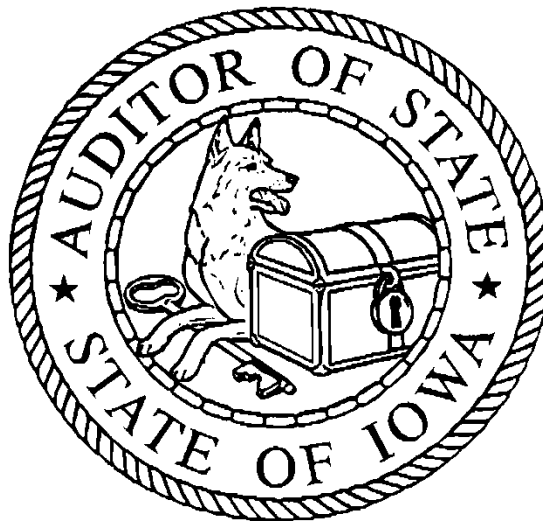


# COUNTY AUDIT PROGRAM GUIDE

For the year ended June 30, 2016



MARY MOSIMAN, CPA  
AUDITOR OF STATE

**COUNTY AUDIT PROGRAM GUIDE****COUNTY** Sample County**June 30, 2016****FILE INDEX**

<u>N/A</u>	<u>Incl.</u>	
_____	_____	Audit Planning
_____	_____	Planning Conferences
_____	_____	Internal Control
_____	_____	Review of Minutes
_____	_____	Client's Year End Financial Statements/Reports
_____	_____	Planning Materiality
_____	_____	Analytical Procedures
_____	_____	Time Budget and Progress Reports
_____	_____	Audit Program
_____	_____	Audit and Accounting Problems
_____	_____	Conferences (including exit)
_____	_____	Items for Comment
_____	_____	Items for Next Year
_____	_____	Representation Letter/Related Parties Documentation
_____	_____	Attorney's Letter
_____	_____	Audit Difference Evaluation
_____	_____	Opinion, Disclosure and Other Report Information, Including Draft Management Discussion and Analysis
_____	_____	Confirmation Control
_____	_____	W/P Copies Given to Client and Outside Parties
_____	_____	Pending Matters
_____	_____	Review Notes – deleted by _____ Date_____
_____	_____	Incharge Review Questionnaire
_____	_____	Manager Review Questionnaire
_____	_____	Independent Reviewer Questionnaire
_____	_____	Prior Year Audit Report/Status of Prior Year Comments

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DD-2	Entrance Conference and Audit Program
DD-3	Trial Balance
DD-4	Bank Reconciliation
DD-5	Trust Account
DD-6	Receipt and Disbursement Detail

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FF-1	Internal Control Questionnaire
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FF-3	Trial Balance
FF-4	Bank Reconciliation
FF-5	Trust Account
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GG-1	Internal Control Questionnaire
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GG-3	Trial Balance
GG-4	Bank Reconciliation
GG-5	Trust Account
GG-6	Receipt and Disbursement Detail
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HH-4	Bank Reconciliation
HH-5	Receipt and Disbursement Detail

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II-1	Internal Control Questionnaire
II-2	Entrance Conference and Audit Program
II-3	Trial Balance
II-4	Bank Reconciliation
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JJ-2	Entrance Conference and Audit Program
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JJ-4	Board of Review Minutes

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KK-1	Internal Control Questionnaire
KK-2	Entrance Conference and Audit Program
KK-3	Conference Board Minutes
KK-4	Board of Review Minutes

**LL     Single Audits**

(For multiple grants increase Arabic numbers by ten)

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RF	Other Receivables/Deferred Outflows
RG	Inventories
RH	Prepaid Expenses
RI	Capital Assets
RJ	Due to/Due from Other Funds
RK	Accounts Payable/Due to Other Governments
RL	Contracts Payable
RM	Accrued Payroll
RN	Compensated Absences
RO	Other Payables/Deferred Inflows
RP	Long-Term Debt

**COUNTY**     Sample County**June 30, 2016****AUDIT PLANNING**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<b>Audit Objectives:</b>					
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.					
<b>Audit Procedures:</b>					
A. Job number _____					
B. Assigned staff: _____ Independent?	A				
Manager _____					
Incharge _____					
Staff _____					
_____					
_____					
_____					
_____					
C. Timing:	A				
_____ Planned Date _____ Actual Date					
Begin fieldwork _____					
Complete fieldwork _____					
To Manager _____					
D. Obtain and file the engagement letter. (AU-C 210.09)					
E. 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.					
3. Make the appropriate inquiries of the predecessor auditor.					



**COUNTY**     **Sample County****June 30, 2016****AUDIT PLANNING**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
4. Review and document, as necessary, evidence of opening balances.  5. Firm: _____ Contact Person: _____ Telephone: _____					
F. Review prior year audit report and workpapers. 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 the prior year's workpapers and document in the current year workpapers how these items are being addressed. 5. Note any non-report comments that may affect this year's audit and document the status of the non-report comments.	A,B,E				
G. 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. (GAS Chapter 4.05 and AU-C 935.16)					
H. Review permanent file and determine status of the following and update as necessary: 1. Identification of the financial reporting entity and compliance with GASB 14, as amended by GASB 39 and 61. a. Identify the primary government. b. Identify and document consideration of component units.	A,B,F				

**COUNTY**     **Sample County****June 30, 2016****AUDIT PLANNING**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<ul style="list-style-type: none"> <li>c. For an entity identified 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.</li> <li>d. Identify and document relationships with organizations other than component units.</li> <li>2. Nature of business and legal environment.</li> <li>3. Applicable state and federal regulations.</li> <li>4. Administrative and accounting personnel.</li> <li>5. As applicable, federal program personnel.</li> <li>6. Organization chart.</li> <li>7. Chart of accounts and accounting manual.</li> <li>8. Use of outside service organizations.</li> <li>9. Use(s) of IS systems.</li> <li>10. Methods used to process significant accounting information.</li> <li>11. Long-term leases, contracts and commitments.</li> <li>12. List of officials and terms.</li> <li>I. Conduct entrance conference(s). Discuss and document pertinent information.</li> <li>J. Request that the County assemble all necessary information, records and documents.</li> <li>K. Determine if there are any audit issuance deadlines included in the continuing disclosures as required under SEC Rule 15c2-12. If applicable, review the debt filings on the Electronic Municipal Market Access (EMMA) System (<a href="http://www.emma.msrb.org">www.emma.msrb.org</a>).</li> <li>L. Determine if the engagement is an audit of group financial statements. If applicable, follow the guidance in AU-C 600, including, but not limited to: <ul style="list-style-type: none"> <li>1. Identifying components.</li> <li>2. Developing an overall audit strategy and audit plan for the group audit.</li> <li>3. Gaining an understanding of the group, its components and environments, including understanding: <ul style="list-style-type: none"> <li>a. Group-wide controls.</li> </ul> </li> </ul> </li> </ul>					
	A,B				
	A,B,F				
	A,C,E,F				

**COUNTY** Sample County**June 30, 2016****AUDIT PLANNING**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>b. The consolidation process.</p> <p>4. Determining if components are considered significant, either individually financially significant or likely to include significant risks to the group financial statements.</p> <p>5. Gaining an understanding of component auditors.</p> <p>6. Deciding if the audit report will refer to the component auditor's work.</p> <p>7. Determining materiality levels for the group financial statements as a whole and component materiality levels.</p> <p>8. Applying further audit procedures to the consolidation process.</p> <p>9. Subsequent events occurring between the dates of the financial information of the components and the date of the auditor's report on the group financial statements.</p> <p>10. Communicating the group auditor requirements to the component auditor.</p> <p>11. Evaluating the sufficiency and appropriateness of audit evidence obtained.</p> <p>12. Communicating with group management and those charged with governance of the group.</p> <p>M. Determine the extent of involvement, if any, of consultants, specialists or internal auditors. Where applicable, follow the appropriate guidance:</p> <p>1. AU-C 610 "Auditor's Consideration of the Internal Audit Function".</p> <p>2. Auditor's Specialist (AU-C 300.12, AU-C 620 and Government Auditing Standards, Chapters 6.42-.44)-Consider whether specialized skills, including professionals possessing information technology (IT) skills, are needed in performing the audit and seek such assistance if considered necessary.</p> <p>3. Management's Specialist (AU-C 500.08) - Include appropriate statement in the management representation letter. Examples of the use of a specialist include:</p>	A				

**COUNTY**     **Sample County****June 30, 2016****AUDIT PLANNING**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<ul style="list-style-type: none"> <li>a. An engineer or environmental consultant used to estimate the remaining useful life or estimated closure and postclosure care costs of a municipal solid waste landfill (MSWLF).</li> <li>b. An actuary used to determine incurred but not reported (IBNR) claims for a self-insurance fund.</li> <li>c. An actuary used to determine amounts for other postemployment benefits (OPEB).</li> </ul> <p>N. Inquire about related party transactions.</p> <p>O. Minutes:</p> <ul style="list-style-type: none"> <li>1. Review minutes through the most recent meeting and document significant Board action for Board of Supervisors, including subsequent events. Scan minutes for significant action of other outside Boards, including, but not limited to, the following: Local Board of Health, Conservation, Compensation and Veteran's Affairs Commission.</li> <li>2. Determine and document whether minutes were properly signed.</li> </ul> <p>P. Determine if the County was a party to a government combination (merger or acquisition) or had a disposal of operations. If applicable, determine if activity is properly disclosed and reported in accordance with GASB 69.</p> <p>Q. Document compliance with Government Auditing Standards conceptual framework for nonaudit services, if any.</p> <p>R. Discuss with the engagement team the significance of threats to management participation or self-review and emphasize the risks associated with those threats.</p> <p>S. Determine if the County 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 and 61, reviews.</p> <p>T. Determine if the County is a fiscal agent for an Early Childhood Iowa Area Board (also known as an Empowerment Board). If so, see the procedures included in the "Early Childhood Iowa Area Board" section of the audit program.</p>	<p>A,F</p> <p>A,E,F</p>				

**COUNTY**     **Sample County****June 30, 2016****AUDIT PLANNING**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>U. Determine and document judgments about materiality levels by opinion units (AAG-SLV 4.23). If done at interim, update materiality levels as of the balance sheet date.</p> <p>1. Opinion units in a County's basic financial statements are (as applicable):</p> <p style="padding-left: 20px;">a. Each major fund.</p> <p style="padding-left: 20px;">b. Governmental and business type activities.</p> <p style="padding-left: 20px;">c. Aggregate remaining fund information.</p> <p style="padding-left: 20px;">d. Discretely presented component units.</p> <p style="padding-left: 20px;">e. Transaction class, account balance or disclosure, if necessary. (AU-C 320.14)</p> <p>2. Materiality level for each major Federal program. If done at interim, update materiality levels as of the balance sheet date.</p>	B,C				
<p>V. Apply preliminary analytical procedures:</p> <p>1. Compare current year information to information with a plausible relationship.</p> <p>2. Identify expectations and document basis of expectations.</p> <p>3. Identify unusual or unexpected balances or relationships.</p> <p>4. Determine and document if matters identified indicate a higher risk of material misstatement. If a higher risk is indicated, adjust audit approach accordingly.</p>	A,E,F				
W. Prepare all necessary confirmation requests for mailing.					
X. Send attorney letters to attorneys and other lawyers consulted on significant matters during the period. Send the letter early during field work with a requested response date one week prior to estimated completion of field work.					
Y. Determine and document an audit strategy based on determination of audit risk (AU-C 240, AU-C 315.26-.27, AU-C 320 and AU-C 935.20).	A,B,E,F				
Z. Internal Control	A,B,D,E,F				
1. Obtain and document an understanding of the internal controls, including those relating to overall compliance with laws and regulations.					

**COUNTY**     **Sample County****June 30, 2016****AUDIT PLANNING**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<ul style="list-style-type: none"> <li>a. Determine and document whether these internal controls have been implemented.</li> <li>b. Assess control risk for financial statement assertions, including those relating to overall compliance with laws and regulations that have a direct and material effect on the financial statements. <ul style="list-style-type: none"> <li>1) Identify those financial statement assertions for which tests of controls need to be performed and design the appropriate tests of controls.</li> <li>2) Document conclusions in workpapers concerning the assessed level of control risk for the assertions.</li> </ul> </li> <li>c. Obtain and document an understanding of any department's separately maintained records if they are of a significant amount and outside the normal transaction cycle.</li> <li>d. If the County uses a service organization to process transactions for the County (i.e. payroll processing, bank trust department that invests and holds assets for employee benefit plans, organizations that 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 County (user organization), related control risk assessments, and the availability of evidence to perform substantive procedures.</li> <li>e. Obtain and document an understanding of the County's credit card collections and compliance with PCI (Payment Card Industry) Data Security Standards. <ul style="list-style-type: none"> <li>1) Determine credit card security policies have been documented and established.</li> <li>2) Determine self-assessment measures have been completed.</li> </ul> </li> <li>f. 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)</li> </ul>					

**COUNTY** Sample County**June 30, 2016****AUDIT PLANNING**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>2. Major Federal programs:</p> <ul style="list-style-type: none"> <li>a. Obtain and document an understanding of the internal controls relevant to the compliance requirements applicable to all major federal programs.</li> <li>b. Determine and document whether these controls have been implemented.</li> <li>c. Assess control risk. (The auditor should plan for a low level of control risk).</li> <li>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).</li> <li>e. Include lack of or ineffective control procedures as significant deficiencies or material weaknesses in the report on internal control.</li> </ul> <p>3. If steps Z(1) and (2) are done at interim, determine if tests of controls and assessments of control risk can be extended to the balance sheet date:</p> <ul style="list-style-type: none"> <li>a. Apply the following procedures for the internal control work done: <ul style="list-style-type: none"> <li>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.</li> <li>2) Consider the significance of any changes.</li> <li>3) Obtain audit evidence about the nature and extent of any changes.</li> </ul> </li> <li>b. If considered necessary based on the above procedures, perform additional tests of controls and update risk assessments.</li> </ul> <p>AA. Determine the major funds for the governmental and business type activities. Funds are considered major funds if they meet both the criteria for the same element. (GASB 34 par. 76)</p>					

**COUNTY**     **Sample County****June 30, 2016****AUDIT PLANNING**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<ol style="list-style-type: none"> <li>1. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type.</li> <li>2. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.</li> <li>3. Review with management whether additional discretionary funds should be included as major funds.</li> </ol>					
BB. Consideration of compliance with laws and regulations. (GAS Chapter 6.28, AU-C 250.12, AU-C 250.14) <ol style="list-style-type: none"> <li>1. Identify and obtain an understanding of the legal and regulatory framework applicable to the County and how the County is complying with the framework.</li> <li>2. Identify possible instances of noncompliance with laws and regulations that may have a material effect on the financial statements:               <ol style="list-style-type: none"> <li>a. Inquire of management and, when appropriate, those charged with governance, about whether the County is in compliance with such laws and regulations.</li> <li>b. Inspect correspondence, if any, with relevant licensing or regulatory authorities.</li> </ol> </li> </ol>	D				
CC. 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				
DD. Modify/expand on standard audit program guide, as necessary. The program should be responsive to the critical audit areas and other areas of concern noted in the audit planning, the analytical procedures performed on the financial statements, and the understanding obtained of the County's internal controls.	A,F				



**June 30, 2016**

## AUDIT PLANNING

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
EE. Complete the Code Compliance Risk Assessment Form and the Code Compliance Guide.	A,D				
FF. Immediately contact Manager if fraud or embezzlement is suspected and ensure the appropriate officials are notified after contacting the Manager. Chapter 11.6 of the Code of Iowa requires a CPA firm and the County 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.					
GG. Prepare audit time budget.					
HH. Discuss planning phase with the Manager and document conclusions.	A				
<u>ALTERNATE/ADDITIONAL PROCEDURES:</u>					
<u>CONCLUSION:</u>					
We have performed procedures sufficient to achieve the audit objectives for audit planning and the results of these procedures are adequately documented in the accompanying workpapers.					
Incharge _____ Date _____					
Manager _____ Date _____					
Independent Reviewer _____ Date _____					

**COUNTY** Sample County

**June 30, 2016**

**AUDIT STRATEGY**

The attached audit strategy is to be used to document the following:

- Auditor's understanding of certain preliminary information regarding the County and its environment for planning the audit.
- Auditor's fraud risk assessment, including identification of fraud risk factors.
- Identification of material account balances and classes of transactions.
- Determination of the risk of material misstatement at the financial statement and relevant assertion levels.
- Auditor's response to the risks identified.
- Identification of the federal programs.
- Determination of major federal programs and the applicable compliance requirements.
- Applicability of account balances and classes of transactions to federal programs.

