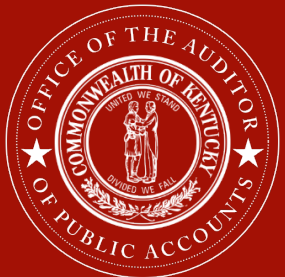


What is an Audit?

New Officials Training



Agenda

- About the APA
- Auditee and Auditor Responsibilities
- Audit Process



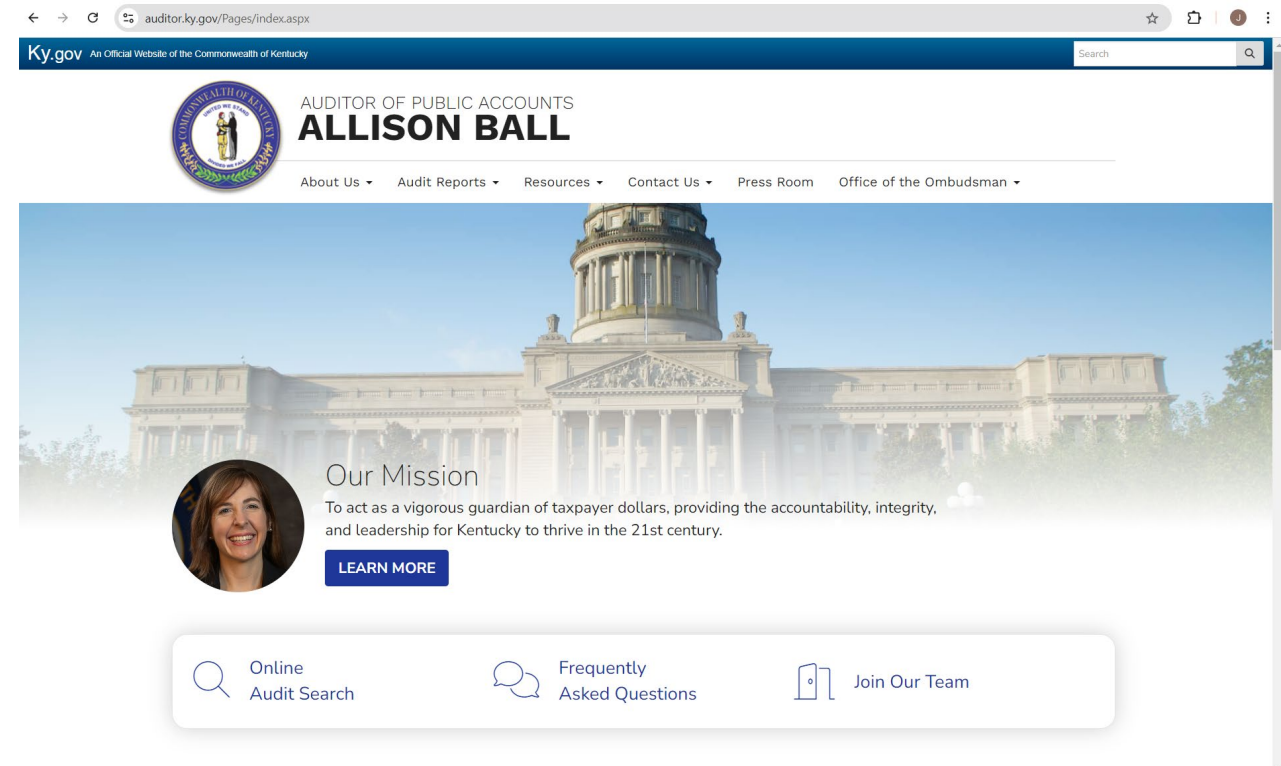
Auditor of Public Accounts (APA)

- Constitutionally separate, elected office
- Authority per KRS 43.050
- Allison Ball is serving as the 48th Kentucky Auditor



Who We Are

- Public Servants
- County Branch covers all of the Commonwealth and is divided into four regions – Central, Northeast, Southeast, and West.
- www.auditor.ky.gov



What We Do

KRS 43.070(1) –
“The auditor shall
audit annually the
funds in the
County Budget.”

Perform over
600 audits
annually

Include audits of –
state agencies,
fiscal courts,
county sheriffs,
county clerks



What We Cannot Do

- Make decisions for your entity
- Advise you in hiring/firing/HR
- Review our own work
- Be part of your internal control system





What An Audit Is

- Independent review of financial information
- Opinion on if the financial statement (4th Quarter Report) is materially accurate
- Sample of transactions
- Provides recommendations for management to improve processes
- Valuable management tool and service for the taxpayers



What an Audit Is NOT

- An audit does not check every transaction
- An audit does not confirm that everything is perfect
- You cannot ace an audit
- It does not mean there is not fraud
- You should not think a clean opinion means you can relax controls or oversight

Three Main Users of an Audit

- Citizens/Taxpayers
 - Taxes paid vs services received
 - Publicly Accountable
- Legislative and Oversight Bodies
 - Department for Local Government, County Fiscal Court, Federal Granting Agencies, State Legislators
- Creditors
 - Lenders – Use to estimate the ability of the entity to repay all loaned funds and related interest charges



Your Responsibilities

- Preparation and fair presentation of the financial statement (4th Quarter Report)
- Establish and maintain internal controls
- Design and implement controls to prevent and detect fraud
- Ensure compliance with applicable laws and regulations
- Communicate with auditors
- Provide auditors with access to all information and records relevant to financial statement

