

# There are two kinds of audits

# The Audit - what to expect

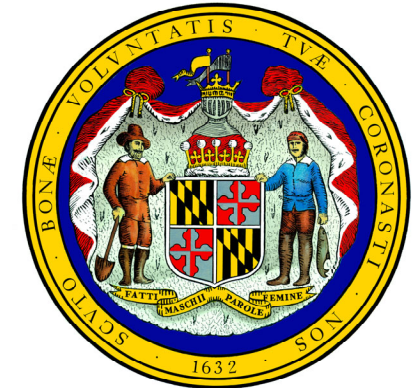
## Fiscal Compliance Audits

By law, OLA is required to conduct a fiscal compliance audit of each Executive and Judicial Branch agency of State government every three to four years. Fiscal compliance audits are designed to evaluate an agency's operations and internal controls and determine whether the agency complied with applicable laws and regulations. These audits primarily focus on fiscal operations, information systems, and programs with financial impact on the State. The related reports generally do not address activities we reviewed that are functioning properly. We also conduct special reviews of allegations of fraud, waste, and abuse.

## About The Office

The Office of Legislative Audits is an agency within the Maryland General Assembly's Department of Legislative Services and reports to the Joint Audit and Evaluation Committee. OLA is an independent and non-partisan agency that conducts independent and objective audits of Executive and Judicial branch agencies to assist the General Assembly in its oversight responsibilities. OLA is directed by the Legislative Auditor and is staffed by approximately 100 auditors.

An auditee's guide to the audit process



## Performance Audits

Performance audits are designed to evaluate whether an agency or program is operating in an economic, efficient, and effective manner or to determine whether desired program results have been achieved. These audits are conducted as required by statute, at OLA's discretion, or as requested by the General Assembly or the Executive Director of the Department of Legislative Services. We also conduct performance audits of the State's 24 local school systems at least once every 6 years to assess financial management practices.

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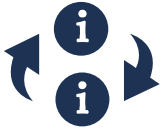
**Office of Legislative Audits**

**Department of Legislative Services**

**Maryland General Assembly**

## Our Process

Because agency staff are a primary source of information, their cooperation is essential during key stages of our audit process. Below is an overview of the typical audit process for fiscal compliance and performance audits.



**Planning** involves research to obtain an understanding of the agency and to determine our audit scope, objectives and methodology. For some audits, a separate information systems audit team will also be assigned. At the beginning of an audit, each audit team will hold an entrance conference with the agency, request documents, and conduct preliminary interviews to develop the audit plan.

**Fieldwork** is conducted based on a program developed during planning. The teams will continue to collect and examine specific information. That includes the analyses of data and documents, tests of transactions, and further interviews. Each audit team will meet with the agency to discuss their preliminary audit findings.

**Findings** are developed based on our fieldwork. Each team will document their audit findings and recommendations and hold an exit meeting with the agency to discuss. After the meeting, the findings and recommendations from each team will be combined into one draft audit report.

**Reports** are finalized after the exit conference. The agency will review and respond to our draft audit report before it is issued. The response should address the factual accuracy of the report and agreement (or disagreement) with the findings and recommendations. The response is included in the published report.

## After the Report is Published

OLA audit reports are distributed to key State government officials, all members of the Maryland General Assembly, and the general public. The reports are also published on OLA's website. Certain audits are selected for public hearings in Annapolis before the Joint Audit and Evaluation Committee, the budget committees, and other committees expressing an interest in a report's subject matter and findings. Agency officials are expected to attend hearings and provide answers to questions or concerns raised by committee members.



## Our Expectations

To ensure that an accurate audit report is released in a timely manner, we expect you to inform your staff about the audit and set the tone for them to:

- **Attend and participate** in requested meetings and conferences. Full and complete disclosure of information speeds up the audit process and helps us produce an accurate and useful report.
- **Provide on-site workspace** for our staff as required.
- **Respond to information requests** in a timely manner.
- **Provide comments** on the draft report by the established deadline.
- **Protect the confidentiality of information** included in draft reports, as they are not yet final and available to the public.

## Our Standards

OLA audits are conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.

For more information on the Office of Legislative Audits visit our website: [www.ola.state.md.us](http://www.ola.state.md.us)