

RIZ 2017 Audit Programs

June 30, 2017

AUDIT PLANNING

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objectives:					
A. Plan and document planning of audit.					
B. Consider Single Audit implications.					
C. Determine preliminary planning materiality.					
D. Consider the effect on financial statements of non-compliance with laws and regulations.					
E. Perform risk assessment procedures and assess risk of material misstatement of the financial statements.					
F. Determine audit approach.					
Audit Procedures:					
A. Date of Incorporation _____					
B. Job number _____					
C. Assigned staff: _____ Independent? _____	A				
Manager _____					
Incharge _____					
Staff _____					

D. Timing:	A				

Planned Date _____ Actual Date _____					
Begin fieldwork _____					
Complete fieldwork _____					
To Manager _____					
E. Document contact information:					
Name : _____					
Phone _____ E-mail _____					
F. Obtain and file the engagement letter. (AU-C 210.09)	A				
G. If prior year audit was performed by another firm (AU-C 510):	A				
1. Obtain and review a copy of the Independent Auditor's Reports on the financial statements, compliance and internal control.					
2. Obtain copies of appropriate workpapers.					

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3. Make the appropriate inquiries of the predecessor auditor. 4. Review and document, as necessary, evidence of opening balances. 5. Firm: _____ Contact Person: _____ Telephone: _____					
H. Review prior year audit report and working papers. If applicable: 1. Note any departures from an unmodified opinion. 2. Note any specific areas of comment in the prior audit report. Determine and document current status. 3. Note any areas of special emphasis recommended for this year's audit by the prior auditor. 4. Note items for next year's audit in prior year's workpapers. Document in current year workpapers and address. 5. Note any non-report comments that may affect this year's audit and document the status of these.	A,B,E				
I. Inquire as to the existence of findings and recommendations from any previous audits, attestation engagements, performance audits, or other studies (for example – Federal audits, program audits, IT audits, reviews by state agencies, etc.) that have been performed and determine the current status of any findings or recommendations identified that may directly affect the risk assessment and audit procedures in planning the current audit. (GASB Chapter 4.05 and AU-C 935.16)					
J. Review permanent file and determine status of the following and update as necessary: 1. Identification of financial reporting entity and compliance with GASB 14, as amended by GASB 39, 61 and 80. a. Identify the primary government. b. Identify and document consideration of component units. c. For any entity which is not incorporated, determine if the entity is an unincorporated nonprofit association pursuant to Chapter 501B of the Code of Iowa and report accordingly.	A,B,F				

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Q. Minutes:	A,E,F				
1. Review minutes through the most recent meeting and document significant Board action, including subsequent events.					
R. Obtain copy of the RIZ's June 30 financial statement(s)/ reports.	A				
S. Document compliance with <u>Government Auditing Standards</u> conceptual framework for nonaudit services, if any.					
T. Determine if the RIZ was a party to a government combination (merger or acquisition) or had a disposal of operations. If applicable, determine activity is properly disclosed and reported in accordance with GASB 69.					
U. Discuss with the engagement team the significance of threats to management participation or self-review and emphasize the risks associated with those threats.					
V. Determine if the RIZ is a fiscal agent for any separate Boards or Chapter 28E organizations. Determine if they are properly disclosed and reported. Perform the necessary GASB 14, as amended by GASB 39, 61 and 80 reviews.					
W. Determine and document judgments about materiality levels by opinion units. (AAG-SLV 4.23) If done at interim, update materiality levels as of the statement of net position date.	B,C				
1. Opinion units in the RIZ's basic financial statements are (as applicable):					
a. Each major fund.					
b. Governmental and business type activities.					
c. Aggregate remaining fund information.					
d. Discretely presented component units.					
e. Transaction class, account balance or disclosure, if necessary. (AU-C 320.14)					
2. Materiality level for each major federal program. If done at interim, update materiality levels as of the statement of net position date.					
X. Apply preliminary analytical procedures:	A,E,F				
1. Compare current year information to information with a plausible relationship.					
2. Identify expectations and document basis of expectations.					