**COUNTY**     **Sample County****June 30, 2016****AUDIT STRATEGY**

<b>PROCEDURE</b>	<b>YES</b>	<b>NO</b>	<b>REMARKS</b>
1. Did the prior year report on the financial statements include departures from an unmodified opinion?			
2. Did the prior year audit identify any significant deficiencies or material weaknesses?			
3. Have various account balances or transactions required significant adjustments in prior audits?			
4. Was the approach in the prior year primarily substantive?			
5. Were any significant errors or instances of fraud noted in the prior audit?			
6. Is there any indication there could be substantial doubt about the County's ability to continue as a going concern?			
7. Does the audit require special expertise?			
8. Are specialized skills needed to determine the effect of IT on the audit, to understand the IT controls, or to design tests of controls?			
9. Are there any new accounting and/or auditing pronouncements that may affect the current audit?			
10. Are there any specialized accounting practices or principles applicable to the County? (i.e. pensions)			
11. Have there been any significant changes in accounting practices for the County?			
12. Are there any economic conditions or recent developments that affected the County's operations? (inflation, interest rates, technological changes)			
13. Are there any special regulatory or reporting requirements that apply? (Single Audit)			
14. Is the County economically dependent on a major industry or company such that a change in the industry or company would adversely affect the County?			
15. Has there been a change in state or federal funding that would significantly impact the operations of the County?			
16. Is any aspect of the County profit motivated?			
17. Have there been any significant changes in the function or responsibilities of the County?			

**COUNTY** Sample County**June 30, 2016****AUDIT STRATEGY**

<b>PROCEDURE</b>		<b>YES</b>	<b>NO</b>	<b>REMARKS</b>
18.	Do the financial statements require use of significant accounting estimates or fair value determinations?			
19.	Does the County have multiple locations for significant operations?			
20.	Complete the fraud risk assessment form.			
21.	Document the following on the audit strategy forms:			
	a. Identify material account balances and classes of transactions. Consider preliminary planning materiality as well as qualitative matters such as volume of transactions, susceptibility of assets to theft, etc.			
	b. Assess the inherent risk by assertion for each of the material account balances and classes of transactions identified above and document the results.			
	c. Assess control risk.			
	d. Considering the understanding obtained of the County (including its environment and internal controls) and the determination of inherent and control risks, assess the risks of material misstatement (whether due to fraud or error) at financial statement and relevant assertion levels and assess detection risk.			
	e. Document overall responses to the risks identified and the design of further audit procedures (audit approach).			
	f. If Single Audit is applicable, identify the major federal programs using the Single Audit - Audit Strategy form.			
	g. Identify the material account balances and classes of transactions applicable to major federal programs.			
	h. Identify the compliance requirements applicable to each major federal program.			
	i. Indicate whether test of controls are applicable or comment on whether controls do not exist or cannot be tested.			
22.	Identify other matters considered in determining the audit strategy.			
23.	Identify any matters that could increase the risk of material misstatement of the financial statements due to errors, fraud and other non-compliance.			

COUNTY Sample County

June 30, 2016

**AUDIT STRATEGY  
RISK ASSESSMENT****I. BRAINSTORMING CONFERENCE**

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

Date discussed  
with manager: \_\_\_\_\_

**Instructions:** Members of the audit team are required to discuss the susceptibility of the County's financial statements to material misstatement due to fraud or error. The discussion should include an open exchange of ideas (brainstorming). The discussion should also emphasize the importance of exercising professional skepticism throughout the audit. The discussion may occur prior to, or in conjunction with, other audit planning procedures, but should take place each year. The manager should determine which matters are to be communicated to members of the audit team not involved in the discussion.

If the audit is a Single Audit, completion of this procedure should include consideration of both the audit of the financial statements and the federal awards.

Audit of financial statements	Yes	_____	No	_____
Single Audit	Yes	_____	No	_____

Participants:

Name	Title

1. Describe how the discussion occurred (e.g. face-to-face meeting, conference call)

2. Describe the matters discussed.

COUNTY Sample County

June 30, 2016

**AUDIT STRATEGY  
RISK ASSESSMENT**

Matters that should be discussed include:

- a. How and where the financial statements might be materially misstated due to fraud or error.
- b. How management could perpetrate and conceal fraudulent financial reporting.
- c. How the perpetrators could misappropriate government assets.
- d. Known external and internal factors affecting the County which might (1) create incentives/pressures to commit fraud, (2) provide the opportunity for fraud to take place and (3) reveal attitudes or rationalization about why fraud is acceptable behavior.
- e. Circumstances indicative of earnings management or manipulation of other financial measures which could lead to fraudulent financial reporting.
- f. The nature and risk of management override of controls.
- g. How best to respond to these fraud and other risks through the design of audit procedures.
- h. The importance of maintaining an appropriate attitude of professional skepticism throughout the audit when considering the risk of material misstatement due to fraud.
- i. Risks of material misstatements associated with related party relationships and transactions.

The discussion should not be influenced by past favorable experience with the integrity of management.

The discussion should abandon neutrality and presume the possibility of dishonesty at various levels of management.

The discussion should focus on the financial statement areas vulnerable to fraud, presuming management, employees or volunteers were inclined to perpetrate fraud.

3. Did information arise during the brainstorming meeting that may be relevant to identifying risks of material misstatement due to fraud or error?

\_\_\_\_\_ Yes (Document in Part IV)

\_\_\_\_\_ No

Comments:

COUNTY Sample County

June 30, 2016

**AUDIT STRATEGY  
RISK ASSESSMENT****II. INQUIRIES ABOUT THE RISKS OF FRAUD**

**Instructions:** Auditors are required to make inquiries of **management** and others about the risks of fraud. Inquiries should be made each year in the planning stage of the audit. This form can be used to document the auditor's inquiries of management and other employees. Conducting one-on-one interviews with members of management and other employees is the most appropriate way of accomplishing the objectives of the inquiry process. Management interviewed should include the County Auditor, County Treasurer, County Board of Supervisors and anyone else whose job responsibility could have a material effect on the financial statements.

If the audit is a Single Audit, completion of this procedure should include consideration of both the audit of the financial statements and the federal awards. Alternatively, the auditor may wish to complete separate forms.

(A separate form should be used for each person interviewed)

**A. Management Personnel Interviewed:**

Name	Title	Date
_____	_____	_____
_____	_____	_____
_____	_____	_____

1. Inquire of the County's management about whether it is aware of (1) actual or suspected fraud or (2) any allegations of fraud (e.g., communications from employees or others). Describe.

2. Inquire of the County's management about its understanding of the risks of fraud within the County, including any specific risks identified or account balances or transaction classes where fraud is likely to occur. Describe.

3. Inquire of the County's management about the programs and controls it has established to mitigate fraud risks and how it monitors such programs and controls. Describe.

4. Inquire of the County's management about the nature and extent of monitoring of operating locations, where applicable, and whether there are particular units for which a risk of fraud may be more likely to exist. Describe.

**COUNTY** Sample County

**June 30, 2016**

**AUDIT STRATEGY  
RISK ASSESSMENT**

5. Inquire of the County's management about whether and how it communicates to employees its views on business practices and ethical behavior. Describe.

6. Inquire of the County's management about whether it has reported to the audit committee, or its equivalent, on how the County's internal control monitors the risks of material fraud. Describe.

7. Inquire of the County's management about their compliance with laws and regulations. Describe.

8. Inquire of management about the existence of any agreements containing confidentiality clauses. Describe.

9. Inquire as to whether the person being interviewed is aware of any abuse (i.e. misuse of authority, unneeded overtime, requesting staff run personal errands, expensive procurements, etc.). Describe.

10. Inquire as to whether the person being interviewed is aware of any County employee or Board Member with possible financial pressures (i.e. gambling, excessive shopping, sudden medical expenses, lifestyle changes, etc.).

11. Did information arise from inquiries of management which should be considered further in identifying risks of material misstatement due to fraud?

\_\_\_\_\_ Yes (Document in Part IV)

\_\_\_\_\_ No

Comments:



**COUNTY** Sample County**June 30, 2016**

**AUDIT STRATEGY  
RISK ASSESSMENT  
FRAUD INQUIRY - OTHERS**

B. Others Interviewed:

Name	Title	Date
<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>

1. Inquire of others within the County (others can include operating personnel not directly involved in the financial reporting process, employees with different levels of authority, employees involved with initiating, recording or processing complex or unusual transactions or in-house legal counsel) about any actual fraud or suspected fraud. Describe.

2. Inquire as to whether the person being interviewed is aware of any abuse (i.e. misuse of authority, unneeded overtime, requesting staff run personal errands, expensive procurements, etc.) Describe.

3. Inquire as to whether the person being interviewed is aware of any County employee or Board Member with possible financial pressures (i.e. gambling, excessive shopping, sudden medical expenses, lifestyle changes, etc).

4. Did information arise from inquiries of others which should be considered further in identifying risks of material misstatement due to fraud?

☐ Yes (Document in Part IV)

☐ No

Comments:

**COUNTY** Sample County

**June 30, 2016**

**AUDIT STRATEGY  
RISK ASSESSMENT  
JOURNAL ENTRY INQUIRY**

C. Journal Entry Inquiry:

Name	Title	Date
_____	_____	_____
_____	_____	_____
_____	_____	_____

1. Inquire of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. Describe.

2. Did information arise from inquiries of others which should be considered further in identifying risks of material misstatement due to fraud?

\_\_\_\_\_ Yes (Document in Part IV)

\_\_\_\_\_ No

Comments:

**COUNTY** Sample County

**June 30, 2016**

**AUDIT STRATEGY  
RISK ASSESSMENT  
AUDIT COMMITTEE FRAUD INQUIRY**

D. Audit Committee or Equivalent Personnel Interviewed:

Name	Title	Date
<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>

- Where applicable, inquire of the audit committee or its equivalent, or at least its chair, about (1) its views about the risks of fraud, (2) whether it has knowledge of any actual fraud or suspected fraud and (3) how it exercises its oversight of the County's assessment of risks of fraud and the programs and controls the County has adopted to mitigate those risks. Describe.

- Did information arise from inquiries of audit committee or equivalent personnel which should be considered further in identifying risks of material misstatement due to fraud?

☐ Yes (Document in Part IV)

☐ No

Comments:

COUNTY Sample County

June 30, 2016

**AUDIT STRATEGY  
RISK ASSESSMENT  
INTERNAL AUDIT FRAUD INQUIRY**

E. Internal Audit Personnel Interviewed:

Name	Title	Date
<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>

1. Where applicable, inquire of internal audit personnel about: (1) their views of the risks of fraud, (2) any procedures they performed to identify or detect fraud during the period under audit, (3) management's response to the findings and (4) whether they have knowledge of any actual fraud or suspected fraud. Describe.

2. Did information arise from inquiries of internal audit personnel which should be considered further in identifying risks of material misstatement due to fraud?

☐ Yes (Document in Part IV)

☐ No

Comments:

COUNTY Sample County

June 30, 2016

**AUDIT STRATEGY  
RISK ASSESSMENT**

QUESTION	YES	NO	N/A	REMARKS
<b>III. FRAUD RISK ASSESSMENT</b>  <b>Instructions:</b> Complete the following questions to document your consideration of risk factors that might indicate an increased risk of material misstatement due to fraud. "Yes" answers do not necessarily indicate an increased risk, but should be considered when assessing the risk of <u>material</u> misstatement due to fraud. If fraud risk factors are present, but other controls exist that compensate for that risk, document the mitigating factors in the remarks column.  <b><u>RISK FACTORS RELATING TO FRAUDULENT FINANCIAL REPORTING</u></b>  A. Incentives/Pressures <ol style="list-style-type: none"> <li>1. Is there significant pressure on meeting performance targets?</li> <li>2. Is a significant portion of management's compensation or performance assessment dependent on budgetary goals, program results, or other incentives?</li> <li>3. Do unrealistic performance targets exist?</li> <li>4. Were there numerous significant budget modifications in prior periods?</li> <li>5. Is there a lack of formal budgeting policies and procedures?</li> <li>6. Is the current management unable to make reasonable estimates of tax revenues, expenditures, or cash requirements?</li> <li>7. Has the credit rating for the County's securities been downgraded by an independent agency since the prior period?</li> <li>8. Do individuals outside of management or the governing body have substantial influence over the operations of one or more governmental units?</li> <li>9. Has management set unduly aggressive financial targets and expectations for operating personnel?</li> <li>10. Is the County subject to new accounting, statutory, or regulatory requirements that could impair its operating efficiency or financial stability?</li> <li>11. Is the County experiencing rapid changes, such as rapid changes in technology or rapid changes in citizen's service expectations?</li> </ol>				

**COUNTY** Sample County**June 30, 2016****AUDIT STRATEGY**  
**RISK ASSESSMENT**

<b>QUESTION</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>	<b>REMARKS</b>
12. Is the County experiencing a poor or deteriorating financial condition (for example, a declining tax base, declining economy, or other anticipated loss of revenue sources)?				
13. Is the County having difficulty generating cash flows from operating activities?				
14. Has the County experienced unusually rapid growth or improved financial results, especially when compared to other governments?				
15. Is the County highly vulnerable to changes in interest rates?				
16. Is the County unusually dependent on debt financing?				
17. Do the County's financing agreements have debt covenants that are difficult to maintain?				
18. Is the County facing the threat of imminent bankruptcy?				
19. Is there significant pressure to obtain additional funding to maintain services?				
20. Is there a high degree of competition for federal or state awards?				
21. Is there declining federal and state program funding levels on a national or regional level?				
22. Is there a declining number of eligible participants, benefit amounts, and/or enrollments in award programs?				
23. Is there complex or frequently changing compliance requirements?				
24. Is there a mix of fixed price and cost reimbursable program types that create incentives to shift costs?				
B. Opportunities				
1. Is management dominated by a single individual or a small group without compensating controls, such as effective oversight by the governing body?				
2. Does the governing body or management lack understanding or experience regarding the operation or responsibilities of the government?				
3. Are internal controls inadequately monitored by management?				

**COUNTY** Sample County**June 30, 2016****AUDIT STRATEGY**  
**RISK ASSESSMENT**

<b>QUESTION</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>	<b>REMARKS</b>
<p>4. Has management continued to employ ineffective accounting or IT (information technology) personnel?</p> <p>5. Has there been a high turnover in management level employees, bankers, attorneys or auditors?</p> <p>6. Does the level of communication between accounting managers and data processing or IT departments appear to be inadequate?</p> <p>7. Are assets, liabilities, revenues, and expenditures or expenses based on significant estimates that involve unusually subjective judgments or uncertainties or that could significantly change in the near term in a manner that may be financially disruptive?</p> <p>8. Does the County engage in significant related party transactions not in the ordinary course of business (including transactions with related governments that are unaudited or audited by another firm)?</p> <p>9. Does the County have unusual or highly complex transactions (particularly those close to year-end) that are difficult to assess for substance over form?</p> <p>10. Does the government have significant bank accounts in locations for which there does not appear to be a clear business justification?</p> <p>11. Does the County have an overly complex organizational structure involving numerous component units, subrecipients, related organizations, lines of managerial authority, or contractual arrangements that do not have an apparent purpose?</p> <p>12. Does the County have significant relationships with other governments that do not appear to have a clear programmatic or business justification?</p> <p>C. Attitudes/Rationalizations</p> <p>1. Were there numerous significant audit adjustments in prior periods?</p> <p>2. Is there an excessive interest by management to meet performance targets through the use of unusually aggressive accounting practices?</p> <p>3. Has management failed to effectively communicate and support the government's values or ethics?</p> <p>4. Has management failed to effectively communicate about inappropriate business practices or ethics?</p>				

**COUNTY** Sample County**June 30, 2016****AUDIT STRATEGY**  
**RISK ASSESSMENT**

<b>QUESTION</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>	<b>REMARKS</b>
5. Has management failed to correct known significant deficiencies or material weaknesses in internal control on a timely basis?				
6. Has management displayed a significant disregard for regulatory requirements, including, when applicable, federal and state award compliance requirements?				
7. Does management have a poor reputation?				
8. Does management have a history of violating laws, regulations, debt covenants, contractual obligations, or federal and state award compliance requirements?				
9. Do non-financial management or personnel excessively participate in the determination of significant estimates or selection of accounting principles?				
10. Are there frequent disputes on accounting, auditing, or reporting matters between management and the current or predecessor auditor?				
11. Has management made unreasonable demands on the auditor, such as unreasonable time constraints on completion of the audit or an excessive emphasis on reducing the audit fee?				
12. Has management placed restrictions on the auditor (formal or informal) that inappropriately limit access to people or information (or inappropriately limit communication with the governing body or audit committee)?				
13. Has management failed to respond to specific inquiries or to volunteer information regarding significant or unusual transactions?				
14. Has there been domineering behavior by management, especially involving attempts to influence the scope of the auditor's work?				
15. Are there other situations indicating a strained relationship between management and the current or predecessor auditor?				
16. Could the County face adverse consequences on a significant pending transaction (such as issuance of debt or receipt of a grant) if poor financial results are reported?				
17. Does the County have significant investments in high-risk financial investments?				



