
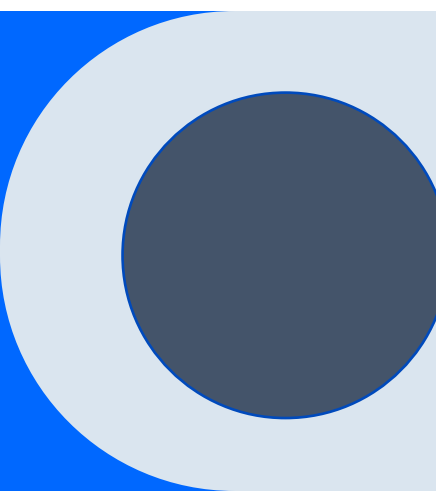




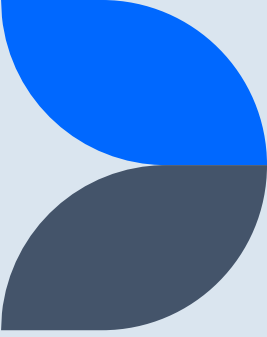
# **LB&A Oversight**

## **Top Audit Issues**



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**January 29, 2025**

# Audit Oversight Process



# 1. Disclaimer of Opinion International Airports

## Issues That Led to Disclaimed Audit Opinion

- During FY 22, Alaska International Airport System's (AIAS) controller retired and other key staff resigned. Department of Transportation and Public Facilities management decided to contract out AIAS's accounting function. A controller was hired to oversee the contractor; however, the controller was not a CPA.
- Since FY 21, AIAS has been unable to produce financial statements for audit in a timely manner. The FY 23 audit was not available for inclusion in the State's financial statements. Consequently, Legislative Audit was unable to obtain sufficient appropriate evidence regarding the financial information included in the State's financial statements.

## Single Audit Finding (Reference)

- 2023-054

## 2. No FY 23 Financial Info for Alaska Aerospace Corporation

For the first time, a component unit's financial information was not included in the State's financial statements

Single Audit Finding (Reference)

- Turnover of accounting staff, change in financial systems, and complexities in accounting and reporting a failed rocket launch led to delays in producing financial statements. The State's financial statements included listed "0" for all AAC accounts. This did not impact the FY 23 audit opinion because the component unit is an insignificant part of the financial statements.

- 2023-065

# 3. Late Audit and Disclaimed Opinion – AK National Guard & Naval Militia Retirement System

KPMG was unable to complete the audit timely and disclaimed an opinion

- Data needed for the audit was not maintained by DMVA. Specifically, auditors needed information regarding individuals who had terminated employment with the system in order to test actuarial information. The audit was delayed while Division of Retirement and Benefits accountants attempted to work with DMVA management to obtain the data. Ultimately, the information was not available and KPMG was unable to obtain sufficient appropriate evidence and disclaimed an opinion. This will likely be an ongoing challenge and may prevent an audit opinion in the future.

Single Audit Finding (Reference)

- 2023-010, 2023-024

# 4. Financial Statement Errors & Late Draft Statements

## Significant Errors in Draft Statements

- There continued to be significant errors and repeat findings related to the draft financial statements. The Division of Finance is understaffed in terms of resources and training. Department accounting staff suffer from routine turnover and lack of experience.

## Late Draft Statements

- Turnover, vacancies, and a lack of training and knowledge contributed to delays in creating the draft financial statements. Statements were provided for audit on December 13, 2023, even though statutes require the audit to be completed by December 16, 2023.

## Single Audit Findings (Reference)

- 2023-005, 2023-006, 2023-007, 2023-008, 2023-009, 2023-013, 2023-030, 2023-031, 2023-055

# 5. Division of Public Assistance Federal Program Findings

Division struggling with staffing shortages, lack of staff experience, poor training, and lack of adequate internal controls.

- Material noncompliance with federal laws and material weaknesses in internal controls over the following federal programs:
  - Low Income Heating Assistance Program
  - Pandemic EBT Food Benefits
  - SNAP (Food Stamps)
  - Temporary Assistance for Needy Families

Single Audit Findings (Reference)

- 2023-032, 2023-033, 2023-034, 2023-035, 2023-039, 2023-042, 2023-045, 2023-048

# 6. Shortfalls

Certain departments not addressing shortfalls in a timely manner.

- Five departments with shortfalls in FY 23 compared to nine in FY 22.
- Department of Law, Department of Health, and Department of Natural Resources have not addressed shortfalls in a timely manner.

Single Audit Findings (Reference)

- 2023-017, 2023-029, 2023-052



# 7. Marijuana Control Board

2024 Audit Made Two Recommendations to the board or AMCO

Audit Control Number 08-20137-24

1. Alcohol and Marijuana Control Office (AMCO) director should establish procedures to ensure handler permit documentation is properly maintained.
2. The board and AMCO director should continue to implement a new license and enforcement information system.

# 8. Technical & Vocational Education Program (TVEP)

2024 Audit Made One Recommendation to DLWD

Audit Control Number 07-30104-24

1. Department of Labor and Workforce Development (DLWD) commissioner should work with OMB to resolve underpayments to seven FY 22 TVEP training providers and establish a procedure to ensure the correct TVEP amounts are awarded in the future.

# Next Steps – LB&A Oversight

Legislative Auditor sends letters on behalf of the LB&A committee to the auditees asking for the status of corrective action. A summary of the responses will be presented at the January 2025 LB&A meeting. For those audit findings that warrant consideration by other legislative committees, the findings may be forwarded to the appropriate committees for consideration during the 2025 legislative session.