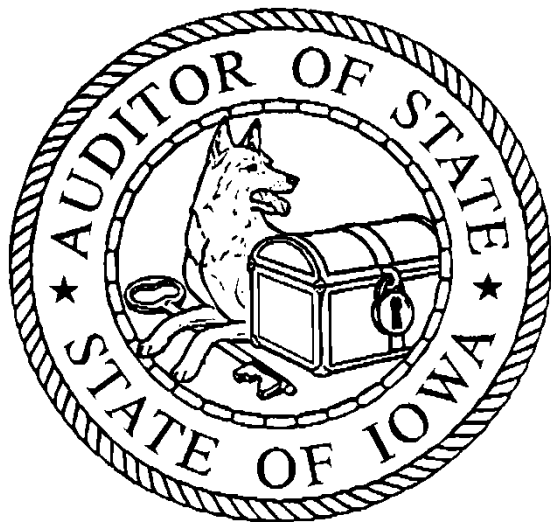


# **CITY PERIODIC EXAMINATION FOLLOW-UP PROGRAM GUIDE**

For the year ended June 30, 20\_\_  
or the \_\_\_\_ Months Ended \_\_\_\_\_



MARY MOSIMAN, CPA  
AUDITOR OF STATE

**CITY PERIODIC EXAMINATION FOLLOW-UP PROGRAM GUIDE**

**CITY** \_\_\_\_\_

**June 30, 2015 or the** \_\_\_ **Months Ended** \_\_\_\_\_

**FILE INDEX**

<u>N/A</u>	<u>Incl.</u>	
_____	_____	GF-1 Planning
_____	_____	GF-2 Planning Conferences
_____	_____	GF-3 Internal Control Checklist (copy from the most recent periodic examination)
_____	_____	GF-4 Review of Minutes (as needed)
_____	_____	GF-5 City's Year End Financial Statements/Reports (as needed)
_____	_____	GF-8 Time Budget and Progress Report
_____	_____	GF-9 City Periodic Examination Follow-up Program Guide
_____	_____	GF-10 Accounting Problems
_____	_____	GF-11 Conferences (including exit)
_____	_____	GF-12 Items for Comment
_____	_____	GF-13 Items for Next Examination
_____	_____	GF-14 Representation Letter
_____	_____	GF-17 Routing Sheet
_____	_____	GF-19 W/P Copies Given to City and Outside Parties
_____	_____	GF-20 Pending Matters
_____	_____	GF-21 Review Notes – deleted by _____ Date _____
_____	_____	GF-22 Incharge Review Questionnaire
_____	_____	GF-23 Manager Review Questionnaire
_____	_____	GF-25 Most Recent Periodic Examination Report

**CITY** \_\_\_\_\_

**June 30, 2015 or the** \_\_\_ **Months Ended** \_\_\_\_\_

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**Work Papers**

- B. Cash and Investments
- M. Long-Term Debt
- N. Tax Increment Financing
- P. Fund Balance and Transfers
- R. Receipts
- S. Disbursements and Payroll

**CITY** \_\_\_\_\_

**June 30, 2015 or the** \_\_\_ **Months Ended** \_\_\_\_\_

**TABLE OF CONTENTS**  
**Findings**

<b>Finding Number</b>	<b>Finding Name</b>	<b>WP Reference for Follow-up</b>
A.	Segregation of Duties	_____
B.		_____
C.		_____
D.		_____
E.		_____
F.		_____
G.		_____
H.		_____
I.		_____
J.		_____
K.		_____
L.		_____
M.		_____
N.		_____
O.		_____
P.		_____
Q.		_____
R.		_____
S.		_____
T.		_____
U.		_____
V.		_____
W.		_____

