



RALPH B. BAZILIO, CPA, CGFM
President

auditing, assurance & accounting services overview

		\$ 139.6	\$
		\$ 0.2	\$
		\$ 9.3	\$
		\$ 149.1	\$

	2005			2004		
	Total	ABCD	F0H1	Total	ABCD	EGH
7	\$ 139.6	\$ 72.3	\$ 75.5	\$ 147.6	\$ 75.8	\$
	\$ 0.2	\$ 0.2	\$ -	\$ 0.2	\$ 0.2	\$
	\$ 9.3	\$ 10.7	\$ -	\$ 10.7	\$ 11.5	\$
7	\$ 149.1	\$ 83.2	\$ 75.3	\$ 158.5	\$ 87.5	\$

		\$ 16.6	\$ 8.9	\$
		\$ 17.7	\$ 10.1	\$

“I feel very fortunate because I really have known TCBA and Jeff Thompson about twenty-one years, and one of the blessings of a long life is you get to have the opportunity to be an eyewitness to so much history.... One of the things of which I'm proudest is what a wonderful record they have set through these years.”

“You are more than just a client, you feel you are very special and you get special treatment, and they do it with the highest professional standards....”

*Dr. Dorothy I. Height
 President Emeritus
 National Council of Negro Women*

FINANCIAL AUDITS

Financial audits are a significant component of TCBA's business. We perform audits of government agencies, nonprofit organizations, and commercial enterprises. An audit is an engagement in which a CPA provides an opinion on the fairness of a client's financial statements in accordance with generally accepted accounting principles. The audit consists of an examination of the accounting records and other key audit components that support the financial statements. It also includes an evaluation of the client's internal control system and an assessment of financial risks factors, inspection of documentation, interviews within and outside the organization, and application of other generally accepted auditing procedures. Upon completion of the audit procedures, TCBA's auditors determine whether the financial statements present fairly, in all material respects, the organization's financial position and the results of its operations and cash flows during the period being audited in conformity with generally accepted accounting principles.

COMPLIATIONS AND REVIEWS

For a compilation engagement, TCBA compiles information provided by the client into a format suitable for financial statement presentation without performing an audit or review. Such clients do not require an audit opinion on their financial statements but may need the compilation to secure funding or to file their annual tax return. In addition, when an audit is not required, financial statements may be reviewed by an accountant. A review is an engagement where an accountant expresses limited assurance that the financial information conforms to generally accepted accounting principles, but the degree of assurance is less than that resulting from an audit. In a review engagement, we perform analytical review procedures and inquiries of client management to obtain a reasonable basis for expressing limited assurance that there are no material modifications that should be made to the financial statements. TCBA provides these services for a number of small and emerging businesses.

INTERNAL AUDITS

Government agencies, nonprofit agencies, and corporate enterprises – whether or not they have a formal internal audit department – often require assistance in carrying out the internal audit function. TCBA provides internal audit assistance by examining policies and procedures, testing internal controls for financial management and reporting systems, financial transactions, accounts and reports, including evaluating compliance with established policies, procedures, and applicable laws and regulations.

PERFORMANCE AUDITS

Performance audits entail an objective and systematic examination of evidence to provide an independent assessment of the performance and management of a program or function against objective criteria as well as assessments that provide a prospective focus or that synthesize information on best practices or cross-cutting issues. Performance audits also assess whether resources are used efficiently and economically and whether desired results are being achieved. Performance audits provide information to improve program operations and facilitate decision-making by parties with responsibility to oversee or initiate corrective action, and improve public accountability. The performance audits that TCBA has conducted encompass a wide variety of objectives, including objectives related to assessing program effectiveness and results; economy and efficiency; internal control; compli-

ance with legal or other requirements; and objectives related to providing prospective analyses, guidance, and performance measurement information. Typically, our performance audits involve various levels of analysis, research, or evaluation; generally provide findings, conclusions, and recommendations; and result in the issuance of a report which details or assesses performance and provides recommendations for improvement. As a result of our work, TCBA has enabled clients to improve processes and systems, improve management capabilities, maximize revenues and reduce expenses.

