

Audit Updates

Fiscal Management Council
Annual Conference

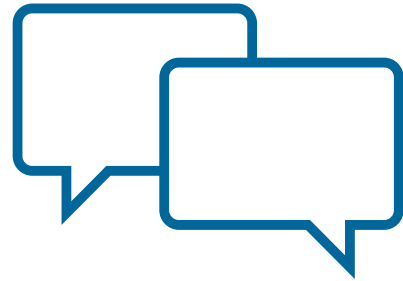
October 27, 2024



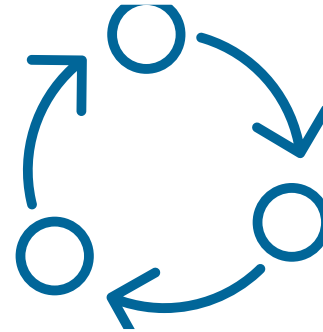
Agenda



2023 Highlights



Your Feedback



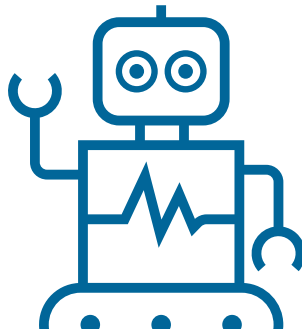
Annual Audit
Plan



Year End
Considerations



Emerging
Issues



Artificial
Intelligence



Data Analytics



DOAA

Georgia Department
of Audits & Accounts

FY2023 Highlights

ACFR Summary

State Revenue and Expenses



\$84 billion

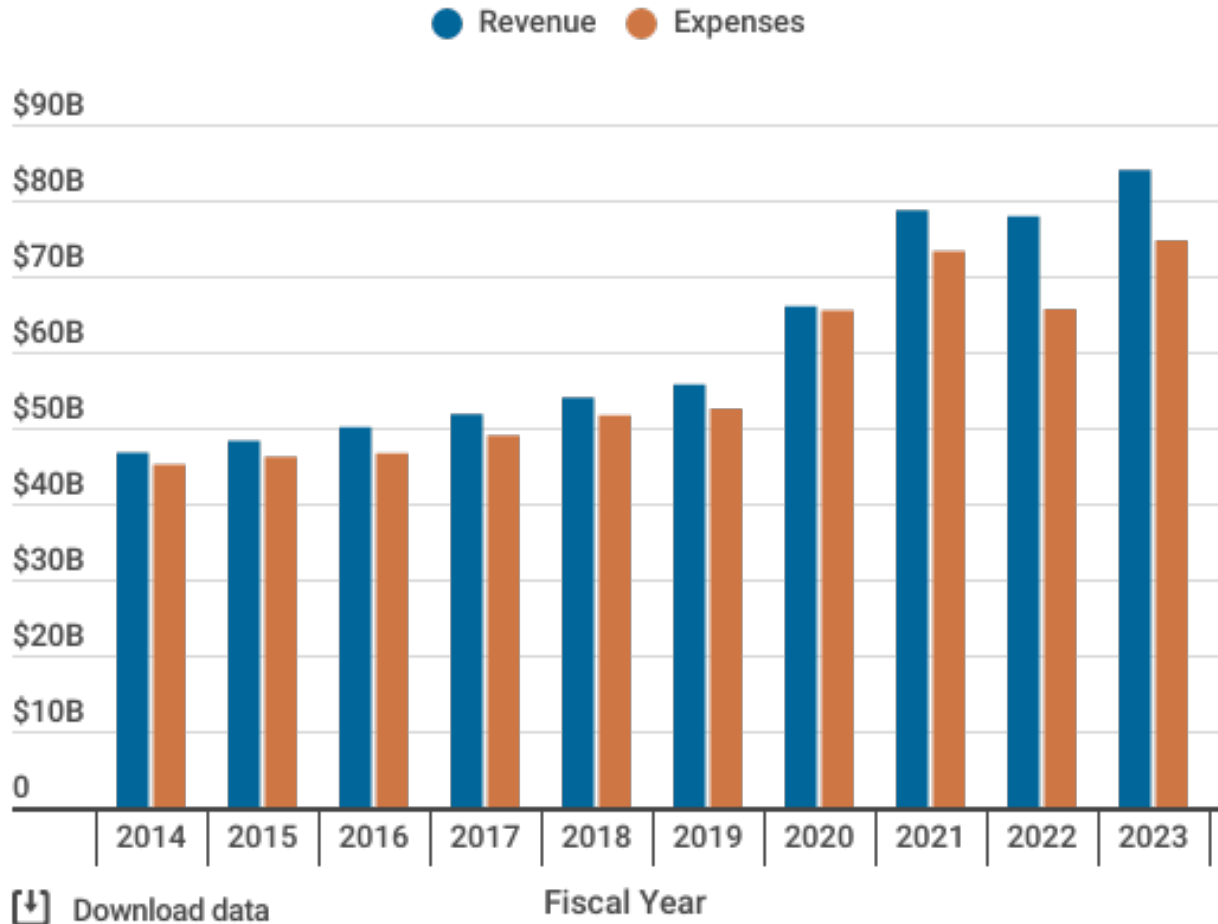
FY 2023 Revenue



\$75 billion

FY 2023 Expenses

State revenues have exceeded expenses by a combined \$27 billion over the last three fiscal years.



