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March 18, 2015

Mr. John J. Mills, Chairman
County Legislature
Erie County
Old Erie County Hall
92 Franklin Street, Fourth Floor
Buffalo, New York 14202

Dear Chairman Mills and Members of the Legislature:

The Division of Local Government and School Accountability of the Office of the State Comptroller has initiated an audit at Erie County. The audit will focus on the County's monitoring of the Ignition Interlock program. Our audit will cover the period January 1, 2010 through the end of fieldwork. We have enclosed a copy of our publication, Understanding the Audit Process, which explains how we conduct our audits.

At the conclusion of our audit, we will report on the audit results and provide recommendations to help improve your County's operations. As a member of the County's Legislature, you will have a role in monitoring any corrective actions that needs to be taken as a result of this audit. Therefore, please feel free to ask questions about the audit's progress at any time during the audit engagement. Our audit staff will also be available to meet at any time during the audit. If I can answer any questions you have at this time, please contact me at (716) 847-3647.

Sincerely,

Amy Zubek
Principal Examiner
Local Government and School Accountability

Enclosure
cc: Members of the Legislature

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## Division Of Local Governmentand School Accountability

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OFFICE OF THE STATE COMPTROLLER
DIVISION OF LOCAL GOVERNMENT
AND SCHOOL ACCOUNTABILITY

Partnership

# UNDERSTANDING THE AUDIT PROCESS

Thomas P. DiNapoli
State Comptroller

***Revised: June 2011***

State of New York
**Office of the State Comptroller**
Division of Local Government and
School Accountability

Your government has been scheduled for an audit. The audit process is an integral part of the government's system of "checks and balances" providing an objective, independent review of your program stewardship and fostering accountability to the citizens of New York.

This booklet has been prepared to familiarize you with the audit process and provide insight into the key stages of its development, from the earliest stages to the final report. It describes what auditors look for and their professional auditing standards. The booklet is intended only to highlight some of the significant elements of the audit. Our staff will be happy to answer your questions as they come up during the process.

The mission of the Division of Local Government and School Accountability is clear: "To serve taxpayers' interests by improving the fiscal management of local governments and schools in New York State." This is the perspective our auditors bring to their work. We strive to accomplish our goals competently and professionally. We respectfully request your cooperation during this process to ensure that the essential facts are expeditiously collected and accurately interpreted. Working cooperatively will make this an easy process for you and a meaningful one for your constituency.

Our staff will schedule periodic meetings with you or your liaison to keep you fully informed of our progress. In addition, you may contact the on-site examiner-in-charge or any member of our management team at any time.

***Division of Local Government***
***and School Accountability***

## MISSION AND AUTHORITY

### Our Mission

The Division of Local Government and School Accountability's mission is to serve taxpayers' interests by improving the fiscal management of local governments and schools in New York State.

To achieve our mission we have developed the following goals:

- Enable and encourage local government and school officials to maintain or improve fiscal health by increasing efficiency and effectiveness, managing costs, improving service delivery, and accounting for and protecting assets.

- Promote government reform and foster good governance in communities statewide by providing local government and school officials with up-to-date information and expert technical assistance.

### Constitutional and Statutory Authority

Pursuant to the State Constitution (Article V, §1) and the General Municipal Law (Article 3), the State Comptroller has the responsibility to oversee the fiscal affairs of local governments. This oversight responsibility is exercised primarily through the Division of Local Government and School Accountability. One part of this responsibility is to periodically examine the fiscal affairs of local governments. Our examinations are designed to provide information to officials so that they can perform their financial stewardship responsibilities effectively. Section 35 of the General Municipal Law provides, in part, that a report of the examinations will be made and filed with the local government.

## ACCESS TO RECORDS

During the audit, the Comptroller's staff will require access to records, files and other information to complete the audit effectively. This may include information that various laws define as confidential and/or proprietary. The Comptroller's right to access this information required for audit purposes is derived from General Municipal Law and other statutes.

