

# 2022 Audit Updates

GAINS Conference  
May 5, 2022  
Savannah, Georgia

Presented By:  
Georgia Department of Audits



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# AGENDA

- Important Dates and Other Reminders
- Client Communication Items
- Accounting and Reporting Issues
- Standards and Other Updates
- Award of Distinction of Excellent Financial Reporting



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# IMPORTANT DATES AND OTHER REMINDERS

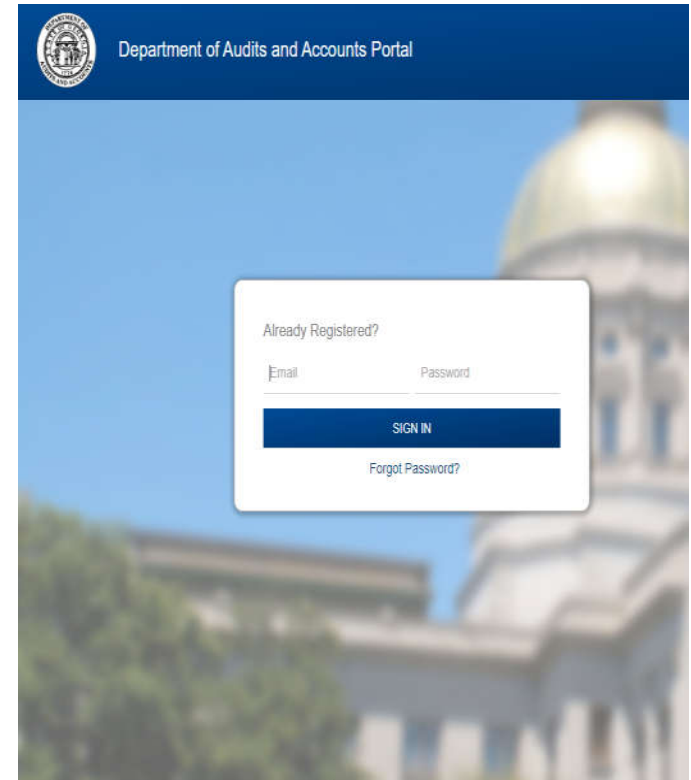


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# Compliance with Transparency in Government Act (TIGA) Dates

- Salary and Travel Collection (CS1)
  - Due August 15, 2022
  - FY22 will open July 2022
- Audit History/Payments/Purchase Card Files
  - Due October 3, 2022
  - FY22 will open July 2022
- Schedule of SPLOST Expenditures
  - Due by December 5, 2022



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# IMPORTANT DUE DATES

## Annual Immigration Compliance Reporting

- Due December 31, 2022
- System will open on November 1, 2022

## Financial Statements Due to DOAA

- November 15<sup>th</sup> – Certificate of Distinction
- December 31<sup>st</sup> – All Others



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# IMPORTANT DATES

## Availability of Audit Tools

- Financial Statement Templates
  - July 29, 2022
- Notes to the Basic Financial Statements
  - August 19, 2022

## GASBO Financial Statement Workshop

- Tuesday, November 8, 2022
- GaDOE/DOAA Year-End Workshops
  - Late May – Early June



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# OTHER NOTES AND REMINDERS

## Keys to a successful audit

### Preparation

- Compare financial statements from one year to another
- Use the DOAA Review Checklists and Final Analytical Checksheet
- Maintain documentation used to prepare financial statements
- Consider uploading documentation needed for audit throughout the year or at year-end.



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# OTHER NOTES AND REMINDERS

**NOTIFY  
US  
ASAP!**

## Special Reporting Needs?

- Upcoming bond issuance
- Turnover in key personnel
- Financial Statement assistance and questions
- New reporting deadline
- Possible new component units



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# WE HAVE A NEW WEBSITE!



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[Reports](#)

[Resources](#)

[About](#)

[Careers](#)

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## Advancement through Accountability

The **Department of Audits and Accounts** exists to provide decision-makers with credible management information to promote improvements in accountability and stewardship in state and local government.

[More About Us](#) >



## Featured Reports

Government Operations

**State of Georgia FYE 2021 Single Audit Report Part 1**



Industry, Insurance & Labor

**Secretary of State Grant Administration**

[View Summary](#) [Read Report](#)



Industry, Insurance & Labor

**GDOL's Unemployment Insurance Pandemic Response**

[View Summary](#) [Read Report](#)

# What's New?



## Searchability

Better search  
functionality to save time



## Resources

Easier access to exactly  
what you need



## Readability

Shorter, scannable  
content for easy reading



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# Improved Report Search

## Key Filters

- Sector
- Organization
- Report Type
- Published Date

The screenshot displays the DOAA Search Reports page. At the top, there is a navigation bar with the DOAA logo and links for Reports, Resources, About, Careers, and Contact. Below the navigation bar, the page title is "Search Reports". A search bar is prominently displayed with the placeholder text "Search Terms".