ACFR Summary

ACFR Summary - Audit Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Business-type Activities	Disclaimer
Aggregate Discretely Presented Component Units	Unmodified
Governmental - General Fund	Unmodified
Governmental - General Obligation Bond Projects Fund	Unmodified
Enterprise - Higher Education Fund	Unmodified
Enterprise - State Health Benefits Plan Fund	Unmodified
Enterprise - Unemployment Compensation Fund	Disclaimer
Aggregate Remaining Fund Information	Unmodified

ACFR Summary

Financial Reporting Audit Findings

During our audits, we identified weaknesses in internal controls over financial reporting. This resulted in 11 findings across six state entities (including one statewide finding). Seven of the findings were issued in the prior year.

Description	Internal Control Impact	Repeat Finding
Improve internal controls over financial reporting	Significant Deficiency	Yes
Strengthen accounting controls overall	Significant Deficiency	Yes
Continue to strengthen application risk management program	Significant Deficiency	Yes
Improve internal controls over cash and clearing accounts	Significant Deficiency	Yes
Strengthen accounting controls overall	Material Weakness	Yes
Improve controls over state revenue collections	Material Weakness	No
Improve financial management system	Material Weakness	No
Strengthen logical access controls	Significant Deficiency	No
Improve internal controls over cash accounts	Significant Deficiency	No
Continue to strengthen logical access controls	Significant Deficiency	Yes
Control over capital assets	Significant Deficiency	Yes

Single Audit Summary

Federal Spending by State Entities in FY 2023



\$36.7 billion

Total federal money spent by state entities



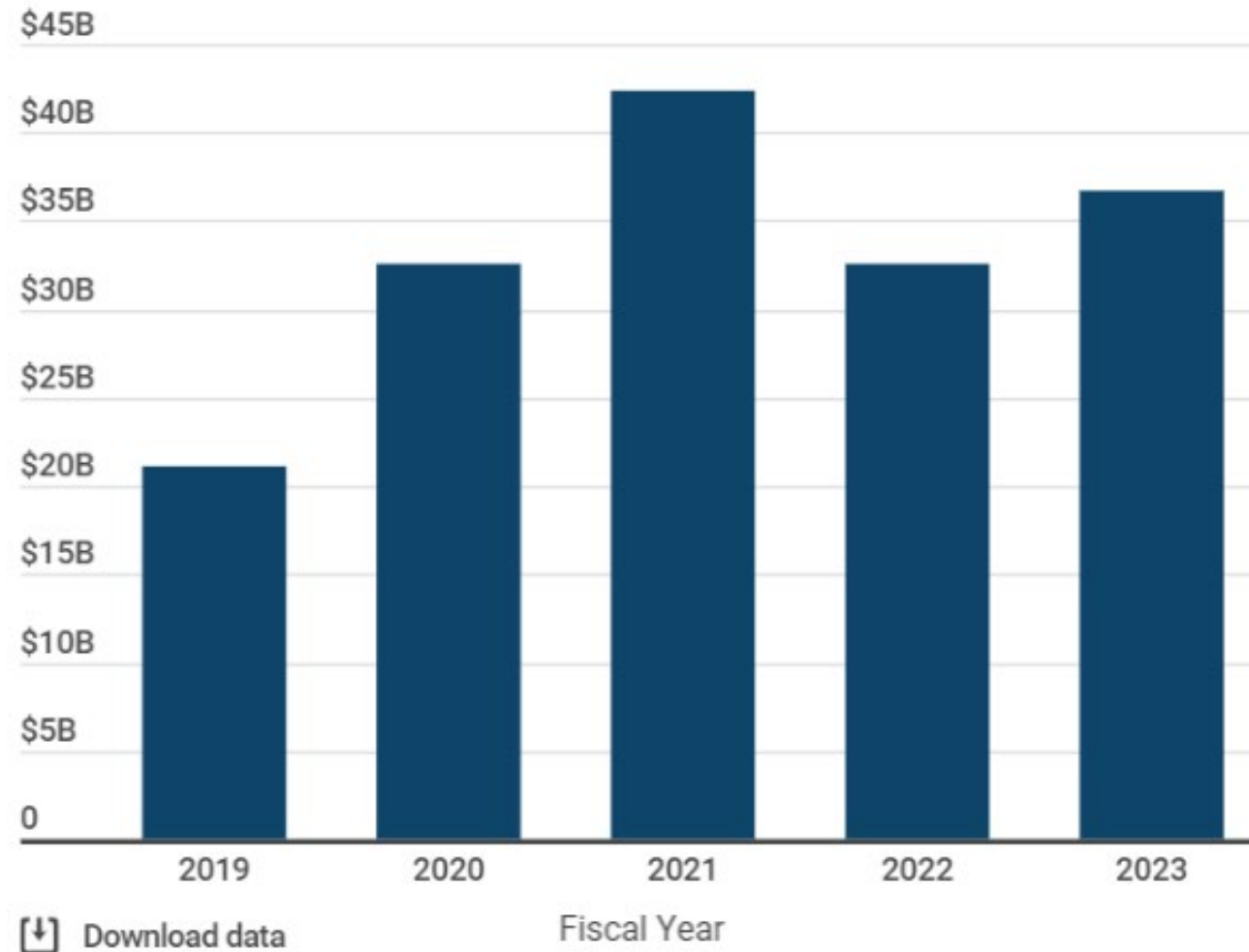
\$24.0 billion

Federal money selected for audit



Single Audit Summary

Georgia's federal spending has exceeded \$30 billion for more than four consecutive years.



