

# INTERNAL AUDIT

.....so what *is* it?

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**City Auditor**

**City of Fort Worth, Texas**



# Internal Auditing...

.....is an independent, objective activity designed to add value and improve an organization's operations. Our work helps an organization achieve its Mission and Objectives

.....is foundational to strong corporate governance, risk management, effective internal control, and efficient operations.

## International Professional Practices Framework

The Institute of Internal Auditors (IIA) sets the standard for the way internal auditing is practiced around the world through the International Professional Practices Framework (IPPF). **Establish Performance Standards and Attribute Standards for the practice of Internal Audit**



## Generally Accepted Governmental Auditing Standards (GAGAS)

Promulgated by the Comptroller General of the United States. Provides a set of professional standards establishing a framework for performing high quality audit work with competence, integrity, objectivity, and independence to provide accountability and to help improve government operations and services. **Establish standards for Financial Audits, Attestation Engagements and Reviews of Financial Statements, and Fieldwork and Reporting for Performance Audits**

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**GAO**

United States Government Accountability Office  
By the Comptroller General of the  
United States

July 2018

**GOVERNMENT  
AUDITING  
STANDARDS**

2018 Revision

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GAO-18-560

# Reference Guides Commonly Used by Internal Auditors to Scope Internal Audit Engagements

- **COBIT** – a framework created by ISACA for information technology management and IT governance
  - **International Organization for Standardization (ISO)** – International standards setting bodies that collaborate in the development and promotion of international standards for technology, scientific testing processes, working conditions, societal issues, etc.
  - **National Institute of Science and Technology (NIST)** – Special Publication 800-53 for Privacy and Cybersecurity
  - **Financial Accounting Standards Board (FASB)** - Accounting Standards Codification
  - **Governmental Accounting Standards Board (GASB)** – Standards, Guidance and Pronouncements
  - **Six Sigma** – a set of techniques and tools focused on achieving measurable and quantifiable process improvements
  - **Information Technology Information Library (ITIL)** – a set of detailed practices for IT activities such as IT Service management and IT Management that focuses on aligning IT services with the needs of the business
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- **OCEG** – GRC Capability Red Book Capability Model

# 10 Core Competencies

## The IIA Global Internal Audit Competency Framework

- Professional Ethics
  - Internal Audit Management
  - International Professional Practices Framework (IPPF)
  - Governance, Risk and Control
  - Business Acumen
  - Communication
  - Persuasion and Collaboration
  - Critical Thinking
  - Internal Audit Delivery
  - Improvement and Innovation
-

# High Level Comparison

## Internal Audit

Broad focus

- Reliability of Financial and Operational Reporting
- Efficiency/Effectiveness of Operations
- Organization's Mission and Objectives
- Compliance with laws, policy
- Safeguarding assets

Diverse skills required

Integral part of the organization

## Financial Statement Audit

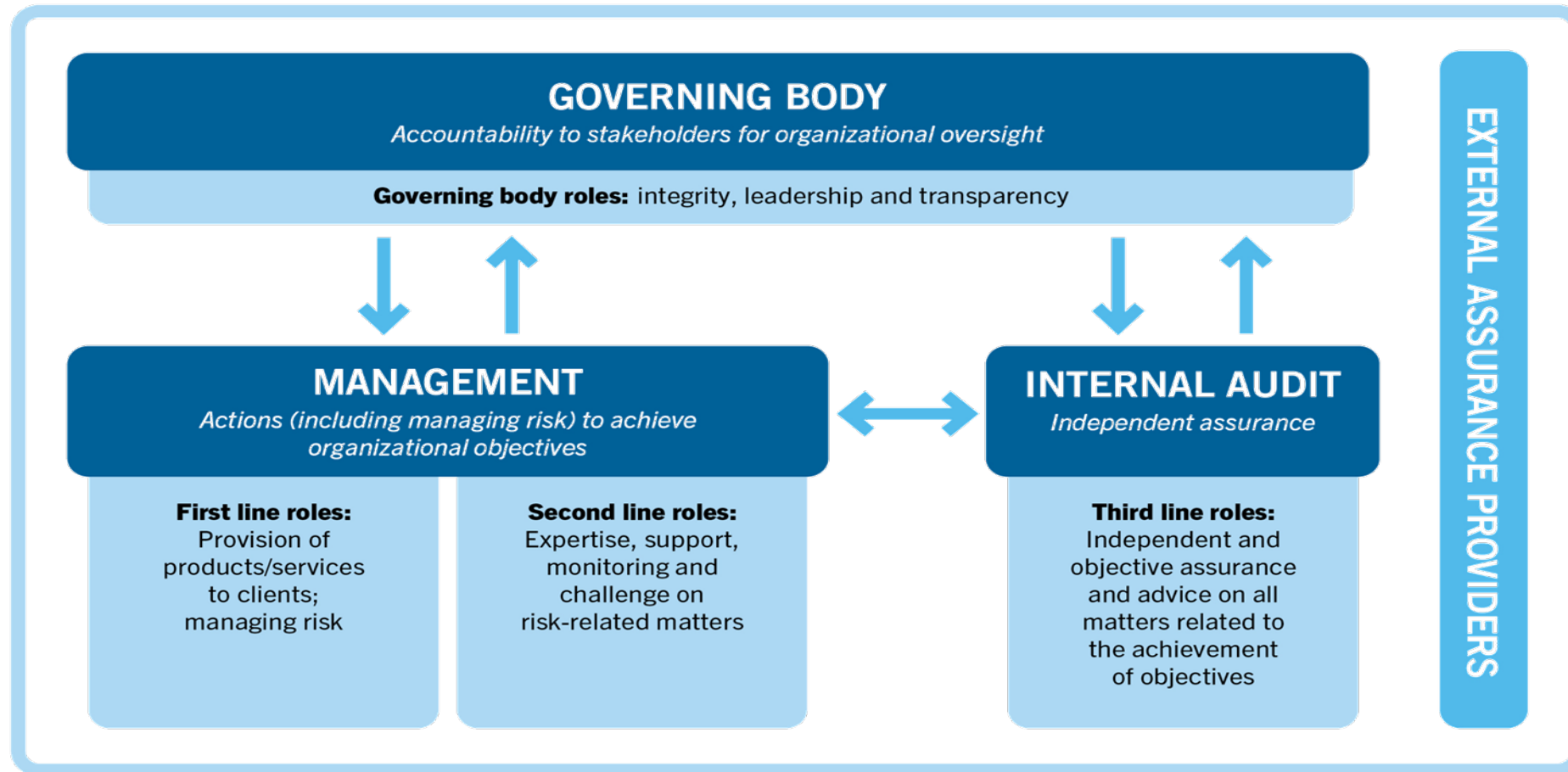
Specific focus

- Accurate financial statements
- Going concern
- Reviewing historical data
- Compliance with accounting & other regulations

