

# **An Assessment of Local Government Audit Reports**

## **December 12, 2014**

### *Common Reporting Deficiencies*

#### Level 1 *(Must be corrected and report reissued)*

- Report does not cite GAGAS
- Auditor's Reports not signed
- Assets were expensed instead of being capitalized in Gov't Wide SONP
- Funds reported as Non-major but should have been Major
- The report does not include a Schedule of Special Purpose Local Option Sales Tax Projects or the Schedule is significantly deficient
- Entities expending \$500,000 or more of Federal awards did not have a Single Audit performed in accordance with OMB Circular A-133
- Yellow Book Letter on Internal Controls and Compliance were not included in the report
- Report lacks certification that 9-1-1 charges were expended in compliance with OCGA 36.81-7c

- Grant certifications were not included in the report
- Governmental Funds *Balance Sheet* not properly reconciled to the *Statement of Net Position*
- Governmental Funds *Statement of Revenues, Expenditures and Changes in Fund Balances* not properly reconciled to the *Statement of Activities*

Level 2 (Becomes Level 1 if repeated next year)

- Auditor's Report on the Financial Statements does not:
  - Identify the opinion units audited
  - Indicate the auditor's responsibilities
  - Indicate that the financial statements "present fairly, in all material respects" (Opinion)
  - Opine on the required budgetary comparison information when presented as a basic financial statement
  - Use report headings letter format
- GASB Statement 63 not properly implemented - references made to "Net Assets" instead of "Net Position"
- Non-major funds not properly aggregated and displayed in a single column

- The Notes to the Financial Statements did not disaggregate fund balances (restricted, committed, or assigned)
- The Notes to the Financial Statements do not properly disclose Capital Lease information
- The Notes to the Financial Statements do not disclose details about interfund transfers in the fund financial statements
- The Schedule of Findings and Questioned Costs does not include a *Summary of Auditor's Results*

### Level 3 (Recommendations Only)

- Each basic financial statement should contain a reference to the Notes to the Financial Statements
- The basic financial statements should be preceded by Management's Discussion and Analysis (MD&A)
- Combining financial statements should be presented for all non-major governmental fund types where more than one individual fund of a generic fund type is reported on the face of the fund financial statements
- Individual fund budgetary comparison statements should be included for non-major special revenue

funds, debt service funds, and capital project funds in supplementary information

- Regional Development Centers should be referred to as Regional Commissions per 2008 House Bill 1216

### Level X (State Law Compliance Items)

- SPLOST proceeds were not used exclusively for the purpose specified in resolution or ordinance
- An annual balanced budget was not adopted for all special revenue funds

### Agreed-Upon Procedures Report

- The independent accountant's firm registration had lapsed
- The report was submitted without the Report of Local Government Finances
- Reconciled cash balances (beginning and ending) do not agree with the amount shown on the Report of Local Government Finances