COUNTY Sample County

June 30, 2016

**AUDIT STRATEGY**  
**RISK ASSESSMENT**

QUESTION	YES	NO	N/A	REMARKS
18. Are there any known personal difficulties or other influences in the lives of management that could adversely affect their integrity, attitude, or performance?				
19. Do other conditions exist that indicate incentives/pressures, opportunities or attitudes/rationalizations for management to engage in fraudulent financial reporting?				

Do conditions exist which indicate there may be incentives/pressures, opportunities or attitudes/rationalizations for management to intentionally misstate the financial statements?

\_\_\_\_\_ Yes (Document in Part IV)

\_\_\_\_\_ No

Comments:

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COUNTY Sample County

June 30, 2016

**AUDIT STRATEGY  
RISK ASSESSMENT**

QUESTION	YES	NO	N/A	REMARKS
<b>RISK FACTORS RELATING TO MISAPPROPRIATION OF ASSETS</b>  A. Incentives/Pressures <ol style="list-style-type: none"> <li>Are there any indications management or employees with access to cash or other assets susceptible to theft have personal financial obligations which may create pressure to misappropriate assets?</li> <li>Are there any conditions which may create adverse relationships between the government and employees with access to cash or other assets susceptible to theft, such as the following:               <ol style="list-style-type: none"> <li>Known or anticipated future employee layoffs?</li> <li>Recent or anticipated changes to employee compensation or benefit plans?</li> <li>Promotions, compensation, or other rewards inconsistent with expectations?</li> </ol> </li> </ol> B. Opportunities <ol style="list-style-type: none"> <li>Does the County maintain or process large amounts of cash?</li> <li>Is the County's inventory easily susceptible to misappropriation (such as small size, high value, or high demand)?</li> <li>Does the County have assets that are easily convertible to cash (such as bearer bonds, etc.)?</li> <li>Does the County have capital assets that are easily susceptible to misappropriation (such as small size, portability, marketability, lack of ownership identification, etc.)?</li> <li>Is the County susceptible to fraudulent, unauthorized disbursements (such as vendor or payroll disbursements) being made in amounts that are material to the financial statements?</li> <li>Is there a lack of management oversight over assets susceptible to misappropriation?</li> <li>Does the County lack job applicant screening procedures when hiring employees with access to assets susceptible to misappropriation?</li> <li>Does the County have inadequate record keeping over assets susceptible to misappropriation?</li> </ol>				

COUNTY Sample County

June 30, 2016

**AUDIT STRATEGY  
RISK ASSESSMENT**

QUESTION	YES	NO	N/A	REMARKS
9. Is there a lack of appropriate segregation of duties that is not mitigated by other factors (such as management oversight)?				
10. Does the County lack an appropriate system for authorizing and approving transactions (for example, in purchasing or payroll disbursements)?				
11. Are there poor physical safeguards over assets susceptible to misappropriation (for example, inventory not stored in a secured area, cash or investments kept in unlocked drawers, etc.)?				
12. Is there a lack of timely and appropriate documentation for transactions affecting assets susceptible to misappropriation?				
13. Is there a lack of mandatory vacations for employees in key control functions?				
14. Does management have an inadequate understanding of information technology which enables information technology employees to perpetrate a misappropriation?				
15. Are access controls over automated records inadequate (including controls over, and review of, computer system event logs)?				
C. Attitudes/Rationalizations				
1. Do employees who have access to assets susceptible to misappropriation show:				
a. Disregard for the need for monitoring or reducing risks related to misappropriation of assets?				
b. Disregard for internal control over misappropriation of assets by overriding existing controls?				
c. Disregard for internal control over misappropriation of assets by failing to correct known internal control deficiencies?				
2. Do employees who have access to assets susceptible to misappropriation exhibit behavior indicating displeasure or dissatisfaction with the County or its treatment of its employees?				
3. Have you observed any unusual or unexplained changes in behavior or lifestyle of employees who have access to assets susceptible to misappropriation?				

COUNTY Sample County

June 30, 2016

**AUDIT STRATEGY**  
**RISK ASSESSMENT**

Do conditions exist which indicate there may be incentives/pressures, opportunities or attitudes/rationalizations relating to misappropriation of assets?

\_\_\_\_\_ Yes (Document in Part IV)

\_\_\_\_\_ No

Comments:

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List any additional fraud factors or conditions identified as being present. Additional factors may have been identified through inquiry of management in the entrance conference. Also, document any compensating controls.

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If improper revenue recognition was not identified as a risk of material misstatement due to fraud, describe the reasons regarding how that presumption was overcome.

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COUNTY Sample County

June 30, 2016

**AUDIT STRATEGY  
RISK ASSESSMENT****IV. RESPONSE TO RISKS**

The way the auditor responds to the risks identified during the risk assessment process depends on the nature and significance of the risks identified and on the County's programs and controls that address such risks. The auditor should take into account the various risk assessment procedures performed, including preliminary analytical procedures, brainstorming session, information obtained about the County and its environment, including internal controls, fraud risk considerations and any other sources providing information about relevant risks. For single audits, the auditor should consider the risk noncompliance may cause the financial statements to contain a material misstatement. Auditors respond to the results of the risk assessment in three ways: (1) an overall response as to how the audit is conducted, (2) specific responses involving modification of the nature, timing, and extent of procedures to be performed and (3) responses to further address the fraud risk of management override of controls.

1. Overall response to financial statement risks – Describe overall risks at the financial statement level that may affect many assertions and the planned response to identified risks. Examples of overall risks include weaknesses in the control environment, changes in management, motivation by management to fraudulently misstate the financial statements, etc. Appropriate responses may include: (1) assignment of personnel and supervision, (2) scrutiny of management's selection and application of significant accounting principles and (3) including an element of unpredictability in audit procedures and tests.

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2. Specific responses to risks – If any risks are considered significant, the risk and the auditor's response to the risk should be included in the risk assessment summary form. For less significant risks, describe your specific responses, if any, to identified risks, including modification of the nature, timing and extent of audit procedures.

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COUNTY Sample County

June 30, 2016

**AUDIT STRATEGY  
RISK ASSESSMENT**

3. Response to address management override of controls – Because management override of controls can occur in unpredictable ways, the risk of management override of controls is always an identified fraud risk and the auditor is required to perform certain specified procedures to respond to such risk. These procedures relate to (1) examining journal entries and other adjustments, (2) reviewing accounting estimates for biases and (3) evaluating the business rationale for significant unusual transactions.

See audit program step B in audit program section General Ledger

See audit program steps Q and S in audit program section Completion of Audit

Incharge	_____	Date	_____
Manager	_____	Date	_____
Independent Reviewer	_____	Date	_____

**COUNTY** Sample County**June 30, 2016****AUDIT STRATEGY  
RISK ASSESSMENT SUMMARY**

ACCOUNT BALANCE/ CLASS OF TRANSACTION	MAT. BAL. (y/n)	MAJ. PROG. (y/n)	Inherent Risk				CR	TOC (y/n)	RMM	Allowable DR
			High	Mod	Low	Over All				
<b>Statement of Net Position/ Balance Sheet</b>										
Cash										
Investments										
Taxes Receivable										
Accounts Receivable										
Deferred Outflows of Resources										
Prepaid Expense										
Inventories										
Capital Assets										
Accounts Payable										
Deferred Inflows of Resources										
Other Liabilities										
Compensated Absences										
Long Term Debt										
Other:										
<b>Statement of Activities/ Statement of Revenues, Expenditures and Changes in Fund Balances</b>										
Property Tax										
Revenue - Intergovernmental										
Revenue - Proprietary										
Other Revenue										
Expenditures										
Procurement/Credit Cards										
Payroll										
Transfers										
Depreciation										
Financial Reporting (Presentation and Disclosure)										
Other:										

COUNTY Sample County

June 30, 2016

**AUDIT STRATEGY  
RISK ASSESSMENT SUMMARY**

<b>ACCOUNT BALANCE/ CLASS OF TRANSACTION</b>	<b>IDENTIFIED RISKS and RELEVANT ASSERTION(S)</b>	<b>OPINION UNIT(S) APPLICABLE</b>	<b>RESPONSE TO RISK and AUDIT APPROACH</b>
<b>Statement of Net Position/ Balance Sheet</b>			
Cash			
Investments			
Taxes Receivable			
Accounts Receivable			
Deferred Outflows of Resources			
Prepaid Expense			
Inventories			
Capital Assets			
Accounts Payable			
Deferred Inflows of Resources			
Other Liabilities			
Compensated Absences			
Long Term Debt			
Other:			
<b>Statement of Activities/ Statement of Revenues, Expenditures and Changes in Fund Balances</b>			
Property Tax			
Revenue - Intergovernmental			
Revenue – Proprietary			
Other Revenue			
Expenditures			
Procurement/Credit Cards			
Payroll			
Transfers			
Depreciation			
Financial Reporting (Presentation and Disclosure)			
Other:			





COUNTY Sample County

June 30, 2016

**AUDIT STRATEGY**  
**RISK ASSESSMENT SUMMARY**

**ASSERTION DEFINITIONS:**

**Account Balances:**

- E = Existence – assets, deferred outflows of resources, liabilities and deferred inflows of resources exist.
- R = Rights and Obligations – the County holds or controls the rights to assets and liabilities are the obligations of the County.
- C = Completeness – all assets, deferred outflows of resources, liabilities and deferred inflows of resources which should have been recorded have been recorded.
- V = Valuation and Allocation – assets, deferred outflows of resources, liabilities, deferred inflows of resources and fund balances and net position are included in the financial statements at appropriate amounts and any resulting valuation or allocation adjustments are appropriately recorded.

**Classes of Transactions:**

- O = Occurrence – transactions and events which have been recorded occurred and pertain to the County.
- C = Completeness – all transactions and events which should have been recorded have been recorded.
- AC = Accuracy – amounts and other data relating to recorded transactions and events have been recorded appropriately.
- CO = Cut off – transactions and events have been recorded in the correct accounting period.
- CL = Classification – transactions and events have been recorded in the proper accounts.

**Presentation and Disclosure:**

- O = Occurrence and Rights and Obligations – disclosed events have occurred and pertain to the County.
- C = Completeness – all disclosures which should have been included in the financial statements have been included.
- U = Classification and Understandability – financial information is appropriately presented and described and disclosures are clearly expressed.
- V = Accuracy and Valuation – financial and other information are disclosed fairly and at appropriate amounts.

COUNTY Sample County

June 30, 2016

**AUDIT STRATEGY**  
**RISK ASSESSMENT SUMMARY****INHERENT RISK FACTORS:**

1. Prior audit history indicates little or no adjustment required.
2. Prior audit history indicates significant adjustments.
3. Personnel recording transactions are competent and have been performing duties for several years.
4. New personnel/poorly trained personnel.
5. Transactions are relatively simple to record.
6. Transactions require significant calculations prior to recording.
7. Relatively few transactions.
8. Significant accounting estimates required.
9. Low susceptibility to misappropriation.
10. Highly susceptible to misappropriation.
11. Relatively immaterial.
12. Complexity of matters likely to result in misstatement.
13. Stable transaction activity.
14. High fluctuation in timing of activity.
15. Low potential for omitted activity.
16. High potential for omitted activity.
17. Prior audits included insignificant findings or no findings.
18. Prior audits included significant findings.

**COMBINED RISK ASSESSMENT AND ALLOWABLE DETECTION RISK:**

<u>INHERENT RISK</u>	<u>CONTROL RISK</u>			Combined risk of material misstatement (RMM)
	MAXIMUM	MODERATE	LOW	
HIGH	High	Moderate	Low	
MODERATE	Moderate	Low	Low	
LOW	Low	Low	Low	

<u>COMBINED RISK OF MATERIAL MISSTATEMENT (RMM)</u>	<u>ALLOWABLE DETECTION RISK</u>
HIGH	Low
MODERATE	Moderate
LOW	High

**ARE THERE ANY SIGNIFICANT DEFICIENCIES OR MATERIAL WEAKNESSES KNOWN AT THE TIME OF PLANNING THAT MAY AFFECT THE PLANNED AUDIT APPROACH? YES NO**

**If Yes, document the account balance or class of transaction affected and explain**

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COUNTY Sample County

June 30, 2016

**AUDIT STRATEGY**  
**RISK ASSESSMENT SUMMARY****Planning Approach:**

We have documented the material account balances and classes of transactions and identified significant risks, if any, at the relevant assertion level. We have determined and documented the risk of material misstatement, specific responses to the risks identified, an overall audit approach and have modified the audit program procedures accordingly.

**Significant Changes to Overall Audit Strategy:**

Document significant changes made during the audit to the overall audit strategy and the reasons for such changes. These changes, if any, should be documented on the risk assessment summary or listed below:

**Completion - Overall Audit Strategy Conclusion:**

We have reviewed the audit procedures performed for each account balance and class of transaction and have determined these procedures agree with and satisfy the planned audit approach.

	Initials and Dates			
	Planning		Completion	
	Initials	Date	Initials	Date
Incharge	_____	_____	_____	_____
Manager	_____	_____	_____	_____
Independent	_____	_____	_____	_____
Reviewer	_____	_____	_____	_____

COUNTY Sample County

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**AUDIT STRATEGY**  
**SINGLE AUDIT**

- 1) Determine Type A vs. Type B programs using the Program Identification form.
- 2) Determine the risk classification of Type A programs using the Risk Assessment form.
- 3) If necessary, determine the risk classification of Type B programs using the Risk Assessment form.

**NOTE: ALL PROGRAMS ASSESSED AS HIGH RISK MUST BE AUDITED.**

- The auditor is not required to identify more high-risk Type B programs than at least one-fourth the number of low-risk Type A programs.
  - When identifying which Type B programs to perform a risk assessment, the auditor is encouraged to use an approach which provides an opportunity for different high-risk Type B programs to be audited as major over a period of time.
- 4) Identify major programs and determine if the percentage of coverage rule has been met using the bottom of the Determination of Major Programs form.

Major programs must account for at least 40% of total expenditures of federal awards unless the County is low-risk, in which case only 20% needs to be met.\* The County is considered low risk if, for each of the prior two years, all of the following conditions have been met:

- A Single Audit is performed on an annual basis.
  - Unmodified opinions on the financial statements and the Schedule of Expenditures of Federal Awards were issued.
  - No material weaknesses in internal control under the requirements of Government Auditing Standards (relating to the financial statements) were noted.
  - No internal control deficiencies identified as material weaknesses were noted for all Type A programs.
  - No material non-compliance was noted for all Type A programs.
  - There were no known or likely questioned costs exceeding 5% of the program's expenditures for all Type A programs.
  - The prior two years audits must have met the report submission requirements of Uniform Guidance (reports were submitted to the federal audit clearinghouse by March 31).
  - No substantial doubt about the County's ability to continue as a going concern was noted.
- 5) Identify the applicable Compliance Requirements for each major program.

\*The County may have one or more non low-risk Type A programs and still qualify as a low-risk entity, as long as all Type A programs meet the criteria listed. However, all non low-risk Type A programs must be audited as major programs even if the 20% rule of coverage is met by only a portion of the non low-risk Type A programs.

COUNTY Sample County

June 30, 2016

**AUDIT STRATEGY**  
**SINGLE AUDIT****PROGRAM IDENTIFICATION**

For programs with ARRA funding and no separate CFDA #, list the ARRA portion on a separate line and add the prefix "ARRA - " to the program name.

Federal Program	CFDA #	Federal Awards Expended	% of Total Federal Awards Expended	Type A Program (X)	Type B	
					Primary Program (X)	Relatively Small Program (X)
<b>TOTAL</b>						

Determine the appropriate amounts to be used as program thresholds:

Type A		Type B	
Total Federal Assistance	\$ _____	Type A threshold	\$ _____
Percentage multiplier (3%)*	x <u>0.03</u>	Percentage multiplier (25%)	x <u>0.25</u>
Type A threshold: greater of \$750,000 or 3%	_____	Type B threshold	_____
	\$ <u>                    </u>		\$ <u>                    </u>

Relatively small Type B programs are programs less than the Type B threshold. Risk assessments are not required to be performed on relatively small programs.

\* - For total federal awards less than or equal to \$100 million.

NOTE: A Single Audit is not required if total federal expenditures are less than \$750,000.