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<ul style="list-style-type: none"> c. If the RIZ uses a service organization to process transactions for the RIZ (i.e. payroll processing, utility billing and/or collection, bank trust department which invests and holds assets for employee benefit plans, organizations which develop, provide and maintain software for user organizations, etc.), follow AU-C 402 to consider and document the effect the service organization has on the internal controls of the RIZ (user organization), related control risk assessments and the availability of evidence to perform substantive procedures. d. Obtain and document an understanding of the RIZ's credit card collections and compliance with PCI (Payment Card Industry) Data Security Standards. <ul style="list-style-type: none"> 1) Determine credit card security policies have been documented and established. 2) Determine self-assessment measures have been completed. e. Obtain and document an understanding of the internal audit function to determine whether the internal audit function is likely to be relevant to the audit. (AU-C 315.24) <p>2. Major federal programs:</p> <ul style="list-style-type: none"> a. Obtain and document an understanding of the internal controls relevant to the compliance requirements applicable to all major federal programs. b. Determine and document whether these controls have been implemented. c. Assess control risk. (The auditor should plan for a low level of control risk). d. Perform tests of controls over each major program (regardless of whether or not choosing to obtain evidence to support an assessment of control risk below maximum). e. Include lack of or ineffective control procedures as significant deficiencies or material weaknesses in the report on the internal control. 					

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<p>3. If steps CC(1) and CC(2) are done at interim, determine if tests of controls and assessments of control risk can be extended to the statement of net position date:</p> <p>a. Apply the following procedures for internal control work done:</p> <p>1) Ask whether there have been any changes to internal controls, including federal controls, since interim date. Also consider whether any changes are apparent from substantive (or other) tests done after interim date.</p> <p>2) Consider the significance of any changes.</p> <p>3) Obtain audit evidence about the nature and extent of any changes.</p> <p>b. If considered necessary based on the above procedures, perform additional tests of controls and update risk assessments.</p> <p>DD. Determine the major funds for the governmental and business type funds. Funds are considered major funds if they meet both criteria for the same element. (GASB 34 par.76)</p> <p>(Cash Basis RIZ)</p> <p>1. Total assets (cash and investments), receipts or disbursements of the individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type.</p> <p>2. Total assets (cash and investments), receipts or disbursements of the individual governmental or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.</p> <p>3. Review with management whether additional discretionary funds should be included as major funds.</p> <p>(GAAP Basis RIZ)</p> <p>1. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues or expenditures of the individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type.</p>					

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2. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues or expenditures of the individual governmental or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.					
3. Review with management whether additional discretionary funds should be included as major funds.					
EE. Document the auditor's consideration of the risk of material misstatement due to abuse. If indications of abuse exist, plan audit procedures to determine whether abuse has occurred and the effect on the financial statements. (GAS Chapter 6.34)	E				
FF. Consideration of compliance with laws and regulations (GAS Chapter 6.28 AU-C 250.12, AU-C 250.14)	D				
1. Identify and obtain an understanding of the legal and regulatory framework applicable to the RIZ and how the RIZ is complying with the framework.					
2. Identify possible instances of noncompliance with laws and regulations that may have a material effect on the financial statements:					
a. Inquire of management and, when appropriate, those charged with governance, about whether the RIZ is in compliance with such laws and regulations.					
b. Inspect correspondence, if any, with relevant licensing or regulatory authorities.					
GG. Modify/expand on the audit program guide, as necessary. The program should be responsive to the critical audit areas and other areas of concern noted in audit planning, the analytical procedures performed on the financial statements and the understanding obtained of the RIZ's internal controls.	A,F				
HH. Complete the Code Compliance Risk Assessment Form and the Code Compliance Guide and file in the permanent file.	A,D				
II. Immediately contact the Manager if fraud or embezzlement is suspected. Ensure the appropriate officials are notified after contacting the Manager. Chapter 11.6 of the Code of Iowa requires a CPA firm and the RIZ to notify the Auditor of State immediately regarding any suspected embezzlement, theft or other significant financial irregularities. If federal funds are involved, the appropriate U.S. Regional Inspector General should be notified.					

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