



DavisFarr

CERTIFIED PUBLIC ACCOUNTANTS

**INCLINE VILLAGE
GENERAL IMPROVEMENT DISTRICT
Audit Committee Meeting
Fiscal Year Ended June 30, 2023**

Auditor's Responsibility

2

- ❑ The auditor is responsible for obtaining reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error.
- ❑ The distinguishing factor between fraud and error is whether the underlying action that results in the misstatement of financial statements is intentional or unintentional.

Fraud Considerations

3

- ❑ Detecting fraud is an on-going process to be considered throughout the audit process
- ❑ Auditors should obtain information about fraud, identify possible fraud risks, assess the identified fraud risks, and determine how audit test work should be modified as a result.

Impact of Forensic Audit

4

- ❑ We cannot conclude on whether the financial statements are free from material misstatement without obtaining the results of the forensic audit
- ❑ After obtaining the results, we are required to:
 - ❑ Identify the risk of material misstatement due to fraud
 - ❑ Respond to the risk of material misstatement (likely through additional procedures)

Scope of Forensic Audit

5

- ❑ September 27, 2023 memo from Bobby Magee to the Board of Trustees: *Draft RFP for Forensic Audit*
 - ❑ Scope includes current financial statement audit period
 - ❑ Scope includes determining:
 - ❑ Compliance with GAAP and GASB
 - ❑ Compliance with federal and state policies
 - ❑ Analytical procedures over transactions
 - ❑ These items would preclude Davis Farr from expressing an opinion on the financial statements until the results of the forensic audit have been completed

Scope of Forensic Audit

6

- ❑ September 27, 2023 memo from Bobby Magee to the Board of Trustees: *Draft RFP for Forensic Audit*
 - ❑ Scope that does not impact the financial statement audit:
 - ❑ Fraud risk assessment
 - ❑ Assistance with policies and procedures

Options for completing the Financial Statement Audit

7

- ❑ Complete the forensic audit and then resume the financial statement audit
- ❑ Possible opinion modification with audited financial statements (likely an adverse opinion)
- ❑ Davis Farr can withdraw from the financial statement audit engagement