Primarily accounting skills

Independent from the organization

# The IIA's Three Lines Model



**KEY:**    ↑ Accountability, reporting    ↓ Delegation, direction, resources, oversight    ↔ Alignment, communication coordination, collaboration

# Value Proposition of Internal Audit staff



- Offer objective assurance
- Provides insight
- Improve effectiveness and efficiency
- Long-term sustainability



# What do Internal Auditors do?

- Evaluate risks
  - Assess controls
  - Improve operations
  - Review processes & procedures
  - Assure safeguards
  - Provide insight & foresight
  - Communicate results & recommend action
- 



# Value of Internal Audit professionals



Find out what's working and what's not



Keep an eye on the corporate culture



Look at the organization objectively



Bring organization-wide perspective



Advocate improvements



Raise red flags



Tell it like it is



Trusted advisor

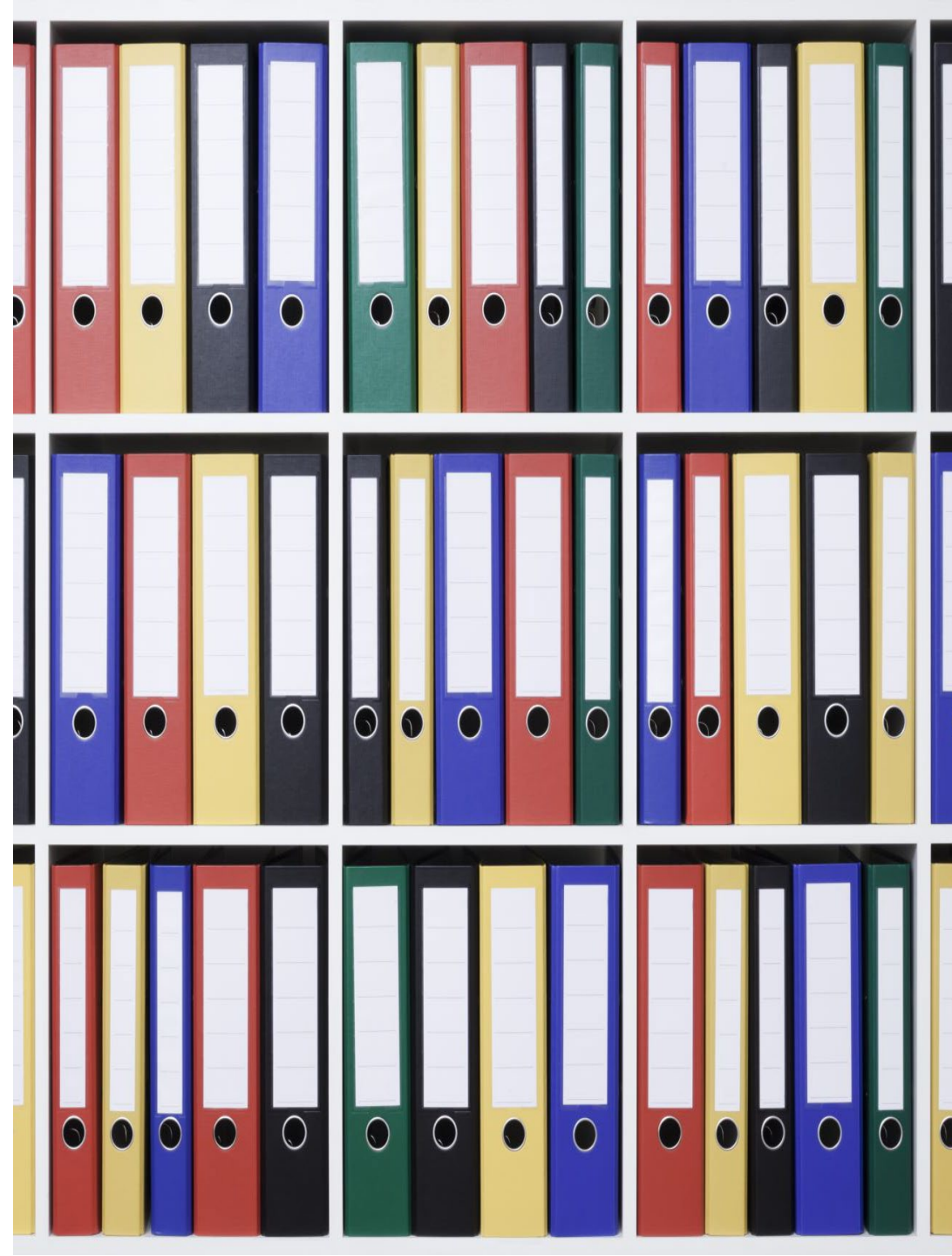


# System of Internal Control

- A broad, cohesive system (collection of inter-related, integrated components) effected by and entity's Board, Management, and other personnel, designed to provide reasonable assurance regarding the safeguarding of assets, reliability of financial and operational reporting, compliance with laws and obligations, and the efficiency and effectiveness of operations.

# System of Internal Control Objectives

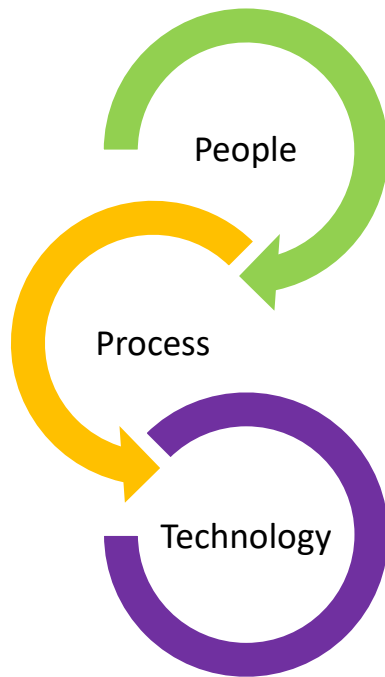
- Reliability of financial and operational reporting
  - Compliance with laws and obligations
  - Safeguarding of assets
  - Efficiency and effectiveness of operations
- NOTE: The system of internal control within an entity should be designed to enable the successfully, timely achievement of the above objectives, all of which serve the purpose of helping an entity achieve its mission, objectives and goals!!!



