

# Preparing for an Audit



## Michigan State Police Emergency Management and Homeland Security Division

Jacqueline Reese

# Audit Process

- At least 30 day advance phone notification
- At least 15 day advance notification letter
- Entrance meeting
- On-site fieldwork – approximately 2-5 days
  - Review policies and procedures
  - Review financial records
  - Review payroll records
  - Review equipment records including physical review



# Audit Process (continued)

- Review training records including sign-in sheets
- Review exercise records
- Review financial reports



# Audit Process (continued)

- Field close-out meeting – Identify potential issues
- Complete work papers at EMHSD
- Report from EMHSD
- Auditee response
- Follow-up or Corrective Action



# Prior to the start of fieldwork

- Designate the Principal Liaison
- Identify auditor's workspace
- Locate records subject to audit
- Retrieve records from storage



# Designate a Principal Liaison

- Responsible for ensuring access to records and files
- Direct auditor to appropriate responsible individual(s) and to answer questions



# Office/Work Space

- Arrange for on-site office/work space for auditors to use during the duration of their fieldwork
- Approximately 2-5 days
- Accessible to records, personnel and a copy machine
- Access to physically view equipment purchased from Homeland Security Grants



# Be prepared to provide:

- Overview of operations
- Tour of facilities
- Access to personnel
- Access to records



# Organize your records

- Have all records and files available
- Keep all records supporting any expenditures that have been reimbursed by Michigan State Police-Emergency Management and Homeland Security Division



# Supporting Documentation

- Original Receipts
- Invoices
- Purchase Orders
- Check Registers
- Timesheets
- Payroll Registers



# Supporting Documentation (continued)

- Copies of checks/cancelled checks
- Bank Statements
- EFT Receipts
- Pre and Post Exercise Reports
- Training Records
- Sign-in Sheets
- Policies and Procedures



# Supporting Documentation (continued)

- General Ledger Expenditure and Revenue Account Printouts
- Budgets for Grants
- Equipment Inventory (including location of equipment)
- Mileage logs
- All other supporting documentation related to all grant purchases



# Documentation Filing

- Filing receipts and invoices:
  - By vendor
  - By grant year
  - By grant solution area
  - Use the system that fits your needs



# Timesheets

- Timesheets completed by employee must be:
  - Complete
  - Detailed
  - Support activities being billed for through the grant
  - Signed by the employee and supervisor
  - Completed on a weekly or bi-weekly basis



# Timesheets (continued)

- Completed when the work actually occurs, not when the timesheets or records are requested by EMHSD
- Purpose of overtime explained
- All grant and non-grant activities and hours must be separately identified



# Record Retention

- All financial records
- All supporting documentation
- All statistical records
- All grant agreements
- All other records pertinent to the grant
- Keep for a minimum of three years after the final grant report date – 44CFR 13.42
- Keep for federal and/or state examination and audit



# Responsibilities and Guidance

- Single Audit - OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations  
<http://www.whitehouse.gov/omb/circulars/a133/133.html>
- OMB 2 CFR Part 225 Cost Principles for State, Local, and Indian Tribal Governments  
[http://www.whitehouse.gov/omb/circulars/a087/a87\\_2004.html](http://www.whitehouse.gov/omb/circulars/a087/a87_2004.html)
- OMB Circular A-102 Grants and Cooperative Agreements with State and Local Governments  
[http://www.whitehouse.gov/omb/circulars\\_a102\\_a102/](http://www.whitehouse.gov/omb/circulars_a102_a102/)
- 44 CFR Part 13  
[http://www.access.gpo.gov/nara/cfr/waisdx\\_08/44cfrv1\\_08.html](http://www.access.gpo.gov/nara/cfr/waisdx_08/44cfrv1_08.html)
- U.S. GAO Government Auditing Standards  
<http://www.gao.gov/govaud/ybk01.htm>



# Responsibilities and Guidance (continued)

- OJP Financial Guide  
[http://www.ojp.udsoj.gov/financialguide/08\\_financial\\_guide.pdf](http://www.ojp.udsoj.gov/financialguide/08_financial_guide.pdf)
- Administrative Guide to State Government  
[http://www.michigan.gov/dmb/0,1607,7-150-9131\\_9347--,00.html](http://www.michigan.gov/dmb/0,1607,7-150-9131_9347--,00.html)
- State of Michigan Financial Management Guide
- Schedule of Expenditures of Federal Awards (SEFA)
- Financial Status Reports



# Responsibilities and Guidance (continued)

- EMHSD Grant Guidance
- Equipment Inventory
- All applicable federal and state laws, regulations, policies and procedures



# Questions





# For Further Information:

**Jacqueline Reese, Audit Manager**  
Phone: 517-324-2330  
Email: [reesej@michigan.gov](mailto:reesej@michigan.gov)

**Richard Sheaffer, Auditor**  
Phone: 517-333-4624  
Email: [sheaffrp@michigan.gov](mailto:sheaffrp@michigan.gov)

**Michigan State Police**  
**Emergency Management & Homeland Security Division**