Auditor Understanding of Internal Control

.101 The Secretary of State, Audits Division, is the constitutional auditor of public accounts in Oregon. The Audits Division conducts a statewide single audit annually, and performs other audits and reviews at its discretion. The audits are performed in conformance with generally accepted government auditing standards.

.102 Generally accepted auditing standards require that the independent auditor study and evaluate the existing system of internal control as a basis for reliance thereon to determine the nature, timing, and extent of tests to be performed. Findings and judgments resulting from the auditor’s study of internal control affect the overall audit plan including judgments about staffing, extent of supervision, conduct and scope of the audit, and degree of professional skepticism applied.

.103 Internal auditors provide assistance to independent auditors by documenting existing systems and controls, recommending appropriate corrective actions, and assuring recommendations are implemented as planned. The Audits Division may rely upon the work of internal auditors in certain circumstances.

Federal Compliance

.104 Agency management is required to identify laws and regulations pertaining to compliance requirements. Agencies should establish internal controls to ensure compliance with those laws and regulations applicable to federal assistance.

Financial Statement Compliance

.105 Agency management is required to establish internal controls to ensure compliance with laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determination of financial statement amounts.
Entrance and Exit Conferences

.106 **Agency heads** or their designees must attend the audit entrance and exit conferences.

Agency Responsibility to Respond to Audit Findings

.107 For all audits conducted by, or under the auspices of, the Audits Division, agency management is responsible to respond to audit findings and ensure proper resolution.

Audit Sanctions

.108 ORS 293.515 allows the Secretary of State to certify to the Governor the failure of State officials or employees to comply with significant recommendations in audit reports.

   a. The Governor may or may not order compliance with the audit recommendations.

   b. The Governor may order withholding of salaries in order to obtain compliance with orders issued.