We have written you up, what do you do now?

Editor’s Note: We are constantly getting questions from agency personnel (either those who process transactions or those who are not in upper management) about what happens with an audit finding. This article attempts to demystify that process. Please share this article with anyone who becomes involved with the audit process.

Oh dear! What do we do now? How can I fix this? Should I start looking for a new job? Was it someone else’s fault? Are the auditors just out to get me?

The AUDITORS said what I did was wrong and they are going to write me up. How can they write me up, when all I did is what they told me to do? My boss got a visit from the Controller and the Internal Auditor and they are asking questions about what the AUDITORS said I did wrong. Now I know they will fire me.

Whether you are someone processing a transaction or the head of the agency, AUDITORS find issues and make Management Recommendations. These two words often cause great anxiety.

Let’s take a moment to discuss what the AUDITOR really does. The Auditor is checking your agency’s procedures and how well you follow those procedures and your supervisor’s directions. The Auditor compares those procedures against those required by statute or a central agency, such as the Department of Accounts.

Once the Auditor understands what you are supposed to do, the Auditor picks items for testing. Sometimes people do not tell the Auditor what they really do; but, what they think the Auditor wants to hear. When their review of actual transactions is not the same as their understanding of the procedures, the Auditor has a finding and an issue.

The number or severity of errors on the transactions reviewed helps the Auditor determine if the issues are big or small. This is when you start to have the Auditor ask you if that is the way you really do things, or is there some other set of instructions you actually follow.

Depending on your answers and the agency’s documented procedures, the Auditor will prepare a Possible Management Letter Comment memo. This memo shows what the Auditor understands as the agency’s procedures and what the Auditor actually found.

Most agencies have someone at the agency designated as the Audit Contact Person, normally the internal auditor or the Fiscal Officer. This person receives the memo.

We typically ask the Audit Contact Person to work with your supervisor and the person in-charge of your section to determine, if the Auditor’s understanding of the agency’s procedures are correct and that the errors are not the result of the Auditor’s misunderstanding of the procedures. The Audit Contact Person is asked to coordinate a response to the Auditor’s memo within about a week of the memo.

If the Auditor’s understanding is wrong, the Auditor may retest some transactions to make sure that the problem is really a misunderstanding. Additionally, the Auditor will determine why the problem occurred. In some cases, the errors may be the result of a new system; or that a new person was doing the work, or that the person doing the work had a problem with the procedure.

In any of these cases, the Auditor may decide to do more testing to determine the impact of the errors or recommend that the supervisors give the individual more training. Also, the Auditor may decide to make only a verbal recommendation and then test this area again the following year after the problem is fixed. However, the Auditor will typically not give you and your supervisor the same consideration next time.

You just said if I am new, it is a new system or I have not had training the Auditor will not write me and the agency up, but Auditor did write us up. Sometimes an Auditor makes an issue a written finding because the agency may have had the same problems in the past, before you were working in your division. Other times an issue is included in the final report because the error is a violation of a Federal regulation or perhaps the error is so big that it is necessary to bring it to everyone’s attention immediately. And sometimes errors are just errors and result in a formal written finding and recommendation in the final report.

The purpose of Management Recommendations is not to make everyone’s life miserable. These findings and recommendations serve multiple purposes. A recommendation may improve internal control to safeguard the Commonwealth’s money and assets. Recommendations are also intended to prevent problems related to data security or noncompliance with Federal or State laws, rules and regulations.

Finally, the recommendations can also improve efficiency by eliminating unnecessary procedures or processes, which delay transactions, but do not add any control.

Hopefully, this explains what the Auditors are doing and why. Auditors are not there to make up procedures, but to make sure that you and your co-workers are following your agency’s standard policies and procedures.

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