

NY/NJ Intergovernmental Audit
Forum
Spring 2007

IMPACT ON THE AUDITEE

George M. Krause
Chief Financial Officer

WHO ARE THE AUDITORS?

- Legislative Auditors – NJ Office of the State Auditor
- Federal Inspector General
- Independent CPA Firms (Single Audit)
- NJ Office of Management and Budget
- LWD Office of Internal Audit

IMPACT ON THE AUDITEE

- Use of Resources (Manpower and Time)
- Report Impact
 - Management Disclosure
 - Public Disclosure
- Audit Response
- Changes Required – Corrective Action Plan

USE OF RESOURCES

- Staff Needed to Answer Auditor's Inquiries
 - Gather documentation
 - Follow up on potential problems
i.e. missing invoices
- Space, Copy Machine, etc.

- Impact on Use of Staff More Noticeable Due to Hiring Freeze
- Timing of Audit Crucial
 - Budget season
 - Year-end closing

REPORT IMPACT

Management Disclosure

- Accounting Issues
- Internal Control Weakness
- Under Performing Programs
- Projects Over Budget

REPORT IMPACT

Public Disclosure

- Elected Officials
- Headlines

AUDIT RESPONSE

- Time to Draft and Coordinate
- Some Responses Require Program and Fiscal Input
- Support/Document

CORRECTIVE ACTION PLAN

- Requires Staff Resources
- Could Require Unanticipated Expenditures
- Needs Not Only to be Prepared, but Implemented

OTHER AUDITEE OBSERVATIONS

- Stay Within Scope
 - If audit changes significantly, change scope and let auditee know

- Don't Make a Negative Finding Over Items that are in Compliance with Law and Regulation

USE INTERNAL AUDIT OFFICE/UNIT TO SOFTEN IMPACT

- Coordinate
- Be Main Contact
- Help Educate Auditor
- Provide CFO Insight as to Audit Progress