**CITY** \_\_\_\_\_

**June 30, 2015 or the** \_\_\_ **Months Ended** \_\_\_\_\_

**PLANNING**

PROCEDURE	DONE BY	W/P REF	N/A	REMARKS												
<p><b>Objectives:</b></p> <p>To follow-up on the status of findings from the most recent periodic examination performed pursuant to Chapter 11 of the Code of Iowa.</p> <p><b>Procedures:</b></p> <p>A. City's population _____ Date of Incorporation _____</p> <p>B. Job number _____</p> <p>C. Assigned staff: _____ Independent? _____            Manager _____            Incharge _____            Staff _____</p> <p>D. Timing:</p> <table style="margin-left: 40px; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Planned Date</th> <th style="text-align: center;">Actual Date</th> </tr> </thead> <tbody> <tr> <td>Begin fieldwork</td> <td>_____</td> <td>_____</td> </tr> <tr> <td>Complete fieldwork</td> <td>_____</td> <td>_____</td> </tr> <tr> <td>To Manager</td> <td>_____</td> <td>_____</td> </tr> </tbody> </table> <p>E. Document contact information:            Mayor: Phone _____ E-mail _____            Clerk: Phone _____ E-mail _____</p> <p>F. Obtain and file a copy of the most recent periodic examination report.</p> <p>G. Determine the time period to be covered during the follow-up procedures.</p> <p>H. If necessary, review permanent file, if available, for applicable information, including:</p> <ol style="list-style-type: none"> <li>1. Administrative and accounting personnel.</li> <li>2. Organization chart.</li> <li>3. Chart of accounts and accounting manual.</li> <li>4. Long-term leases, contracts and commitments.</li> <li>5. List of officials and terms.</li> </ol>		Planned Date	Actual Date	Begin fieldwork	_____	_____	Complete fieldwork	_____	_____	To Manager	_____	_____				
	Planned Date	Actual Date														
Begin fieldwork	_____	_____														
Complete fieldwork	_____	_____														
To Manager	_____	_____														

**CITY** \_\_\_\_\_

**June 30, 2015 or the** \_\_\_ **Months Ended** \_\_\_\_\_

**PLANNING**

<b>PROCEDURE</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>I. Contact the City to arrange a date and time for the follow-up procedures. Emphasize the need for the Mayor or a Council member to be available for the entrance and exit conferences.</p> <p>J. Conduct a brief planning conference with City officials (the City Clerk and Mayor). Discuss pertinent information, including:</p> <ol style="list-style-type: none"> <li>1. Inquire about the status of findings from the most recent periodic examination report and document the City's response for each finding.</li> </ol> <p>K. Determine the follow-up procedures necessary to determine the status of findings from the most recent periodic examination report. Discuss procedures with the Manager.</p> <p>L. Determine and document the status of all the findings reported in the most recent periodic examination report.</p> <ol style="list-style-type: none"> <li>1. Include documentation in the workpapers to clearly show if and how the findings were resolved, including progress made on findings not all or only partially resolved.</li> </ol> <p>M. Request the City assemble all necessary information, records and documents.</p> <p>N. If segregation of duties findings were noted in the periodic examination report, obtain and file a copy of the internal control checklist from the most recent periodic examination.</p> <ol style="list-style-type: none"> <li>1. Review "no" answers with the City Clerk and document changes, if any.</li> <li>2. If additional segregation of duties findings are noted or if controls have been implemented based on recommendations in the prior periodic examination report, obtain evidence to support the change. Including a finding for all deficiencies.</li> </ol> <p>O. Minutes (perform only the steps necessary to follow-up on findings from the most recent periodic examination):</p> <ol style="list-style-type: none"> <li>1. Scan minutes for significant or unusual items.</li> <li>2. Select four (4) meetings during the year being examined to review whether:                     <ol style="list-style-type: none"> <li>a. Minutes were properly signed as required by Chapter 380.7 of the Code of Iowa.</li> <li>b. Meetings were preceded by proper notice in accordance with Chapter 21.4 of the Code of Iowa.</li> </ol> </li> </ol>				

**CITY** \_\_\_\_\_

**June 30, 2015 or the** \_\_\_ **Months Ended** \_\_\_\_\_

**PLANNING**

<b>PROCEDURE</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>c. The minutes show information sufficient to indicate the vote of each member present as required by Chapter 21.3 of the Code of Iowa.</p> <p>d. The passage of ordinances, amendments or resolutions were by a majority vote of all the members of the City Council rather than a majority vote of a quorum of the City Council as required by Chapter 380.4 of the Code of Iowa.</p> <p>e. Minutes document the City Council followed proper proceedings for any closed sessions in accordance with Chapter 21.5 of the Code of Iowa.</p> <p style="padding-left: 40px;">i. The session was closed by affirmative roll call vote of at least two-thirds of the members.</p> <p style="padding-left: 40px;">ii. The specific exemption under Chapter 21.5 of the Code of Iowa was identified and documented.</p> <p style="padding-left: 40px;">iii. Final action was taken in open session.</p> <p>f. Minutes were published, or posted, within 15 days of the meeting as required by Chapter 372.13(6) of the Code of Iowa and included:</p> <p style="padding-left: 40px;">i. Total disbursements from each fund.</p> <p style="padding-left: 40px;">ii. A list of all claims allowed, including the reason for the claim.</p> <p style="padding-left: 40px;">iii. A summary of all receipts.</p> <p style="padding-left: 40px;">iv. A summary of ordinances or amendments adopted.</p> <p>P. If necessary, obtain a copy of City’s June 30 financial statement(s) and/or reports.</p> <p>Q. If necessary, verify and review surety bond coverage for reasonableness and compliance with statutory requirements for all officials and employees covered by Chapters 64.13 and 64.15 of the Code of Iowa.</p> <p>R. Inquire of the City’s management about whether it is aware of actual or suspected fraud or any allegations (e.g. communications from employees or others). Document results of inquiry.</p> <p>S. Modify/expand on the AUP program guide, as necessary. If the City requests expanded procedures, at additional cost to the City, arrange for increased fees.</p>				





