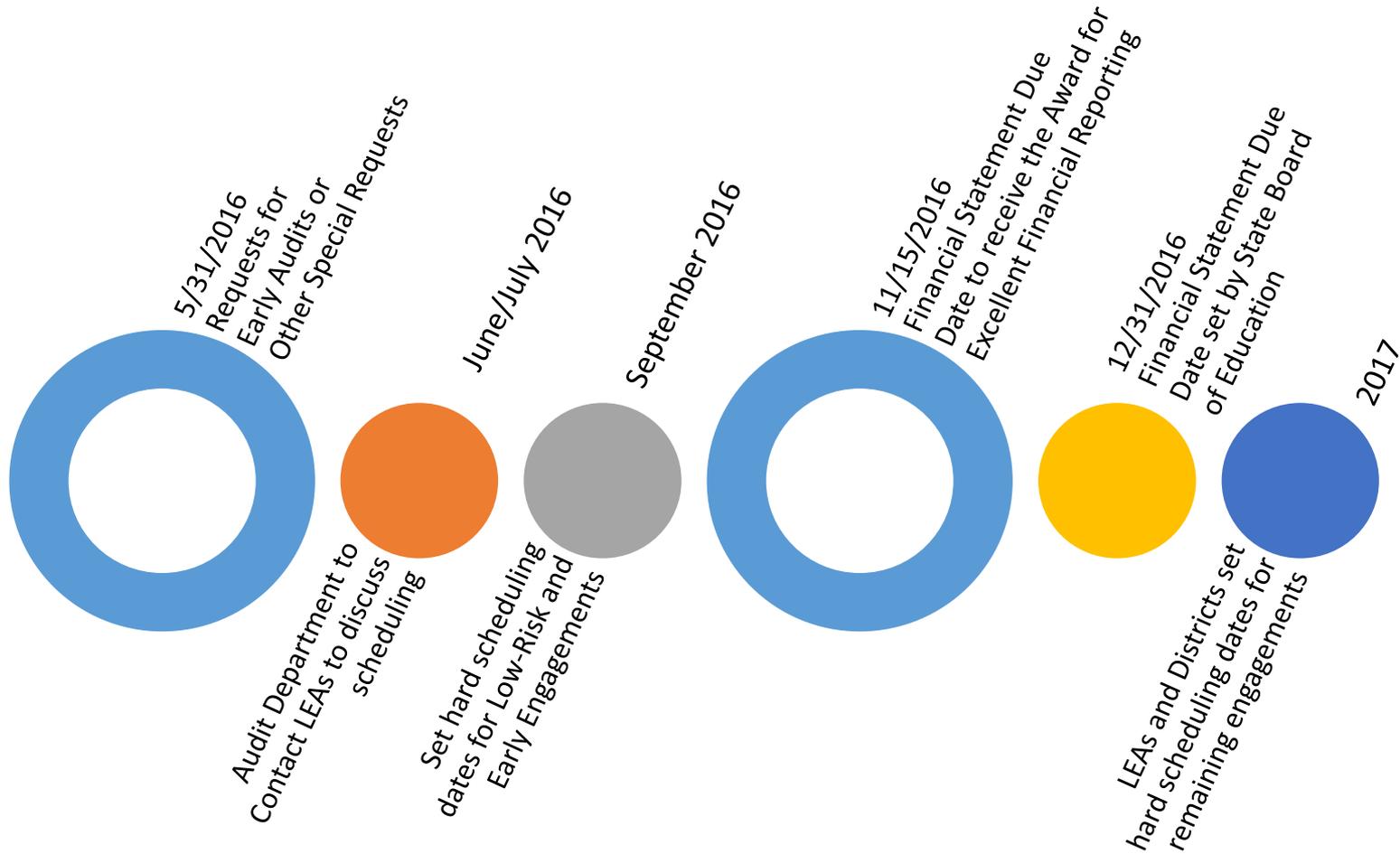
Percentage of Positive Feedback



Where DOAA will continue process improvement:

- Communication
 - Overall
 - Of Items Required and Response Time
 - Of Issues Identified
- Consistency
 - Deficiencies
 - Staffing
 - Training
- Timeliness
 - Fieldwork
 - Review to Report Release

DOAA Scheduling Plans





DOAA Award of Distinction for Excellent Financial Reporting

DOAA Award of Distinction for Excellent Financial Reporting

The Best Practice Criteria has been established to recognize better practices for financial reporting and controls. This Award of Distinction encourages Colleges, Universities and Local Boards of Educations to go beyond the minimum requirements of generally accepted accounting principles and recognize individual organizations that are successful in achieving that goal.