# Organizational Enablers

## The Elements

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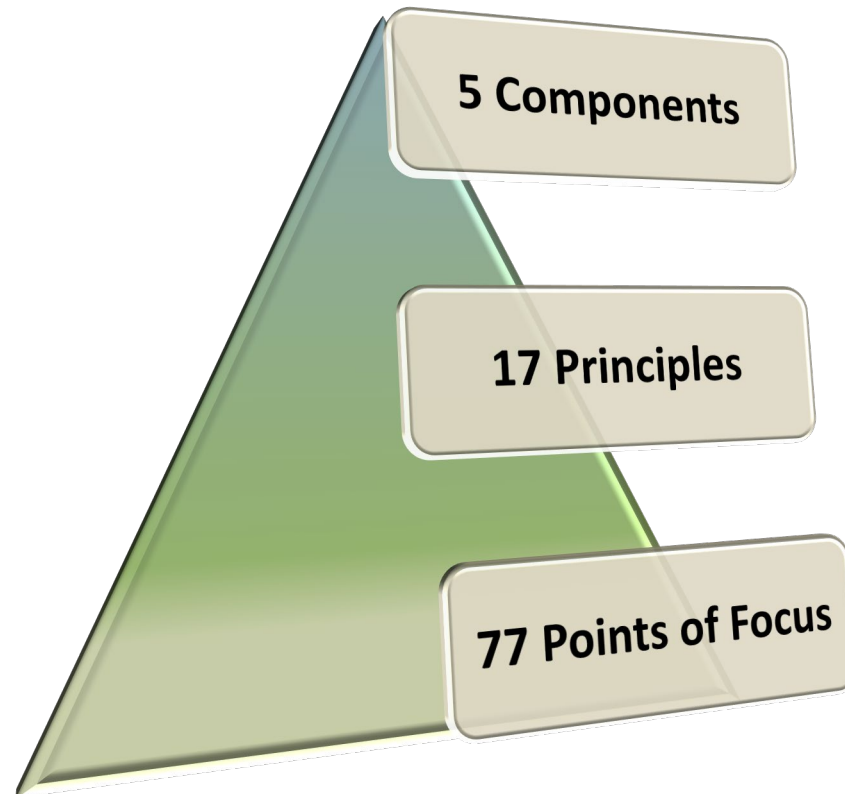
## Their effect on the organization

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- Without these collective elements, nothing within an organization occurs
- These enablers may serve, at different times, as an organizational driver, a organizational road-block, or an organization's guard rails; they exist within every single organization
- What, How, When, Where, Why elements either interact or don't is a key to understanding, evaluating and improving the system of internal control
- The direction, misdirection, organizational support or lack there of with respect to enabler priorities is the source of many organization successes and failures!!!!

# System of Internal Control: A Conceptual (working) Framework

Purpose of the Framework...to assist in the design and guide the development for an **Effective System of Internal Control**, it consists of Components, Principles and Points of Focus, and its **“effectiveness” can only occur when all 5 Components and 17 Principles are present, functioning and operating together**



These serve to establish the foundation for an Effective System of Internal Control within an organization through directed leadership, shared values and a culture that emphasizes accountability for internal control.

Attribute domains associated with Components; they are generalized Risk clusters that can adversely affect impact achieving Organizational and Internal Control objectives if not sufficiently adhered to

Points that provide general, actionable guidance to meet a given Principle. These are general examples of how one might consider to address a particular Principle.



# FRAMEWORK Components and Principles

Components		Principles
<b>The Control Environment</b>	It is the foundation for an internal control system. It provides the discipline and structure to help an entity achieve its objectives.	<ol style="list-style-type: none"> <li>1. Demonstrate commitment to integrity and ethical values</li> <li>2. Exercise oversight responsibility</li> <li>3. Establish structure, authority, and responsibility</li> <li>4. Demonstrate commitment to competence</li> <li>5. Enforce accountability</li> </ol>
<b>Risk Assessment</b>	This component assesses the risks facing the entity as it seeks to achieve its objectives. The assessment provides the basis for developing appropriate risk responses.	<ol style="list-style-type: none"> <li>6. Define objective and risk tolerances</li> <li>7. Identify, analyze, and respond to risks</li> <li>8. Assess fraud risk</li> <li>9. Identify, analyze, and respond to significant change</li> </ol>
<b>Control Activities</b>	The actions management establishes through policies and procedures to achieve objectives and respond to risks in the internal control system, which includes the entity's information system.	<ol style="list-style-type: none"> <li>10. Design control activities to achieve objectives</li> <li>11. Design control activities for entity's information systems</li> <li>12. Implement control activities through written policies</li> </ol>
<b>Information and Communication</b>	The quality information that management and personnel communicate and use to support the internal control system.	<ol style="list-style-type: none"> <li>13. Use quality relevant information</li> <li>14. Communicate internally</li> <li>15. Communicate externally</li> </ol>
<b>Monitoring Activities</b>	Activities management establishes and operates to assess the quality of performance over time and promptly resolve the findings of audits and other reviews.	<ol style="list-style-type: none"> <li>16. Establish and perform monitoring activities</li> <li>17. Identify and remediate deficiencies in a timely manner</li> </ol>

# System of Internal Control: Why should I care about it?

- Once you understand how it works, it can then be used as a diagnostic tool to identify areas within your respective areas that pose a higher than reasonable level of risk to the successful, timely achievement of organizational mission, objectives and goals.
- Once you understand where unreasonable levels of risks exist within an organization, you can then, using your knowledge of the design of a system of internal control, work towards developing and implementing solutions to manage the risk to an acceptable level, which then helps to increase the likelihood of successfully achieving our mission, objectives and goals within your own organizations.



# Common Process Objectives

- Financial
  - Operational
  - Compliance
  - Strategic
-

# Common Process Objectives

Key Questions for you to consider when doing a risk assessment might include:

- What could happen? List risks, incidents or accidents that might happen systematically working through each competition, activity or stage of the event to identify what might happen at each stage?
  - What is the likelihood of them happening?
  - How and why can it happen? List the possible causes and scenarios or description of the risk, incident or accident.
  - What constitutes a material risk to our company?
  - How much risk are we willing to accept?
  - What will be the consequences if they do happen?
-

# Reviewing the Design and Operating Effectiveness of Internal Controls

## Common Procedures Used by Internal Auditors

- Inquiry
  - Observation
  - Inspection
  - Vouching/Tracing
  - Re-performance
  - Recalculation
  - Review
-

## Common Warning Signs of Heightened Risk of Internal Control Failure

- Lack of management oversight or monitoring and/or process-people not supported by management
- Lack of right people, with right skills and training to knowledgeably perform the process tasks and activities in coordinated sequence timely; process is not understood by people performing the tasks functionally and/or cross functionally
- Lack of adequate level of communication/dialogue/openness between people with interfacing tasks (input/output/hand-offs)
- Lack of performance measures/standards/criteria/reports to adequately distinguish and drive good vs. bad performance (i.e. lack of accountability)
- Failure to follow instructions; failure to update procedures to account for changing requirements; process does not evolve with changing business requirements)
- Lack of monitoring periodically to enable timely decision making in taking corrective action

