



Your Success is Our Focus.

John S. Aldridge, CPA
Partner

Chris Banta, CPA, CFE
Partner



General Audit Plan

Audit Plan

- Services to be performed by Brown Edwards:
 - We will perform a full scope audit of Roanoke City and the Roanoke City Pension Plan in accordance with auditing standards generally accepted in the United States of America, *Governmental Auditing Standards* issued by the Comptroller General of the United States; *Specifications of Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and *the Uniform Guidance (the Single Audit Act)* issued by the United States Office of Management and Budget.

Audit Objective

- The objective of our audit will be the expression of an opinion on the fairness with which the financial statements present the financial position and results of operations in conformity with:
 - Accounting principles generally accepted in the United States of America – CAFR
 - Focus will be on entity wide presentation and major funds

Audit Approach

- Three phases:
 - Planning
 - Interim Field Work
 - Final Field Work

Audit Approach - Continued

- Planning
 - Will be performed at the commencement of the engagement and involves accumulation and evaluation of data relative to the economy and industry of the client.
 - We will meet with management to discuss the audit, unusual accounting problems, audit efficiency suggestions, and any new audit considerations or required disclosures.

Audit Approach - Continued

- Planning – Continued
 - During planning we will specifically:
 - Provide management with information requests
 - Meet with management to address unusual or new accounting/auditing issues up front.
 - Identify significant audit areas.
 - Make a preliminary evaluation of internal controls, a preliminary assessment of risk, identify key audit areas, and determine levels of materiality.
 - Timing – May - June

Audit Approach - Continued

- Interim Field Work

- Will be performed on various dates previously coordinated with management. Will include:

- Single audit compliance testing of major programs
 - Updating internal control documentation and appropriate testing of those controls.
 - Fraud inquiries.
 - Testing of journal entries and other walkthroughs.
 - Reading minutes.
 - Auditor of Public Accounts testing – Social Services, Sheriff, etc.
 - Timing – Various onsite visits during June – August, as permitted

Audit Approach - Continued

- Final Field Work
 - The final phase of the audit is performed after the fiscal year has ended.
 - The scheduling of this work is in process and will be finalized subsequent to the Audit Committee meeting.

Audit Approach - Continued

- Final Field Work – Continued
 - During final field work we will:
 - Review and finalize financial statements and disclosures.
 - Analyze and audit significant year-end accounts
 - Update interim analytical review
 - Prepare final management letter accounts
 - Issue independent auditor's reports

Significant Audit Areas

- This year we anticipate the significant audit areas to be as follows:
 - CARES funding and related compliance testing
 - Post employment benefits – (OPEB and Pension) Examine and evaluate actuary reports and related disclosures
 - Joint ventures – make sure we gain an understanding of all relationships and inquire about any new ones. (Big Lick Hospitality)
 - Debt refunding

Significant Audit Areas - Continued

- **New GASBs –**
 - None this year, they were deferred

Single Audit Testing

- Due to the internal control weakness in 2018, the City does not qualify as “low risk” auditee. We must now plan to test 40% of your total federal awards.
- Based on prior year expenditure trends, we have performed a preliminary major program determination.

Single Audit Testing - Continued

- Major programs selected for testing:
 - Assuming relatively stable amounts of expenditures (\$23 million in total).
 - Will test:
 - Adoption Assistance (93.659)
 - Foster Care (93.658)
 - Highway Construction (20.205)
 - CARES - possibly

Schedule

Timing	Phase of Engagement	Location
May	Risk Assessment, Planning	Offsite
June	Interim Testing - Including APA Compliance, Single Audit Compliance, Sheriff Testing, Internal Control Evaluation,	Onsite/Offsite
July		Onsite/Offsite
August		Onsite/Offsite
September	Final Field Work - Substantiation of Balances	Mix of onsite and offsite
October	Review of draft CAFRS and communication of draft governance communications.	Offsite
November	Issuance of CAFRs and final communications with governance. Formal presentation of audit results with Audit Committee(s) and Council.	Onsite

“Unknowns” for 2020

- Changes to the Uniform Guidance Single Audit Compliance Supplement still to be issued.
 - Still waiting for final guidance on compliance requirements related to CARES Act and other COVID related funding.
- Potential changes to Auditor of Public Accounts Compliance Supplement still to be issued.

Questions?

- We are looking forward to the opportunity to serve the City and Pension Plan.
- If you have any questions about our approach, our large governmental practice, or would like to contact your engagement partners at any time, we encourage two way communication.
- Contact information:
 - John S. Aldridge, CPA, – jaldridge@becpas.com; 540-345-0936