On the left side, there are three filter panels:

- Sector:** Includes options like Agriculture & Consumer Affairs, Economic Development & Tourism, Education (K-12), Finance & Taxation, and General Government, each with a count of 20.
- Organization:** Includes options like Administrative Office of the Courts, Board of Regents, University System of Georgia, Brain and Spinal Injury Trust Fund Commission, and Council of Accountability Court Judges of Georgia, each with a count of 20.
- Report Type:** Includes options like Financial Reports, Performance Reports, and 100% Equalized District, each with a count of 20.

On the right side, the search results are displayed. The top section shows "1 - 25 of 2,123 Results" and a "Sort by:" dropdown menu set to "Relevance". The first result is titled "Report Type - FY 2020" and includes a placeholder text: "Report title lorem ipsum dolor sit amet, consectetur adipiscing". Below the title, there is a brief description and a "Podcast View Summary Download Report" link. A small image of a person using a laptop is shown next to the result.








The second result is titled "Salaries & Travel Reimbursements" and includes a brief description: "The DOAA-prepared Salaries & Travel Reimbursements report can be found on Open Georgia. Open Georgia is a gateway for obtaining information and key documents about how the State of Georgia spends tax dollars and other revenues to provide services to Georgians." Below the description, there is a "Visit Open Georgia" link and a small image of a city skyline.



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## Resource Library

### For Organizations

-  [Colleges & Universities](#) >
-  [State Agencies](#) >
-  [School Districts](#) >
-  [Regional Commissions](#) >
-  [RESAs](#) >
-  [Non-Profits](#) >
-  [Local Government](#) >

### Legislative Resources

#### Immigration

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#### Architecture & Engineering

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#### SEFA

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#### TIGA

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## Open Georgia

### Salaries & Travel Reimbursements

The DOAA-prepared Salaries & Travel Reimbursements report can be found on Open Georgia. Open Georgia is a gateway for obtaining information and key documents about how the State of Georgia spends tax dollars and other revenues to provide services to Georgians.

[Visit Open.Georgia.gov](#)



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# CLIENT COMMUNICATION ITEMS



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# STATUS OF ENGAGEMENTS

- 44 FY21 reports released – we are behind in number released to date due ESSER federal compliance issues.
- 36 reports in the manager review or further stages.
- 37 audits ongoing with crews.
- 20 audits not started
- Should have all FY21 audits released by end of Summer.



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# REPORT CLOSEOUT UPDATES

- DOAA is continuing to use DocuSign to obtain required signatures during the closure process.
  - The order of signatures is finance director, board chair, superintendent.
  - The finance director has to sign off before it is forwarded to the board chair and so on.
  - Please check your junk folders.
  - If you can't locate email, contact your audit manger to resend it.



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# DOAA BACKGROUND

O.C.G.A. §50-6-6(a) – It shall be the duty of the Department of Audits and Accounts thoroughly to audit and check the books and accounts of the county superintendents of schools and treasurers of local school systems, of municipal systems, of the several units of the University System of Georgia, and of all other schools receiving state aid and making regular and annual reports to the State School Superintendent, showing the amount received, for what purpose received, and for what purposes expended. All such funds held by officials must be kept in banks separate from their individual bank accounts.



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# DOAA BACKGROUND

- DOAA is appropriated funds by the Georgia Assembly each year to provide our services at no cost to the School Districts in Georgia.
- We perform the external financial audit for the State of Georgia, college and universities, and local school districts complying with generally accepted auditing standards issued by AICPA.
- DOAA is the external auditor for 130+ School District clients in Georgia.
- 128 staff with advanced degrees or certifications.
- DOAA spends roughly 5% of available working hours on training our staff.



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# ANNUAL AUDIT REQUIREMENTS

Senate Bill 68

## § 20-2-67

The Department of Audits and Accounts shall designate local school systems that have had reported irregularities or budget deficits for three or more consecutive years as high-risk local school systems and shall designate local schools systems that have had reported irregularities or budget deficits for one year or two consecutive years as moderate-risk local school systems.



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# ANNUAL AUDIT REQUIREMENTS

FMGULA states:

“If a local board contracts with a CPA firm to perform the annual audit, a copy of the contract and engagement letter must be provided to the GA DOA no later than July 15th...Failure to comply with this report may result in GA DOA scheduling an audit even though a CPA has been contracted to provide one.”



