

Statement of Auditing Standard (SAS) 112
Communicating Internal Control Related Matters Identified in an Audit

In May 2006, the AICPA Auditing Standards Board (ASB) issued Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Matters Identified in an Audit*.

This auditing standard establishes definitions for “significant deficiencies” and “material weaknesses” in internal controls.

The new definitions could lower the threshold for control deficiencies that must be reported by the external auditor.

The result could be an increase in the number of control deficiencies that are reported as a result from external financial audits.

Items currently under review are:

- Identify an individual or team that will oversee the preparation for the implementation of this standard;
- Identify and document the key controls that support the various financial processes;
- Determine where the greatest risks of significant deficiencies or material weaknesses can occur;
- Implement an action plan for areas that need strengthening; and
- Prioritize key action steps that can be accomplished this fiscal year.

A team is being formulated of various individuals in the Auditor’s Office and key departments in the County.