DOAA Award of Distinction for Excellent Financial Reporting

Criteria	Description of Best Practices
<p>Timeliness</p>	<p>Financial Statements including MD&A, note disclosures, required supplementary information and supplementary schedules and all key supporting evidence were available for auditors by November 15. Deadline extended to November 30 for FY2015 due to GASB 68 and 71 implementation.</p> <p>Compliance with Transparency in Government Act Accurate information submitted by the following established deadlines: Salary and Travel Information: August 15 and Audit History/Payments Files: October 1.</p>
<p>Quality of Financial Statements, Note Disclosures, Required Supplementary Information and Supplementary Information</p>	<p>First set of financial statements, MD&A, notes, required supplementary information and supplementary information provided for audit required only minimal adjustments during the audit.</p>

DOAA Award of Distinction for Excellent Financial Reporting

Criteria	Description of Best Practices
Quality of Audit Documentation	Full supporting documentation to substantiate financial statements provided in a timely manner. Evidence easy to locate and use for audit.
Resolution of Accounting Standards/Presentation Issues	Management resolved all accounting standards and presentation issues in a timely manner.
Key Staff	Key staff readily available and cooperative during the audit and did not contribute to any delays in finalizing the audit.
Number/Significance of Deficiencies Identified	No significant deficiencies or material weaknesses noted during the audit. No more than 3 to 5 control deficiencies reported within the management letter.
Clean Audit Opinion	Unmodified Opinion

DOAA Award of Distinction for Excellent Financial Reporting

Recognition:

1. List of entities receiving an Award of Distinction for Excellent Financial Reporting from DOAA published on our external website.
2. Award is presented at the Board meeting.
3. Press release about the Award of Distinction for Excellent Financial Reporting that could be reported in the local organ of the entity.

DOAA Award of Distinction for Excellent Financial Reporting - FY15 Recipients

Baldwin County

Bulloch County

Camden County

Charlton County

City of Chickamauga

City of Pelham

City of Vidalia

Coffee County

Coweta County

Crisp County

Dawson County

Decatur County

Early County

Evans County

Hall County

Mountain Education Center

Hart County

Houston County

Jasper County

Lee County

Lincoln County

Marion County

McDuffie County

Mitchell County

Putnam County

Taylor County

Thomas County

Washington County

Webster County

Accounting and Reporting Issues

Capital Asset Thresholds

- The dollar amount used to determine if a purchase qualifies as a capital asset.
- Common guidelines for establishing a threshold
 - Item should have an estimated useful life greater than a year.
 - Applied to individual items vs. group of similar items (unless this would eliminate significant amount of the total capital assets).
 - Size of the entity should be considered
 - Consider the federal guidelines placed on federally funded equipment.

Capital Asset Thresholds

- When thresholds are set too high the risk of loss and misuse increase significantly.

Pension Reporting Update

In FY 2015 the TRS contribution amounts included the on-behalf payment in the Retirement note and Schedule of Contributions.

Employer contributions for the current fiscal year and the preceding two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>
2015	100%	\$ [REDACTED]
2014	100%	\$ [REDACTED]
2013	100%	\$ [REDACTED]

Contractually required contribution	\$	0.00
Contributions in relation to the contractually required contribution	\$	0.00
Contribution deficiency (excess)	\$	0.00
School District's covered-employee payroll	\$	0.00
Contributions as a percentage of covered-employee payroll		0.00%

Pension Reporting Update

- The on-behalf payment amount will NOT be included in the TRS contribution amount included in the notes or the Schedule of Contributions for FY2016.
- The contribution amount should only be what was paid by the School District.
- There will be an additional sentence in the notes that will include the District's required percentage of contributions and the state required percentage for your entity.

Spectrum/Airwaves Leases

- Researching the different types of leases and possible reporting implications
- If you have a Spectrum/Airwaves lease, send the lease agreement to branchtb@audits.ga.gov

Census Data Testing

- Plan auditor selects a representative group of employers each year on a rotating basis of underlying payroll records of employees
- Testing of census data will be performed at the selected sites.
 - A separate examination engagement is performed
 - Will review data such as hire date, birth date, salary reported, etc. and compare to data the plan has.
 - Selected sites have already received an email from Ed Kemp indicating testing will occur during May

Census Data Testing

TRS

BALDWIN COUNTY SCHOOLS
BANKS COUNTY SCHOOLS
BARROW COUNTY SCHOOLS
CAMDEN COUNTY SCHOOLS
CLAYTON COUNTY SCHOOLS
EARLY COUNTY SCHOOLS
EMANUEL COUNTY SCHOOLS
HART COUNTY SCHOOLS
MCINTOSH COUNTY SCHOOLS
MONTGOMERY CO SCHOOLS
PAULDING COUNTY SCHOOLS
ROCKDALE COUNTY SCHOOLS
ROME CITY SCHOOLS
TELFAIR COUNTY SCHOOLS