COUNTY Sample County

June 30, 2016

**AUDIT RISK**  
**TYPE A PROGRAM RISK ASSESSMENT**

<b>Program Name:</b>						
<b>CFDA #:</b>						
<b>Last FY Audited as a Major Program **:</b>						

**Current and Prior Experience:**

Program was audited as a major program in one of the last two years. (2 CFR 200.518(c)(1)) (1)

No material weaknesses were noted in the most recent audit period. (2 CFR 200.518(c)(1)(i)) (1)

No material instances of non-compliance, resulting in an opinion modification were noted in the most recent audit period. (2 CFR 200.518(c)(1)(ii)) (1)

No known or likely questioned costs which exceeded 5% of the total federal awards expended for the program were noted in the most recent audit period. (2 CFR 200.518(c)(1)(iii)) (1)

Results of audit follow-up did not indicate a significant increase in risk. (2 CFR 200.518(c)(1))

Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N
Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA
Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA
Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA
Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA

**Oversight (Federal and/or Pass-through entities):**

Recent monitoring reviews were performed and noted no significant problems. (2 CFR 200.518(c)(1) and 200.519(c)(2)) (2)

OMB has not identified the program as a high risk or non-low-risk program in the Compliance Supplement. Verify with the client. (2 CFR 200.518(c)(2))

Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA
Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N

**Inherent Risk:**

No significant changes in personnel or systems affecting the program have been identified. (2 CFR 200.518(c)(1)(3))

Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N
-------	-------	-------	-------	-------	-------	-------

**Overall Risk Analysis:**

<b>Low Risk Type A Program</b>						
<b>Non-Low Risk Type A Program</b>						

(1) - This criteria must be met in order to consider a Type A program low-risk.

(2) - Obtain copy of monitoring review or other documentation to support significant problems identified.

(3) - If this criteria is not met, the auditors should document the changes in personnel or systems which significantly affected the risk assessment.

\*\* - Uniform Guidance states in part, for a Type A program to be considered low-risk, it shall have been audited as a major program in at least one of the two most recent audit periods. This ensures all Type A programs are tested as major at least once every three years.

COUNTY Sample County

June 30, 2016

**AUDIT RISK**  
**TYPE B PROGRAM RISK ASSESSMENT**

Program Name:

CFDA #

Last FY Audited as a Major Program

**Current and Prior Experience:**

Program was audited as a major program within last three years.

(2 CFR 200.519(b)(3))

No significant deficiencies/material weaknesses or material instances of non-compliance were noted in the last year the program was audited. (2 CFR 200.519(b)(1))

Persons administering program are experienced and appear competent.(2 CFR 200.519(b)(1))

The program is not administered under multiple internal control structures. (2 CFR 200.519(b)(1)(i))

Monitoring of subrecipients is adequate. (2 CFR 200.519(c)(1))

Information systems used for processing are established and adequate.(2 CFR 200.518(c)(1))

Prior audit findings have been corrected. (2 CFR 200.519 (b)(2)) (\*)

**Oversight (Federal and/or Pass-through entities):**

Recent monitoring reviews were performed and noted no significant problems. (2 CFR 200.518(c)(1))

OMB has not identified the program as a high risk or non-low-risk program in the Compliance Supplement. (2 CFR 200.519 (c)(2))

**Inherent Risk:**

Nature of program is not complex. (2 CFR 200.519(d)(1))

There are no eligibility criteria or third party contracts. (2 CFR 200.519(d)(1))

There haven't been significant changes in federal regulations or contract provisions. (2 CFR 200.519(d)(2))

Program has been on-going (not the first or last year of the program).(2 CFR 200.519(d)(3))

Program's preliminary Inherent Risk (High, Mod, Low)

**Internal Control Consideration:**

Assessed level of risk based on evaluation of internal controls for prior year. (Max / Slt / Mod / Low)

**Overall Risk Analysis:**

<b>Low Risk Type B Program</b>						
<b>High Risk Type B Program</b>						

(\*) - Auditors should use their judgment. Audit findings from prior year do not preclude the program from being low risk.

Note: Except for known material weaknesses in internal control or compliance problems, a single criteria would seldom cause a Type B program to be considered high-risk.



COUNTY Sample County

June 30, 2016

**AUDIT STRATEGY**  
**SINGLE AUDIT**  
**DETERMINATION OF MAJOR PROGRAMS**

In order to determine major programs, complete the following steps:

- Enter Type A programs and their risk analysis from the Risk Evaluation form. For non low-risk Type A programs only, enter their percentage of total federal expenditures (from the Program Identification form) in the far right column. If there are low-risk Type A programs, proceed to the next step. If there are no low-risk Type A programs, then determine if total percentage of the non low-risk Type A programs exceeds the percentage of coverage rule. If it exceeds the minimum percentage required, the determination of major programs is complete. If the minimum percentage is not met, include additional programs as necessary to meet the percentage of coverage rule.
- Enter the high-risk Type B programs from the Risk Evaluation form limited to 25% of the number of low-risk Type A programs. For each high-risk Type B program selected, enter its percentage of total federal expenditures (from the Program Identification form) in the far right column. **NOTE: ALL PROGRAMS ASSESSED AS HIGH RISK MUST BE AUDITED.**
- Determine if the total percentages from these two steps exceed the percentage of coverage rule. If it exceeds the minimum percentage required, then the determination of major programs is complete. If the minimum percentage is not met, include additional programs as necessary to meet the percentage of coverage rule.

A B	Federal Program	CFDA #	Non Low- Risk	Low- Risk	High- Risk	% of Total Expenditures of Federal Awards
	<b>TOTAL</b>					

40% Rule applicable

☐

20% Rule applicable

☐

COUNTY Sample County

June 30, 2016

**AUDIT STRATEGY**  
**SINGLE AUDIT RISK ASSESSMENT**

Identify applicable requirements and complete risk assessment for each major program.

Program/CFDA #: \_\_\_\_\_

	Mark if applicable	Identified Risks of Material Noncompliance	Inherent Risk		Control Risk Assessment	Combined Risk of Material Non-compliance	Response to Identified Risks
			Risk Factors	Assessment			
<b>Compliance Requirement:</b>							
A. Activities allowed or unallowed							
B. Allowable costs/Cost principles							
C. Cash Management							
D. Reserved							
E. Eligibility							
F. Equipment and Real Property							
G. Matching, Level of Effort, Earmarking							
H. Period of Performance							
I. Procurement and Suspension and							
J. Program Income							
K. Reserved							
L. Reporting							
M. Subrecipient Monitoring							
N. Special Tests and Provisions							

**COUNTY** Sample County**June 30, 2016****AUDIT STRATEGY**  
**SINGLE AUDIT RISK ASSESSMENT****INHERENT RISK FACTORS:**

1. Little or no changes in the compliance requirements.
2. Compliance requirements added or significantly changed.
3. Program characteristics do not involve a high amount of risk.
4. Program characteristics involve risk such as a significant amount of contracting or use of subrecipients or OMB designated program as higher risk including programs with Recovery Act funds.
5. High level of independent review/oversight.
6. Little or no independent review/oversight.
7. Relatively simply compliance requirements.
8. Compliance requirements are complex such as calculations and eligibility determinations are complex, require a high degree of judgment or are difficult to audit.
9. Personnel are experienced and competent.
10. Personnel are inexperienced, poorly trained or lack competence.
11. Administration is centralized.
12. Decentralized administration with multiple locations or branches.
13. Prior audits included insignificant no compliance findings.
14. Prior audits included significant compliance findings.

The auditor should consider whether any risks identified are pervasive to the County's compliance because they may affect the County's compliance with many compliance requirements. If the auditor identifies risks of material noncompliance that are pervasive to the County's compliance, the auditor should develop an overall response to such risks. Examples of situations in which there may be risk of material noncompliance that is pervasive to the County's noncompliance are as follows:

- A County experiencing financial difficulty and for which there is an increased risk grant funds will be diverted for unauthorized purposes.
- A County with a history of poor recordkeeping for its government programs.

**COMBINED RISK ASSESSMENT:**

<u>INHERENT RISK</u>	<u>CONTROL RISK</u>			Combined risk of material Noncompliance
	MAXIMUM	MODERATE	LOW	
HIGH	High	Moderate	Low	
MODERATE	Moderate	Low	Low	
LOW	Low	Low	Low	

**COUNTY**      **Sample County****June 30, 2016****NONAUDIT SERVICES**

**Objective:** To evaluate and document independence resulting from the performance of nonaudit services to be provided in accordance with the GAGAS Conceptual Framework for Independence.

**Nonaudit Services Performed:** Document each nonaudit service to be performed and, based on your understanding with the County, document whether the County agrees to perform the following functions for each nonaudit service.

Nonaudit service to be performed	Assumes all management responsibilities	Designate an individual who has suitable SKE to oversee the service	Evaluate the adequacy and results of the nonaudit service	Accepts responsibility for the results of the nonaudit service
Preparing financial statements and notes				
Preparing WTB's, including the entity-wide WTB				
Converting cash to accrual				
MD&A				
Schedule of Expenditures of Federal Awards				

**Designated Individual:** Briefly describe the individual or individuals designated to oversee each of the above nonaudit services, including their skills, knowledge and experience (SKE) to oversee the nonaudit services, and whether the individual is capable of reperforming the services:

Name and Title: \_\_\_\_\_

SKE: \_\_\_\_\_  
 \_\_\_\_\_

Are any of the above nonaudit services prohibited?    Yes\_\_\_\_\_    No\_\_\_\_\_    (Note: If yes, independence is impaired and the nonaudit service and the audit cannot be performed.)

Do the above individuals possess the required SKE?    Yes\_\_\_\_\_    No\_\_\_\_\_    (Note: If no, independence is impaired and the nonaudit service and the audit cannot be performed.)

Do threats to independence exist for any other nonaudit services?    Yes\_\_\_\_\_    No\_\_\_\_\_

**COUNTY**      **Sample County****June 30, 2016****NONAUDIT SERVICES**

If yes, list the nonaudit service and the threat:

Nonaudit Service	Identified Threat	Is the threat significant?

Possible threats are: Self-interest, self-review, bias, familiarity, undue influence, management participation and structural.

**Safeguards Applied****W/P Ref**Select from the following safeguards as applicable to reduce threats to an acceptable level:

- \_\_\_\_\_ Discuss the significance of threats to management participation or self-review with the engagement team and emphasize the risks associated with those threats. \_\_\_\_\_
- \_\_\_\_\_ Educate management about the nonaudit services performed by reviewing and explaining the reason and basis for all significant transactions, as well as authoritative standards. \_\_\_\_\_
- \_\_\_\_\_ The designated individual at the County will review and approve any proposed journal entries. \_\_\_\_\_
- \_\_\_\_\_ The designated individual at the County will compare fund balances reported in the draft financial statements to the County's records. \_\_\_\_\_
- \_\_\_\_\_ The designated individual at the County will complete the nonaudit services disclosure checklist. \_\_\_\_\_
- \_\_\_\_\_ The designated individual at the County will compare the financial statements and notes to financial statements to the AOS sample report. \_\_\_\_\_
- \_\_\_\_\_ We will obtain a secondary review of the nonaudit services by professional personnel who are not members of the audit engagement team (Independent Manager). \_\_\_\_\_
- \_\_\_\_\_ We will obtain secondary reviews of the nonaudit services by professional personnel not involved in planning or supervising the audit engagement. \_\_\_\_\_
- \_\_\_\_\_ We will consult an independent third party. \_\_\_\_\_
- \_\_\_\_\_ We will involve another audit organization to perform or reperform part of the audit. \_\_\_\_\_

Have the safeguards noted eliminated the threats identified above or reduced them to an acceptable level? Yes\_\_\_\_\_ No\_\_\_\_\_ (Note: If no, independence is impaired and the nonaudit service and the audit cannot be performed.)

**COUNTY**                      **Sample County**

**June 30, 2016**

**NONAUDIT SERVICES**

**CONCLUSION:** We have evaluated the nonaudit services to be provided to the County both individually and in the aggregate. We have determined the nonaudit services are not prohibited services and do not involve undertaking management responsibilities as described in Government Auditing Standards.

We have evaluated and documented all significant threats and applied safeguards to eliminate or reduce any significant threat(s) to an acceptable level. We have evaluated the SKE of the individual designated by the County to oversee the nonaudit services and determined they are suitable in the circumstances. We have documented and met the requirements for performing nonaudit services under paragraphs 3.37 and 3.39 of the 2011 Yellow Book.

Based on the foregoing, we may provide the nonaudit services described herein and remain independent with respect to the County.

Incharge	_____	Date	_____
Manager	_____	Date	_____
Independent Reviewer	_____	Date	_____

**COUNTY**      **Sample County****June 30, 2016****PLANNING CONFERENCE ENTRANCE -  
BOARD OF SUPERVISORS/COUNTY AUDITOR**

N ATTENDANCE:

<u>County</u>		<u>Auditor</u>	
Name	Title	Name	Title

ItemsDiscussion

- A. Scope of Audit\*\*:
1. Period to be audited.
  2. Basis of accounting.
  3. Objectives of audit.
  4. Engagement letter (if multi-year letter is used, auditor should annually remind management of the terms of the engagement).
  5. Funds to be audited (including component units).
  6. Federal programs.
  7. Additional audit requirements.
  8. Reports to be issued.
  9. The audit will be conducted in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and Government Auditing Standards, issued by the Comptroller General of the United States.
- B. Timing of\*\*:
1. Fieldwork.
  2. Release of report.
- C. Availability of records.
- D. Working space arrangements, if applicable.
- E. Extent of internal audit/other client assistance.
- F. Status of prior year's audit comments.
- G. Personnel changes.
- H. Accounting problems during the year.
- I. Pending litigation.

**COUNTY**                      **Sample County**

**June 30, 2016**

**PLANNING CONFERENCE ENTRANCE -  
BOARD OF SUPERVISORS/COUNTY AUDITOR**

<u>Items</u>	<u>Discussion</u>
J. Significant accounting policies.	
K. Extent of computerized books and records.	
L. Inquire of management about the existence of related party/business transactions, including changes from the prior year and the nature of the relationships.	
M. Potential component units, including changes from the prior year and entities for which the County is acting as the fiscal agent.	
N. 28E organizations in which the County is a participant.	
O. If the County acts as fiscal agent for an Early Childhood Iowa Area Board (also known as an Empowerment Board), discuss the procedures required under Chapter 256I of the Code of Iowa.	
P. If the County has extended or received financial guarantees on obligations of other entities without receiving or paying equivalent value for the guarantee, discuss the obligation with County officials (GASB 70).	
Q. Understanding of fee and billing arrangements.	
R. Additional items for audit planning:	
1. New capital projects or completion of projects from the prior year.	
2. New grants or completion of grants from the prior year.	
3. New revenue sources, such as local option sales tax, gaming tax, etc.	
4. Debt issuances or refunding/retirement of debt.	
5. Significant changes in the County's budget from the prior year and/or significant amendments to the County's current year budget.	
6. Others.	
S. GASB 43/45/57 – Inquire of management about the date of the most recent actuarial valuation or update to the valuation. A new valuation should be performed as required (based on total plan membership) or if significant changes have occurred since the most recent valuation that would affect the results of the valuation (changes in benefit provisions, size or composition of population covered, medical trend rates).	



**COUNTY**                      **Sample County**

**June 30, 2016**

**PLANNING CONFERENCE ENTRANCE -  
BOARD OF SUPERVISORS/COUNTY AUDITOR**

<u>Items</u>	<u>Discussion</u>
T. GASB 68 – Accounting and Financial Reporting for Pensions. – Discuss with management the impact on the County’s financial statements for reporting a new pension liability, deferred outflows, deferred inflows, related footnotes and new RSI schedules.	
U. GASB 34 – Inquire as to whether any funds have been identified as discretionary major funds.	
V. Inquire of management and, when appropriate, those charged with governance, about whether the County is in compliance with laws and regulations that may have a material effect on the financial statements.	
W. Inquire of management about their understanding of the risk of material misstatement due to fraud and whether they have knowledge of fraud that has occurred.	
X. Inquire of management about the existence of a program for preventing, deterring or detecting fraud. If a program exists, determine if fraud risk factors have been identified.	
Y. Inform management about the auditor’s responsibilities to inquire of them and others about fraud risk factors relating to financial reporting and misappropriation of assets throughout the audit in accordance with AU-C 240.	
Z. Inquire of management about the existence of any known limitations on the audit.	
AA. Discuss nonaudit services with those charged with governance or management, including:	
1. Independence issues.	
2. The nature of the audit and the nonaudit services provided.	
BB. Other discussion items.	
CC. Discuss the following items with those charged with governance**:	
1. Are there any matters warranting particular attention during the audit or areas where additional procedures are requested?	
2. Has there been any significant communications with regulators?	
3. How does the County respond to changes in financial reporting standards and laws/regulations?	
4. What actions have been taken to respond to prior audit comments?	

**COUNTY**                      **Sample County**

**June 30, 2016**

**PLANNING CONFERENCE ENTRANCE -**  
**BOARD OF SUPERVISORS/COUNTY AUDITOR**

Items

Discussion

5.    The audit of the financial statements does not  
      relieve management or those charged with  
      governance of their responsibilities.

