

OREGON ACCOUNTING MANUAL		Number 10.80.00.PR
Oregon Department of Administrative Services State Controller's Division		Effective Date July 1, 2003
Chapter	Internal Control	.1 OF .3
Part	Auditing	
Section		Approval Signature on file at SCD

Statewide Single Audit

- .101 Single audits have three layers of audit standards with different reporting requirements.
- a. **Generally Accepted Auditing Standards (GAAS)**
 - (1) An opinion is made on the financial statements and supplementary **schedule of expenditures of federal awards (SEFA)**.
 - (2) A report on internal control is made only if reportable conditions are discovered. Oral reporting is acceptable.
 - b. **Generally Accepted Government Auditing Standards (GAGAS)**
 - (1) An opinion is made on the financial statements and the schedule of expenditures of federal awards.
 - (2) A report on compliance and on internal control over financial reporting is made based on the financial statements.
 - (3) A report on internal control is required in every financial statement audit and must be in writing.
 - c. Federal Office of Management and Budget (**OMB Circular A-133**)
 - (1) An opinion is made on the financial statements and the supplementary schedule of expenditures of federal awards.
 - (2) A report on compliance and on internal control over financial reporting is made based on the audit of financial statements.
 - (3) A report on compliance and on internal control over compliance applicable to each major program (as defined in circular A-133) is made, including an opinion on compliance.
 - (4) A schedule of findings and questioned costs is required. ("Questioned costs" are expenditures deemed to be non-allowable for reimbursement under a federal grant.)
 - (5) A report on internal control is required in every financial statement audit and must be in writing.

- .102 The State and its agencies are responsible to comply with the provisions of the **Single Audit Act**, as amended, to ensure that the State continues to be eligible to receive federal funding. See **OAM 30 10 00** on federal compliance.
- .103 Within 180 days of the fiscal year ended June 30, Statewide Accounting and Reporting Services will issue a **Comprehensive Annual Financial Report (CAFR)**. The CAFR will include an audit opinion as to whether the State has presented fairly its financial position and the results of its financial operations in accordance with generally accepted accounting principles. The Audits Division will conduct the Statewide Single Audit.
- .104 The State and its agencies are generally subject to a variety of laws and regulations that affect the Comprehensive Annual Financial Report and agency financial statements. Such laws and regulations may address fund structure, required procurement, debt limitations, and legal authority for transactions.
- a. Management responsibilities are to:
- (1) Identify applicable laws and regulations with compliance requirements.
 - (2) Establish internal controls to provide reasonable assurance that the entity complies with those laws and regulations.
 - (3) Prepare supplementary financial reports, including a schedule of expenditures of federal awards.
- b. Auditor responsibilities are to:
- (1) Obtain reasonable assurance that the financial statements are free of material misstatements resulting from violations of laws and regulations that have a direct and material effect on the determination of financial statement amounts.
 - (2) Obtain an understanding of the possible effects on financial statements of laws and regulations that are generally recognized by auditors to have a direct and material effect on the determination of amounts in the entity's financial statements.
 - (3) Assess whether management has identified laws and regulations that have a direct and material effect on the determination of amounts in the entity's financial statements.
 - (4) Obtain an understanding of the possible effects on the financial statements of the laws and regulations identified by management.

Performance Audits

- .105 Performance audits such as economy and efficiency audits determine whether the entity makes efficient use of resources. The audits determine the following:
- a. Whether the agency is acquiring, protecting, and using its resources economically and efficiently.
 - b. The causes of inefficiencies or uneconomical practices.
 - c. Whether the agency has complied with laws and regulations on matters of economy and efficiency.
- .106 Program audits, another example of performance audits, determine the effectiveness and measure the achievement of a program. The audits determine the following:

- a. The extent to which the desired results or benefits established by the authorizing body are being achieved.
- b. The effectiveness of agencies, programs, activities, or functions.
- c. Whether the agency has complied with laws and regulations applicable to the program.

Responding to Audit Findings

- .107 Agencies are responsible for assuring the adequacy, effectiveness, and timeliness of actions taken with respect to reported audit findings, both from internal auditors and from the Audits Division.
- .108 For those agencies without internal audit functions, the State Controller's Division, subject to resource availability, may follow up to verify progress on resolution of audit findings.