Single Audit Summary

Impact of COVID Spending

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, and the American Rescue Plan Act (ARPA) provided new and existing programs within Georgia with billions of dollars.



\$9.8 billion

COVID-19-related spending by state entities in state FY23

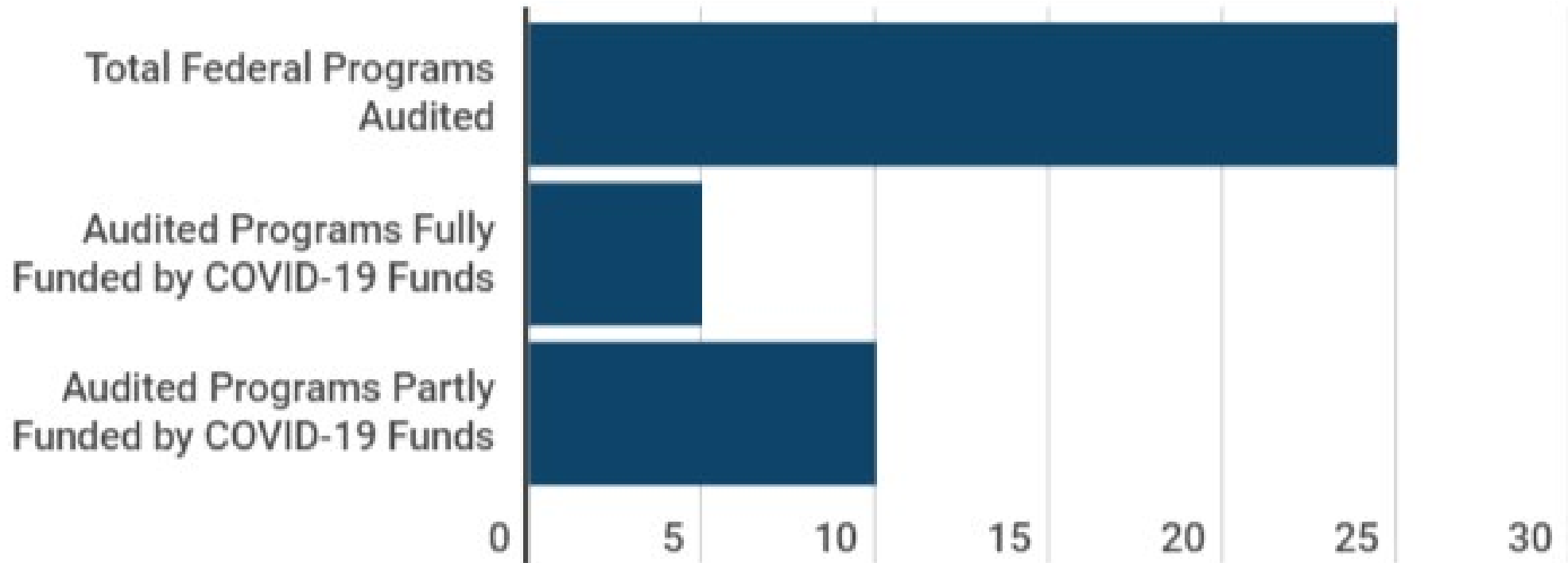


\$5.7 billion

Additional COVID-19-related funding passed through to other entities in same period

