



Government Audit Committees – Part 2 – Hitting your stride: Understanding internal controls, fraud and audit findings

Lori A. Sexton, CPA, CGMA

The management of risk is an activity that flows out of the government's audit committee provides responsibility to provide governance and accountability (see Part 1) while addressing the enhanced transparency expectations of the public which it serves. The understanding and identification of an entity's risks include not only identification, assessment but the mature aspects of internal controls, mitigation, analysis as they relate to strategies and objectives.

As stated in the full report: "The primary responsibility of the audit committee with respect to the internal controls is the system of internal controls over financial reporting and compliance with laws, regulations, contracts, grant agreements, abuse and operations." The ability to execute this responsibility relies upon the use of an accepted framework. In the U.S., the COSO framework is cited as an acceptable framework and is utilized in the Federal Government's Green book. In other countries, similar frameworks are utilized, such as IFAC's International Framework used by European governments. To assist the audit committee in executing their responsibilities a checklist is provided to assist in the demonstration of the committee's commitment to integrity and ethics, oversight, competence and accountability.

The prevention and deterrence of fraud as well as oversight that appropriate actions are taken against those found perpetrating fraud are under the government audit committee's responsibilities. The public's heightened expectations regarding public sector fraud is addressed within this report with explanations of the types of fraud to be alerted to.

This article links to the [full report](#) which includes a tool of 20 best practices for developing a government audit committee charter as well as the [Part 1](#) in the series.

Author Bio

Lori A. Sexton, CPA, CGMA

Lori Sexton is a Senior Technical Manager, Management Accounting with the Association of International Certified Professional Accountants (AICPA). Research and development of management accounting resources, serving as an advocate for the public sector and liaison to the Government Performance and Accountability Committee (GPAC) are included among her responsibilities. Other experiences include providing audit, attest, tax and consulting services to public sector and not-for-profit entities as well as those in healthcare, manufacturing, financial services and other niche sectors. Her roles within the private sector included international financial services and GSEs (Government Sponsored Entities) with a focus on financial and risk management.