**CITY** \_\_\_\_\_

**June 30, 2015 or the** \_\_\_ **Months Ended** \_\_\_\_\_

**PLANNING CONFERENCE**

IN ATTENDANCE:

City    Auditor

Name

Title

Name

Title

_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Items

Discussion

A. Scope of follow-up procedures:

1. Period of follow-up procedures.
3. Objectives of the follow-up procedures.
4. Status of findings from the most recent periodic examination report.
5. Report to be issued, including all findings from the follow-up procedures.
6. Additional procedures, if any, at additional cost to the City.
8. The follow-up procedures will be conducted pursuant to Chapter 11 of the Code of Iowa.

B. Timing of:

1. Fieldwork.
2. Release of report.

C. Personnel changes.

D. Availability of records.

E. Working space arrangements, if applicable.

F. Extent of City assistance.

Acknowledgement:

\_\_\_\_\_  
Mayor or City Administrator

\_\_\_\_\_  
Date

\_\_\_\_\_  
Audit Committee or City Council Member

\_\_\_\_\_  
Date

\_\_\_\_\_  
City Clerk/Finance Director

\_\_\_\_\_  
Date

**CITY** \_\_\_\_\_

**June 30, 2015 or the** \_\_\_ **Months Ended** \_\_\_\_\_

**PLANNING CONFERENCE**  
**MANAGER**

Date: \_\_\_\_\_

Time: \_\_\_\_\_

Items

Discussion

- A. Period to be covered during the follow-up procedures. Ensure timing allows the City to correct deficiencies noted in the most recent periodic examination report.
- B. Last year's items from the most recent periodic examination that may impact the follow-up procedures.
- C. Status of findings from the most recent periodic examination based on discussions with the City Clerk and Mayor.
- D. Procedures to be performed during follow-up.
- E. Time budget:
  - 1. Timing of fieldwork.
  - 2. Staff scheduling.
  - 3. Budget variances.
- F. Other.



**CITY** \_\_\_\_\_**June 30, 2015 or the \_\_\_ Months Ended \_\_\_\_\_ CITY PERIODIC EXAMINATION FOLLOW-UP PROGRAM GUIDE**

**NOTE:** The procedures included in GF-9.1 to GF-9.13 include all the procedures required during a City periodic examination. However, procedures performed during the follow-up engagement should include only those necessary to determine the status of findings from the most recent periodic examination report. Procedures not necessary to this determination may be marked "N/A".

**Findings:** The report of recommendations should include:

- The status of all findings from the most recent periodic examination agreed-upon procedures report **and**
- Additional findings identified during the performance of the follow-up procedures, if any.

**CITY** \_\_\_\_\_

**June 30, 2015 or the** \_\_\_ **Months Ended** \_\_\_\_\_

**CASH AND INVESTMENTS**

<b>PROCEDURE</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<b>Procedures:</b>				
A. Observe cash on hand, if any.				
B. Obtain one (1) monthly Clerk’s report provided to the City Council and determine the report foots and trace ending fund balances to the general ledger.				
NOTE: A “Clerks report” is a monthly report showing receipts, disbursements, transfers and balances for each fund and in total. Total fund balance for all funds should reconcile to the City’s bank reconciliation.				
C. Cash In Bank and Investments:				
1. Determine whether bank reconciliations are performed monthly.				
NOTE: The reconciliations should reconcile all bank and investment accounts to total fund balance for all funds.				
2. Determine whether bank reconciliations are reviewed by an independent person.				
3. Obtain bank reconciliations for two (2) months and perform the following:				
a. Verify reconciling items to support.				
b. Foot the bank reconciliation(s).				
c. Consider confirming bank account and investment balances.				
d. Obtain a list of outstanding checks at the end of the selected month(s). Ensure the list of outstanding checks includes check number, amount and date written for each listed check and verify listed outstanding checks cleared the bank after the selected month(s).				
e. Trace reconciled balance for selected months to general ledger account balances and to monthly reports provided to the City Council.				
4. Determine unclaimed property per Chapter 556.1(12) of the Code of Iowa has been reported to the State Treasurer annually before November 1 as required by Chapter 556.11 of the Code of Iowa.				
5. Determine a depository resolution which includes all depositories used by the City has been approved as required by Chapter 12C.2 of the Code of Iowa.				



