Report, Management Response, & Follow-Up

In this, Part 6 of the IA Boot Camp, we will discuss:

- ➢ Report Writing
  - ✓ Content and required information
  - ✓ Stages of the report

- ➢ Management Response
  - ✓ Purpose and guidelines

- ➢ Findings
  - ✓ Do they stay or do they go

- ➢ Final Report process
  - ✓ Format and procedures

- ➢ Work papers
  - ✓ Support for the content of your report

- ➢ And the 6 month Follow-up
  - ✓ What should we include
  - ✓ How do we test
  - ✓ Formatting your report

Report Writing

Understand the users of its information.
Who will gain insight from the reports results?

- **TGRA** – For areas of noncompliance
- **Gaming operation** – Learn about areas of risk, operating efficiency, opportunities for improvement
- **Tribe** – What level of asset protection is in place
- **Commission** – Level of risk and areas where insight and/or technical assistance may be provided

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INTERNAL AUDIT MICS COMPLIANCE

§543.23(c)(5) Audit reports are maintained and made available to the Commission upon request and must include the following information:

(i) Audit objectives;
(ii) Audit procedures and scope;
(iii) Findings and conclusions;
(iv) Recommendations, if applicable; and
(v) Management's response.

It is important to understand that you may have additional items you include in your reports based on additional requirement at the TGRA level, etc.

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Objective Example: **Broad**

> *Our objective was to perform such observations and testing to measure compliance with the Tribal Internal Control Standards (TICS) and the National Indian Gaming Commission (NIGC) Regulation 25 CFR Part 543 MICS for class II gaming.*

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Procedures and Scope Example: **Broad**

The audit was conducted as a full scope review for processes in place from February 2020 through February 2021. Audit procedures included interviews with management and staff, observations of implemented controls and examination of current source documentation utilized to comply with the aforementioned requirements.

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Draft Report

Why should I provide a draft report?

- ➢ A draft report allows management to review findings and talk with gaming operation management to discuss findings and possible remedies.
    - • Provides opportunity to identify if a document or other items were not provided that may have addressed a finding.

- ➢ Can be provided as part of an exit meeting.

NIGC does not consider it final until it has a management response; that is why it is called a "draft" report.

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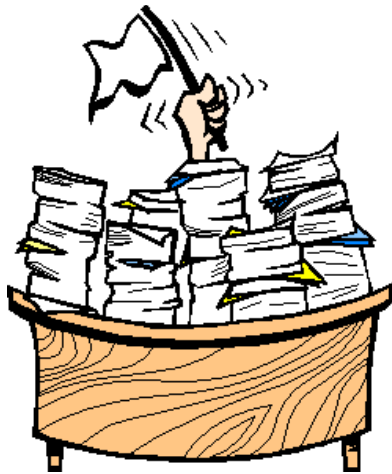
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Work Papers

Make sure your work papers are in order to support the findings

➢ If you cannot support a finding, it is not a finding.
  - Your work papers will provide the support for your discovery

➢ You should have your supporting documentation in order before you send the draft report
  - Management or a third party may want to see how you came to a particular conclusion
  - Anyone unfamiliar with the audit, can cross-reference the work papers, audit program and audit report and should be able to come to the same conclusion as the auditor who wrote the finding

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Guidance for Responses

This guidance should at a minimum include:

> ➢ The request that all findings be addressed with either agree or disagree
> ➢ The planned action to be taken to correct the finding or if already corrected.
> ➢ The action that has already been taken to correct the finding.
> ➢ The names of the individuals who are responsible for implementing corrective action and by what date.
> ➢ The date that the management responses are required by the Internal Audit Department.

Things to consider...

> ➢ Who will review the management responses
> ➢ The date the responses are due
> ➢ A statement of concurrence or non-concurrence should be provided for each finding contained in the audit report
> ➢ The names of the individuals who will be responsible for implementing the recommendations.

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What the what?!?!

Remove a Finding?

Yes, it may be appropriate to remove a finding if:

➢ Additional and sufficient documentation is provided.

- If new audit evidence is provided at the exit meeting, delete findings that were written in error.

- However, keep valid findings in the report, even if they were corrected prior to the meeting.

➢ If management does not agree with the finding, even with the audit evidence provided by the auditor, it should remain and the disagreement should be noted in the report in the management's response.

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Final Report

Final Reports must include Management Responses

Again, the NIGC does not consider the report final unless it has management responses in it.

➢ This final report must be distributed to management.

- If any changes are made after distribution, the revised report must be distributed to management.

➢ Nothing in the report should come as a surprise to management who read it.

- If information was not presented at the exit meeting, it should not find its way into the audit report.

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Follow-Up
6-month review

And you thought we were done...   Almost!

The follow up audit is done within six months after the issuance of the report.

- ➢ Follow-up on all findings from original report
  - • Not re-performing entire audit
- ➢ The follow up is only required to re-evaluate/review those items identified in the Final Report
  - • You're not completing an entire re-audit
  - • You are just retesting to insure the items of non-compliance in the Final report have been addressed and resolved.

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The Wrap-Up

Place everything into the permanent file

If it is not documented, it did not happen.

- ➢ Make sure to save all work papers and reports.
    - • This can be in files or electronically, but make sure it is all there and you can access it easily as the auditor.
    - • Ensure all reports and supporting documents are filed and accessible for future need and review.
    - • A paper file is just as good as electronic if you are able to easily access your documents
        - ▪ The world is moving more and more to electronic files/documents – just insure items are appropriately saved, secured and accessible

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