



Mary Taylor, CPA

Auditor of State

Guest Column:

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For the Ohio Library Council

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Agreed Upon Procedures Offer Cost-Saving Alternatives for Some Audit Clients

The economic downturn has placed considerable strain on many Ohio families, who must sacrifice in order to afford even the essentials of daily life. Local governments, libraries and other publicly funded entities in Ohio are not immune to economic pressures of their own. As Auditor of State, I know many units of government are facing serious financial challenges as they struggle to balance their budgets and provide basic services for the communities they serve.

Audits, conducted by my staff or by private-sector audit firms under our review, are required by law for every unit of government in Ohio, including all cities, villages, schools, universities, counties, townships, public libraries, state agencies, boards and commissions. An audit is a valuable financial-management improvement tool and an essential safeguard against the fraud, waste and abuse of public tax dollars. Because audits create a necessary expense for cash-strapped governments, I am committed to finding ways to make this important service less time-consuming – and therefore less expensive – for the clients we serve.

One important new cost-reduction strategy involves, in appropriate situations, the use of Agreed-Upon Procedures (AUPs).

Before the end of 2009, my office will be changing our policies to allow AUPs to alternate with financial audits for certain government clients with a good audit history. AUPs offer a high level of accountability for the client and the community, but because they are less time consuming, eligible clients will see lower audit costs.

At the present time, AUPs are conducted by our office for some convention/visitors bureaus and certain other small-scale entities. Our new policy will expand the list of those eligible to request an AUP.

It is important to understand the differences between a financial audit and an AUP. For example, in a traditional financial audit, the auditor expresses a formal opinion on the fair presentation of the financial statements, while an AUP results in a less-formal “presentation of findings.” The AUP covers high-risk areas and still ensures financial accountability. If problems appear in the course of conducting an AUP, the client and auditor can make the decision to engage in a financial audit.

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Because AUP engagements are limited in scope, they will not be appropriate in every setting and not all clients will be eligible for this type of review. At this time, my office is working to make sure that all aspects of this new policy are communicated to government agencies throughout the state. An Auditor of State bulletin will be issued before the end of 2009 to provide greater detail.

There is an additional cost-saving measure we recently announced to benefit local governments, including a number of Ohio libraries, using the Auditor of State's Uniform Accounting Network (UAN) software system. UAN supports accounting and financial management activities for many of our local government clients and, as part of the package, provides those clients with computer equipment to run the program. For governments and other public entities using the UAN system, we are waiving the \$50 per month hardware surcharge until further notice, beginning with the September 30, 2009 billing.

We have been able to take this step based on our review of costs associated with the UAN program, including savings we have achieved with the purchase of computer equipment for program clients and through other efficiencies. We are pleased to be able to pass our savings along to public libraries and other local government entities we serve through UAN. We will continue to monitor the UAN program for potential efficiencies and savings.

Please contact my office if you have any questions about AUPs, UAN or other cost-saving measures. To access Auditor of State bulletins, publications and any other government finance information, visit www.auditor.state.oh.us. We can also be reached by letter, phone or email at:

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This is the first article in a two-part series.

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