



Public Health Impact Task Force Meeting

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Overview of the Chief Inspector's Office

- Statutory Authority (§6-9)
- Public/ Private Partnership
- Types of Entities Audited
 - Primary Governments
 - Component Units
 - Jointly Governed Organizations
 - Other Stand-Alone Organizations



Different Types of Public Sector Audits

- Financial Audit
- Single Audit Performed in Accordance with Circular A-133 (New threshold 2016)
- Performance Audits (provide assurance or conclusions about processes and programs)
- Attestation Engagements (Reviews; AUP)
- Fraud Investigations



The Audit Process in WV

- Audit Scheduling
- Coordinating the Audits of the County's discretely presented component units.



General Description of a Financial Audit

- Primary purpose is to opine on the fairness of the financial statements.
- AICPA and GAGAS auditing standards.



A Typical Government Audit will Contain the Following Reports and Statements:

Statement or Report

Responsibility

Independent Auditor's Report on Financial Statement

Auditor

Financial statements (including Notes to the financial statements)

Client

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit Performed in Accordance with *Government Auditing Standards*

Auditor

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Auditor



A Typical Government Audit will Contain the Following Reports and Statements:

Statement or Report

Responsibility

Schedule of Expenditures of Federal Awards

Client

Schedule of Findings and Questioned Costs:

Auditor

Section I – Summary of Auditor's Results

Auditor

Section II – Financial Statement Findings

Auditor

Section III – Federal Award Findings and Questioned Costs

Auditor

Corrective Action Plan (Section III findings only)

Client

Summary of Prior Year Audit Findings (All section II and III findings in prior year)

Auditor



Summary of BOH Audits

Auditor for Last Year Issued	Last Audit Year Issued	Type of Audit for Last Year Issued	Auditor's Opinion on Financial Statements	Internal Control Findings	Compliance Findings
CID 34 BOH's	FYE 2012 1 BOH	Financial Audit 41 BOH's	42 BOH's with Unmodified Opinions	20 BOH's with Internal Control Findings	12 BOH's with Compliance Findings
CPA 15 BOH's	FYE 2013 17 BOH's	Financial and Circular A-133 Audit 8 BOH's	1 BOH with a Disclaimer Opinion	29 BOH's with no Internal Control Findings	37 BOH's with no Compliance Findings
	FYE 2014 31 BOH's		5 BOH's with Qualified Opinions		
			1 BOH with an Adverse Opinion		



Financial Highlights

- 13 BOH's currently have negative fund balances.
- 18 BOH's had a deficiency of revenues over expenditures.
- The average OPEB liability is \$263,263. The average percentage of OPEB liability to revenue is 31%.



Financial Statements in a BOH Report

- Government-Wide (full accrual)
- Fund Level (modified accrual)
 - Statement of Net Position (GW)
 - Statement Activities (GW)
 - Fund Balance Sheet
 - Statement of Revenues, Expenditures and Changes in Fund Balance



Financial Statement Presentation Methods

- Reconciliation method
- Adjustment Method



What is Coming?

- OPEB reduction -SB 469
 - Eliminated retiree subsidy for employees hired after July 1, 2010.
 - Created a special revenue fund for employees hired after July 1, 2010.
 - Dedicates \$30M per year to OPEB Trust Fund after Workers Comp Liability satisfied. \$5M to Special Revenue Fund.
 - 2016 or 2017 the ARC will be reduced.
 - 2020 possible credits for the existing liability.



What is Coming?

- GASB 67 – Financial Reporting for Pension Plans.
 - Establishes new standards for measuring pension liability for **plans**. Prescribes certain actuarial assumptions.
 - New Note disclosures and RSI.
 - Effective FY 2014.



What is Coming?

- GASB 68 – Accounting and Financial Reporting for Pensions
 - Establishes new standards for measuring pension liability for **pensions**. Prescribes certain actuarial assumptions.
 - Requires cost-sharing employers to recognize their proportionate share of the pension liability.
 - New note disclosures, RSI, deferred inflows and outflows.
 - Actuarial valuations in progress at CPRB
 - Effective FY 2015.
 - Current unfunded actuarial liability for PERS \$1.1B.



Disposition of Findings

- If there are compliance findings we are required statutorily to notify the Prosecuting Attorney and the Attorney General.
- We may recommend civil and/or criminal action in cases of fraud.

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133



- This report is required when an entity expends over \$500,000 in federal awards during a fiscal year.
- If an entity falls into this category then the audit must be completed and submitted to the Federal Audit Clearinghouse within 9 months after the end of the fiscal year.
- Typically this audit is completed in conjunction with the financial audit we have already discussed.

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133



- Unlike the report on Compliance and Internal Control, the auditor expresses an opinion on major programs (defined later).



Schedule of Expenditures of Federal Awards

- This schedule should be prepared by the client. It includes the:
 - Program Name
 - Federal CFDA Number
 - Federal Agency
 - Pass Through Agency
 - Pass Through Number
 - \$ amount of Expenditures
- The notes to the schedule should indicate the basis of accounting the schedule was prepared (i.e. cash or accrual).