ERS

GWINNETT COUNTY SCHOOLS
ROCKDALE COUNTY SCHOOLS

Census Data Testing

PSERS

CARROLL COUNTY SCHOOLS
CITY OF CALHOUN SCHOOLS (GORDON)
CITY OF CARTERSVILLE SCH (BARTOW)
CITY OF DALTON SCHOOLS (WHITFIELD)
CLAYTON COUNTY SCHOOLS
DEKALB COUNTY SCHOOLS
ELBERT COUNTY SCHOOLS
EVANS COUNTY SCHOOLS
EVANS COUNTY SCHOOLS

FLOYD COUNTY SCHOOLS
GILMER COUNTY SCHOOLS
HARALSON COUNTY SCHOOLS
LIBERTY COUNTY SCHOOLS
MCDUFFIE COUNTY SCHOOLS
MONROE COUNTY SCHOOLS
PAULDING COUNTY SCHOOLS
WASHINGTON COUNTY BOE

P-card Transaction Reporting

- Beginning with the FY 2018 reporting cycle
 - Will stop reporting at the summary level
 - This increases transparency and provide more relevant data to public.
 - Begin reporting P-card data with 2 levels of detail
 - Vendor Name
 - Purchase Description
 - Date of Purchase
 - Purchase Amount

MD&A

- Management's Discussion and Analysis
- Required Supplementary Information – GASB 34
- Purpose is to provide an **objective** and easily readable **analysis** of the government's financial activities
- Management's analysis – Auditor role is to ensure that the required elements exist

Elements of an MD&A

Provide an analysis of the government's overall financial position and results of operations to assist users in assessing whether that financial position has improved or deteriorated as a result of the year's activities

- Analysis should address important economic factors that affected the results of operations (changes in tax base)
- Explain *reasons* for significant changes in:
 - Financial Position
 - Results of operations
 - Significant changes in Net Position
 - Significant changes in Fund Balance

Elements of an MD&A

Provide an analysis of the government's overall financial position and results of operations to assist users in assessing whether that financial position has improved or deteriorated as a result of the year's activities

- Not an analysis

“Net position increased by \$2 million in the current fiscal year.”

- Analysis

“Net position increased by \$2 million in the current fiscal year due to an increase in the millage rate of 1.5 mills approved by the Board of Education”

Elements of an MD&A

Provide an **analysis** of significant changes that occur in funds and significant budget variances.

- Why did variations occur?
- Reasons for changes in General Fund
 - Original Budget to Final Budget
 - Final amended budget to actual results

Elements of an MD&A

Describe capital asset and long-term debt activity during the year.

Examples:

- Construction-related commitments
- Changes in credit ratings
- Changes in Debt limitations

Elements of an MD&A

Discussion of *currently known* facts, decisions, or conditions that are expected to have a *significant effect* on results or operations.

Limit discussion to factors *already in place*

- *Bill that has been enacted*
- *Resolution adopted*
- *Contract that has been signed*
- *Award of major grant*
- *Settlement of lawsuit*
- *Major change in tax base*

MD&A – Auditor’s Responsibility

- Management’s analysis
- Omission does not affect the auditor’s opinion
- Auditor’s report must mention that required element is missing
- Auditor performs limited procedures



Grant Reform “Super Circular”



Uniform Grant Guidance – Audit Perspective

- We audit to the Compliance Supplement, which is not currently available
- Audit requirements – Threshold increased from \$500,000 to \$750,000
- The threshold for reporting known questioned costs has been raised from \$10,000 to \$25,000

Uniform Grant Guidance – Audit Perspective

- "Percentage of Coverage" Rule
 - Auditor is required to test a minimum percentage of total federal awards expended as major programs.
 - Decreased from 25 percent to 20 percent of total federal awards expended for low-risk auditees and from 50 percent to 40 percent for all others.

Uniform Grant Guidance – Audit Perspective

- Grant award numbers will be obtained to include in the heading of all federal findings. Districts should be able to obtain this information from their grantor agency.

