



WHAT TO EXPECT WHEN AUDITED

Frequently asked questions



ELLIOTT AUERBACH ULSTER COUNTY COMPTROLLER

YourEyesOnUlster.com



WHAT ARE THE STEPS IN THE AUDIT PROCESS?

PLANNING

We begin by identifying potential risks to the organization as related to the activity being audited. A formal audit letter will be sent to the auditee, usually including a preliminary request of documents. An entrance conference with management will also be scheduled at the onset to establish communication channels, gain insight about risk areas, convey the scope of the audit, and ask initial questions.

FIELDWORK

We gather any evidence necessary to sufficiently and appropriately justify our conclusions regarding areas of risk identified during our planning stage. We will likely examine statistical samples of transactions, files, and any other documents pertinent to our review.

REPORTING

Draft Report Review & Comment: We will strive to keep the auditee abreast of findings and conclusions. As part of the finalization of an audit or review, we will schedule an exit conference to discuss results and resolve any factual differences. We will also share a draft report with the auditee prior to release, allowing the auditee to review and provide commentary or clarification. The auditee's response is required within a specified time period so our final report may be issued before the work becomes stale. An auditee's formal written comments to the draft will be included in the final report.

Final Report: When we are satisfied with the report, it will be posted to the Comptroller's official website as a public document. The auditee, the Executive, the Legislature, and media representatives will be advised that it is available for review.



WHY IS MY OFFICE BEING AUDITED? DID WE DO SOMETHING WRONG?

We know that no one likes being audited, which is why it is important to understand that an audit of your unit is not an accusatory measure. An audit is a reflection of the importance of the duties you discharge; there is no presupposition of wrongdoing, fraud, or waste.

In the audit field, several factors come into play when determining whether a unit or program might be audited. These factors are objectively applied industry standards, which may include:

- The size and scope of the unit's operation (whether exceptionally large or small)
- A high proportion of the County budget being committed to the unit or its programs
- The high volume or value of transactions handled by the unit
- The complex regulatory environment in which the unit operates
- The ability of a unit to segregate duties or adequately train personnel due to budget constraints or allocation of funding
- The inherently high risk of fraud or waste (such as cash transactions)
- Past findings of fraud or waste
- Anonymous tips as to practices worthy of examination

DOESN'T THE COMPTROLLER ALREADY HAVE ACCESS TO THE RECORDS BEING REQUESTED?

It is a fundamental tenet of auditing that the auditors test the information, documentation, records, and understanding of *the unit* being audited. To perform our function properly, the issue is not if we have some way of finding the information without asking you for it; it is to find out what information and records *your unit keeps, produces, and relies upon*.

An audit is essentially a "double check." By using a different information source, we can verify the accuracy of your existing record keeping system. When we request hard copy backups for electronic data, or original papers instead of copies, we are following generally accepted government auditing principles. (1)

CAN THE COMPTROLLER SEE ANY RECORD?

Yes, except when expressly precluded by law. Where information is considered confidential or proprietary, we will not disclose it and can sign an agreement with your unit to guard against privacy concerns. We take this matter seriously and prefer not to collect or even see personally identifiable information, such as client names and social security numbers, when possible.



WHY DOES THE COMPTROLLER NEED ACCESS TO OUR RECORDS RIGHT NOW?

Timely and unrestricted access to information is absolutely essential when conducting an effective audit. To that end, we will attempt to minimize any disruption to your operations but ask in return for your staff's full cooperation with our auditors during the audit process. For an audit to provide a true picture of the process being examined, the unit has to provide the information sought per the timeline specified in the request, ensuring information is not manipulated before our Office reviews it. Original records should be reviewed *as they were produced in the ordinary course of business* – not as collated or sanitized, even where that effort is innocent or done in an effort to be helpful. "Announcing" an audit, as opposed to scheduling it at your convenience, provides us with the most objective view of records you create; it is not out of heavy-handedness but best practice.

It must be stressed that if requests for information go unsatisfied, the Comptroller may exercise his Charter *authority to subpoena witnesses and/or the production of documents*.

WHAT DO WE DO WITH THE FINDINGS OR RECOMMENDATIONS?

Just as being the subject of an audit is not a determination of inefficiency, fraud, or waste, an audit report's findings or recommendations are not accusations of mismanagement. In most cases, the findings and recommendations of an audit are intended as measures leading to more efficient service delivery and decreased risk.

Approximately one year after our report is issued, we will determine the current status of actions proposed by management in response to our recommendations. Our findings may be communicated to the responsible parties and may require a follow-up review.

IF THE AUDIT DOESN'T TURN UP FRAUD OR SAVE THE COUNTY MUCH MONEY, WAS IT A WASTE OF TIME?

The value of an audit is not measured merely in dollars and cents but by the faith taxpayers can have in knowing there has been independent oversight of the public trust. If the result of a particular audit is that a unit or program is found to be operating efficiently without material waste, it is a sign of a healthy administrative and regulatory environment.

The seal of Ulster County, New York, is a circular emblem. It features a central figure, likely a Native American, holding a bow and arrow. The figure is surrounded by a wreath. The outer ring of the seal contains the text "SEAL OF ULSTER COUNTY" at the top and "STATE OF NEW YORK" at the bottom. The year "1683" is also visible within the seal.

WHO IS THE COMPTROLLER?

An independently elected County official, the Comptroller has a direct mandate from voters to oversee, monitor, and audit the finances and performance of all Ulster County administrative units and programs. The Ulster County Charter empowers the Comptroller as the *chief auditing officer of the County*.

WHAT'S AN AUDIT?

An audit is an independent, objective review of an organization's records, procedures, or results. Audits are often guided by government and/or generally accepted auditing standards. There are two common types of audits conducted by the Comptroller:

- *Financial audits* "follow the money," verifying the accuracy and fairness of reported financial information.
- *Performance audits* review an entity's fiscal and/or operational efficiency, effectiveness, and internal controls. *Internal controls* are the procedures implemented by an organization to prevent waste, deter fraud, and ensure compliance with laws and rules.

WHAT IS THE COMPTROLLER'S AUDIT AUTHORITY?

Among some of the powers expressly conferred upon the Comptroller by the Ulster County Charter are the authorities to:

- Examine, audit, and verify all books, records, and accounts related to any administrative unit, program, or function of County government at *any time* and assess the degree to which operations are economical, efficient, and/or effective
- Audit and certify for payment all lawful claims or charges against the County, whether for payroll or otherwise
- Prescribe generally accepted government accounting methods to be used by all units of County government

WHAT IS THE PURPOSE OF AN AUDIT?

The audit's objective is to help identify ways in which County government can deliver the greatest level of service at the lowest possible cost by viewing operations through a fresh set of eyes.

Our goal is to help your unit:

- Reduce the risk of mistakes or fraud
- Effectuate best practices and managerial controls
- Improve systems of record keeping
- Increase productivity
- Protect taxpayers' interests through enhanced fiscal management



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