

LEGISLATIVE AUDIT DIVISION

Angus Maciver, Legislative Auditor
Deborah F. Butler, Legal Counsel



Deputy Legislative Auditor:
Cindy Jorgenson

MEMORANDUM

TO: The Legislative Audit Committee
FROM: Angus Maciver, Legislative Auditor *AM*
DATE: October 5, 2020
RE: Introduction of concepts for cyclical Audit Committee training

As part of ongoing efforts to improve Legislative Audit Division processes and products, staff have identified the need for more proactive communication with the Audit Committee membership on certain issues/topics. With the concurrence of the committee, we are proposing the establishment of a regular cycle for committee training. Throughout the course of each biennium, each committee meeting will feature time/agenda items focusing on different aspects of the audit process and the work of the division. The general approach will be to ensure committee members receive a complete curriculum of training topics over a 2-year period. In addition to this regular training cycle, staff can also provide more specific information on one-time basis.

The following topics or issues have been identified by staff as being potentially useful or interesting for committee members. We would welcome any further input directly from the committee on topics or issues they would like to see included in the proposed training curriculum.

Audit Authority / Legal Considerations

- Constitutional and statutory basis and authority for the legislative audit function
- Audit independence and legal and professional standards relating to independence
- Audit access to information and confidentiality (state and federal laws)
- The Hotline function and investigations of allegations of fraud, waste or abuse

Financial-Compliance Audit

- Audit Standards: Laying the Foundation
 - Yellow Book general requirements
 - AICPA standards
 - AICPA Code of Professional Conduct
- Audit Planning: Establishing Scope
 - Types of Audits
 - Audit objectives
 - Materiality and the needs of financial statement users
 - Risk assessment process
- Audit Fieldwork: Nuts and Bolts of Audit Work
 - Types of testing
 - Communicating with Management and Those Charged with Governance
- Audit Conclusions: Putting it All Together

- Evaluating results
 - Opinion determination
 - Report Process
- Audit Report: Final Product
 - Using the Auditor's Opinion and Report on Internal Control and Compliance
 - The importance of the opinion date
 - Reading the Financial Schedules and Financial Statements
 - History behind the Financial Schedule format
- Other Topics
 - Involvement in municipal securities filings
 - Subsequent discovery of facts
- Single Audit

Performance & Information Systems Audit

- Professional standards
- Identification, selection and prioritization of potential audits
- Risk assessment and planning procedures
- Audit fieldwork methodology
- Report development and relationships with agencies
- Follow-up procedures

General Division Management

- Professional membership organizations and interactions with peers
- Peer review programs
- Recruitment, staff structure and pay plan administration
- Information technology and the audit process
- Budget development
- Strategic planning and reporting of results