Acknowledgement:

\_\_\_\_\_  
Board of Supervisors or  
Audit Committee Member

\_\_\_\_\_  
Date

\_\_\_\_\_  
County Auditor

\_\_\_\_\_  
Date

**\*\***        These items are required to be communicated with those charged with governance, in addition to the items communicated in the audit engagement letter. If those charged with governance are not present at the entrance conference, ensure the required communications.

**COUNTY**      **Sample County****June 30, 2016****PLANNING CONFERENCE**  
**ENTRANCE –COUNTY TREASURER****Date:** \_\_\_\_\_**Time:** \_\_\_\_\_

IN ATTENDANCE:

<u>County</u>		<u>Auditor</u>	
Name	Title	Name	Title
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

ItemsDiscussion

- A. Scope of Audit:
  - 1. Period to be audited.
  - 2. Objectives of audit.
  - 3. Funds to be audited.
  - 4. Federal programs.
  - 5. Additional audit requirements.
- B. Timing of:
  - 1. Fieldwork.
  - 2. Release of report.
- C. Availability of records.
- D. Working space arrangements, if applicable.
- E. Extent of internal audit/other client assistance.
- F. Status of prior year's audit comments
- G. Personnel changes.
- H. Accounting problems during the year.
- I. Pending litigation.
- J. Significant accounting policies.
- K. Extent of computerized books and records.
- L. Inquire of management about the existence of related party/business transactions, including changes from the prior year and the nature of the relationships.

**COUNTY**                      **Sample County**

**June 30, 2016**

**PLANNING CONFERENCE**  
**ENTRANCE –COUNTY TREASURER**

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

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

Items

Discussion

- M. Inquire of the Treasurer about his/her understanding of the risk of material misstatement due to fraud and whether he/she has knowledge of fraud has occurred.
- N. Inform Treasurer about the auditor's responsibilities of inquiring of them and others about fraud risk factors relating to financial reporting and misappropriation of assets throughout the audit in accordance with AU-C 240.

Acknowledgement:

\_\_\_\_\_  
County Treasurer

\_\_\_\_\_  
Date

**COUNTY**                      **Sample County**

**June 30, 2016**

**PLANNING CONFERENCE**  
**MANAGER**

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

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

Items

Discussion

- A. Last year's items for next year's audit
- B. Significant findings from audit planning, including discussion/results of brainstorming session\*.
- C. Single Audit requirements, if applicable.
- D. Results of obtaining an understanding of internal controls.
- E. Nonaudit services to be performed and results of evaluation of threats to independence and effectiveness of safeguards\*.
- F. Engagement letter – update for current year, if needed.
- G. Significant audit program modifications.
- H. Risk assessment summary (RAS), including planned audit approach.
- I. Audit time budget:
  - 1. Staff scheduling.
  - 2. Release of report.
  - 3. Budget variances.
- J. Code Compliance Guide – Review risk assessment and items selected for testing.
- K. Component units and separately maintained records testing.
- L. New auditing or reporting standards.
- M. Other.

Copy of planning conference and RAS summary provided to Deputy.

Deputy \_\_\_\_\_

Date \_\_\_\_\_

\* If not completed at the time of the initial Manager planning conference, document date of subsequent discussion.

**COUNTY** Sample County

**June 30, 2016**

## REVIEW OF MINUTES

[illegible]

**COUNTY** Sample County

**June 30, 2016**

**FINANCIAL STATEMENT ASSERTIONS**

**ASSERTION DEFINITIONS:**

**Account Balances:**

- (1) Existence – assets, deferred outflows of resources, liabilities and deferred inflows of resources exist.
- (2) Rights and Obligations – the County holds or controls the rights to assets and liabilities are the obligations of the County.
- (3) Completeness – all assets, deferred outflows of resources, liabilities and deferred inflows of resources which should have been recorded have been recorded.
- (4) Valuation and Allocation – assets, deferred outflows of resources, liabilities, deferred inflows of resources and fund balances and net position are included in the financial statements at appropriate amounts and any resulting valuation or allocation adjustments are appropriately recorded.

**Classes of Transactions:**

- (5) Occurrence – transactions and events which have been recorded occurred and pertain to the County.
- (6) Completeness – all transactions and events which should have been recorded have been recorded.
- (7) Accuracy – amounts and other data relating to recorded transactions and events have been recorded appropriately.
- (8) Cut off – transactions and events have been recorded in the correct accounting period.
- (9) Classification – transactions and events have been recorded in the proper accounts.

**Presentation and Disclosure:**

- (10) Occurrence and Rights and Obligations – disclosed events have occurred and pertain to the County.
- (11) Completeness – all disclosures which should have been included in the financial statements have been included.
- (12) Classification and Understandability – financial information is appropriately presented and described and disclosures are clearly expressed.
- (13) Accuracy and Valuation – financial and other information are disclosed fairly and at appropriate amounts.

**COUNTY** Sample County**June 30, 2016****TRIAL BALANCE**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<b>Audit Objective and Related Assertion:</b>					
<b>A. Provide a document which links the report or financial statements to supporting workpapers. (12)</b>					
<b>Audit Procedures:</b>					
A. Obtain or prepare working trial balances by fund type, fund, function and objective class as needed. If prepared by auditor, determine that independence will not be impaired.	A				
1. A separate trial balance should be prepared for each fund.					
2. Account classifications should be minimized and consistent with the GASB codification and/or the sample report.					
3. Foot the working trial balances to verify their accuracy, if applicable.					
4. Document the source of the information for the beginning balance amounts.					
B. Record, as necessary, accrual activity and adjusting journal entries.	A				
1. The adjusting journal entries should be consolidated on a separate page, numbered, briefly explained or described and referenced to supporting workpapers.					
2. Obtain and document County concurrence and approval for adjusting journal entries.					
3. Reconcile reversing journal entries with prior year report.					
C. Record reclassifications as necessary.	A				
1. The reclassification entries should be consolidated on a separate page, lettered, briefly explained or described and referenced to supporting workpapers if possible.					
2. Determine amounts due to/from Agency Funds are eliminated and recorded as cash adjustments.					
3. Inform the County of all reclassifications which they should be cognizant of and receive their concurrence.					
D. Reference the amounts to supporting workpapers. (The adjusted trial balance amounts should be referenced to supporting workpapers).	A				



**June 30, 2016**

### **TRIAL BALANCE**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>E. Prepare closing entries for each fund.</p> <p>F. Reconcile the County's June 30 GAAP basis annual financial report to revenues, expenditures and fund balances per the trial balances.</p> <p>G. For each proprietary fund, prepare a cashflow worksheet. The worksheet should reconcile the changes in assets, liabilities and fund equity and the operating statement activity to the cash flows for each fund. Reference the amounts on the cashflow worksheets to supporting workpapers.</p> <p>H. Record full accrual entries for the entity-wide statements.</p> <ol style="list-style-type: none"> <li>The entries should be briefly explained or described and referenced to supporting workpapers. Information should be sufficient to prepare a reconciliation between the fund financial statements and the entity-wide financial statements.</li> <li>Reconcile reversing journal entries with prior year report.</li> <li>Review receipt classifications for proper reporting on entity-wide statement.</li> <li>Allocate Internal Service Funds net profit/loss to the functions that benefited from the services provided.</li> <li>Eliminate interfund governmental activity including interfund receivables and payables and transfers.</li> <li>Obtain the County's concurrence for the full accrual journal entries.</li> <li>Prepare journal entries necessary to restate the beginning of the year to full accrual.</li> </ol> <p><u>ALTERNATE/ADDITIONAL PROCEDURES:</u></p>	<p>A</p> <p>A</p>				
<p><u>CONCLUSION:</u></p> <p>We have performed procedures sufficient to achieve the audit objectives for trial balances and the results of these procedures are adequately documented in the accompanying workpapers.</p>					

COUNTY Sample County

June 30, 2016

**GENERAL LEDGER**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<b>Audit Objective:</b> <b>A. General ledger components are complete and supported by appropriate detailed records.</b> <b>Audit Procedures:</b> A. General Ledger 1. Obtain or prepare a working statement of cash transactions (general ledger). a. If prepared by client, foot and crossfoot. b. Trace the following components of the general ledger to the supporting receipt and disbursement journals. 1. Current tax 2. Mobile home tax 3. Delinquent tax 4. Miscellaneous receipts 5. Transfers 6. Warrants/checks issued and outstanding c. Ascertain that the Treasurer's semiannual settlement agrees with the general ledger total and individual fund balances and to the County's annual financial report. d. Trace warrants/checks issued for the individual funds to the County Auditor expenditure records. e. Trace selected totals to the County's trial balances to determine accuracy of receipts and disbursements per trial balances. 2. Determine the annual report published by the County Auditor reconciles to the County's accounting records. a. Investigate variances. Consider adjustments and/or comment for material variances. b. Non-material variances should be discussed with client. c. Consider report comment recommending amendment and refile for variances in ending fund balances or material variances in line items.	A				

**COUNTY** Sample County**June 30, 2016****GENERAL LEDGER**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
3. Determine that the fund balance of each fund is separately stated and that the unexpended balance of any special fund is properly accounted for. 4. Determine each fund is properly classified by fund type in accordance with GASB Statement No. 54. 5. Identify the nature of each trust and agency fund and any restrictions on their use. 6. If a single fund is used to account for risk financing activities, determine whether self-insurance is properly recorded in the General Fund or as an Internal Service Fund rather than an Agency Fund. 7. Determine that the restrictions on the use of funds, if any, have not been violated. 8. Ascertain reasons for ending deficit account balances, discuss alternatives for corrective action with County officials, and, if appropriate, include comment in report. Document County's plans to eliminate deficits, if any. 9. Review general ledger for dead or inactive funds and recommend necessary transfers, if appropriate. 10. If a governmental fund balance is in excess of current year expenditures, discuss with County to determine if they have any specific plans for the money. Document findings. If they have no plans, determine if a report comment is appropriate. 11. Document findings and identify purpose of any contingency. 12. Determine if the County acts as a protective payee or conservator on behalf of others. (Auditor may need to inquire of various departments such as County Auditor, County Treasurer, Board of Supervisors, General Relief or Community Service Director office). a. Review the internal controls over the accounts for sufficiency. b. Obtain a listing of the account(s) activity and balances for the year for inclusion as an Agency Fund in the County's financial statements. c. Confirm bank account balances at year-end. d. Perform tests of the deposits and expenditures as appropriate.					

**COUNTY** Sample County**June 30, 2016****GENERAL LEDGER**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>e. On a test basis, review the files maintained for each individual and determine if appropriate supporting documentation exists to support expenditures made from the account(s).</p> <p>13. Determine the County is properly accounting for and reporting mental health function expenditures and county-operated social service programs in accordance with the Uniform Chart of Accounts prescribed by the Iowa Department of Management (i.e. case management). Financial reporting information shall segregate expenditures for administration, purchase of service and social service program costs. The Uniform Chart of Accounts requires:</p> <p>a. Expenditures for direct and purchased administrative cost must be coded to program 4411 and 4412. Distributions to MHDS regional fiscal agent must be coded to program 4413.</p> <p>b. Expenditures for purchased core services be coded to appropriate diagnosis codes (40XX, 42XX, 43XX, and 47XX).</p> <p>c. Expenditures necessary to provide county-operated case management be coded to program 45XX if reported in the Mental Health Fund and either 45XX or 3420 if reported in the General Fund.</p> <p>d. Expenditures necessary to provide other county-operated services other than county-operated case management (such as expenditures for a county care facility, supported community living and sheltered workshops) be coded to program 46XX if reported in the Mental Health Fund and either 46XX or 3420 if reported in the General Fund.</p> <p>e. Determine if a reconciliation between mental health expenditures per the County's general ledger and Community Services Network (CSN) is being prepared.</p> <p>1. If prepared, document reconciliation and test for reasonableness.</p> <p>2. If not prepared, comment accordingly.</p> <p>f. The county-operated social service program in c. and d. above may be included in the County funds as follows:</p>					

**COUNTY** Sample County**June 30, 2016****GENERAL LEDGER**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<ol style="list-style-type: none"> <li>1. In a separate General sub fund.</li> <li>2. In a separate department within the General Fund, but additional tracking of the balance should be completed and documented to ensure all costs are billed and collected.</li> <li>3. In the Mental Health Fund, but additional tracking of the balance should be completed and documented to ensure all costs are billed and collected.</li> <li>4. For county-operated social service programs not accounted for in a separate fund, determine if tracking is inadequate. Comment accordingly.</li> <li>g. If start-up funds were provided from the mental health fund for the county-operated social service program in c. or d. above, ensure the funds were repaid by year end.</li> </ol> <p>14. Prepare detailed footnote disclosure in accordance with the Uniform Chart of Accounts to provide information needed for mental health regional reporting.</p> <p>B. Examine journal entries recorded in the general ledger and other adjustments made directly to the financial statements. (AU-C 240.32 and AU-C 330.21)</p> <ol style="list-style-type: none"> <li>1. Identify and test the appropriateness of significant adjustments to general ledger balances made in the preparation of financial statements.</li> <li>2. Scan the general ledger for journal entries throughout the period under audit and determine if testing is necessary. Document the items selected, if any.</li> </ol> <p>C. Subsidiary Ledgers</p> <ol style="list-style-type: none"> <li>1. Confirm payments to other entities on a test basis and reconcile to subsidiary ledgers. <ol style="list-style-type: none"> <li>a. Cities</li> <li>b. Schools</li> <li>c. Townships and fire districts</li> <li>d. Special assessments</li> <li>e. Community colleges</li> </ol> </li> </ol>					
	A				

**COUNTY** Sample County**June 30, 2016****GENERAL LEDGER**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>2. Perform alternate procedures for non-replies.</p> <p>D. Outstanding Warrants/Checks</p> <p>1. Obtain a list of outstanding warrants/checks at the end of the period under audit and foot for accuracy. The list should include warrant number/check and date written.</p> <p>2. On a test basis, examine warrants/checks paid from July 1 through the date of our fieldwork. Document date cleared for items tested.</p> <p>3. Examine supporting documentation for all warrants/checks over \$_____ which were not paid by July 31. List payee. Ascertain and document subsequent disposition.</p> <p>4. Determine whether the County is writing and holding warrants/checks at June 30, and comment accordingly. Propose adjustments for material amounts of warrants/checks held. If not adjusted, consider necessity of modifying auditor's opinion.</p> <p>5. Trace totals of outstanding warrants/checks by fund to the general ledger.</p> <p>E. Stamped warrants</p> <p>1. Determine stamped warrants were included as expenditures at the time of issuance rather than at the time of redemption.</p> <p>F. Determine if the risk of material misstatement due to fraud or error has changed based on results of substantive tests performed. If so, perform appropriate procedures.</p> <p><u>ALTERNATE/ADDITIONAL PROCEDURES:</u></p>	A				

**COUNTY** Sample County**June 30, 2016****GENERAL LEDGER**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<u>CONCLUSION:</u>  We have performed procedures sufficient to achieve the audit objectives for general ledger and the results of these procedures are adequately documented in the accompanying workpapers.  Incharge _____ Date _____ Manager _____ Date _____ Independent Reviewer _____ Date _____					

COUNTY Sample County

June 30, 2016

CASH

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<b>Audit Objectives and Related Assertions:</b>					
<b>A. Cash in the combined balance sheet is on hand, in transit or on deposit with third parties (depositories) in the name of the County. (1,2)</b>					
<b>B. All cash of the County is included in the combined balance sheet. (3)</b>					
<b>C. Cash balances reflect a proper cut-off of receipts and disbursements and are stated at the correct amounts. (4)</b>					
<b>D. Cash balances are presented properly by fund type, restricted cash is presented separately by fund type and related disclosures are adequate. (10,11,12,13)</b>					
<b>Audit Procedures:</b>					
<b>A. Cash on Hand</b>	A,B,C				
1. Determine locations, custodians, and amounts of all cash funds and select funds to be counted. (Coordinate with examination of investments on hand, in separate audit program section.)					
2. For funds selected, count and list all cash and cash items. Obtain custodian's signature for return of cash.					
3. Reconcile to daily cash book.					
4. Determine and document reason for any unusual items such as employee and officials checks.					
5. Ascertain reason for checks not deposited immediately.					
6. Determine all checks were properly endorsed.					
7. Determine frequency of petty cash replenishment.					
8. Determine petty cash payments are reasonable and authorized.					
9. At June 30:					
a. Trace cash count components to the total of the respective receipt registers.					
b. Trace to Treasurer's semiannual settlement.					
c. Trace cash and checks on hand to subsequent deposit in bank.					
d. Determine if deposits were made on a timely basis.					