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# ANNUAL AUDIT REQUIREMENTS

- Senate Bill 68 (SB68) has imposed additional requirements on both DOAA and local school districts, which went into effect July 1, 2021.
- DOAA has allowed some School Districts to received an audit by a CPA firm to meet the requirement of O.C.G.A. 50-6-6, this does not relieve the DOAA of its responsibilities under statute.
- DOAA may request more information or decide to perform additional procedures to ensure we meet our statutory obligations.



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# ANNUAL AUDIT REQUIREMENTS

New Annual CPA Audit Request Process to be Implemented:

- New process formalizes requirements that were already in place and allows DOAA to better plan and utilize resources.
- All requests must be submitted annually by July 15 – for the upcoming audit cycle. (Submit July 15, 2022, for FY22 audits)
- School District that submits form after deadline could be subject to DOAA performing an audit regardless of status of request.



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# ANNUAL AUDIT REQUIREMENTS

New Annual CPA Audit Request Process to be Implemented:

- Request form will be available on our website by May 23, 2022.
- School District will need to document reason they are requesting a CPA firm to complete their annual audit.
- A request does not preclude an audit by DOAA.
- DOAA will respond within a week to all requests.



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# NEW CLIENT SERVICES

## SPLOST Audits

- Will be completed under performance audit standards
- Template and program in final review stages
- First round of SPLOST audits to be completed this Summer with the hope to eventually marry up the financial audit and SPLOST audit.
- Should not add a large amount of additional work – once in rotation of audit work.



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# NEW CLIENT SERVICES

## SPLOST Audits

- We will be able to use and rely on work already being performed during our financial audits.
- Service will be provided at no cost to the School District.
- Service is open to all School Districts.
- If you are interested, please contact me or your audit manager.



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# NEW CLIENT SERVICES

## GASB Implementation Consulting Services

- Currently developing plans to have GASB Implementation crews to help School Districts with implementing new standards.
- Service will be provided at no cost to the School District.
- Service is open to all School Districts.
- If you are interested, please contact me or your audit manager.



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# COMMUNICATION CADENCE

DOAA is working on putting in place concrete cadences to communicate with our clients.

- Striving to implement processes that allow for continuous and routine communication.
- Please let me know if you have specific items you would like to see in our plans.



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# ACCOUNTING AND REPORTING ISSUES



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# SENATE BILL 68

How is our School District's risk designation determined by DOAA?

- Bill defines high risk and moderate risk LEAs
  - High risk = LEA that has reported irregularities or budget deficits for three or more consecutive years.
  - Moderate risk = LEA that has reported irregularities or budget deficits for one year or two consecutive years.
- Irregularities – Internal control findings - significant deficiency or material weakness (excludes findings like FS Prep)
- Budget Deficits – opinion units that present a deficit as a result of a lack of controls over the budget process.



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# SENATE BILL 68

My School District  
is moderate risk.  
What does that  
mean to us?

## Moderate Risk Consequences

- Submit a corrective action plan approved by the local board of education to GDOE within 120 days of receiving notice of designation from GDOE.
- Superintendent will be required to complete training on financial management and financial governance of a local school system.



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# SENATE BILL 68

My School District is high-risk. What does that mean to us?

## High Risk Consequences

- Submit a corrective action plan approved by the local board of education to GDOE within 120 days of receiving notice of designation from GDOE.
- Superintendent will be required to complete training on financial management and financial governance of a local school system.
- All board members will be required to complete training regarding his or her own local school system's most recent audit findings and the risk status of the local school system.



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# SENATE BILL 68

- DOAA reports to State Board at GDOE quarterly.
- 101 audits have been released since SB68 went into effect July 1, 2021, through March 31, 2022
- Nine have been designated as moderate risk.
- 15 have been designated as high-risk.



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# SENATE BILL 68

- All high-risk board member trainings have been completed except for the two School District's that were designated in the last quarter.
- Superintendent training for moderate and high-risk School Districts has been held twice (GAEL and Bootstrap)
- New board member training has been held twice in conjunction with GSBA trainings.



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# STANDARDS AND OTHER UPDATES



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# GASB 87 - LEASES

- Objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments
- Requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognizes as inflows of resources or outflows of resources based on the payment provisions of the contract



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# GASB 87 - LEASES

Two Types of Financing Arrangements that **DO NOT** fall under GASB 87

- *Short-term Leases* – maximum possible term of 12 months – including the option to extend. NO option to renew – renegotiate lease every year.
- *Financed Purchases* – a contract that transfers ownership to the School District at the end of the agreement. (energy efficiency agreements, school bus financed purchases)



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# GASB 87 – Leases – Audit Impact

1. Auditor will request documentation of consideration of the School District's leases and reporting.
2. Verify the accuracy of the various components of the leases including lease term and valuations.
3. Review journal entries to book activity related to leases.
4. Review the financial statement disclosures to ensure completeness.