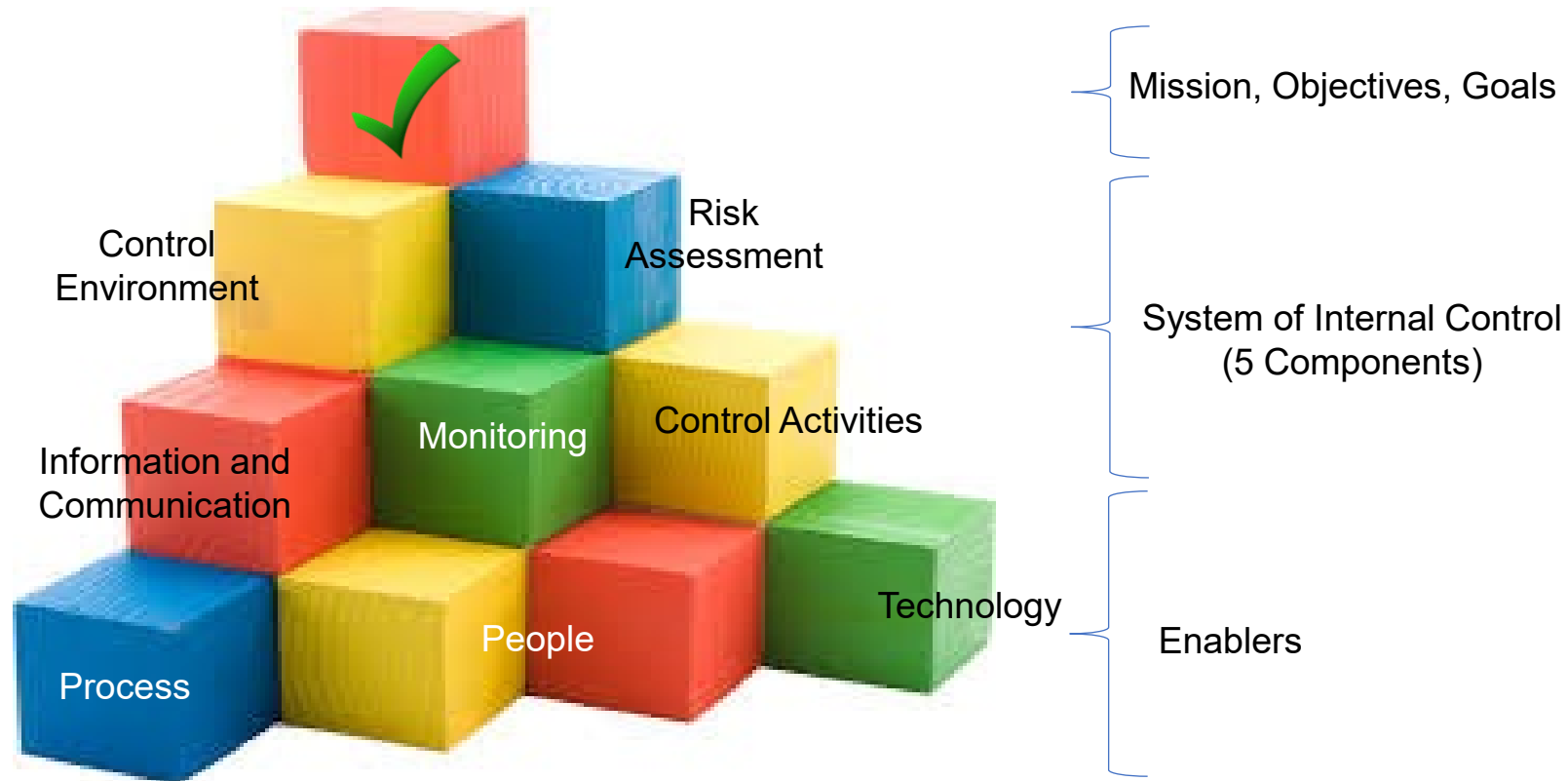
# Common Warning Signs of Heightened Risk of Internal Control Failure

- Lack of people who care who are performing the process tasks;
  - Lack of process documentation to communicate/translate how a process's tasks, sequence, activities, roles/responsibilities, measurements, are designed and are supposed to work
  - Control environment encourages potentially skirting rules to achieve results ; questionable management override of process controls;
  - Process anomalies/variances/failures are ignored repeatedly; no methodology to measure, monitor, communicate process anomalies/failure rates
  - Process is overly complex with too many sequences of steps
  - Insufficient/Outdated/Inadequate equipment, systems or materials to successfully support and/or perform the process tasks/activities required
  - Ineffective organizational reporting relationship or design; Overwhelmed, Under engaged staff
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# What are some key process controls to address process risks?

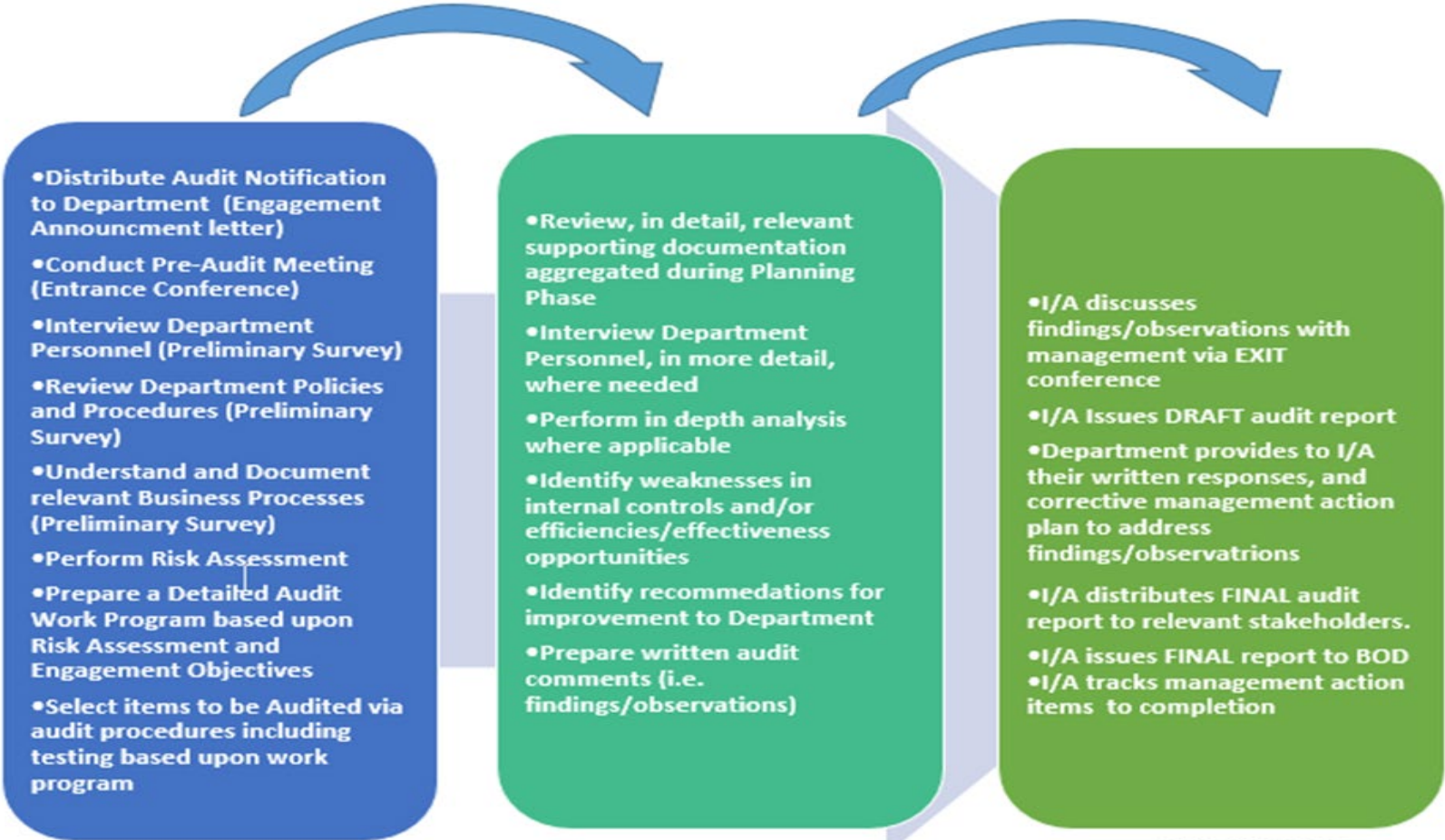
- Segregation of Duties
  - Restricting
  - Approvals/Delegations of Authority
  - Calculation/Re-calculation
  - Documentation
  - Verification/Confirmation
  - Matching
  - Supervision
-