**COUNTY** Sample County**June 30, 2016****CASH**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
B. Undeposited Receipts					
1. Determine whether prenumbered receipts were made immediately for all undeposited receipts at the end of the year and the subsequent deposit agrees with books and bank.	A,C				
2. Obtain explanations for variances and document findings/conclusions.					
C. Cash In Bank					
1. Confirm ending bank balances and authorized check signers.	A,B,C				
2. Determine and document confirmed, authorized check signers are current County employees who should sign checks.					
3. If appropriate, request a cut-off bank statement and related paid checks directly from the bank for ____ days following the balance sheet date.					
4. If a cut-off bank statement was not received, obtain bank statement and paid checks for the month immediately following year-end and perform these procedures:	C				
a. Scrutinize bank statement for erasures and prove mathematical accuracy of statement (withdrawals equal opening balance plus deposits minus closing balance).					
b. Ascertain the total of paid checks and debit memos equal total withdrawals per bank statement.					
c. Examine the paid date of each check to ascertain the check was paid by the bank during the period covered by the bank statement.					
d. Ascertain the opening balance equals the closing balance from the previous bank statement.					
5. Obtain or prepare bank reconciliations for bank accounts as of year-end:	A,B,C				
a. If prepared by client, foot bank reconciliation.					
b. Reconcile bank balances with general ledger.					
c. Obtain or prepare a list of checks outstanding at June 30. Include check number, amount, and date written.					

**COUNTY** Sample County**June 30, 2016****CASH**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<ul style="list-style-type: none"> <li>d. Verify, on a test basis, listed outstanding checks cleared the bank after June 30.</li> <li>e. Examine documentation supporting outstanding checks over \$_____ which did not clear the bank by July 31 and list payee. Ascertain and document subsequent disposition.</li> <li>f. Trace all deposits in transit to subsequent bank statement and document the date deposited per books and per bank.</li> <li>g. Identify, document and determine the propriety of other reconciling items.</li> <li>h. Determine whether the County is writing and holding checks at June 30. Comment accordingly. <ul style="list-style-type: none"> <li>1. Determine whether amount is material.</li> <li>2. Obtain County's concurrence to adjust or determine if opinion should be modified.</li> </ul> </li> </ul>					
<ul style="list-style-type: none"> <li>6. Trace transfers between banks, including money market accounts, for five days on both sides of statement date by: <ul style="list-style-type: none"> <li>a. Preparing a schedule detailing each transfer check, recording the amount, check number, date disbursed per books and per bank, date received (deposited) per books and per bank.</li> <li>b. Reviewing the schedule to determine that the receipt (deposit) and disbursement also of each transfer are recorded in the proper period.</li> </ul> </li> </ul>	C				
<ul style="list-style-type: none"> <li>7. Determine the propriety of any cash pledged as collateral or otherwise restricted.</li> </ul>	A				
<ul style="list-style-type: none"> <li>8. Determine extent of use of electronic fund transfers. Perform procedures as necessary.</li> </ul>					
D. Determine if the risk of material misstatement due to fraud or error has changed based on results of substantive tests performed. If so, perform appropriate procedures.					
E. Determine whether cash balances are properly classified and disclosures are adequate.	D				



COUNTY Sample County

June 30, 2016

**INVESTMENTS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<b>Audit Objectives and Related Assertions:</b>					
A. Investment balances are evidenced by securities or other appropriate legal documents either physically on hand or held in safekeeping by others and include all the County's investments. (1,2,3)					
B. Investment values, income, gains or losses are stated correctly and allocated properly to funds. (4,7,9)					
C. Investments are properly described and classified in the financial statements and related disclosures, including restrictions and commitments, are adequate. (10,11,12,13)					
<b>Audit Procedures:</b>					
A. Obtain or prepare a schedule of all investment transactions for the year, including investments owned as of yearend. For U.S. Government securities, the schedule should list the par value of the security in addition to its cost.					
1. Test mathematical accuracy and trace balances to the year-end bank reconciliation and trial balance.	A,B				
2. Determine all investments were recorded.	A				
3. On a test basis, trace collections from sale of investments to cash receipts journal or to rollover investment.	A				
4. Examine investments on hand and trace to schedule or investment record.	A,B				
5. If the County has investments in government securities, sight actual investment certificate if held by the County, or confirm ownership with outside safekeeping agent.	A				
6. For investments held by the County at the end of the year not able to be inspected because they were sold prior to our audit, vouch sale of securities to supporting documents and trace proceeds to bank deposit. Examination of safekeeping receipts is not sufficient.	A				
B. Confirm investments at the end of the year.	A,B				

**COUNTY** Sample County**June 30, 2016****INVESTMENTS**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>C. Determine if a fiduciary relationship exists between the County and the deferred compensation plan. (A fiduciary relationship exists if there is a formal trust agreement between the County and the Section 457 plan, the County offers investment advice or the County is involved in the administration of the plan.)</p> <ol style="list-style-type: none"> <li>1. If a fiduciary relationship exists, the deferred compensation plan assets should be recorded as a Pension Trust Fund, in accordance with GASB 32.</li> <li>2. Confirm material deferred compensation plan assets at the end of the year.</li> <li>3. If no fiduciary relationship exists, the plan assets should not be displayed on the face of the financial statements, and disclosure is not required.</li> </ol>	A,B				
<p>D. Related Income</p> <ol style="list-style-type: none"> <li>1. Recalculate interest on a test basis.</li> <li>2. Compute accrued interest receivable at June 30, if significant.</li> <li>3. Determine all June 30 unrecorded interest has been recorded to the credit of the appropriate fund.</li> </ol>	B				
E. Determine the propriety of any investments pledged as debt collateral or otherwise restricted.	C				
<p>F. Determine investments are reported at fair value in accordance with GASB 72. The change in fair value is recorded as net increase (decrease) in the fair value of investments.</p> <ol style="list-style-type: none"> <li>1. When an active market does not exist for investments, determine the method of estimating fair value and evaluate the propriety of fair value measurements in accordance with AU-C 540 (Characteristics of an inactive market include few transactions, prices are not current, price quotations vary substantially or little information is released publicly).</li> <li>2. Determine the proper application of the fair value hierarchy input level for each investment in accordance with GASB 72 as follows: <ol style="list-style-type: none"> <li>a. Level 1 inputs – quoted prices in active markets for identical assets.</li> </ol> </li> </ol>	B				

**COUNTY** Sample County**June 30, 2016****INVESTMENTS**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<ul style="list-style-type: none"> <li>b. Level 2 inputs – significant other observable inputs such as quoted prices for similar assets in active markets, quoted prices for identical assets in markets that are not active or other than quoted prices that are observable such as prices using a matrix pricing model.</li> <li>c. Level 3 inputs – significant unobservable inputs using the best information available.</li> </ul>					
G. If the County uses pricing services or brokers to obtain fair value measurements, determine the County has determined those prices have been developed in accordance with GASB 72.					
H. Determine land or other real estate held as investments by endowments are reported at fair value in accordance with GASB 72 and include the disclosure provisions of GASB 31.	B,C				
I. Document investment information for footnote disclosure in accordance with GASB 40 as follows: <ul style="list-style-type: none"> <li>1. Investments on hand at June 30 should be listed by type and include maturities.</li> <li>2. Include the appropriate disclosures for the applicable risks:               <ul style="list-style-type: none"> <li>a. Credit risk.</li> <li>b. Custodial credit risk.</li> <li>c. Concentration of credit risk.</li> <li>d. Interest rate risk.</li> <li>e. Foreign currency risk.</li> </ul> </li> </ul>	C				
J. In the extremely rare instance the County may have investments in derivatives, determine appropriate reporting and disclosures are made in accordance with GASB 72 and GASB 53, as amended by GASB 64. If the County has derivatives, it is likely a questionable investment, and accordingly, a statutory comment will be required.					
K. If the County has transferred financial assets or entered into a servicing contract for assets or liabilities, determine the appropriate disclosures and assets or liabilities are recorded in accordance with GASB 48.	C				



COUNTY Sample County

June 30, 2016

**RECEIVABLES/DEFERRED OUTFLOWS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<b>Audit Objectives and Related Assertions:</b>					
A. Accounts receivable are valid and have been billed in the proper amounts for services rendered. (1,2,4)					
B. Accounts receivable include all amounts still owed for activities through the end of the period. (3)					
C. An adequate allowance for uncollectible accounts has been established and revenue, accounts receivable and related disclosures are adequate and properly presented in the financial statements. (4,10,11,12,13)					
D. Deferred outflows of resources are properly recorded and supported. (2,4,10,11,12,13)					
<b>Audit Procedures:</b>					
A. Obtain or prepare schedules of receivables.					
1. The schedules should include:					
a. Property tax receivable.					
b. Mobile home tax receivable.					
c. Succeeding year property tax receivable (GASB 33).					
d. Accounts receivable.					
e. Accrued interest.					
f. Amounts due from other governments, including grants.					
g. Amounts due from other funds.					
h. Special assessments.					
i. Drainage assessments.					
j. Interest and penalty on property tax.					
k. Other (list):					
1) _____					
2) _____					
3) _____					
4) _____					
2. Reconcile receivables to the trial balance.					



**COUNTY** Sample County**June 30, 2016****RECEIVABLES/DEFERRED OUTFLOWS**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
3. Confirm material receivables, if applicable, and investigate any discrepancies.					
4. Document reason(s) for not confirming, such as not effective.					
B. Alternative procedures to confirmation:	A				
1. Perform tests to verify that receivables represent goods/services performed prior to June 30.					
2. Trace receivables to subsequent receipt and deposit.					
C. Test for deposits made in the next year to determine if amounts should have been recorded as a receivable in the current year.	B				
D. Determine interfund receivables and payables reconcile and trace to approvals.	A,B				
E. Determine the necessity for or adequacy of the allowance for doubtful accounts.	C				
F. Determine if deferred outflows of resources meeting the definition of GASB 65 and GASB 68 have been recorded:	D				
1. Review the amount(s) recorded for reasonableness.					
2. Trace the amount(s) to supporting documentation.					
G. Determine if the risk of material misstatement due to fraud or error has changed based on results of substantive tests performed. If so, perform appropriate procedures.					
H. Determine whether receivables/deferred outflows of resources are properly classified and disclosures are adequate.	C				
<u>ALTERNATE/ADDITIONAL PROCEDURES:</u>					

**COUNTY** Sample County**June 30, 2016****RECEIVABLES/DEFERRED OUTFLOWS**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<u>CONCLUSION:</u>  We have performed procedures sufficient to achieve the audit objectives for receivables/deferred outflows of resources and the results of these procedures are adequately documented in the accompanying workpapers.  Incharge _____ Date _____ Manager _____ Date _____ Independent Reviewer _____ Date _____					

**June 30, 2016**

## PREPAID EXPENSES

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<b>Audit Objectives and Related Assertions:</b>					
A. Prepaid expenses are properly recorded, represent a complete listing of material costs allocable to future periods and are properly amortized on a basis consistent with the method used in prior periods. (1,2,3,4)					
B. Prepaid expenses are properly described and classified and related disclosures are adequate. (10,11,12,13)					
<b>Audit Procedures:</b>					
A. Obtain or prepare a schedule of material prepaid expenses.	A				
B. Examine supporting documentation and verify the reasonableness of computed prepaid amounts.	A				
C. Determine if the risk of material misstatement due to fraud or error has changed based on results of substantive tests performed. If so, perform appropriate procedures.					
D. Determine whether prepaid expenses are properly classified and disclosures are adequate.	B				
<u>ALTERNATE/ADDITIONAL PROCEDURES:</u>					
<u>CONCLUSION:</u>					
We have performed procedures sufficient to achieve the audit objectives for prepaid expenses and the results of these procedures are adequately documented in the accompanying workpapers.					
Incharge _____	Date _____				
Manager _____	Date _____				
Independent Reviewer _____	Date _____				

**COUNTY** Sample County**June 30, 2016****INVENTORY**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<b>Audit Objectives and Related Assertions:</b>					
<b>A. Inventory recorded represents a complete listing of materials and supplies owned by the County and such assets are physically on hand. (1,2,3)</b>					
<b>B. Inventory listings are accurately priced, extended, footed and summarized and the totals are properly reflected in the accounts. (4)</b>					
<b>C. Inventory is properly classified by fund type in the financial statements and disclosure is made of related equity reserve, if appropriate. (10,11,12,13)</b>					
<b>Audit Procedures:</b>					
A. Inventory Observation	A				
1. Test count a selection of items. Count items of larger dollar and quantity amounts.					
2. Trace amounts of inventory per listing to amounts on hand.					
3. Trace amounts of inventory on hand to amounts on listing.					
4. Obtain cut-off information.					
5. Document any reason(s) inventories were not observed.					
B. Obtain a final inventory listing at June 30 and trace auditor's counts into this listing.	A,B				
1. Foot listing and test extensions of selected items for mathematical accuracy.					
2. Review list for reasonableness.					
3. Evaluate cut-off procedures.					
C. Price Tests	B				
1. Determine inventory valuation method.					
2. Make a list of inventory items to be price tested and request County to locate invoices.					
3. Verify unit costs of inventory items selected.					
4. If applicable, trace to perpetual records.					
D. Determine if the risk of material misstatement due to fraud or error has changed based on results of substantive tests performed. If so, perform appropriate procedures.					
E. Determine whether inventories are properly classified and disclosures are adequate.	C				

**June 30, 2016**

## INVENTORY

[illegible]

COUNTY Sample County

June 30, 2016

CAPITAL ASSETS

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<b>Audit Objectives and Related Assertions:</b>  <b>A. Capital assets represent a complete and valid listing of the capitalizable cost of assets purchased, constructed or leased by the County and the capital assets are physically on hand. (1,2,3,4)</b>  <b>B. "Additions" or capital expenditures represent a complete and valid listing of the capitalizable cost of the property, equipment and infrastructure acquired during the period. (1,2,3,4)</b>  <b>C. "Deletions" of capitalized costs and, if applicable, related depreciation/amortization associated with all sold, abandoned, damaged or obsolete capital assets have been removed from the accounts. (1,2,3,4)</b>  <b>D. Depreciation/amortization and the related allowance account has been computed on an acceptable basis consistent with that used in the prior year. (4,7)</b>  <b>E. Capital expenditures and capital assets are properly classified by fund or type of activity in the financial statements and related disclosures are adequate. (10,11,12,13)</b>  <b>Audit Procedure:</b>  <b>A. Obtain a reconciliation of capital asset activity and the County Engineer's infrastructure reports for the year.</b>  <b>B. Document the capitalization policy for each class of asset.</b>  <b>C. Additions:</b> <ol style="list-style-type: none"> <li>Trace capital asset additions to supporting documentation.</li> <li>Determine that addition was properly approved.</li> <li>Determine that classification as an asset, rather than repair and maintenance expense, is consistent with County policy.</li> <li>Determine that addition meets the capitalization threshold.</li> <li>Determine the asset was recorded to the appropriate expenditure function.</li> </ol>	B				

**COUNTY** Sample County**June 30, 2016****CAPITAL ASSETS**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
6. Observe existence of the capital asset addition.					
7. Search for unrecorded capital asset and infrastructure additions by reviewing expenditure activity, Board minutes and farm-to-market reports.					
8. Determine the amount of revenue to be recorded as contributions from other governments for the addition of capital assets acquired through expenditures made by other governments.					
9. For construction in progress, determine and document the status at year-end.					
D. Deletions:	C				
1. Trace to supporting documentation.					
2. Trace to authorization.					
3. Trace proceeds to cash receipt journal.					
4. Determine the gain/loss on disposal of capital assets.					
E. Existence and completeness of capital asset listing:	A				
1. Select items to trace from the listing to the actual asset.					
2. Select items to trace from the actual asset to the listing.					
F. Foot additions, deletions and capital asset listing.	A,B,C,D				
G. Depreciation/amortization:	D				
1. Document depreciation/amortization policy and useful lives used by each class of asset.					
2. Determine if depreciation/amortization methods and useful lives are consistently applied.					
3. Verify mathematical accuracy.					
4. Test computation of depreciation/amortization expense and extension of accumulated depreciation/amortization.					
5. Evaluate whether the remaining useful lives of assets are reasonable based on normal operations.					

