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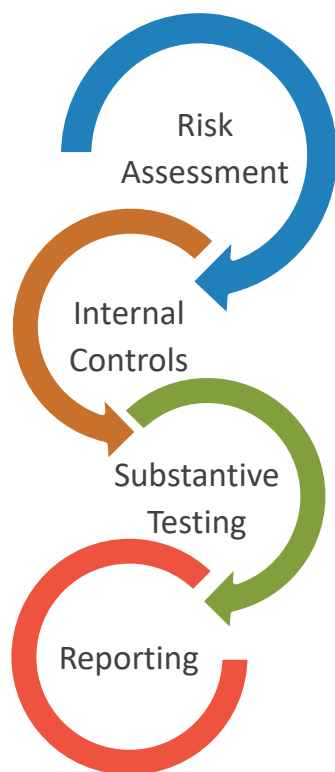
CLA

California Electronic Recording Transaction Network Authority
Board Meeting Presentation
July 10, 2024

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Audit Process – Risk Based Approach



Risk Assessment

- Inquiries of management & governance
- Review of board minutes
- Preliminary analytical procedures

Internal Controls

- Obtain an understanding
- Walkthrough key controls

Substantive Work

- Design audit procedures
- Confirmation of bank balances/detailed testing of material balances.
- Revenue analytical/detailed revenue and expense testing

Reporting

- Audited financial statements
- Internal control report
- Governance letter



Financial Statement Highlights - Overview

Overall

- Single year financial statements presented with Management's Discussion and Analysis (RSI) (unaudited) not audited
- Unmodified opinion which is the **highest level of assurance** a CPA firm can provide
- Form of Auditors' report provides:
 - Reasonable, not absolute assurance
 - Audit performed under relevant professional standards and ethical responsibilities
 - Independence
 - Consideration of going concern matters
- Report on Internal Control

Basic Financial Statements

- Statement of Net Position- stability statement and point in time
- Statements of Rev/Exp & Change in Net position – tells the story for the year's activity and change in net position
- Cash flow – speaks to the liquidity of the organization

Footnotes/ RSI

- Footnotes – required/recurring and intended to enhance the understanding of the basic financial statements
- RSI – MD&A – required by government accounting standards, not audited. This is management's piece/ year to year



Governance Communication

Overall

- No changes in scope of audit
- Report was dated 5/6/2024
- Financial statements are the responsibility of management
- Management is responsible for the establishment of a system of internal control
- Management is responsible to select appropriate accounting policies. Nothing new in current year.

Significant Estimates

- No particularly sensitive estimates.

Other Matters

- No particularly sensitive footnote disclosures
- No difficulties in completing the audit
- Two audit correcting entries/ one passed adjustment (see Governance Letter)
- One audit finding regarding audit adjustments – refer to item 2023-001 on page 18 of the audit report
- No disagreements with management
- Management provided a representation letter





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Remaining Steps to Finalize:

Report has been issued

No subsequent events were reported

Management
representation letter was received