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# GASB 87 - LEASES

- Remember that School District's could be the lessor
  - Renting school buildings to other organizations would make you the lessor under GASB 87.
- Maintain all documentation surrounding GASB 87
  - Determination of any lease activity
  - Amounts for separate components of leases (maintenance, supplies, etc.)
  - Calculations for various components of lease activity
  - Support for journal entries



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# STATEMENT OF AUDITING STANDARDS - NUMBER 134 THROUGH 140

- Statements of Auditing Standards (SASs) Nos. 134 through 140
  - American Institute of Certified Public Accountants (AICPA) issues auditing standards – SASs
  - Primarily focus on substantial changes to the auditor’s report
  - Intended to be implemented as a group
  - Implemented for period ending on or after December 31, 2021



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# KEY IMPACTS OF NEW AUDITING STANDARDS SAS 134-140

- Changes to the Auditor's Report
  - Revised auditor's report has an increased prominence
  - Opinion is presented first ahead of the basis of opinion, which is now included for all reports
  - New language providing a clarification of management and auditor responsibilities during the audit
    - Management - required evaluation of going concern
    - Auditor – added several additional items of responsibilities to be disclosed in a bulleted list.



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# KEY IMPACTS OF NEW AUDITING STANDARDS

## SAS 134-140

- Key Audit Matters (KAMs)
  - Significant matters in the audit of financial statements
    - Areas of higher risk of material misstatement
    - Areas of FS that involve significant management judgment
    - Significant events or transactions during the period
  - KAMs provide greater transparency and insight to the FS users
- Enhanced Communications
  - Additional communication to those charged with governance regarding significant risks identified during planning.



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# KEY IMPACTS OF NEW AUDITING STANDARDS

## SAS 134-140

- **Related Parties**
  - Additional procedures for related party transactions
  - Procedures will ensure completeness and accuracy
- **Other Information in the Auditor's Report**
  - Auditor's responsibility is to perform procedures over other information is limited to considering if a material inconsistency exists between it and audited financial statements.
- **Consideration of Fraud**
  - Updated definition of "significant unusual transactions" and updated required inquiries of management and audit procedures.



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# DOAA AWARD OF DISTINCTION FOR EXCELLENT FINANCIAL REPORTING



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# AWARD CRITERIA

Criteria	Description of Best Practices
Timeliness	<p>Financial Statements including MD&amp;A, note disclosures, required supplementary information and supplementary schedules and all key supporting evidence were available for auditors by November 15.</p> <p>Compliance with Transparency in Government Act Accurate information submitted by the following established deadlines:</p> <ul style="list-style-type: none"> <li>• Salary and Travel Information: August 15</li> <li>• Audit History/Payments Files: October 3</li> <li>• SPLOST Schedule: December 5</li> </ul>
Quality of Financial Statements, Note Disclosures, Required Supplementary Information and Supplementary Information	First set of financial statements, MD&A, notes, required supplementary information and supplementary information provided for audit required only minimal adjustments during the audit.



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# AWARD CRITERIA

Criteria	Description of Best Practices
Quality of Audit Documentation	Full supporting documentation to substantiate financial statements provided in a timely manner. Evidence easy to locate and use for audit.
Resolution of Accounting Standards / Presentation Issues	Management resolved all accounting standards and presentation issues in a timely manner.
Key Staff	Key staff readily available and cooperative during the audit and did not contribute to any delays in finalizing the audit.
Number/Significance of Deficiencies Identified	No significant deficiencies or material weaknesses noted during the audit. No more than 3 to 5 deficiencies reported within the management letter.
Clean Audit Opinion	Unmodified Opinion



CONGRATULATIONS TO THE AWARD RECIPIENTS!



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# DOAA AWARD OF DISTINCTION FOR EXCELLENT FINANCIAL REPORTING – FY21

- Atkinson County
- Barrow County
- Bryan County
- Bulloch County
- City of Bremen
- City of Chickamauga
- City of Gainesville
- City of Pelham
- City of Vidalia
- Clarke County
- Coffee County
- Crisp County
- Dawson County
- Decatur County
- Early County
- Elbert County
- Fannin County
- Gilmer County
- Greene County
- Hall County
- Haralson County
- Hart County
- Houston County
- Jasper County
- Lee County
- Long County
- Lowndes County
- Madison County
- Marion County
- McDuffie County
- Paulding County
- Schley County
- Tattnall County
- Thomas County
- Tift County
- Towns County
- Washington County
- Whitfield County
- Wilcox County



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# Questions?

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