**COUNTY** Sample County**June 30, 2016****CAPITAL ASSETS**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>6. If the depreciation/amortization schedule is prepared by the auditor, determine independence has not been impaired.</p> <p>H. Determine the County recorded intangible assets in accordance with GASB 51. Examples of intangible assets include computer software, easements, land use rights, patents, trademarks and copyrights.</p> <p>1. For internally generated intangible assets, determine only outlays related to the development of the asset incurred subsequent to meeting all of the following criteria were capitalized:</p> <p>a. Determination of the specific objective of the project and nature of the service capacity expected</p> <p>b. Demonstration of technical or technological feasibility for completing the project</p> <p>c. Demonstration of the current intention, ability and presence of effort to complete or continue development of the asset.</p> <p>(Outlays incurred prior to meeting the above criteria should be expensed)</p> <p>2. For internally generated computer software, determine outlays are expensed or capitalized based on the nature of the activity:</p> <p>a. preliminary project stage outlays are expensed.</p> <p>b. application and development stage outlays are capitalized but cease no later than when the computer software is complete and operational.</p> <p>c. post implementation/operation stage outlays are expensed.</p> <p>3. Analyze useful lives of intangible assets and test the amount of amortization applied to the assets.</p> <p>a. Verify the useful life does not exceed contractual or legal provisions of the intangible asset.</p> <p>b. Determine intangible assets with indefinite useful lives were not amortized.</p>	A,B,C,D,E				





COUNTY Sample County

June 30, 201

**CURRENT LIABILITIES/DEFERRED INFLOWS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<b>Audit Objectives and Related Assertions:</b>					
A. Liabilities/deferred inflows of resources at the balance sheet date are properly supported. (1)					
B. Liabilities/deferred inflows of resources are properly authorized, represent the correct amounts of currently payable items in the proper period and reflect all outstanding obligations. (2,3,4)					
C. Liabilities/deferred inflows of resources are properly recorded, classified and disclosures are adequate. (10,11,12,13)					
<b>Audit Procedures:</b>					
A. Current Liabilities					
1. Obtain or prepare a list of payables and identify amounts as follows:					
a. Accounts payable.					
b. Accrued payroll and payroll taxes.					
c. Due to other funds.					
d. Due to other governments.					
e. Contracts payable, including retainage, if applicable.					
f. Accrued interest.					
g. Matured portion of accrued compensated absences for governmental funds.					
h. Estimated losses from loss contingencies, including incurred but not reported claims relating to self-insurance funds.					
i. Matured portion of termination benefits for governmental funds.					
j. Other.					
1. _____					
2. _____					
3. _____					
4. _____					
5. _____					

**COUNTY** Sample County**June 30, 201****CURRENT LIABILITIES/DEFERRED INFLOWS**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
2. Foot listings for accuracy.					
3. Test the accuracy and classification of recorded liabilities by examining supporting documentation.	A,B,C				
B. Determine if deferred inflows of resources meeting the definition of GASB 65 and GASB 68 have been recorded:	A,B,C				
1. Review the amount(s) recorded for reasonableness.					
2. Trace the amount(s) to supporting documentation.					
C. Determine if advances (grant/other funds which have been received but not spent in the current period) from grantors/others meeting the definition of GASB 65 have been recorded:	A,B				
1. Review the amount(s) recorded for reasonableness.					
2. Trace the amount(s) to supporting documentation.					
D. Anticipatory Warrants					
1. Obtain or prepare a schedule of obligations outstanding at year-end and reconcile to obligations outstanding at the beginning of the year, obligations issued during the year and obligations redeemed during the year.	A,B				
2. Confirm end of year balances of anticipatory warrants.	A,B				
3. Trace receipts of such obligations into the cash receipts journal and bank statements.					
4. If proceeds are not recorded in cash receipts journal, trace to subsidiary ledger and prepare recommended adjustment to properly record these transactions and reflect them in the fund balance.					
5. Obtain information on interest paid during the year and payment date. Recompute interest paid on a test basis.					
6. Determine that anticipatory warrants redeemed were recorded as an expenditure at the time of redemption.					
7. Anticipatory warrants issued and redeemed during the year should be included as other financing sources and uses, respectively.					

**COUNTY** Sample County**June 30, 201****CURRENT LIABILITIES/DEFERRED INFLOWS**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>8. Include the amount of outstanding anticipatory warrants at June 30 on the balance sheet/statement of net position as anticipatory warrants payable.</p> <p>E. Unrecorded Liabilities</p> <p>1. Perform a search for unrecorded liabilities, including the following sources, and schedule findings to show the effect of the potential adjustment on operations or financial position:</p> <p>2. Examine files of receiving reports unmatched with vendors' invoices, searching for significant items received on or before the balance sheet date.</p> <p>3. Inspect files of unprocessed invoices and vendors' statements for unrecorded liabilities.</p> <p>4. Review the cash disbursements journal for disbursements after the balance sheet date; obtain and examine supporting detail for each disbursement of \$ _____ and over and determine that accounts payable as of the balance sheet date were properly recorded.</p> <p>5. Inquire of Community Services Director, Mental Health Case Manager, or others familiar with Mental Health /Developmental Disability Community Services to determine all mental health billings for services provided prior to June 30 were recorded as liabilities, including those paid several months after year-end.</p> <p>6. Inquire of responsible client staff about their knowledge of additional sources of unprocessed or unpaid invoices, unrecorded commitments, or contingent liabilities. Indicate who responded to our inquiry in the remarks column.</p> <p>F. Determine if the risk of material misstatement due to fraud or error has changed based on results of substantive tests performed. If so, perform appropriate procedures.</p> <p>G. Determine whether current liabilities/deferred inflows of resources are properly classified and disclosures are adequate.</p>	B				
	C				



COUNTY Sample County

June 30, 2016

**LONG-TERM DEBT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<b>Audit Objectives and Related Assertions:</b>  <b>A. Debt is authorized, supported and represents a County obligation. (1,2)</b>  <b>B. All indebtedness of the County is identified, recorded and disclosed. (3,11)</b>  <b>C. Debt is recorded in the proper fund and/or governmental or business type activities at the proper amount. (4)</b>  <b>D. Related disbursements or expenditures (including principal and interest payable) and debt proceeds are properly recorded and classified. (4,5,6,7,8,9)</b>  <b>E. Debt and related restrictions, guarantees and commitments are properly presented in the financial statements and the related disclosures are adequate. (10,11,12,13)</b>  <b>Audit Procedures:</b> <b>A. Obtain or prepare a schedule of long-term debt.</b> 1. The schedule should include the following: a. General obligation bonds. b. Lease-purchase agreements/capital leases. c. Installment purchase contracts. d. Judgments and claims. e. Compensated absences: 1) portion due within one year. 2) portion due after one year. f. Termination benefits. g. OPEB h. Nonexchange financial guarantees i. Other (list): 1) _____ 2) _____ 3) _____ 2. Determine the reasonableness of the amounts recorded.					
	A,B				
	C				

**COUNTY** Sample County**June 30, 2016****LONG-TERM DEBT**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
B. General Obligation and Revenue Bonds and Notes					
1. Determine copies of bond or note provisions (ordinances or resolutions), including refunding bond/note issues and escrow agreements for note disclosure, sales agreements, and/or contracts are included in the permanent file.	A,E				
2. Review bond or note provisions for compliance with restrictive and reporting requirements and test adequacy of required account balances and document findings. Document and include any non-compliance in the notes to financial statements and audit report comments.	E				
3. For revenue bonds and notes, include the required disclosures about specific revenues pledged as required by GASB 48, including:	E				
a. Identification of the specific revenue and amount pledged.					
b. Purpose of the debt secured by the pledged revenue.					
c. The term of the commitment.					
d. The percentage of the pledged amount to the total for the specific revenue.					
e. A comparison of the pledged revenues recognized during the period to the principal and interest requirements for the debt collateralized by those revenues.					
4. If bonds or notes are callable, determine if debt service balances are adequate to provide for early retirement of bonds, and if so, determine disposition.					
5. Obtain or prepare a summary of bond or note indebtedness activity for the year by bond or note issue.					
6. Confirm bond activity for registered bonds if County has designated an outside registrar or paying agent.	A,B,C				
7. Determine and document whether a bond or note register is maintained and kept current.					
8. On a test basis, trace paid bonds/notes and coupons to the bond/note register and determine if they have been properly canceled.					

**COUNTY** Sample County**June 30, 2016****LONG-TERM DEBT**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
9. Reconcile bonds or notes redeemed and bond or note interest paid to general ledger.	D				
10. Summarize bonds/notes and interest due but not paid at year end.					
11. On a test basis, trace bond/note and interest payments to canceled checks. Determine the payee agrees with bond/note and interest records for registered bonds/notes.	D				
12. Test interest expense for reasonableness and test for the possibility of unrecorded debt.	B				
<b>C. Capital Leases and Installment Purchases</b>					
1. Review lease and installment purchase agreements.	A				
2. Identify capital versus operating leases according to the criteria in GASB Codification, Section L20.	E				
3. Determine initial proceeds were properly recorded as an other financing source and a disbursement was recorded in the proper expenditure account.	D				
4. Obtain or prepare summary of payments for operating and capital leases and installment purchase agreements for the next five years and thereafter.	E				
5. Compare summaries to agreements.					
6. Determine fiscal year rental expense (net of leases for one month or less).					
7. Reconcile to payment schedule.	B,D				
<b>D. Judgments and Claims (See also "Insurance and Self-Insurance" section of audit program)</b>	A,B,D				
1. Obtain a listing of judgments and claims against the County.					
2. Trace to supporting documentation.					
3. Determine if judgments/claims were paid out of the proper fund.					
<b>E. Compensated Absences</b>					
1. Review the County's policies for earned vacation, sick leave and related FICA/IPERS benefits.					



**COUNTY** Sample County**June 30, 2016****LONG-TERM DEBT**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
2. Obtain a summary of compensated absences at June 30 and foot the summary.	A				
3. Determine the amounts have been determined in accordance with the provisions of GASB 16, including salary-related payments such as the employer's share of social security and pension plan contributions, as applicable.	C				
4. Distinguish between:	C,E				
a. Matured portion for retirement or resignation not paid at June 30 for governmental funds.					
b. Long-term portion:					
1) due within one year.					
2) due after one year.					
5. Review for reasonableness.	B				
6. Select amounts to test the validity of compensated absences:	A,B,C,D				
a. Trace to supporting data.					
b. Recalculate hourly rate, number of hours earned and unused and extensions.					
c. Determine appropriateness of charges to various funds.					
<b>F. Termination Benefits</b>					
1. Review the County's termination benefits plan and determine that the plan was properly approved.					
2. Obtain or prepare a list of employees eligible for termination benefits under the plan and the amount of the County's current year expense and liability as of June 30.	A				
3. Distinguish between:	C,E				
a. Matured termination benefits not paid at June 30 for governmental funds.					
b. Long-term debt:					
1) due within one year.					
2) due after one year.					

**COUNTY** Sample County**June 30, 2016****LONG-TERM DEBT**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>4. Select a number of eligible employees under the plan to determine if:</p> <p>a. The employees meet the requirements noted in the policy.</p> <p>b. The employees were properly approved for participation in the plan.</p> <p>c. The current year expense and liability were properly calculated as of June 30.</p> <p>5. Inquire of County personnel about other eligible employees not included in the list.</p> <p>6. Prepare the necessary footnote disclosure, including:</p> <p>a. A general description of the termination benefit arrangements, including, but not limited to:</p> <p>1) Information about the type(s) of benefits provided.</p> <p>2) The number of employees affected.</p> <p>3) The period of time over which benefits are expected to be provided.</p> <p>b. The costs of termination benefits in the period in which the employer becomes obligated if the information is not otherwise identifiable from the disclosures on the face of the financial statements.</p> <p>c. The significant methods and assumptions used to determine the termination benefit liabilities and expenses.</p> <p>G. Postemployment Benefits (PEB), including:</p> <ul style="list-style-type: none"> <li>- OPEB (GASB 43/45/57)</li> <li>- Pension Benefits/Retirement Income (GASB 27 as amended by 50/68)</li> <li>- Sick Leave Dollars Converted to Healthcare (GASB 16/45/47)</li> <li>- Termination Benefits (GASB 47)</li> </ul>	<p>A,B,C,D</p> <p>B</p> <p>E</p>				

**COUNTY** Sample County**June 30, 2016****LONG-TERM DEBT**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
1. Obtain copies of personnel policies, employment contracts, union agreements, employee handbook, retirement plans, etc. to gain an understanding of the County's PEB agreements/plans and plan membership.	A, B				
2. If the County has postemployment benefit plans requiring actuarial calculations, perform the following: <ul style="list-style-type: none"> <li>a. Obtain a copy of and file the following:               <ul style="list-style-type: none"> <li>1) Plan document(s), including copies of amendments, if any, considered in preparing the actuarial valuation report.</li> <li>2) Latest actuarial valuation report. (Note: A new valuation is required at least every two years for plans with membership of 200 or more and at least every three years for plans with membership of 200 or less.)</li> <li>3) Census and plan asset data provided to the actuary.</li> </ul> </li> <li>b. Determine whether the scope and objectives of the work performed by the actuary are appropriate by reviewing the latest plan documents and compare with key provisions included in the actuarial valuation report. If the report does not include a description of key plan provisions, it may be necessary to confirm the actuary's understanding of such provisions.</li> <li>c. Perform tests of census data provided to the actuary:               <ul style="list-style-type: none"> <li>1) Reconcile aggregate census data, such as the number of employees and covered compensation, to amounts shown in the actuarial valuation report or the actuary's letter.</li> <li>2) Check selected census data (age, sex, marital status, current pay, term of employment, etc.) to payroll records. Document the items tested.</li> </ul> </li> </ul>	C				

**June 30, 2016**

## LONG-TERM DEBT

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>3) Based on plan documents, make appropriate tests to determine whether all eligible employees are included in the census data provided to the actuary.</p> <p>d. Methods and assumptions used by the actuary:</p> <p>1) Obtain an understanding of the methods and assumptions used by the actuary. (Note: Understanding may be obtained through review of the actuarial valuation report. If basis for methods and assumptions is not clear in the report, consider the need to contact the actuary for clarification.)</p> <p>2) Review the assumptions used by the actuary to determine PEB liabilities for reasonableness, including performing a comparison of the assumptions used with those in preceding periods (e.g. turnover, retirement age, mortality, disability, projected salary increases, inflation rate, medical trend data, investment return). (Include/ update documentation of assumptions in the permanent file for trend analysis).</p> <p>e. Inquire of the County as to any intent to terminate the plan.</p>	C				
3. If the alternative measurement method was used, perform similar procedures as identified in step 2. (Note: Method is allowed for plans with total membership of less than 100.)	C				
4. Determine the appropriate amounts for the annual required contribution (ARC), annual OPEB/pension costs and net OPEB/pension obligation.	C,E				
5. Determine completeness and adequacy of pension liabilities as follows:	C,E				
a. Evaluate and document whether the plan auditor's report and schedule are adequate and appropriate.					
b. Evaluate whether the plan auditor has the necessary competence and independence.					

**COUNTY** Sample County**June 30, 2016****LONG-TERM DEBT**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<ul style="list-style-type: none"> <li>c. Recalculate County employer contribution amounts, The allocation percentage and the collective pension amounts allocated to the County based on the allocation percentage.</li> </ul>					
<ul style="list-style-type: none"> <li>6. Determine the accounting and reporting are in accordance with applicable standards for each of the following:               <ul style="list-style-type: none"> <li>a. Governmental activities.</li> <li>b. Business type activities.</li> <li>c. Enterprise Funds.</li> <li>d. Discretely presented component units.</li> </ul> </li> </ul>	C,D,E				
<ul style="list-style-type: none"> <li>7. Determine disclosures and required supplementary information are made in accordance with the applicable standards.</li> </ul>	E				
<ul style="list-style-type: none"> <li>H. Other long-term debt:               <ul style="list-style-type: none"> <li>1. Determine other long-term debt (lease-purchase agreements, deferred payment contracts, real estate contracts, loans, TIF development agreements) is included in the financial statements, if applicable, is properly disclosed and adequate documentation is filed in the workpapers.</li> </ul> </li> </ul>	E				
<ul style="list-style-type: none"> <li>I. Municipal solid waste landfill (MSWLF) closure and postclosure care costs.               <ul style="list-style-type: none"> <li>1. Obtain copies of applicable federal, state and local laws and regulations affecting MSWLF's that have been approved as of the balance sheet date.</li> <li>2. Examine documentation supporting capacity data including estimated capacity and current usage or cumulative capacity used (i.e. recent engineering studies, etc.)</li> <li>3. Examine documentation supporting the following elements of estimated total current costs:                   <ul style="list-style-type: none"> <li>a. Equipment and facilities.</li> <li>b. Final cover.</li> <li>c. Monitoring and maintenance.</li> </ul> </li> <li>4. Determine reasonableness of the annual adjustment to the estimated total current costs.</li> </ul> </li> </ul>	A,B,C,D				

**COUNTY** Sample County**June 30, 2016****LONG-TERM DEBT**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
5. Determine the current period allocation was properly calculated based on the formula in GASB 18.  6. Determine current period allocation and actual costs were properly recorded. a. Current period allocation recognized as an expense and a fund liability. b. Determine equipment and facilities, final cover and monitoring and maintenance costs included in the estimated total current cost are reported as a reduction of the accrued liability when they are acquired. c. Determine capital assets used exclusively for the MSWLF and excluded from the calculation of the estimated total current cost of closure and postclosure care will be fully depreciated by the date the MSWLF stops accepting solid waste. d. Determine capital assets used for a single cell and excluded from the calculation of the estimated total current cost of closure and postclosure care are fully depreciated by the date each cell is closed.  7. Obtain copies of permits or permit renewals to determine approved periods of operation.  8. Determine if the County is contingently liable when all or part of the responsibility for closure and postclosure care has been transferred to another entity (i.e. 28E organization). a. Determine if the County has agreed to act as a local government guarantor of another entity's closure, postclosure care and/or corrective action costs or has established a local government dedicated fund for the same purpose. b. Consider the financial capability or stability of the assuming entity to meet such obligations when they are due by obtaining recent financial statements of the entity and/or discussions with management.					

