

Audit Overview



Ultimately, our fundamental approach will not depend upon the type of accounting records, whether produced by electronic data processing equipment or completely manual methods. Instead, the concepts underlying our approach will be adapted to the Township's environment and circumstances, allowing for effective presentation and interpretation of your financial statements.

The Audit: A 3-Step Process

1. Planning

- Facilitate a fraud risk brainstorming meeting and other audit planning meetings
- Understand and document internal controls and accounting systems
- Perform preliminary risk assessments
- Develop the preliminary audit plan
- Develop an appropriate audit timeline and schedule the audit
- Prepare the audit programs



2. Fieldwork and Testing

- Perform risk assessment procedures and fine tune audit programs
- Complete walkthroughs and testing of internal controls and the overall accounting system
- Obtain, review, and test supporting schedules and documentation for balances and transactions
- Meet with the Township's management to review audit status and any matters of concern
- Determine whether financial statements are fairly stated in accordance with applicable standards

The Audit: A 3-Step Process

3. Reporting

- Review of financial statements and workpapers by independent member of the firm's Quality Control team (Review Partner Laurie Harvey)
- Review draft reports, management letter, and recommendations with the Township's Personnel
- Issue final reports and meet with key personnel to discuss results, opinions, and recommendations
- Assist in resolving any audit findings or issues

Statistical Sampling

Sample Sizes and the Use of Statistical Sampling

As part of our normal governmental audit process, we employ various sampling techniques to achieve audit objectives in a more efficient manner. To ensure compliance with all applicable standards, our team will use audit sampling guidance outlined in the *AICPA Government Auditing Standards and Single Audit—Audit Guide*.

Sample sizes will be dependent on the risks associated with the items being tested, confidence level to be obtained, and overall materiality. Sizes will be determined once our team has evaluated the population being sampled, and we will employ IDEA data extraction software to ensure random sample selection.

The transition process for Kennett Township

- For year end December 31, 2019 – audit of a cash basis, DCED-only financial report
- Summer 2020 – Maillie will work with the Township to perform procedures to calculate and determine what the December 31, 2019 year-end balances would be on a GAAP, modified accrual and accrual basis of accounting. These procedures will involve analyzing tax revenues, debt, general revenues and expenses, payroll and pension to calculate the receivables, other assets, accounts payable, long-term debt and other liabilities as of December 31, 2019.
- For the year end December 31, 2020, 2021 – preparation and audit of a GAAP and GASB compliant Annual Financial Report.