CITY \_\_\_\_\_

June 30, 2015 or the \_\_\_ Months Ended \_\_\_\_\_

**LONG-TERM DEBT**

PROCEDURE	DONE BY	W/P REF	N/A	REMARKS
<p><b>Procedures:</b></p> <p>A. Determine whether long-term debt exists (bonds, notes, lease-purchase agreements, deferred payment contracts, real estate contracts, loans, TIF development agreements, local option sales tax debt):</p> <ol style="list-style-type: none"> <li>1. Determine whether the debt is properly accounted for.</li> <li>2. Determine general obligation debt payments were recorded in the Debt Service Fund as required by Chapter 384.4 of the Code of Iowa.</li> </ol> <p>B. Issuance of Debt:</p> <ol style="list-style-type: none"> <li>1. Review authorization for any issuances during the period being examined.</li> <li>2. Determine and document procedures for bonds or notes sold during the period were in compliance with Chapters 75, 384 and 403.9 of the Code of Iowa.</li> <li>3. Determine debt proceeds were properly recorded and trace proceeds to cash receipts records and bank statement.</li> </ol> <p>C. Determine if the City has established written procedures to monitor compliance with the arbitrage, yield restrictions and rebate requirements under Section 148 of the Internal Revenue Service rules.</p> <p><u>ALTERNATE/ADDITIONAL PROCEDURES:</u></p>  <p><u>CONCLUSION:</u></p> <p>We have performed procedures sufficient to determine the status of findings pertaining to long-term debt reported in the most recent periodic examination report. The results of these procedures are adequately documented in the accompanying workpapers.</p>  <p>Incharge _____ Date _____</p> <p>Manager _____ Date _____</p>				

CITY \_\_\_\_\_

June 30, 2015 or the \_\_\_ Months Ended \_\_\_\_\_

**TAX INCREMENT FINANCING**

PROCEDURE	DONE BY	W/P REF	N/A	REMARKS
<p><b>Procedures:</b></p> <p>A. Determine tax increment financing (TIF) collections were properly recorded in a separate Special Revenue Fund (TIF fund) as required by Chapter 403.19 of the Code of Iowa.</p> <p>B. Determine the TIF collections in the TIF fund were disbursed or transferred to pay TIF obligations that qualify for payment (within the urban renewal plan) from TIF collections and such obligations were previously certified to the County Auditor as TIF debt and/or Low-Moderate Income (LMI) housing.</p> <p>C. Obtain a copy of the Urban Renewal Area TIF Indebtedness/Increment Tax Reconciliation prepared by the County Auditor.</p> <ol style="list-style-type: none"> <li>1. Review the Reconciliation to identify and document the City's certified TIF obligations.</li> <li>2. Scan the Reconciliation for unusual or unallowable obligations (i.e., debt certified more than once, projected costs, etc.).</li> </ol> <p>D. Determine the following regarding the Tax Increment Debt Certificate due December 1 of the fiscal year under examination:</p> <ol style="list-style-type: none"> <li>1. The amounts certified on Form 1 and Form 1.1, or equivalent documents, for TIF debt not previously certified are supported and represent loans, advances or other qualified indebtedness or bonds which qualify for payment from the TIF revenues for each urban renewal area in the City as required by Chapter 403.19(6)(a) of the Code of Iowa and the Certificate was filed by December 1. <b>For annual appropriated debt, the amount certified should be limited to the amount appropriated to be paid in the next fiscal year.</b></li> </ol> <p>NOTE: In general, qualified TIF indebtedness must (1) be for a program in the urban renewal area, (2) be for an activity covered by the allowable list in Chapter 403.6(6) and 403.12(1) of the Code of Iowa, (3) be for a project covered by the plan and (4) further the goals of the plan.</p> <ol style="list-style-type: none"> <li>2. The City used Form 2, or an equivalent document, to properly reduce the TIF request if/when the total amount of the legally available TIF increment tax was not wanted.</li> </ol>				