# System of Internal Control Linkage to Mission, Objectives, Goals



The System of Internal Control serves as 'the' critical link between the Enablers and successful achievement of the Mission, Objectives and Goals of an organization. It is a tool which, once understood, can be then used as a diagnostic methodology to evaluate whether the design and interaction between and among the Enablers helps or negatively affects the likelihood of the successful, timely achievement of the organization's Mission, Objectives and Goals

# Internal Audit Process – Performing Engagements



## **PLANNING**

### PHASE I

Typically, but not always, includes common, general tasks and activities noted above

## **FIELDWORK**

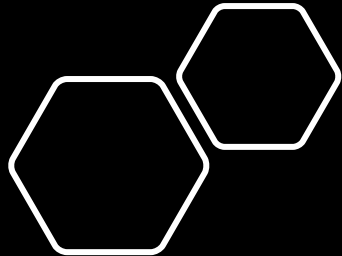
### PHASE II

Typically, but not always, includes common, general tasks and activities noted above

## **REPORTING**

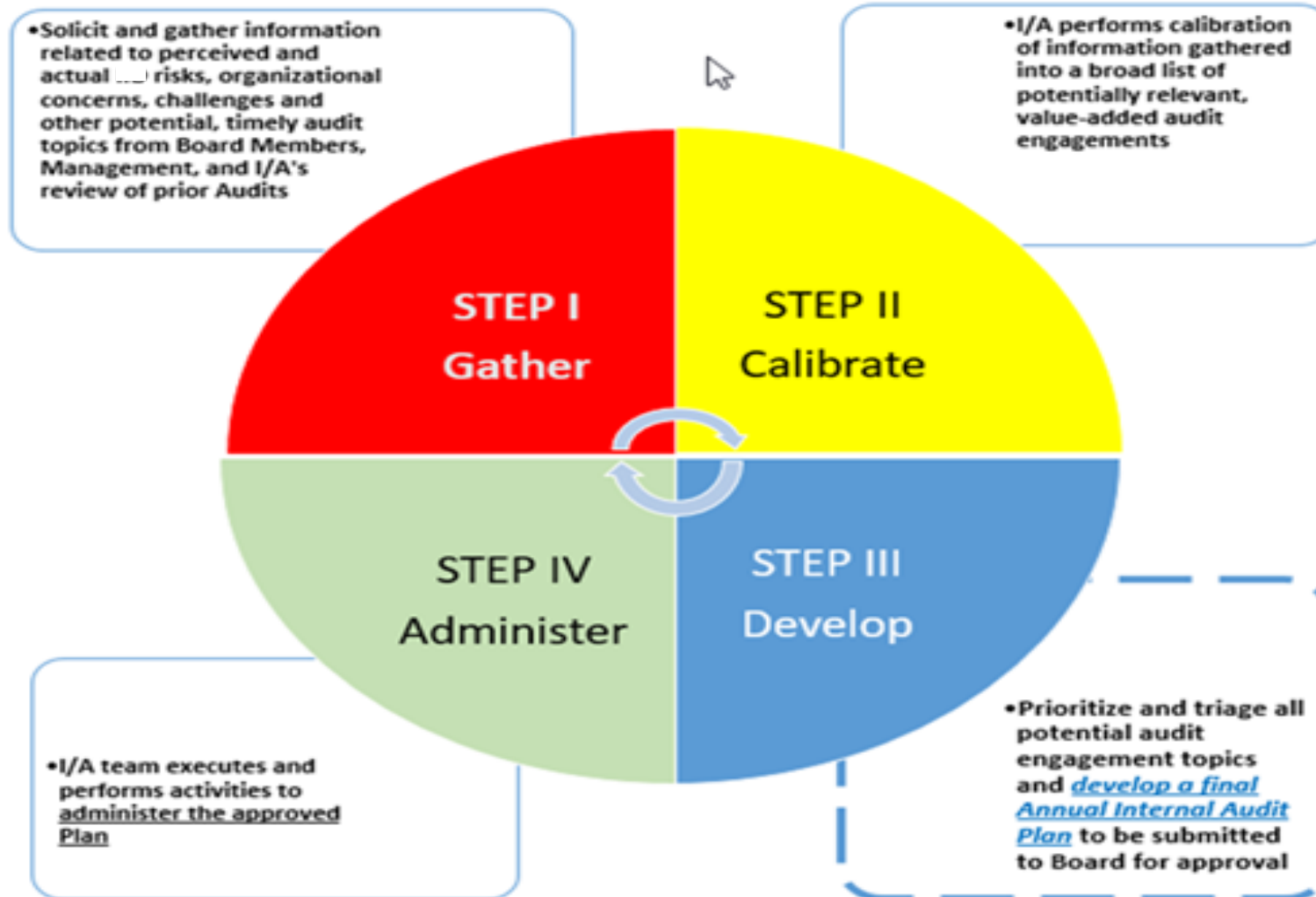
### PHASE III

Typically, but not always, includes common, general tasks and activities noted above