Single Audit Summary

Programs Audited

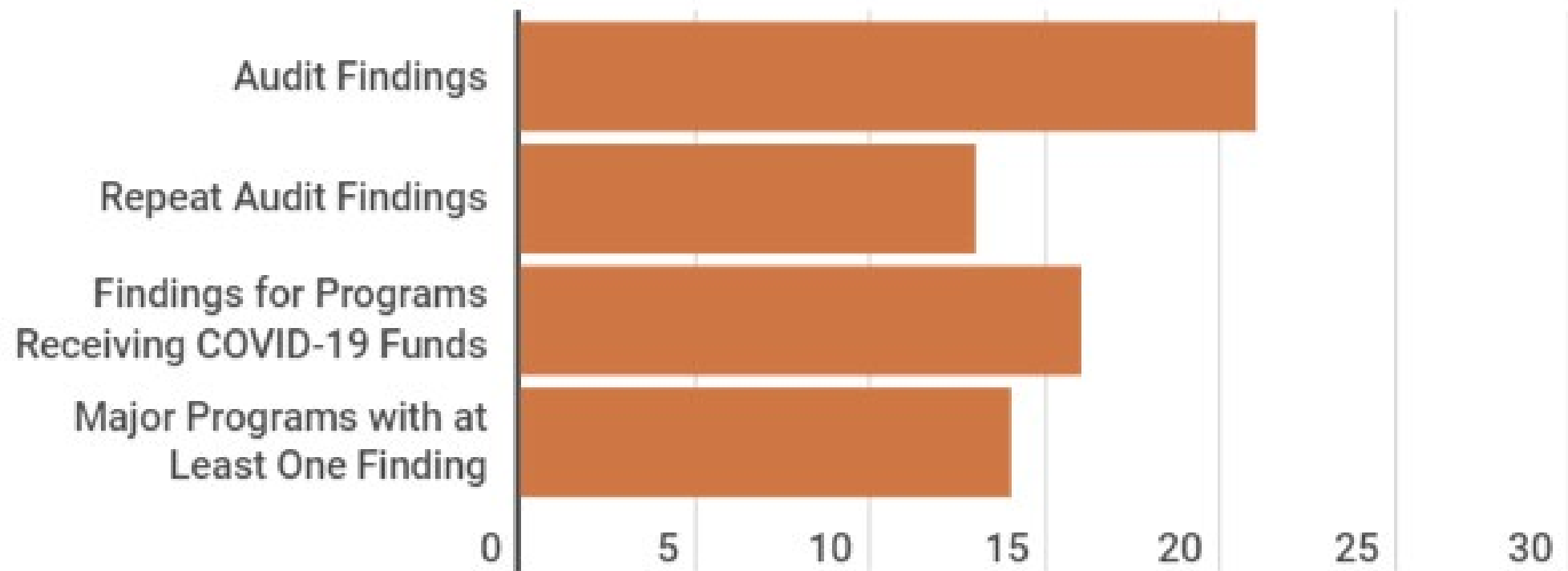


 [Download data](#)

Single Audit Summary

Federal Audit Findings

We issued 21 findings across 14 federal programs.



 Download data

Most Common Problems Found



Inadequate Reporting Procedures

Required reporting to the federal government not performed or reports submitted were inaccurate, incomplete, and/or not supported



Improper, Unsupported, and/or Unapproved Expenditures

Primarily affected specific transaction classes, such as Medicaid fixed-rate (capitation) payments to CMOs and Unemployment Insurance journal entries and utility payments



Noncompliance with Performance Requirements

Expenditures obligated and/or liquidated before or after the period allowed by the federal government



Insufficient Eligibility Determination Process

Unemployment Insurance benefit payments were not supported by adequate documentation and/or were made to ineligible recipients



Failure to Meet Special Provisions

Special requirements imposed by the federal government were not met appropriately

Single Audit Summary



Uniform Guidance Updates

UG released 4/2024;
Requirements in
place by 10/1/2024

Clarifying Language
& Terminology
Updates

Internal Controls
Must Include
Cybersecurity
Measures

Pass-through Entities
& Subrecipient vs
Contractor
Determination

Equipment Threshold
increased to \$10,000

De Minimus Indirect
Cost Rate increased
to 15%

Single Audit & Type
A Threshold
increased to
\$1 million

Uniform Guidance Update (continued)

The updated Uniform Guidance can be found at:

- <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200>

Various resources can also be found at:

- <https://www.cfo.gov/coffa/uniform-guidance-coffa/2024/>

New Products / Reports

Infographic
Summary of
ACFR

Infographic
Summary of
Single Audit

Tax Incentive
Reports

Legislative Report

Video Summaries
for Reports On
DOAA YouTube
Channel



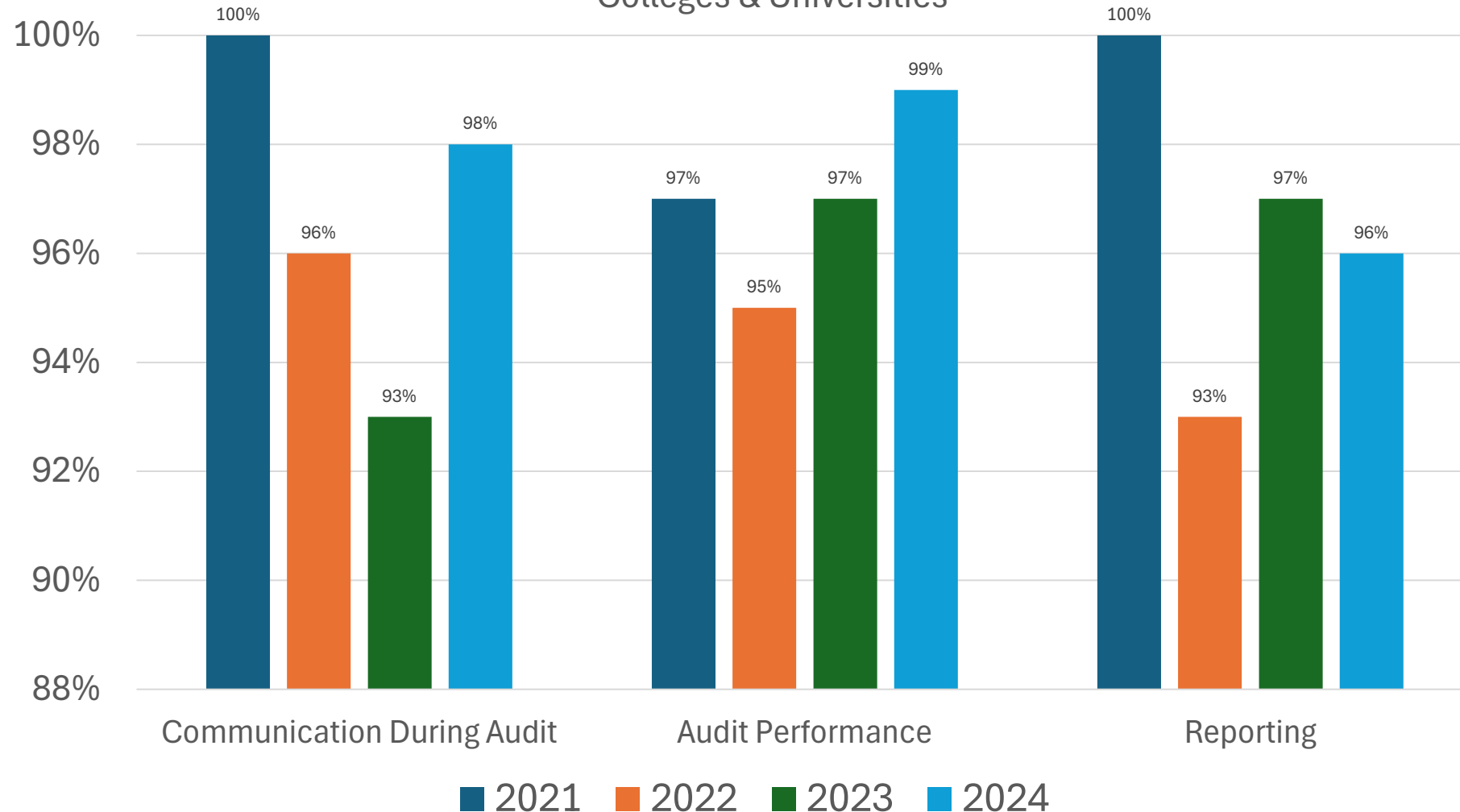
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Feedback