## AUDITS

The conduct and performance of our audits are guided by professional auditing standards promulgated by the Comptroller General of the United States in the publication, "Government Auditing Standards."

Audits conducted by the Division fall into two categories: Internal Control Audits and Performance Audits.

Internal Control Audits review and test a local government's policies and procedures to make sure that officials obtain, keep and use public resources properly.

Performance Audits assess how efficiently a local government runs aspects of its programs. Typically, these audits identify cost savings.

## REVIEWS

The Division also performs mandatory and non-mandatory budget reviews.

Budget Reviews examine a local government's budget prior to adoption for the purpose of determining whether information contained within the preliminary budget is supported and whether estimates are reasonable and balanced.

## AUDIT PROCESS

A typical audit has several interrelated stages or activities.

- Research and Information Gathering

This process includes interviews with your staff and requests for documents and data. The purpose is to help us better define where we may or may not assign audit resources. This advance process results in a better-focused audit effort and allows us to determine if value will likely be added from doing the audit.

- Entrance Conference

An entrance conference establishes a climate of cooperation, informs local government officials and other top management about the audit process and offers officials the opportunity for input.

- Preliminary Audit Survey

The audit team conducts a survey of organizational and operational information before the major audit effort begins. The objective is to develop a more complete understanding of the organization and the areas that will be audited.

- Fieldwork Phase

This phase consists of the focused audit effort and usually comprises the single largest amount of time. The examiner in charge (EIC) supervises the day-to-day activities of the on-site audit team to ensure quality audit work is completed within predetermined time frames.

- Preliminary Audit Findings

After completing the fieldwork phase for each audit segment, the EIC or other audit staff will discuss the findings and conclusions with involved local government management.

- Exit Conference

At the completion of fieldwork, we will send a draft copy of our written findings and recommendations, and instructions for responding to our audit to each member of the governing board, the chief executive officer and any other appropriate local officials. Audit team members will schedule an exit conference with appropriate local government management to discuss these findings and recommendations. The exit conference provides local officials the opportunity to clarify issues that are to be included in the final audit report.

- Local Official Response

Within 30 days of the transmittal of the draft report to the local government, the local government should formally respond with its official position concerning the audit findings or, at a minimum, should identify any factual differences with the report. This response letter will not be considered your corrective action plan as contemplated by General Municipal Law, but you may want to use it in developing that corrective action plan.

## REPORT DISTRIBUTION

Final audit reports are public documents available to anyone requesting them, although they will be provided to the audited municipality before they are publicly distributed. Most final reports are provided to media representatives, some with accompanying press releases. We include the formal response to our audit findings filed by local officials as an appendix to our final audit report.

## CORRECTIVE ACTION PLAN

Education Law for school districts and Commissioner of Education regulations for BOCES require that the governing board prepare a corrective action plan in response to any report issued by our Office. Your corrective action plan must be filed with us and the State Education Department and should include, with respect to each finding or recommendation, a statement of the corrective action taken or proposed to be taken. In addition, to the extent practicable, the implementation of such corrective action plan shall begin no later than the end of the next fiscal year.

For all other local governments, General Municipal Law provides that the governing board may prepare a corrective action plan to any report issued by our Office. Your corrective action plan must be filed with us and should include, with respect to each finding or recommendation, a statement of the corrective action taken or proposed to be taken. If you decide not to take corrective action to address one or more of the recommendations in our report, you should explain your reasons.

## FIELD SERVICES SURVEY

We take our mission to help local officials improve their governments very seriously. Consequently, feedback about how our customers view our services is critical to us. At the conclusion of each audit service, we send a survey questionnaire to affected local officials asking for their perspectives on the service. The responses to these surveys, which can be submitted anonymously, provide us with valuable information that has helped us improve our operations. Please take the time to complete this survey when you receive it and return it to us.

## SHARED COMMITMENT

We understand the audit process can be a trying time for you and your staff. Our auditors are always seeking ways to reduce disruption to your operations and to minimize the additional burden on your staff. We seek and welcome your cooperation during the coming audit as well as your constructive suggestions for improving the audit process.

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