# Overview of the Annual Internal Audit Plan Development



# Common Fraud and Misconduct Schemes Reviewed by Internal Auditors

- Accounts Payable - Duplicate Payments
- Accounts Payable - Pay and return
- Accounts Payable - Bid rigging
- Accounts Payable - Check Tampering
- Accounts Payable - Concealing of transactions through splitting of amounts to bypass approval limits
- Accounts Payable - Duplicate purchase orders
- Accounts Payable - Employees acting as vendors
- Accounts Payable - Fictitious, inflated and/or duplicate invoices
- Accounts Payable – Kickbacks
- Accounts Payable - Payments to fictitious vendors
- Accounts Payable - Purchase of supplies for personal use
- Accounts Payable - Related Party transactions
- Accounts Payable - Unauthorized payments
- Accounts Payable -Shell company

- Back Dating Documents - Back Dating Agreements and/or Contracts
- Back Dating Documents - Back Dating BOD minutes (after the fact approvals)
- Benefits Fraud
- Cash & Accounts Receivable - Credit balance fraud
- Cash & Accounts Receivable - Fictitious customers/sales
- Cash & Accounts Receivable - Intentional Misapplication of Payments
- Cash & Accounts Receivable-Kiting
- Cash & Accounts Receivable – Lapping
- Cash & Accounts Receivable - Petty Cash Theft
- Cash & Accounts Receivable – Skimming
- Cash & Accounts Receivable - Unauthorized Loans
- Computer Fraud - Altering or falsifying records for personal gain
- Computer Fraud - Breaching Computer Network
- Computer Fraud - Creating counterfeit checks
- Computer Fraud - Divert funds, manipulate financial statements, etc. through abuse of administrative access privileges
- Computer Fraud - Procurement Card fraud
- Contracts Fraud-Bid Rigging

# Common Fraud and Misconduct Schemes Reviewed by Internal Auditors

- Financial-Borrowing Fraud
- Financial-Check Fraud / Check Theft
- Financial-Embezzlement
- Financial-Fraudulent Disbursements
- Financial-Title Fraud
- Financial Reporting/Journal entries - Hiding/obscuring journal entries
- Financial Reporting/Journal entries - Manipulating earnings, revenues, reserves, liabilities, assets, write-offs, inventory, depreciation, expenses, capitalization, etc,
- Financial Reporting/Journal entries - Quarter to Quarter timing issues
- Fixed Assets - Theft of Inventory
- Fixed Assets - Theft of scrap Inventory

- Payroll - Employees with false personal information
- Payroll - Falsified Time or overtime
- Payroll - Ghost Employees
- Payroll - Improper Bonus or incentive compensation
- Payroll - Improper Supplemental payments
- Payroll - Inflated Salaries
- Payroll-Inflated Time reporting
- Payroll - Payments after termination
- Purchase Card - Expense Splitting
- Purchase Card - False or inflated Reimbursement submissions
- Purchase Card - Purchase for Personal Use
- Purchase Card - Returns of purchase for cash
- Purchase Card - Usage at unauthorized venues
- Travel & Entertainment - Duplicate Expenses
- Travel & Entertainment - Expense Splitting
- Travel & Entertainment - Expenses for Personal Use
- Travel & Entertainment - False or inflated reimbursement submission
- Vendor Fraud-Fictitious Vendors

# How Do Internal Auditors Assess Risk?

Impact Scale	Impact Name	General Criteria (does not cover every since scenario)	Likelihood Scale	Likelihood	Estimated Probability of Event Occurrence	
5	Extreme	(a) Severe budget concerns (dollars/timelines) with objectives/processes, (b) Regulatory / Compliance violations/issues, (c) Negative publicity could impair reputation/image, (d) Security/confidentiality breaches requiring immediate attention	5	Certain	>=90%	Greater or equal to 9 in 10 chance (process/control failure)
4	Major	(a) Significant budget concerns with objectives/processes, (b) Local negative publicity-no effect on reputation/image, (c) Non Compliance findings resulting in operational degradation	4	High	< 90% >= 67%	Greater than or equal to 2 in 3 chance (process/control failure)
3	Moderate	(a) Moderate budget concerns with objectives/processes, (b) Local negative publicity-no effect reputation/image	3	Medium	<67% >= 33%	Greater than or equal to 1 in 3 chance (process/control failure)
2	Minor	(a) Minor budget impact, (b) Local negative publicity- no effect on reputation/image, (c) Minor error in company policies or procedures	2	Low	<33% >= 25%	Greater than or equal to 1 in 4 chance (process/control failure)
1	Incidental	(a) No budget concerns with project, (b) Limited or no negative publicity - no effect on reputation/image, (c) No regulatory or compliance violations	1	Negligible	<25%	Less than a 1 in 4 chance (process/control failure)

**Likelihood and Impact Scales**

# How do Internal Auditors Assess Risk?

		Impact				
		1	2	3	4	5
Likelihood	1	2	4	6	8	10
	2	4	6	9	12	15
	3	6	8	12	16	20
	4	8	10	15	20	25
	5	10	15	20	25	25

**Exposure - Scores (INHERENT<sup>1</sup> AND RESIDUAL<sup>2</sup> RISK)**

1. **Inherent risk** is the risk that exists before any mitigating factors or controls have been put in place.

2. **Residual risk** is the portion of risk that remains after mitigating factors or controls have been put in place.

Exposure Classification	
Category	Exposure Score Range
<b>EXTREME</b>	25
	20
<b>CRITICAL</b>	16
	15
<b>SIGNIFICANT</b>	12
	10
<b>MODERATE</b>	9
	8
	6
	5
<b>LOW</b>	4
	3
	2
	1

**Exposure - Classification**

Possible Implication
MATERIAL WEAKNESS IN INTERNAL CONTROL(S)
SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL
DEFICIENCY IN INTERNAL CONTROL (or None)





Questions?

# BEHIND THE WORK PAPERS – INTERNAL VS EXTERNAL AUDITS?

APRIL 16, 2023

## GFOAT SPRING CONFERENCE

## PRESENTER



**Lupe Garcia, CPA**  
*Partner*

- Sixteen years of experience providing audit services to colleges, universities, school districts, cities, counties, and other special-purpose governments
- Holds the AICPA's Advanced Single Audit Certificate
- Member of the GFOA's Special Review Committee
- Graduate of the University of Houston
- [Lupe.Garcia@whitleypenn.com](mailto:Lupe.Garcia@whitleypenn.com)
- 713-386-1149



# RESPONSIBILITY FOR FINANCIAL STATEMENTS AND THE FINANCIAL STATEMENT AUDIT

Party	Role
Management	Responsible for internal control and the preparation of the financial statements
Internal Auditors	Assist management in maintaining the comprehensive framework of internal control necessary to prepare reliable financial statements
Governing Body (i.e., City Council)	Responsible for ensuring that management meets its responsibility for internal control and financial reporting
Audit Committee	Assists the governing body in overseeing that management meets its responsibility for internal control and financial reporting
Independent Auditors	Accumulate the evidence necessary to support an opinion on the fair presentation of the financial statements