Your feedback on our services

State Agencies, Technical Colleges,
Colleges & Universities



We welcome feedback any time

Your Feedback

What is Going Well?



Professionalism



Process Improvement Comments



CaseWare Cloud Client Portal



Technical Assistance

Your Feedback

Where Can We Improve?



Consistent Cadence of
Status Meetings



More Timely Exit Meetings



Requests Lists In Advance



Advanced Communication of
Deficiencies

DOAA – Feedback

Please complete
this 5-question
survey to ensure
we are meeting
your needs.





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FY2024 Financial and Single Audit Plan

Fiscal Year 2024 Significant Components

**Department of
Revenue
(DOR)**

**Department of
Community Health
(DCH)**

**Department of
Education
(DOE)**

**Department of
Human Services
(DHS)**

**Department of
Transportation
(DOT)**

**Department of Labor
(DOL)**

**Department of
Behavioral Health
and Developmental
Disabilities (DBHDD)**

**Office of the
Governor
(OOG)**

Fiscal Year 2024 Stand-alone Audits

**Georgia Public
Television
Commission (GPTC)**

**Savannah - Georgia
Convention Center
Authority
(SGCCA)**

**Georgia World
Congress Center
(GWCC)**

**State Road &
Tollway Authority
(SRTA)**

**Local Government
Investment Pool
(LGIP)**

Fiscal Year 2024 Other ACFR Work

**Georgia Student
Finance
Commission
(GSFC)**

**Georgia
Technology
Authority
(GTA)**

**Department of
Natural Resources
(DNR)**

**Department of
Public Health
(DPH)**

**Capital Assets at 4
agencies**

**Personnel Services
Analytical
Procedures
(All Agencies)**

**Services &
Supplies Analytical
Procedures
(Select Agencies)**

**Central ACFR
Consolidation
Review**

FY2024 Single Audit - Preliminary Major Programs

AL Number	Program Name
10.542	Pandemic EBT Food Benefits
16.575	Crime Victim Assistance
17.225	Unemployment Insurance
20.509	Formula Grants for Rural Areas
21.023	Emergency Rental Assistance Program
21.027	Coronavirus State and Local Fiscal Recovery
64.015	Veterans State Nursing Home Care
66.458	Capitalization Grants for Clean Water State Revolving Funds
66.468	Capitalization Grants for Drinking Water State Revolving Funds
84.048	Career and Technical Education – Basic Grants to States

FY2024 Single Audit - Preliminary Major Programs

AL Number	Program Name
84.371	Comprehensive Literacy Development
93.268	Immunization Cooperative Agreements
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases
93.568	Low Income Home Energy Assistance Program
93.558	TANF Program
93.667	Social Services Block Grant
93.767	Children's Health Insurance Program
93.958	Block Grants for Community Mental Health Services
93.959	Block Grants for Prevention and Treatment of Substance Abuse
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)

FY2024 Single Audit - Preliminary Major Programs

AL Number	Cluster Name
10.CNC	Child Nutrition Cluster
10.EFAP	Food Distribution Cluster
10.SNAP	SNAP Cluster
15.FWC	Fish and Wildlife Cluster
84.SFA	Student Financial Assistance Cluster
93.MC	Medicaid Cluster
R&D	Research and Development Cluster



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Performance Audit Workplan

Selection Process

Legislative Committees



House



Senate

OR

DOAA Staff



Upcoming Reports

Report Title	Release Date
Trends in University Spending	November 2024
Controls over Finances – Georgia Public Defenders Council	December 2024
School System Spending	December 2024
Follow up on SWICAP	December 2024
Local Victims Assistance Program	December 2024
\$5 Hotel/Motel Fee	December 2024
CAPS Reimbursement Rates	December 2024
SHBP / USG Health Plans	January 2025
Georgia Family Connections	April 2025
Health Care Facility Regulations	April 2025



