

LEGISLATIVE AUDIT DIVISION

Angus Maciver, Legislative Auditor
Kenneth E. Varns, Legal Counsel



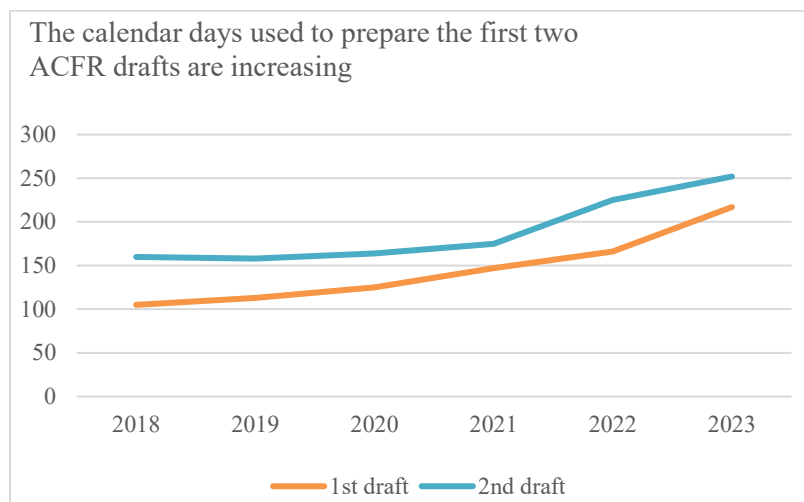
Deputy Legislative Auditors:
Cindy Jorgenson
William Soller
Miki Cestnik

MEMORANDUM

TO: Members of the Legislative Audit Committee
FROM: Cindy Jorgenson, CPA, Deputy Legislative Auditor *CJ*
DATE: April 22, 2024
RE: Single Audit Status Update

In October 2023, we notified this committee, our federal cognizant agent, and state agencies of our projected delay in Single Audit report availability. Based on data available at that time, we projected the report would be available late May 2024. We now project the report to be available July 2024. Several unanticipated factors contribute to our revised projection.

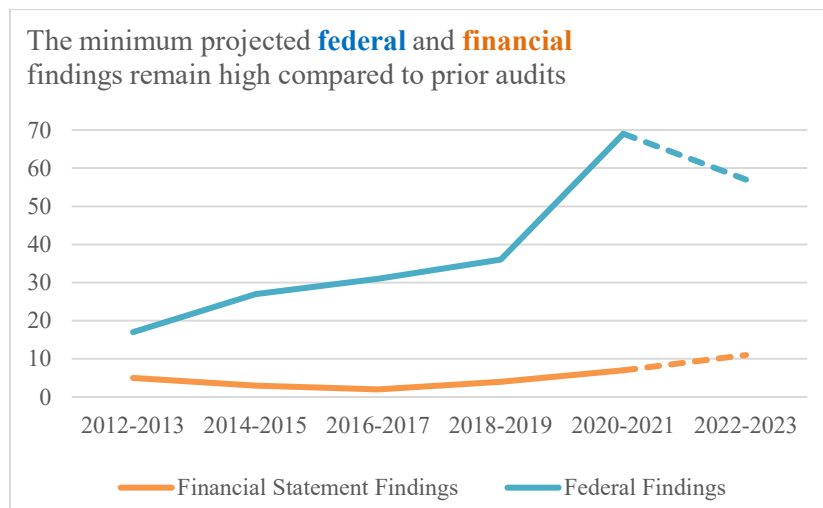
We received the first two ACFR drafts later than anticipated. The first draft includes financial statements and notes for the primary government. Component unit information and required supplementary information are included in the second draft. The following figure illustrates recent trends in ACFR draft availability. The Department of Administration implemented new financial reporting standards on leases and subscription-based information technology arrangements in fiscal years 2022 and 2023.



Our audits involve a high volume of information requests. It is normal for agencies to need two or three weeks to provide the information associated with our more extensive requests. Longer wait times impacted 60 percent of the federal programs being tested. Wait times ranged from two weeks to nearly seven months. Most were between one and three months. We've worked with agency personnel to address the longer delays. Some of the positions responsible for federal programs experienced turnover since the prior Single Audit; we understand the complexity of federal programs requirements and empathize with new agency personnel working to provide us documentation prepared by their

predecessors. In these situations, our team explained the audit process, federal requirements and our information needs in more detail. Agency workload also contributed to the delays, as agency personnel continue to implement new pandemic related federal assistance programs or expand existing programs. Recent changes in audit standards require us to discuss significant difficulties encountered during the audit with those charged with governance of the agency. Significant difficulties include significant delays, unavailability of agency personnel, or unwillingness to provide information necessary to perform our procedures. These discussions are occurring and will continue to occur. We will be providing additional context during the Single Audit presentations in September.

We continue to experience changes in our workload related to volume and complexity of findings development. We are seeing an increase in the time required to analyze transaction data and other types of evidence associated with these findings. We are also spending more time working through the issues with both state and federal agency personnel. The following figure illustrates the minimum number of findings we expect to develop as compared with prior Single Audits.



We are identifying changes to enhance timeliness of the next Single Audit. This includes a more collaborative audit scheduling process where we proactively work with agency management to establish reasonable, finite deadlines to fulfill information requests. We also need to continue to evaluate workload as part of our financial audit model reform efforts and provide additional training and supported work experiences to new team members encountering complex federal work. Issuing future Single Audit reports timely is a shared responsibility. We hope these measures will allow us to achieve timely completion in the future.