

Auditing State and Local Governments

2nd Edition

By Steven M. Bragg, CPA

Table of Contents

Auditing State and Local Governments	1
Learning Objectives	1
Introduction.....	1
Areas of Audit Interest.....	2
Audit Planning.....	3
Understanding the Government Entity and Its Environment	6
Understanding Audit Risk.....	10
Understanding Government Entity Controls.....	12
Budget Controls	12
Cash Controls	13
Financial Reporting Controls	16
Fixed Asset Controls	17
Grant Restriction Controls	19
Payables Controls.....	20
Payroll Controls.....	25
Revenue and Receivable Controls	28
Assessing the Risks of Material Misstatement	29
Materiality	34
Evaluating Identified Misstatements	36
Audit Procedures Specific to State and Local Governments.....	38
Budget	38
Expenses.....	38
Financial Reporting: Compliance Requirements	39
Financial Reporting: Component Units	39
Financial Reporting: Fund Classifications	40
Financial Reporting: Restricted Assets	40
Fixed Assets	41
Interfund Activity	41
Investments	42
Permanent Funds	42
Revenue and Receivables.....	42
Written Representations.....	45
Using the Work of an Auditor's Specialist	46
Consideration of Fraud in the Audit	48
Issues Impacting the Auditor's Report	53
Audit Communications	54
Developing Audit Documentation	54
Summary	55
Review Questions	56
Review Answers	58
Glossary	61
Index	63