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Year-end Considerations

Preparing for Year End



Ensure Accuracy and Completeness of Financial Records



Organize Supporting Documentation



Reconcile Accounts



Review and Update Internal Controls



Prepare Adjusting Entries

Preparing for Year End



Confirm Legal and Regulatory Compliance



Review Prior Audit Findings



Prepare for Analytical Review



Coordinate with Auditors Early



Prepare Key Personnel for the Audit



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Emerging Issues

10 Emerging Issues Facing Government Financial Personnel

Digital
Transformation
and Automation

Cybersecurity
Threats

Implementation of
New Accounting
Standards

Economic
Uncertainty and
Budgeting
Challenges

Climate Change
and Environmental
Policy Compliance

10 Emerging Issues Facing Government Financial Personnel

Rising Healthcare
and Pension Costs

Workforce
Management and
Succession
Planning

Remote Work and
Workforce
Flexibility

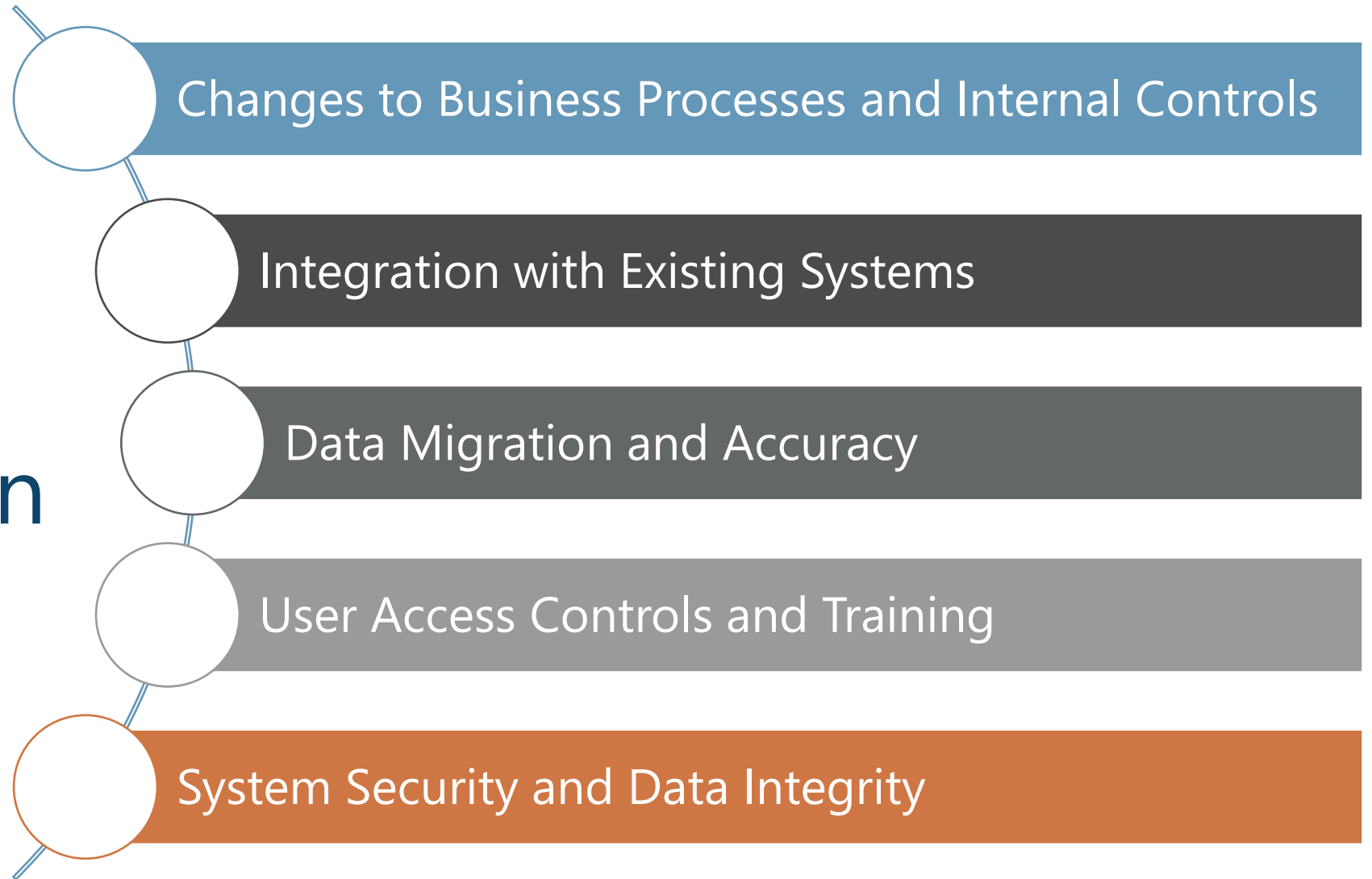
Increased Demand
for Transparency
and Accountability

