

LEGISLATIVE AUDIT DIVISION

Angus Maciver, Legislative Auditor
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Deputy Legislative Auditors:
Cindy Jorgenson
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MEMORANDUM

TO: Members of the Legislative Audit Committee
FROM: Renee Luster, Associate Financial-Compliance Auditor
Jeane Carstensen-Garrett, Financial-Compliance Audit Manger
DATE: September 12, 2024
RE: Financial Audit Model Reform – method of follow-up for prior audit recommendations

As part of our transition to the new financial-compliance audit model envisioned under HB 132 of the 68th Legislative Session, we identified that *Government Auditing Standards* (Yellowbook) require us to perform procedures to determine the implementation status of recommendations issued from our audits that we do not anticipate will reoccur at least biennially.

To meet the requirements, we will:

- 1) Track recommendations that require follow-up.
- 2) Document our audit work.
- 3) Document the implementation status of recommendations, including whether additional follow-up is necessary.

Follow-up procedures will typically be performed nine to sixteen months after the recommendation is issued, however this timeline is flexible given various factors. We will prepare memos to the Legislative Audit Committee with the implementation status of all prior audit recommendations, no less than annually. We anticipate our procedures used and summaries provided will be similar to those already in use by the Performance and Information Technology audit teams. Because our Single Audit and Annual Comprehensive Financial Report (ACFR) audit recur at least annually, implementation status of those recommendations will be handled by the subsequent audits.

We determined what was most appropriate for our office based on discussions with Will Soller, Deputy Legislative Auditor of Performance Audits, and Miki Cestnik, Deputy Legislative Auditor of Information Technology Audits, as well as a survey of other state audit organizations' best practices.

We welcome any input you have regarding this step in our transition process.