2014-007 Inaccurate Financial Reports

Compliance Requirement: Reporting

Internal Control Impact: Material Weakness

Compliance Impact: Material Noncompliance

Federal Awarding Agency: U.S. Department of Labor

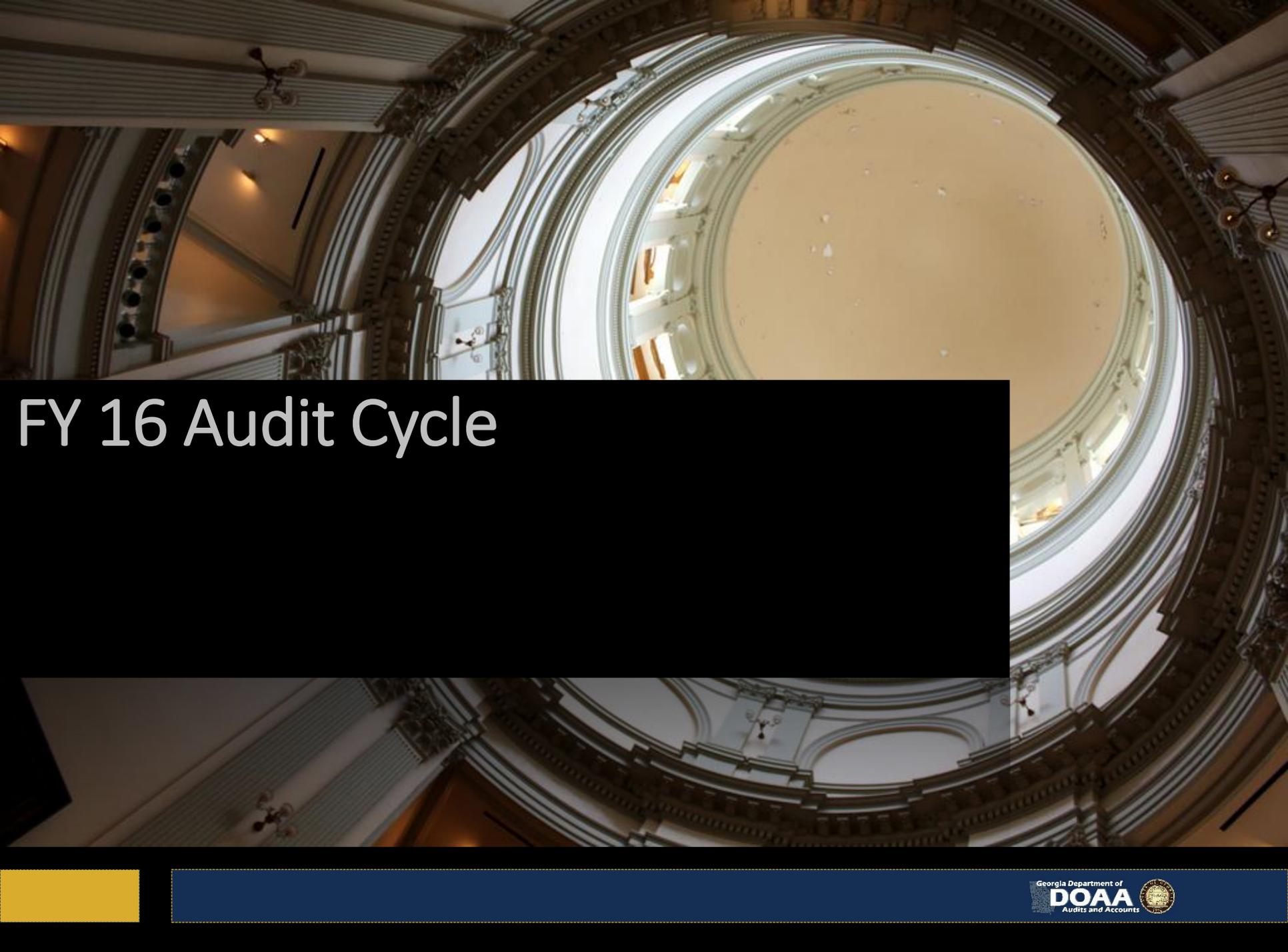
Pass-through Entity: None

CFDA Number and Title: 17.258 - WIA Adult Program

Federal Award Numbers: A2408-135 (Year: 2014), A2139-115 (Year: 2013)

Questioned Costs: None Identified

Repeat of Prior Year Finding: FA-422-13-03



FY 16 Audit Cycle



FY 2016 Audit Cycle

- Due Dates

- August 15 – Salaries and Travel Report (CS1). The TIGA website will open July 11, 2016.
- October 1 – Audit History File
- November 15 – Financial Statements (to qualify for Distinction for Excellent Financial Reporting Award)
- December 15 – SPLOST Schedule
- December 31 – Immigration Reporting. The website will be open on November 1, 2016.

FY 2016 Audit Cycle

- Financial statement and Note templates will be available on our website by July 31, 2016.
- Changes to risk assessment templates will be available by August 15, 2016.

www.audits.ga.gov

Q&A

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