Public-Private
Partnerships and
Infrastructure
Financing

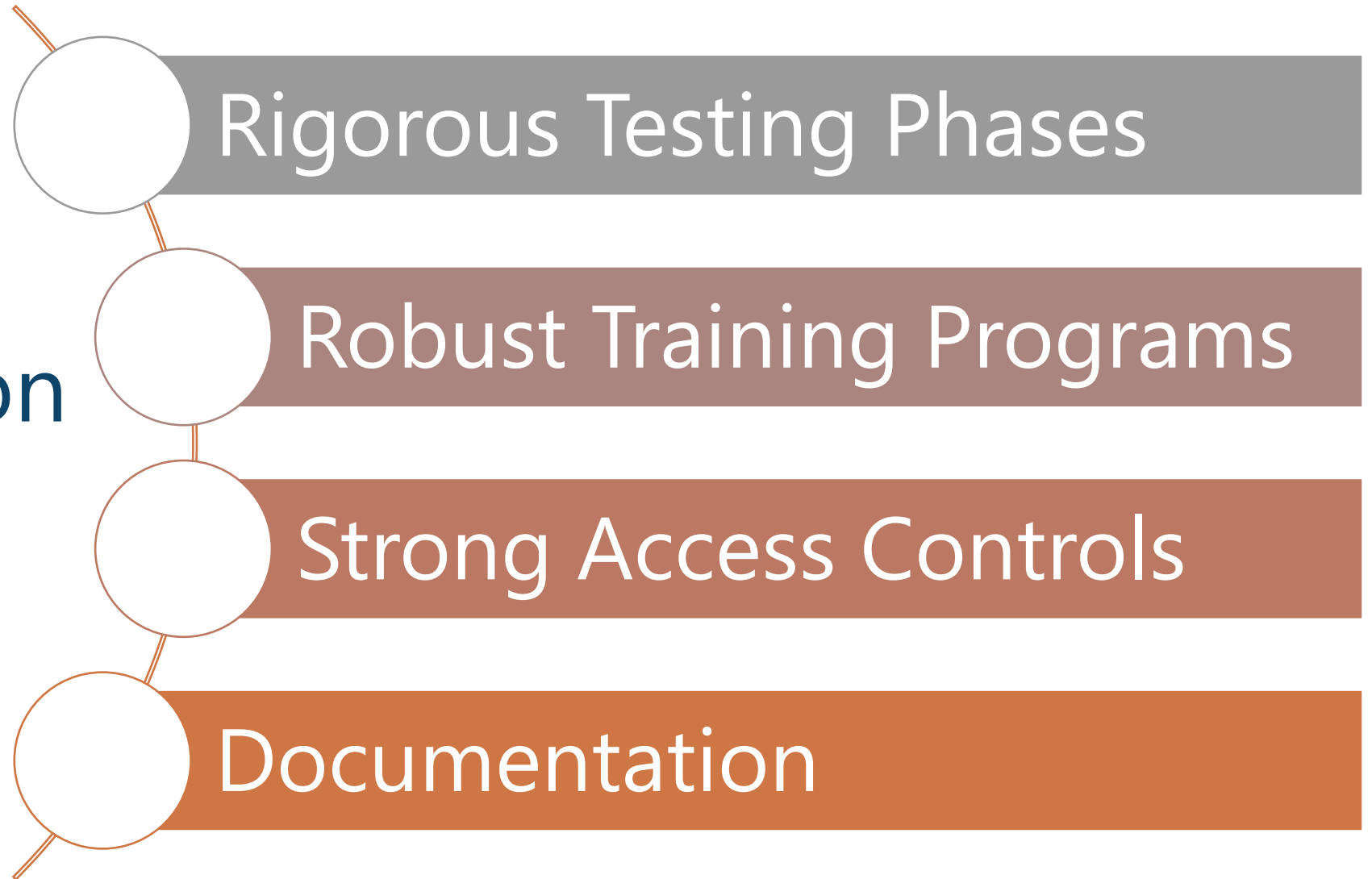
GA@WORK

A horizontal line composed of four colored segments: light blue, yellow, green, and orange.

Risk for Consideration



Risk Mitigation Strategies





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Generative AI

GTA Guidance for Use of AI Tools



09/19/2024

MEMORANDUM

BRIAN P. KEMP

Governor

Shawnzia A. Thomas

Executive Director

and State Chief

Information Officer

To: Executive Branch Agency CIOs

Cc: Commissioners

From: Shawnzia Thomas

Re: Guidance for use of AI tools



Jekyll Island

Depicted by
Generative AI

A bright and lively scene of Jekyll Island, Georgia, with the vibrant Great Dunes Park featuring sandy dunes and beach grasses swaying in the breeze.