Auditor Responsibilities

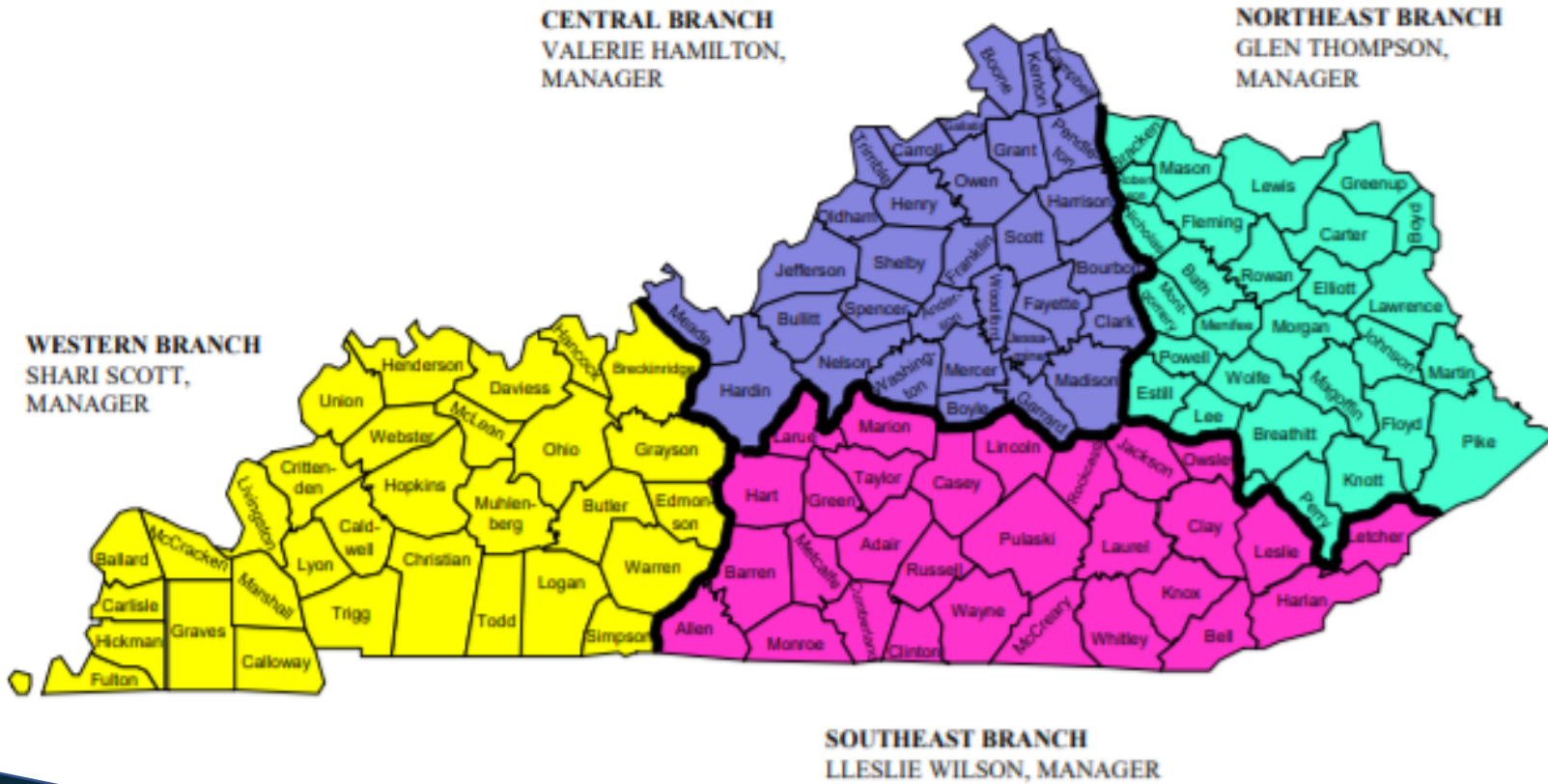
- Conduct audit in accordance with:
 - Auditing standards generally accepted in the U.S. (GAAS)
 - Standards for financial statement audits contained in Government Audit Standards
 - Audit Guides issued by APA
- Maintain independence
- Plan and perform audit to obtain reasonable assurance the financial statement is free from material misstatement
- Evaluate accounting policies used by management and presentation of financial statement
- Consideration and understanding of internal controls



Audit Process



OFFICE OF FINANCIAL AUDITS
JIM ROYSE, Executive Director





Auditor of Public Accounts

- **Northeast Branch – Glen Thompson**
 - Ext. 2919 glen.thompson@ky.gov
- **Central Branch – Valerie Hamilton**
 - Ext. 2862 valerie.hamilton@ky.gov
- **Southeast Branch – Lleslie Wilson**
 - Ext. 2866 lleslie.wilson@ky.gov
- **Western Branch – Shari Scott**
 - Ext. 2881 shari.scott@ky.gov
- **Quality Assurance Branch – Liz Lowe**
 - Ext. 2926 liz.lowe@ky.gov
- **Executive Director – Jim Royse**
 - Ext. 2924 james.royse@ky.gov
- **Deputy State Auditor – Shawanna Crouse**
 - shawanna.crouse@ky.gov

Questions?

