

## **GUIDELINES FOR PREPARING AGENCY RESPONSES TO PRELIMINARY AUDIT FINDINGS**

Preliminary audit findings are issued by the single auditors to communicate potential deficiencies or noncompliance. The findings include a condition, criteria, cause, effect, and recommendation. The findings describe conditions disclosed by the state-level single audit process and provide the agency with an opportunity to address those conditions. State agencies then have five business days to provide an official agency response to the preliminary audit finding, with a copy forwarded to the Office of the Budget, Office of Comptroller Operations, Bureau of Accounting and Financial Management. The agency response will then be reviewed by the auditors, who will then eliminate the finding, revise the finding, or issue the finding in its final form, including the agency response and an auditors' conclusion (if applicable).

An agency response should be prepared for each finding issued in an attempt to eliminate, or at least minimize the effects of, the finding. Agencies should first review and evaluate the finding to determine the type of disclosure, to determine whether it is an internal control deficiency or instance of noncompliance, and to ensure that it properly describes the condition, criteria, cause, and effect. The manner in which the agency responds will vary, depending upon its agreement or disagreement with the preliminary finding and recommendation.

If the agency is in agreement with the finding, it should indicate such concurrence in its response. It is not the intent for the agency response to serve as a corrective action plan (CAP). Rather, the intent is to notify the auditors of the agency's concurrence with the finding, for preparation of the auditors' conclusion and final finding. A CAP should be developed separately, using the [Guidelines for Preparing Corrective Action Plans](#). The development of the CAP should begin immediately upon agreement with the finding.

Where the disclosure fails to properly depict the deficiency or instance of noncompliance, the agency should clearly explain the basis for its disagreement, and include as part of its response any clarifying or additional information deemed necessary to refute the disclosure and to accurately describe the condition. Also, the agency should include any additional information or documentation evidencing the existence of an adequate degree of internal control or other compensating controls that may offset the weakness.

Where the finding questions costs, the response should indicate if additional information and specific documentation are available as supporting evidence that costs are indeed documented, allowable, approved, and reasonable. The type and extent of required documentation may be indicated in the preliminary finding or may be determined by the agency in consultation with the single auditors.

Certain findings require the coordination of an agency response by more than one agency, or by one or more agencies and the Office of Comptroller Operations. In those instances, the involved offices should determine a lead agency for preparation of a consolidated response to the auditors. The lead agency should continue to include in the CAP and quarterly status reports any comments from the other affected agency or agencies until the finding is considered closed.

Due to limitations in the size of the single audit report, agency responses should not include supporting documentation as attachments or enclosures, but instead should reference such documentation and note where it can be obtained or reviewed by the auditor. Also, agency responses should be prepared using abbreviations already established. A complete listing of

abbreviations already in use is included in an appendix of the most recent single audit report.