-ChatGPT 4o | Dall-e

Common Examples of using AI in Government Financial Practices



Improve Communications – Grammar, Tone, Precision



Brainstorming – Policies, Job Descriptions



Recap Meetings



Analyze / Summarize Documents / Spreadsheets



Automated Report Generation



Summarize Email Thread

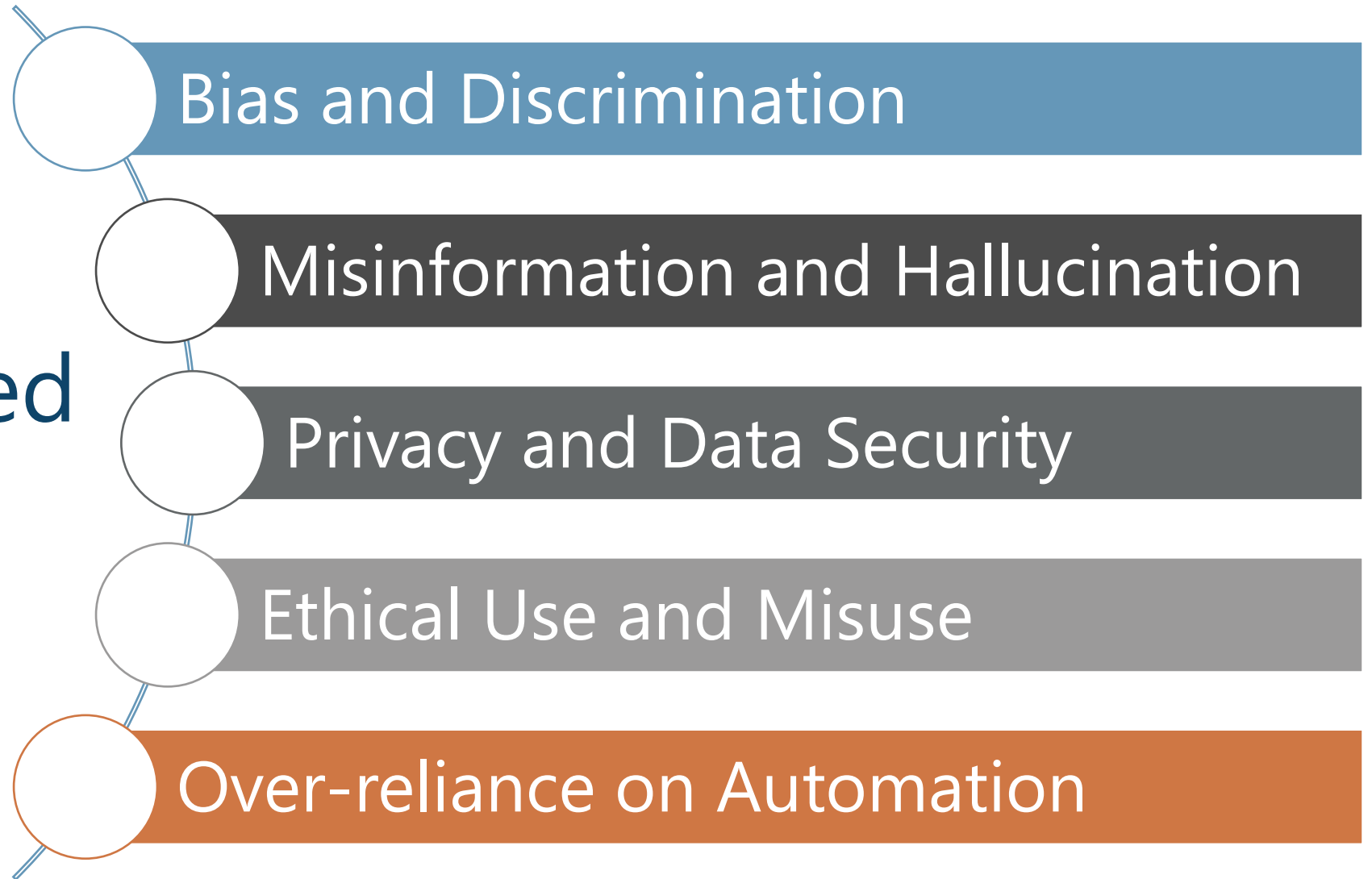


Anomaly Detection and Fraud Prevention



Financial Forecasting and Scenario Simulation

Risk Associated with AI



Create poem
describing an
accountant's
job in the new
digital age.

ChatGPT o1
preview

Where data flows in endless streams,
And digital skies expand,
The modern accountant rides new dreams,
No ledgers in his hand.

No books with worn and dusty page,
Algorithms guide the way.
Through cyber paths his steps engage,
In code and light he'll stray.

Automation takes the stage,
Efficiency the goal,
Yet vigilance remains the gauge,
Protecting every role.

Though tech reshapes the changing field,
The quest for truth is true,
Integrity remains the shield,
With wisdom shining through.

So here's to those who keep us clear,
Guardians of each fate,
The accountant, bold in a new frontier,
With trust to navigate.

Here are 10 prompts that an accountant can use with a generative AI to assist with daily tasks:



"Explain the steps to reconcile discrepancies found during bank reconciliation."



"Summarize recent changes in tax laws that could impact our business clients."



"Help me draft an email to a client requesting missing financial documents for their audit."



"Generate a checklist for month-end closing procedures to ensure accuracy and compliance."



"Create a template for a financial report highlighting key performance indicators for stakeholders."

Here are 10 prompts that an accountant can use with a generative AI to assist with daily tasks:



"Provide best practices for implementing new accounting software within our firm."



"Explain the differences between cash basis and accrual basis accounting with examples."



"Assist in creating a policy document for handling confidential financial data securely."



"Offer tips on how to improve efficiency in the accounts payable process."



"Draft a brief guide on interpreting financial ratios for non-financial managers."



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Data Analytics

Drivers for Data Analytics



Improve Audit Efficiency



Higher Degree of Assurance



Better Audit Planning



Greater Client Insights



Visualization and Data Presentation

Thank
You!

Kristina Turner, CPA, CISA, MMIS | Deputy State Auditor
turnerka@audits.ga.gov

Kenneth Knight, CPA, CGFM | Director
Financial Audits
knight@audits.ga.gov

Heather Roehl, CGFM | Deputy Director
Statewide ACFR
roehl@audits.ga.gov

Morgan Williams, CPA, CGFM | Deputy Director
Statewide Single Audit
williamsm@audits.ga.gov