

**National Association of State Controllers
Annual Conference 2008**

The joys of accounting, financial reporting and auditing in state government

Impact of Statement on Auditing Standards No. 112 on the State of Colorado's Fiscal Year 2007
Financial and Single Audits from the perspective of the Colorado Office of the State Auditor

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I. Planning the audit

- § Staff training on SAS 103, 112, and development of analytical tool
- § Adjustments to meet 60 day time frame between release of opinion and communication of findings
- § Write findings as identified during compliance/interim work
- § Communication with contract audit firms
- § Communications with state departments and institutions
- § Visits to large higher education institutions with State Controller

II. Conducting the audit

- § Heightened attention to audit progress
- § Follow up on problems as soon as identified
- § Clear findings and written drafts with auditees as soon as possible; obtain responses

III. Reporting audit results

- § Financial and Single Audit comments in one report, including control deficiencies
- § Classification of each finding listed with comment in report
- § Issues with prior audit recommendations

IV. Conclusions and issues for further consideration

- § Earlier is better: formalize process of interim and final exits for larger auditees
- § Deferred implementation: how to handle prior recommendations that are material weaknesses or significant deficiencies with implementation dates beyond fiscal year under audit
- § Option of two separate reports