INTERNAL CONTROL REVIEWS

Internal control reviews range from fine-tuning a specific segment of a client's operations to a thorough evaluation of the overall design and effectiveness of the client's internal control system. The system of internal control is intended to protect assets and ensure performance. A good internal control system includes five components: the control environment, risk assessment, information and communication, monitoring and control activities.

FORENSIC AUDITS

A forensic audit is different from most audits in that it involves auditing, accounting and investigating. Our forensic accountants engage in factual economic transactional analysis that requires a level of detail and precision that are sustainable in adversarial legal proceedings or investigations.

Forensic audits serve a valuable purpose for organizations seeking to identify and rectify control weaknesses and achieve management accountability for their stakeholders. TCBA has conducted numerous fraud audits to facilitate claims recovery and verify instances of fraud. The procedures followed for a forensic audit include analysis, investigation, inquiries, tests, and inspection of documents such as policies and procedures, invoices, financial and banking records, purchase orders, bid proposals, and correspondence to obtain evidence from which to develop findings. The forensic audit also involves evaluating internal controls; interviewing staff in key roles within an organization; conducting electronic surveys or testing of computer records; and collecting, analyzing, and testing financial and other relevant information to determine misappropriation of funds, fraud or falsification of records.

COMPLIANCE AUDITS

TCBA offers unmatched expertise in audits of compliance with Federal, state and local government regulations and industry and contract requirements. TCBA understands the significance of legal regulations pertaining to the authorized use of and accounting for government funds. TCBA has performed numerous compliance audits of nonprofit organizations and governmental agencies and contractors. These include audits of compliance with Office of Management and Budget (OMB) Circulars and Bulletins, Federal Acquisition Regulations, Federal laws such as the Chief Financial Officers Act of 1990 and the Federal Managers Financial Integrity Act of 1982, and client operating policies and procedures. Generally Accepted Auditing Standards (GAAS) require us to test for compliance with laws and regulations that have a direct and material effect on the determination of financial statement amounts. In addition, governmental funding sources or state law may specify audit requirements that go beyond GAAS. For example, several of our clients receive Federal awards and are subject to a single audit, and therefore, their audits must be conducted in accordance with the General Accounting Office's *Government Auditing Standards*.

QUALITY CONTROL/PEER REVIEWS

A peer review is an engagement in which TCBA expresses an opinion on an organization's system of quality control over its accounting and auditing processes to determine compliance with applicable professional standards. TCBA has performed several peer reviews of Federal, and local government departments and programs.

INFORMATION TECHNOLOGY ASSURANCE AUDITS

Our approach to information system auditing carefully coordinates with the evaluation of management, operations and accounting controls and focuses on controls within automated business processes and information systems environments. These controls ensure that information systems risks are appropriately managed; that the systems are in compliance with policies and procedures and appropriate laws and other regulations; and that systems are being operated in a sound and prudent manner with maximum security. Information

technology (IT) assurance specialists – individuals with extensive training in evaluating information systems and applying state-of-the-art technology to the audit process – are an integral part of TCBA’s engagement teams. Because we understand the audit challenges presented by new technologies, TCBA’s IT specialists are trained in assessing control risk and auditing in advanced technological environments in a manner consistent with our overall audit approach and applicable professional standards.

CORPORATE GOVERNANCE

TCBA’s professionals have gained extensive experience in providing corporate governance consulting services and audit committee guidance to public companies in accordance with the Sarbanes-Oxley Act. TCBA has also performed projects that are focused on improving internal controls and governance processes for government clients.

AGREED-UPON PROCEDURES ENGAGEMENTS

TCBA is often requested to perform engagements that fall into the category of agreed-upon procedures. In an agreed-upon procedures engagement, TCBA issues a report on findings based on our performance of specific procedures that are mutually agreed to by TCBA and the client.

SINGLE AUDITS

The single audit goes beyond the procedures performed in a regular financial statement audit by providing an opinion on an organization’s compliance with the requirements of OMB Circular A-133, applicable to the client’s major programs funded by Federal funds. A single audit also reports on internal controls and compliance with applicable laws, regulations, contracts, and grants for federal programs. TCBA performs single audits of more than \$5 billion in federal grant expenditures, annually.