CITY \_\_\_\_\_

June 30, 2015 or the \_\_\_ Months Ended \_\_\_\_\_

**TAX INCREMENT FINANCING**

PROCEDURE	DONE BY	W/P REF	N/A	REMARKS
<p>3. The City certified Form 3, or an equivalent document, to reduce the amount previously certified by December 1 in the year action was taken which resulted in the reduction, as required by Chapter 403.19(6)(b) of the Code of Iowa.</p> <p>NOTE: Required reductions include payments from sources other than TIF revenue, interest on investments, site proceeds of TIF property, reduction of required principal and interest payments due to refunding or refinancing of the obligation or for any other reason (i.e. interest earned or property sales proceeds are required to be credited to the TIF fund).</p> <p>E. Annual Urban Renewal Report</p> <ol style="list-style-type: none"> <li>1. Obtain the urban renewal report due December 1 of the fiscal year under examination and determine the:               <ol style="list-style-type: none"> <li>a. Report was approved by the City Council.</li> <li>b. Report was filed on or before December 1.</li> <li>c. Amounts reported on the Levy Authority Summary agree with City records.</li> </ol> </li> <li>2. Obtain and review the City’s detailed TIF obligations (debt) listings and determine “TIF Debt Outstanding” on the Levy Authority Summary includes the following:               <ol style="list-style-type: none"> <li>a. <u>Certified Debt</u> - TIF obligations outstanding, including principal and interest, certified to the County Auditor as of July 1 of the period covered by the urban renewal report <b>and</b>,</li> <li>b. <u>Certifiable Debt</u> - Outstanding TIF obligations incurred during the fiscal year covered by the urban renewal report, including annual appropriation debt not yet certified.</li> </ol> </li> <li>3. Determine rebate agreements, if any, have been properly reported as project(s), including total debt and expense.</li> <li>4. TIF collections remaining after an urban renewal area is no longer active, if any, were returned to the County Treasurer as required by Chapter 24.21 of the Code of Iowa.</li> </ol> <p>F. For urban renewal areas with public improvements related to housing and residential development, determine if assistance for low and moderate income (LMI) housing was provided in accordance with Chapter 403.22 of the Code of Iowa.</p>				

**CITY** \_\_\_\_\_

**June 30, 2015 or the** \_\_\_ **Months Ended** \_\_\_\_\_

**TAX INCREMENT FINANCING**

<b>PROCEDURE</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<u>ALTERNATE/ADDITIONAL PROCEDURES:</u>				
<p><u>CONCLUSION:</u></p> <p>We have performed procedures sufficient to determine the status of findings pertaining to tax increment financing reported in the most recent periodic examination report. The results of these procedures are adequately documented in the accompanying workpapers</p> <p>Incharge _____ Date _____</p> <p>Manager _____ Date _____</p>				

**CITY** \_\_\_\_\_

**June 30, 2015 or the** \_\_\_ **Months Ended** \_\_\_\_\_

**FUND BALANCE**

<b>PROCEDURE</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<b>Procedures:</b>				
A. Determine the City is using fund accounting and each fund is properly classified in accordance with the City Finance Committee’s recommended Uniform Chart of Accounts (COA).				
B. Determine and document the financial information provided to the City Council monthly. Ensure the information provided includes, at a minimum: <ol style="list-style-type: none"> <li>1. A City Clerk’s report showing receipts, disbursements, transfers and balances for each fund.</li> <li>2. Comparison of actual disbursements to budget by function.</li> </ol>				
C. For Enterprise Funds with deficit balances, determine if there is a net earnings violation (book transfers are made to sinking accounts per the bond/note resolution, but if the operating accounts are in a deficit position, the sinking accounts are not backed by cash) and comment if appropriate.				
D. Determine if deficits exist in other funds and comment, if appropriate.				
E. Determine projects are appropriately accounted for in separate capital projects accounts.				
F. Examine journal entries and other adjustments made directly to the general ledger. <ol style="list-style-type: none"> <li>1. Select specific journal entries and determine whether:                             <ol style="list-style-type: none"> <li>a. The journal entries are reasonable and are supported.</li> <li>b. The journal entries are approved by an independent person and there is documented evidence of the approval.</li> </ol> </li> </ol>				
G. For the Annual Financial Report (AFR) for the year ended June 30 falling in the period covered by the examination: <ol style="list-style-type: none"> <li>1. Compare the AFR to the City's general ledger to determine whether amounts agree.                             <ol style="list-style-type: none"> <li>a. Beginning and ending fund balances were reported accurately.</li> <li>b. RUT transactions were reported accurately in a Special Revenue Fund.</li> </ol> </li> </ol>				



