

What to Expect from an OSC Audit

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New York State Comptroller
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Our Mission

- To improve the condition of local governments and the communities they serve.
 - Risk Assessments
 - Audits
 - Reviews (Budget/Tax Cap/Consolidation)
 - Information
 - Training

Authority

- Constitutional responsibility to oversee the fiscal affairs of local governments.
- General Municipal Law (GML)
 - Section 33 – To Examine
 - Section 35 – To Report

Why do an Audit?

- Meet legal requirements
- Provide oversight
 - Board/ Supervisory/ OSC
- Ensure the proper handling of public moneys
- Identify improvement opportunities
- Create a forum to express concerns
 - COMMUNICATION

Types of Audits

- Performance Audits
- Financial Statement Audits

Performance Audits

Provide findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria.

- What is supposed to be? (Criteria)
- What actually is? (Condition)
 - What evidence is there to support differences?
- What could happen or what did happen as a result of the differences? (Effect)
- Why is there a difference? (Cause)
- What should you do differently? (Recommendation)

Performance Audits

- Performance audits provide objective analysis to **assist management** and those charged with governance and oversight in using the information to **improve program performance and operations, reduce costs, facilitate decision making** by parties with responsibility to oversee or initiate corrective action, and **contribute to public accountability**.

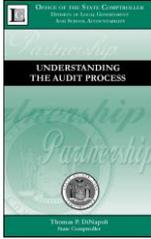
Types of Performance Audits

- Program effectiveness and results
 - Program meeting goals?
- Economy and efficiency
 - Processes/practices in need of improvement?
- Internal control
- Compliance with legal or other requirements
 - Federal, State, local, etc.
- Providing prospective analysis, guidance or summary information

Applicable Standards

- Generally Accepted Government Auditing Standards (GAGAS)
- Promulgated by the Comptroller General of the United States (GAO)
 - General Standards
 - Fieldwork Standards
 - Reporting Standards

The OSC Audit



<https://www.osc.ny.gov/local-government/audits/understanding-audit-process>

Conducting the Audit

- Notification
- Entrance conference
- Fieldwork
- Reporting
- Exit and response

Notification

- To local government officials
- A phone call
- An email

Planning

- In General:
 - Laws and Regulations
 - Internal Control
 - Purpose and Goals
 - Efforts
 - Program Operations
 - Outputs
 - Outcomes

Planning

- Understand and test controls.
 - Create our audit procedures.
- Focus and finalize our objective more.
 - Narrow our scope areas.

Fieldwork

- Compare criteria to what is actually occurring.
- Determine why there is a “difference.”
- Identify any effects of the “difference.”

Fieldwork

- Collect, analyze and test data such as:
 - Bank account reconciliations
 - Receipts and disbursements
 - Contracts
 - Reports

End of Fieldwork

- Informally discuss with local government officials issues we have identified.
 - Verbal findings
 - Clarification of written findings
 - Attempt to close gaps

Reporting

- Draft Audit Report
- Exit Conference
- Response
- Final Release

Exit Conference

- Held after fieldwork is completed.
- Includes select local government officials.
 - Similar to entrance conference
- Includes a draft copy of the written report, distributed to the officials.

Exit Conference

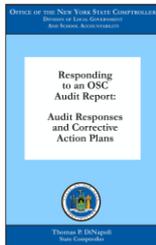
- Provides an opportunity to clarify any issues in the draft report.
- Discuss findings and recommendations.

Municipality/District Response

- Officials have 30 days to respond in writing.
- The response is included in final report.



[https://www.osc.ny.gov/
files/local-government/
audits/respondaudit.pdf](https://www.osc.ny.gov/files/local-government/audits/respondaudit.pdf)



Report Distribution

- Provided to audited municipality prior to public release.
- Is a public document.
- Includes formal response from audited municipality.

Corrective Action Plan

- General Municipal Law (GML), Section 35
- 90 days from issuance of final report
- Filed by Governing Board
- Describe actions (to be) taken or reasons why not taking corrective action.

Audit Findings - 2022

- Procurement
 - 27 Audits
- Financial Management/Fund Balance
 - 26 Audits
- Network Access/Controls
 - 13 Audits
- Claims Auditing
 - 9 Audits

Questions?

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