



Audit Process



An Annual Audit is Required

- Municipal Audit Laws are enacted by the Oregon Legislature and prescribed in Oregon Revised Statutes (ORS) Chapter 297.405 to 297.740 and 297.990
- An Independent Auditor are required to have an Oregon Municipal Audit License per ORS 297.405



Preparing for the Audit

- ▶ *Auditor Engagement*
- ▶ *Schedule preliminary fieldwork and actual audit*
 - ▶ *Final reports due to Secretary of State by Dec. 31st*
- ▶ *PBC List – Checklist of items the auditor is requiring*



Preliminary Fieldwork



- *Control Documentation*
- *Inquiry letters to Mayor & Council*
- *Interviews with management and finance staff*
- *Interim testing*




Year-end Closing

- *Confirm with departments that budget to actuals are accurate.*
 - *Reconcile prior year fund balances to current year*
 - *Reconcile Assets and Liabilities*
 - *Prepare workpapers and lead sheets*
 - *Ensure reconciled balances agree with supporting documentation*
 - *Prepare financial reports*
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The Audit

- ▶ *Financial reports, trial balances, budget reports, the lead sheets and supporting workpapers are given to the auditors.*
- ▶ *Auditors will do a year – over – year analysis.*
- ▶ *Review general ledger detail, check register, payroll reports, accounts payable and accounts receivable reports.*
- ▶ *Grants and single audit*



The Audit - Finalizing

- *Staff finalizes the management discussion and analysis and reviews the report, note disclosures and audit comments*
- *Attorney Letter*
- *Management Representation Letter*
- *Auditors issue a letter those charged with governance*
- *Final report issued and distributed to regulatory agencies*

Questions