**CITY** \_\_\_\_\_

**June 30, 2015 or the** \_\_\_ **Months Ended** \_\_\_\_\_

**RECEIPTS**

<b>PROCEDURE</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p><b>Procedures:</b></p> <p>A. Verify the City is using the COA to classify receipts in the general ledger.</p> <p>B. Perform a receipts to deposit test for one month (reconciling deposits per the bank statement to general ledger receipts) and consider the possibility of undeposited receipts.</p> <p>C. Property Tax:</p> <ol style="list-style-type: none"> <li>1. Verify electronic deposit of twelve property tax payments during the year.</li> <li>2. Trace one month's property tax collections to general ledger posting.</li> <li>3. Total and trace to budget for reasonableness.</li> </ol> <p>D. Governmental Revenue:</p> <ol style="list-style-type: none"> <li>1. Confirm revenue received from state sources and reconcile amounts per confirmation with the general ledger.</li> </ol> <p>E. Enterprise Revenues (Water, Sewer, Electric, etc.):</p> <ol style="list-style-type: none"> <li>1. Determine if a monthly and/or year-end list of delinquent accounts is maintained and obtain a copy of the listing. If not available, comment accordingly.</li> <li>2. Determine if monthly reconciliations of billings, collections and delinquent accounts are prepared.                     <ol style="list-style-type: none"> <li>a. If not available, perform analytical procedures to compare amounts billed to amounts collected and deposited.</li> <li>b. If available:                             <ol style="list-style-type: none"> <li>a. Apply procedures to determine the accuracy and completeness of the reconciliation for one month and/or at year-end.</li> <li>b. Comment accordingly if variances have not been adequately resolved.</li> </ol> </li> </ol> </li> <li>3. Review City officials' accounts, including the Utility Clerk's account. Trace selected month(s) billing(s) to collection/deposit.</li> </ol>				



**CITY** \_\_\_\_\_

**June 30, 2015 or the** \_\_\_ **Months Ended** \_\_\_\_\_

**DISBURSEMENTS**

<b>PROCEDURE</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p><b>Procedures:</b></p> <ul style="list-style-type: none"> <li>A. Obtain a schedule of all related party transactions with officials or employees and review for compliance with Chapter 362.5 of the Code of Iowa. Include finding(s) for noted conflicts of interest.</li> <li>B. Scan disbursement journal for unusual disbursements. Investigate accordingly.</li> <li>C. Scan all cancelled checks/images looking for checks to City personnel, unusual vendors and “cash.”                             <ul style="list-style-type: none"> <li>1. Examine checks payable to the City Clerk and other personnel authorized to issue/sign checks.                                     <ul style="list-style-type: none"> <li>a. Review amount and frequency of checks.</li> <li>b. Determine if checks are appropriate.</li> </ul> </li> <li>2. Select five (5) consecutive checks including ACH payments from alternating months (30 checks total) and verify:                                     <ul style="list-style-type: none"> <li>a. The disbursement is adequately supported.</li> <li>b. The amount and payee on the check match the general ledger posting.</li> <li>c. The disbursement was authorized by the City Council.</li> <li>d. Credit card transactions were approved and properly supported.</li> <li>e. The disbursement was properly classified by function in accordance with the recommended COA.</li> <li>f. The disbursement appears to meet the test of public purpose. For those items which are questionable, the City should have adequate documentation as to how the expenditure(s) meet the test of public purpose.</li> </ul> </li> </ul> </li> <li>D. Review all bank statements for erasures/alterations and scan for unusual withdrawals and/or checks.</li> <li>E. If canceled checks are not received, determine whether both the front and back of electronic check images are received as required by Chapter 554D.114(5) of the Code of Iowa.</li> <li>F. Determine the City applied for and received sales tax refunds on completed projects unless an exemption certificate was issued by the City for the contractor as required by Chapter 423.3(80)(b) of the Code of Iowa.</li> </ul>				