# KEY CONCEPTS IN THE FINANCIAL STATEMENT AUDIT

- Fair Presentation
- Reasonable Assurance
- Materiality

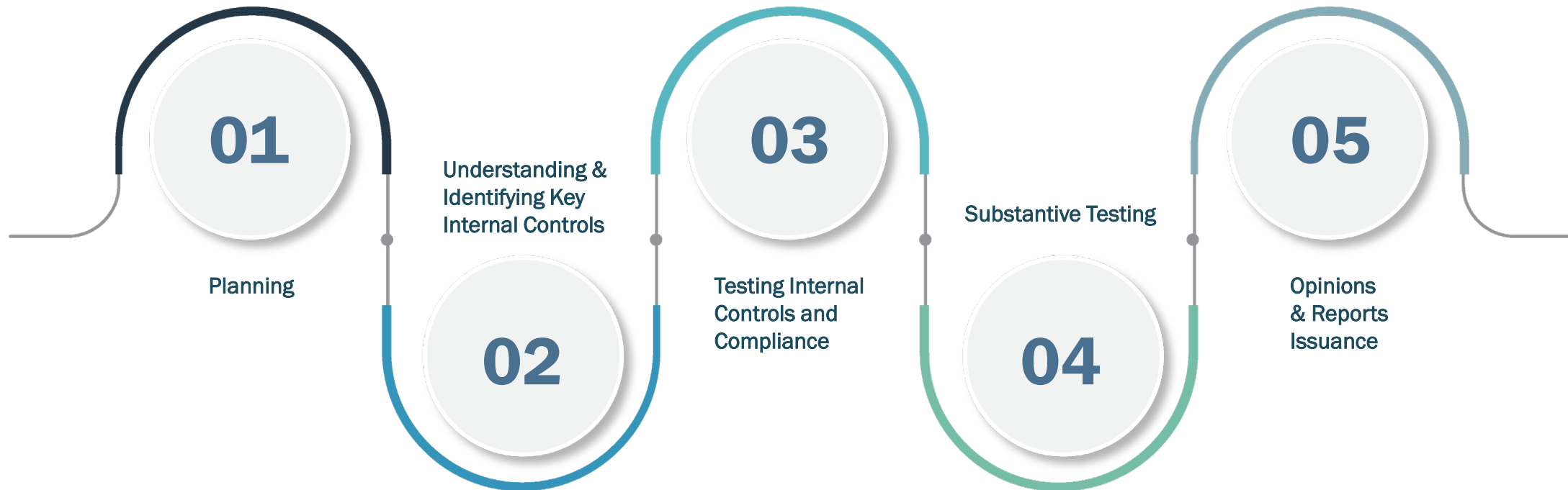
## FINANCIAL STATEMENT AUDIT

- The purpose of a financial statement audit is to provide users of financial statements with reasonable assurance that the financial statements are *presented fairly*, in all material respects, in accordance with generally accepted accounting principles (GAAP).
- The independent audit is an evaluation of the reliability of the auditee's financial statements, *not* an assessment of its economic well-being.
  - The financial statement audit includes activity as of and for the year ended September 30, 2023. The audit does not opine or comment on management's financial forecast of future fiscal periods.
- The independent auditor's goal is:
  - To obtain *reasonable assurance* concerning the fair presentation of financial statements, *not* absolute certainty.
  - For the financial statements to be free from *material* misstatements (misstatements that are significant enough to matter to the user of the financial statements).

# INDEPENDENT AUDITOR'S RESPONSIBILITY FOR THE VARIOUS CONTENTS OF AN ANNUAL COMPREHENSIVE FINANCIAL REPORT

Item	Status	Responsibility
Introductory section	Unaudited	Read for consistency
Managements discussion and analysis	Required supplementary information (RSI)	Conduct limited procedures (inquiries and comparisons)
Basic financial statements	Audited	Render an opinion on fair presentation
General fund budgetary comparison, pension, and OPEB information	Required supplementary information (RSI)	Conduct limited procedures (inquiries and comparisons)
Combining and individual fund statements, other budgetary comparisons, and required TEA schedules	Other supplementary information (OSI)	Render an opinion on fair presentation in relation to the basic financial statements
Statistical section	Unaudited	Read for consistency

# THE FINANCIAL STATEMENT AUDIT PROCESS



# RISK ASSESSMENT AND INTERNAL CONTROLS

- Risk Assessment: Where could misstatements exist?
- Risk of Material Misstatement = Inherent Risk X Control Risk
- Key internal controls are identified and tested
  - Gain an understanding of internal controls
    - Walkthroughs
  - Common tests of internal controls:
    - Human Resources and Payroll
    - Purchasing
    - Accounts Payable
    - Utility Billing and Collection

## TESTS OF COMPLIANCE

Compliance with:

- Conflict of Interest
- Legally adopted budgets
- Nepotism
- Public Funds Investment Act
- State Procurement Law
- Federal and State Single Audits

## SUBSTANTIVE TESTING

- Analytical procedures
- Confirmations
- Test of details:
  - Balances
  - Transactions
  - Disclosures