**CITY** \_\_\_\_\_

**June 30, 2015 or the** \_\_\_ **Months Ended** \_\_\_\_\_

**DISBURSEMENTS**

<b>PROCEDURE</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>G. Budgets:</p> <ol style="list-style-type: none"> <li>1. Determine the annual budget and amendments, if any, were properly authorized and certified.</li> <li>2. Determine whether disbursements by function are within the budget or amended budget.</li> </ol> <p>H. Inquire of management and, when appropriate, those charged with governance, as to the existence of any agreements containing confidentiality clauses.</p> <ol style="list-style-type: none"> <li>1. Determine if legal counsel agreed to insertion of the clauses.</li> <li>2. Determine if agreements were properly approved by the City Council.</li> <li>3. Review the funding source for the payment(s) made under the agreements.</li> </ol>				
<p><u>ALTERNATE/ADDITIONAL PROCEDURES:</u></p>				
<p><u>CONCLUSION:</u></p> <p>We have performed procedures sufficient to determine the status of findings pertaining to disbursements reported in the most recent periodic examination report. The results of these procedures are adequately documented in the accompanying workpapers</p>				
<p>Incharge _____ Date _____</p>				
<p>Manager _____ Date _____</p>				



**CITY** \_\_\_\_\_

**June 30, 2015 or the** \_\_\_ **Months Ended** \_\_\_\_\_

**PAYROLL**

<b>PROCEDURE</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p><b>Procedures:</b></p> <p>A. Select five (5) payroll transactions from throughout the year to test:</p> <ol style="list-style-type: none"> <li>1. Authorization for gross pay or hourly rate.</li> <li>2. Approval of hours worked.</li> <li>3. Accuracy of the number of hours paid per the payroll journal to hours worked per approved timesheets for hourly employees.</li> </ol> <p>B. City Clerk and/or Payroll Clerk Pay:</p> <ol style="list-style-type: none"> <li>1. If salaried, reconcile the approved salary for the City Clerk and the payroll clerk to the City Council approved salary.</li> <li>2. If hourly, test selected paychecks for the City Clerk and the payroll clerk to determine if the hourly rate paid agrees to the approved hourly rate.</li> </ol> <p>C. Ensure wage increases are approved by the City Council as an hourly rate or salary and not just a percentage increase.</p> <p>D. Determine if Forms 941, W-2 and 1099 were filed with the IRS, as appropriate.</p>				
<p><u>ALTERNATE/ADDITIONAL PROCEDURES:</u></p>				
<p><u>CONCLUSION:</u></p> <p>We have performed procedures sufficient to determine the status of findings pertaining to payroll reported in the most recent periodic examination report. The results of these procedures are adequately documented in the accompanying workpapers</p> <p>Incharge _____ Date _____</p> <p>Manager _____ Date _____</p>				

**CITY** \_\_\_\_\_

**June 30, 2015 or the** \_\_\_ **Months Ended** \_\_\_\_\_

**COMPLETION OF PERIODIC EXAMINATION  
FOLLOW-UP ENGAGEMENT**

<b>PROCEDURE</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p><b>Objectives:</b></p> <p>A. Written representations have been obtained from responsible officials.</p> <p>B. The report of recommendations has been drafted, including the current status of all findings, and discussed with the City.</p> <p><b>Procedures:</b></p> <p>A. Summarize findings from the follow-up procedures.</p> <p>B. Draft the report of recommendations, including:</p> <ol style="list-style-type: none"> <li>1. The status of all findings from the most recent examination report, as follows:                             <ol style="list-style-type: none"> <li>a. "Corrected" – explain progress, i.e., what the City has done to correct the issue.</li> <li>b. "Partially Corrected" – explain progress, i.e., what the City has done to partially correct the issue.</li> <li>c. "Not Corrected" – explain status, if applicable.</li> </ol> </li> <li>2. Additional findings identified during performance of the follow-up procedures, if any.</li> </ol> <p>C. Conduct an exit conference with the City. In addition to the City Clerk and the City Administrator, request the Mayor and/or a City Council Member(s) to attend. Document communication of findings.</p> <p>D. If the Mayor and/or a City Council member could not attend the exit conference, document separate communication of the follow-up findings to those charged with governance.</p> <p>E. Determine the appropriate date of the report of recommendations. The report should be dated the last day of the follow-up procedures.</p> <p>F. Obtain appropriate written representations signed by the City Administrator, Mayor, City Clerk and/or other appropriate personnel.</p> <ol style="list-style-type: none"> <li>1. Prepared on City’s letterhead.</li> <li>2. Dated the same date as the report of recommendations.</li> </ol> <p>G. Complete the budget and time summary, including an explanation of significant variances from budget and recommendations for next year, if applicable. Note billing instructions, if applicable.</p>				

**CITY** \_\_\_\_\_

**June 30, 2015 or the** \_\_\_ **Months Ended** \_\_\_\_\_

**COMPLETION OF PERIODIC EXAMINATION  
FOLLOW-UP ENGAGEMENT**

<b>PROCEDURE</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p><u>CONCLUSION:</u></p> <p>We have performed procedures sufficient to determine the status of findings reported in the most recent periodic examination and for the completion of the follow-up engagement. The results of these procedures are adequately documented in the accompanying workpapers.</p> <p>Incharge _____ Date _____</p> <p>Manager _____ Date _____</p>				

















**CITY** \_\_\_\_\_

**June 30, 2015 or the** \_\_\_ **Months Ended** \_\_\_\_\_

**INCHARGE REVIEW QUESTIONNAIRE**

QUESTION	YES	NO	N/A
1. Was the scope of the engagement in accordance with the plan?			
2. Have you informed the Manager of all identified problems that resulted in significant modification to the follow-up program and have you obtained the Manager’s concurrence with the modifications?			
3. Have you gathered enough evidence to satisfy the follow-up program objectives?			
4. Are you satisfied the evidence gathered does not disclose suspicions of abuse, fraud, violations of statutory, regulatory and contractual provisions or other illegal acts other than those noted in the comments of the report?			
5. Have all applicable items in the follow-up planning, questionnaires and program been completed and workpapers properly indexed and signed or initialed by those doing the work?			
6. Have all significant unusual or unexpected balances or relationships noted during planning or the course of the engagement been adequately documented?			
7. Has the work of all assistants been thoroughly reviewed?			
8. Have review notes been adequately resolved?			
9. Have you discussed all follow-up findings with City officials and prepared draft comments for all findings, including memoranda regarding this communication?			
10. Has the report routing sheet: <ul style="list-style-type: none"> <li data-bbox="256 1104 768 1136">a. Been completed and signed off?</li> <li data-bbox="256 1146 1247 1220">b. Been completed for the report distribution section, including addresses for non-City report recipients?</li> </ul>			
11. Has a list been prepared of all significant pending matters which must be cleared before issuing the report?			
12. Has the Manager been informed of all pending matters?			
13. Have required engagement evaluation reports been completed by the appropriate person(s)?			
14. Are you satisfied all follow-up procedures complied with professional standards and office policies?			
15. Have all electronic workpapers been properly stored on the network?			

COMMENTS (required for “No” answers):

Incharge \_\_\_\_\_ Date \_\_\_\_\_  
 Manager \_\_\_\_\_ Date \_\_\_\_\_

**CITY** \_\_\_\_\_

**June 30, 2015 or the** \_\_\_ **Months Ended** \_\_\_\_\_

**MANAGER REVIEW QUESTIONNAIRE**

QUESTION	YES	NO	N/A
1. Have you reviewed the workpapers and do you concur with the conclusions of the incharge?			
2. Have exceptions noted on the Incharge Review Questionnaire been resolved?			
3. Are you satisfied: <ul style="list-style-type: none"> <li>a. The follow-up program was properly modified to follow-up on findings from the most recent periodic examination and other matters noted during the follow-up procedures?</li> <li>b. The judgments and conclusions reached are supported by documented evidence?</li> <li>c. All follow-up work conformed to the engagement plan, scope and objectives?</li> </ul>			
4. Do the workpapers include adequate documentation as to compliance with office policies?			
5. Have all applicable procedures been performed and signed off?			
6. Have all electronic workpapers been properly stored on the network?			
7. Is there adequate documentation in the workpapers to support the findings?			
8. Is our report of recommendations addressed to the proper party?			
9. Is the report dated the last day of fieldwork?			
10. Are you satisfied the follow-up engagement did not disclose any suspicions of fraud, violations of statutory, regulatory and contractual provisions or other illegal acts other than those noted in the report findings.			
11. Have the report findings been discussed with appropriate City officials?			
12. Have all findings from the follow-up procedures been reported?			
13. Has the report routing sheet been completed?			
14. Does the draft report of recommendations comply with professional and office reporting standards?			
15. Has a copy of the completed routing sheet, including the report release date, been filed in the GF-17's?			
<u>COMMENTS</u> (required for "No" answers):			
Manager _____	Date _____		