## PURPOSE OF THE AUDIT – THE OPINION ON THE REPORT



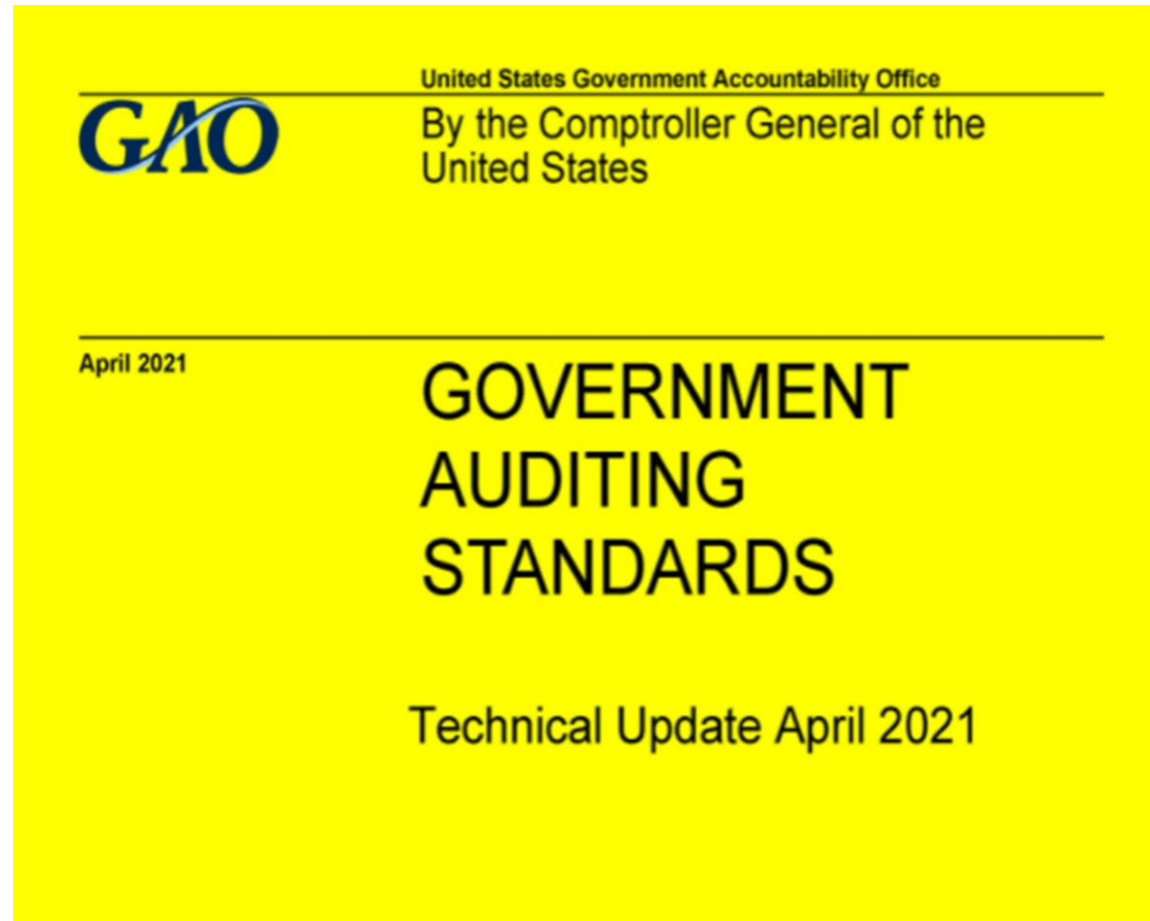
## COMMON OPINION UNITS

- Governmental Activities
- Business-type Activities
- Discretely Presented Component Units
- General Fund
- Debt Service Fund
- Capital Projects Fund
- Water and Sewer Fund
- Aggregate Remaining Funds

# AUDIT STANDARDS AND REQUIREMENTS

- Generally Accepted Auditing Standards (GAAS)
  - Set by the AICPA's Auditing Standards Board
- Generally Accepted *Government Auditing Standards* (GAGAS) (aka “The Yellow Book”)
  - Established by the U.S. Government Accountability Office (GAO)
- Title 2 CFR Part 200, *Uniform Administrative Requirements , Cost Principles, and Audit Requirements for Federal Awards* (aka the Uniform Guidance)
- Texas Grant Management Standards (TxGMS)

# THE “YELLOW BOOK”



# AUDITING STANDARDS IN A GOVERNMENTAL AUDIT



## Uniform Guidance

In a single audit environment (i.e. entity spent \$750,000 or more in federal awards in one fiscal year) only, but all other levels applies



## Yellow Book (GAGAS)

Required by some regulators and/or when you spend \$750,000 or more in federal awards.



## Generally Accepted Auditing Standards (GAAS)

Must be followed for a financial statement audit

# GAAS AND GAGAS SIDE BY SIDE

General	
GAAS	GAGAS
Training and proficiency	Qualifications
	Professional proficiency
	Knowledge of government programs
	CPE Requirements
Independence	Independence
Due Care	Due Professional Care
	Quality Control

# GAAS AND GAGAS SIDE BY SIDE

Fieldwork	
GAAS	GAGAS
Adequate planning and supervision	Adequate planning and supervision
Evaluate internal control	Evaluate internal control
Obtain competent evidence	Obtain competent evidence
	Supplemental standards
	Planning /consideration of government programs
	Compliance testing

# GAAS AND GAGAS SIDE BY SIDE

Reporting	
GAAS	GAGAS
Adherence to GAAP	Adherence to GAAP
Consistent Application	Consistent Application
Adequate Disclosure	Adequate Disclosure
Expression of Opinion	Expression of Opinion
	Report on compliance and internal control (no opinion)



## IMPORTANCE OF THE SINGLE AUDIT

- Fulfill auditee's fiduciary responsibility
- Obtain assurance related to the financial integrity of funded programs
- Identify possible non-compliance and other issues early to avoid interruption of current funding
- Lower the risk of future non-compliance
- Build goodwill among taxpayers, donors and other key stakeholders
- Strengthen auditee's ability to secure additional funding in the future

# REPORTING UNDER GAGAS

What do GAGAS require auditors to report?

- Significant deficiencies
- Material weaknesses
- Noncompliance material to the financial statements

# SINGLE AUDIT PROCESS

Federal Awards  
Granted

Grantee Expend  
Funds

Single Audit  
Performed

Federal Review of  
Single Audit Results

## KEY PLAYERS IN A SINGLE AUDIT

- U.S. Congress
- Individual Federal Grant Making Agencies
- State and Local Governments (SLG)
- Not-for-Profits (NFP)
- CPA Firms
- Federal Agency Offices of Inspector General (OIGs)
- State Auditor Organizations
- Office of Management and Budget (OMB)
- Government Accountability Office (GAO)
- Federal Audit Clearinghouse (FAC)
- Taxpayers

# FEDERAL AGENCIES



Homeland  
Security



## SLG AND NFP RECIPIENTS

- Expend federal awards or participate in federal programs
  - Some entities receive federal funds directly from federal government
  - Some entities receive federal funds indirectly from a pass-through entity
- Must comply with federal requirements and establish internal control to ensure compliance
- Subject to a single audit if expend \$750K or more in federal funds
- Responsible for hiring the auditor
- Must submit audits to Federal Audit Clearinghouse (FAC)
  - Audit reporting packages publicly available on FAC Web site
- Must respond to all single audit findings and submit corrective action plans to federal agencies

## OFFICE OF MANAGEMENT AND BUDGET (OMB)

- Serves the POTUS in implementing his vision across of the Executive Branch
- Largest component of the Executive Office
- Reports directly to POTUS
- Implementation and enforcement arm of the Presidential policy government-wide

## OMB AND GAO

### OMB

- Single Audit Act gives OMB authority to develop government-wide guidelines and policy on performing audits to comply with the Act
- OMB's Uniform Guidance establishes the audit requirements and, in addition, guidelines and policies on all aspects of managing federal awards by federal agencies and grantees

### GAO

- In its congressional watchdog role, GAO investigates how the federal government spends taxpayer dollars
- Issues *Government Auditing Standards* which are also followed in a single audit
- Has historically performed work on single audit quality and has issued several reports on the topic



## FEDERAL AUDIT CLEARINGHOUSE (FAC)

Primary purposes are to:

- Make single audit reporting packages available to federal agencies.
- Support OMB oversight and assessment of federal award audit requirements
- Maintain a public database of completed audits
- Help auditors and auditees minimize the reporting burden of complying with single audit requirements

QUESTIONS?