COUNTY Sample County

June 30, 2016

**LONG-TERM DEBT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>c. Determine the amount of obligation to be reported if it appears the assuming entity will not be able to meet its obligations and the County will be required to pay closure and postclosure care costs.</p> <p>J. Pollution Remediation Obligation</p> <p>1. For contaminated or polluted sites, determine if an obligating event has occurred requiring the County to include a liability for a pollution remediation obligation in accordance with GASB 49.</p> <p>2. Determine the measurement and presentation of the liability and expense was made in accordance with GASB 49.</p> <p>3. Determine any insurance or other recoveries are properly reported in accordance with GASB 49 as:</p> <p style="padding-left: 40px;">a. a reduction of the liability and expense for unrealized recoveries.</p> <p style="padding-left: 40px;">b. an asset and a reduction of the expense for realized recoveries.</p> <p>4. Determine the appropriate disclosures are included in accordance with GASB 49.</p> <p>K. Determine if the risk of material misstatement due to fraud or error has changed based on results of substantive tests performed. If so, perform appropriate procedures.</p> <p>L. Determine whether long-term debt is properly classified and disclosures are adequate and in compliance with GASB 23.</p>	<p></p> <p>A,B</p> <p>C,D,E</p> <p>C,D,E</p> <p>E</p> <p></p> <p>E</p>				
<u>ALTERNATE/ADDITIONAL PROCEDURES:</u>					

COUNTY Sample County

June 30, 2016

LONG-TERM DEBT

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<u>CONCLUSION:</u>  We have performed procedures sufficient to achieve the audit objectives for long-term debt and the results of these procedures are adequately documented in the accompanying workpapers.  Incharge _____ Date _____ Manager _____ Date _____ Independent Reviewer _____ Date _____					



**COUNTY** Sample County**June 30, 2016****FUND BALANCE/NET POSITION**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<b>Audit Objectives and Related Assertions:</b>					
<b>A. All and only properly authorized restrictions and commitments of the fund balance are recorded. (1,2,3)</b>					
<b>B. Components of fund balances and changes in fund balances are properly computed and are described, classified and disclosed appropriately in the entity wide and/or fund financial statements. (2,4,10,11,12,13)</b>					
<b>Audit Procedures:</b>					
A. Reconcile beginning and year-end fund balance. (Note: For convenience, the term "fund balance" is used in this section as a broad term to describe all components of fund equity. Fund equity of proprietary fund types consist of net position, which may have restricted and unrestricted components.)					
B. Analyze and verify the changes in all fund balances and trace to supporting documentation as applicable.	A,B				
C. Determine the proper classification of fund balances in the governmental fund financial statements:	B				
1. Nonspendable:					
a. Inventories.					
b. Prepaids.					
c. Long-term amounts of loans/notes receivable.					
d. Property acquired for re-sale.					
e. Permanent endowments or permanent funds (non-spendable portion).					
2. Restricted:					
a. External restrictions (for example, special levies, LOST, bond covenants or State legislation).					
b. Enabling legislation (authorizes governing body to assess, levy, charge, or otherwise mandate payment of resources and includes a legally enforceable requirement the resources be used only for specific purposes).					
3. Committed – Amounts only available to be used for specific purposes determined by a formal action (ordinance or resolution) by the Board of Supervisors prior to year end.					
4. Assigned – Amounts constrained by the Board's intent to be used for specific purposes, but are neither restricted nor committed.					
5. Unassigned.					

**COUNTY** Sample County**June 30, 2016****FUND BALANCE/NET POSITION**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
D. Determine the proper classification of net position in the entity-wide financial statements:	B				
1. Net investment in capital assets.					
2. Restricted net position:					
a. External restrictions (for example, special levies, local option sales tax (LOST), bond covenants or State legislation).					
b. Enabling legislation (internal restrictions made by the governing body).					
c. If permanent endowments or Permanent Funds are included in restricted net position, restricted net position should be displayed as expendable and nonexpendable.					
3. Unrestricted net position.					
E. Determine restrictions, commitments and assignments of fund balances were properly authorized based on review of the minutes, debt agreements, etc. (i.e. amounts maintained in a trust fund for closure/postclosure financial assurance should be recorded as restricted assets.)	A				
F. If REAP funds are recorded in the General Fund, determine the REAP balance is properly recorded as a restricted fund balance.	A,B				
G. Determine fund balance disclosures are adequate.	B				
H. Determine if the risk of material misstatement due to fraud or error has changed based on results of substantive tests performed. If so, perform appropriate procedures.					
<u>ALTERNATE/ADDITIONAL PROCEDURES:</u>					

**COUNTY** Sample County**June 30, 2016****FUND BALANCE/NET POSITION**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<u>CONCLUSION:</u>  We have performed procedures sufficient to achieve the audit objectives for fund balances/net position and the results of these procedures are adequately documented in the accompanying workpapers.  Incharge _____ Date _____ Manager _____ Date _____ Independent Reviewer _____ Date _____					

COUNTY Sample County

June 30, 2016

**RECEIPTS/REVENUES**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<b>Audit Objectives and Related Assertions:</b>					
A. Only revenues available and measurable in this fiscal year have been recorded and are valid. (5,8)					
B. All revenues available and measurable in this fiscal year have been recorded. (6,8)					
C. Revenues have been properly billed or charged and have been recorded at the correct amounts. (7)					
D. Revenues are properly classified in the entity-wide financial statements and/or the fund financial statements and related disclosures are adequate. (9,10,11,12,13)					
<b>Audit Procedures:</b>					
A. Property Tax					
1. Perform analytical procedures to test apportionments of current tax, state tax credits, delinquent and mobile home taxes.	A,B,C,D				
a. Determine the total County levy has been properly allocated among the funds.					
b. Determine funds collected for other governmental units are properly segregated and apportioned to the proper unit and fund within that unit.					
2. Current Property Tax					
a. Obtain or prepare a current tax summary worksheet by taxing district.	A,B,C				
b. On a test basis, balance individual tax districts and verify the tax list as follows:					
1) The abstract.					
2) Cash collections.					
3) Suspended tax.					
4) Abatements.					
5) Adjustments.					
6) Amounts becoming delinquent.					
7) Elderly credit authorization.					
c. Review the authority for suspensions, adjustments or abatements on a test basis.					

**COUNTY** Sample County**June 30, 2016****RECEIPTS/REVENUES**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<ul style="list-style-type: none"> <li>d. Confirm state tax credits received and reconcile to the amounts receipted by the Treasurer: <ul style="list-style-type: none"> <li>1) Homestead tax credit.</li> <li>2) Agricultural land tax credit.</li> <li>3) Military tax credit.</li> <li>4) Elderly tax credit.</li> <li>5) Family farm credit.</li> <li>6) Business property tax credit.</li> <li>7) Industrial machinery and equipment credit.</li> </ul> </li> <li>e. Perform property tax walk-through on properties selected from the County Auditor's plat book through the system ending with receipt of tax or to an entry forwarding the delinquent amount.</li> <li>f. Select receipts for testing from the County Auditor's certified tax list for current and utility tax replacement excise taxes. <ul style="list-style-type: none"> <li>1) Determine the proper tax was charged.</li> <li>2) Trace the tax to a paid receipt and to the County Treasurer's register of current tax receipts. If not paid, trace to an entry forwarding the delinquent amount.</li> <li>3) Determine if receipt is properly recorded in the correct taxing district.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>A,B,C</li> <li>C</li> <li>A,B,C,D</li> </ul>				
<ul style="list-style-type: none"> <li>3. Delinquent Property Tax <ul style="list-style-type: none"> <li>a. Trace selected delinquent tax receipts to the delinquent tax register and determine that interest and penalties have been correctly applied.</li> <li>b. Determine if receipt is properly recorded in the correct taxing district.</li> <li>c. Obtain summary of delinquent tax collected.</li> <li>d. Obtain or prepare a delinquent tax reconciliation. On a test basis, verify the accuracy of selected districts.</li> <li>e. Trace, on a test basis, delinquent tax, including those still unpaid from prior years, forward to the succeeding year's tax rolls.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>A,B,C</li> <li>D</li> <li>A,B</li> <li>B</li> </ul>				

**COUNTY** Sample County**June 30, 2016****RECEIPTS/REVENUES**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
4. Mobile Home Tax					
a. Select items for testing from the County Treasurer's mobile home registration files.					
b. Trace amounts to the mobile home tax list.	A				
c. Determine that the proper tax was charged.	C				
d. Trace collection to Treasurer's register of mobile home tax receipts.	A,B				
e. Determine if receipt is properly recorded in the correct taxing district.	D				
5. Special Assessments					
a. Select items for testing from the special assessment register.					
b. Test interest and penalties received for propriety. Interest and penalties should be calculated to the nearest whole dollar.	C				
c. Trace collections of assessments, interest and penalties to cash receipt register.	A,B				
d. Determine whether receipt is recorded in the correct taxing district.	D				
6. Drainage Districts					
a. Select items for testing from the drainage assessment register.					
b. Test interest and penalties received for propriety.	C				
c. Trace collections of drainage district assessments to cash receipt.	A,B				
d. Determine whether receipt is recorded in the correct taxing district.	C				
B. Revenue From Other Governmental Sources					
1. Confirm state revenues and trace amounts into the accounting records.	A,B,C				
2. For other receipts from federal, state or other agencies, confirm the following types of revenue received directly with the appropriate agency:	A,B,C				
a. Grants and subsidies from other governmental units.					
b. Reimbursement from Mental Health Region fiscal agent.					

COUNTY Sample County

June 30, 2016

**RECEIPTS/REVENUES**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
c. Other material receipts (specify): 1) _____ 2) _____ 3) _____ 4) _____ 3. Trace to validated deposit ticket on a test basis. 4. Determine deposits are made in a timely manner. 5. Determine such funds were recorded in the proper fund and were used for authorized purposes.	B				
C. Interoffice Receipts 1. Perform tests to determine money collected by departments, boards, commissions, offices or individuals has been remitted to the Treasurer promptly and intact, in accordance with laws, ordinances or regulations, and has been credited to the proper funds. These tests could include, but are not limited to: a. Secondary roads. b. Conservation. c. Local health. d. Other (specify): 1) _____ 2) _____ 3) _____ 4) _____	A,B,C,D				
D. Sale of Bonds/Notes 1. Review authorization for issuance. 2. Determine bonds sold are properly recorded and trace proceeds to cash receipts journal and bank statement. 3. Bonds issued and redeemed during the year should be included as other financing sources and uses, respectively.	A,B,C				

**COUNTY** Sample County**June 30, 2016****RECEIPTS/REVENUES**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
E. Driver's License Fees					
1. Determine whether the County Treasurer is properly collecting and reporting driver's license fees.					
F. Vehicle Registration Fees					
1. Determine whether the County Treasurer has reviewed voided transactions as directed by the Iowa Department of Transportation.					
2. Obtain the "Voided Statement Report" from the County Treasurer, select a sample of voided transactions (coded as "full") and trace the transactions to supporting documentation.					
3. Select a sample of days, request the County Treasurer run the vehicle registration fees collected for each day and trace the total collections to a validated deposit.					
G. REAP Funds.	A				
1. Obtain a copy of the County's "Certification of County Conservation Purpose Support By County Property Taxes" report.					
2. Test report for accuracy.					
H. Determine if monthly reconciliations of nursing services billings and collections are prepared.	A,B,C				
1. If available, apply procedures to determine accuracy and completeness of the reconciliation for one month and/or at year-end.					
2. If not available, perform reconciliation procedures for one month and/or at year-end.					
3. For one month, reconcile total collections to posting in receipt journal and to deposits.					
4. If problems arise, consider confirming Medicare and Medicaid receipts.					
I. General					
1. Determine if additional testing is required and, if so, select transactions and perform the following:	A,B,C,D				
a. Vouch to supporting documentation, if available.					
b. Trace posting to miscellaneous receipts register or journal.					



**June 30, 2016**

### RECEIPTS/REVENUES

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>c. Trace to validated deposit ticket on a test basis.</p> <p>d. Determine that deposits are made in a timely manner.</p> <p>e. Determine if account classification is correct.</p> <p>2. Obtain a summary of miscellaneous receipts by fund.</p> <p>3. Account for numerical sequence of receipts.</p> <p>J. Scan deposit tickets and evaluate reasonableness of amounts of currency deposited, considering the types of revenues expected to be received in currency.</p> <p>K. Determine if the risk of material misstatement due to fraud or error has changed based on results of substantive tests performed. If so, perform appropriate procedures.</p> <p>L. Determine whether revenues are properly classified and disclosures are adequate.</p>	<p>B</p> <p>B</p> <p>D</p>				
<p><u>ALTERNATE/ADDITIONAL PROCEDURES:</u></p>					
<p><u>CONCLUSION:</u></p> <p>We have performed procedures sufficient to achieve the audit objectives for revenues and receipts and the results of these procedures are adequately documented in the accompanying workpapers.</p> <p>Incharge _____ Date _____</p> <p>Manager _____ Date _____</p> <p>Independent Reviewer _____ Date _____</p>					

COUNTY Sample County

June 30, 2016

**DISBURSEMENTS/EXPENDITURES/EXPENSES**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<b>Audit Objectives and Related Assertions:</b>					
1. Recorded expenditures and cash disbursements are for goods or services authorized and received. (5)					
2. Expenditures incurred for goods or services have all been identified. (6)					
3. Expenditures for goods or services have been recorded in the correct fiscal year. (8)					
4. Expenditures for goods or services and related disbursements have been recorded correctly as to account, fund, period, and amount. (7,9)					
5. Expenditures for goods or services are properly presented in the entity wide and/or fund financial statements and related disclosures are adequate. (10,11,12,13)					
<b>Audit Procedures:</b>					
A. General					
1. On a test basis, foot and crossfoot expenditure records. Document selection methods and results of tests.					
2. Scan disbursement journal for unusual disbursements and investigate accordingly.	A				
3. Credit cards:					
a. Determine if the County has established a written policy for the use of credit cards.					
b. If activity is significant, test selected transactions for propriety and compliance with the policy.					
4. Schedule all related party transactions with County officials or employees for comment. The workpaper should list all payments made during the period and a description of each transaction. For reporting purposes, include only the payments applicable to the period when the individual was an employee or official of the County in accordance with Chapter 331.342 of the Code of Iowa. Disclose material transactions in the notes to financial statements.	A,E				

**COUNTY** Sample County**June 30, 2016****DISBURSEMENTS/EXPENDITURES/EXPENSES**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>B. Disbursements</p> <p>1. Select items for testing from the warrant/check register and test for the following:</p> <p>a. The disbursement was properly authorized and approved for payment as required by Chapter 331.506 of the Code of Iowa, including a warrant/check list signed by the County Treasurer prior to issuance.</p> <p>b. The disbursement was charged to the proper fund per Chapters 331.424 and 331.427 through 331.430 of the Code of Iowa.</p> <p>c. The disbursement was charged to the proper expenditure account.</p> <p>d. The disbursement was supported by an invoice or contract.</p> <p>e. Goods or services were received prior to June 30.</p> <p>f. The invoice and/or other documentation was canceled to prevent reuse.</p> <p>g. The endorsement and cancellation of the warrant/check appear proper.</p> <p>h. Expenditures for capital assets are included on the capital assets listing, if applicable.</p> <p>i. All warrants/checks were signed only by the County Auditor or an authorized designee.</p> <p>j. The disbursement appears to meet the test of public purpose. For those items which are questionable, the County should have adequate documentation as to how the expenditure(s) meet the test of public purpose.</p> <p>k. Expenditure is proper under federal laws and regulations, if applicable. If also testing compliance for a major program, you may need to add or revise criteria to cover Single Audit program steps. (i.e. allowable costs/cost principles, period of performance, procurement, suspension, and debarment, etc.)</p> <p>1. Disbursements to the MHDS regional fiscal agent are coded to 4413. Confirm payments to fiscal agent.</p>	A,B,C,D				

**COUNTY** Sample County**June 30, 2016****DISBURSEMENTS/EXPENDITURES/EXPENSES**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
2. On a test basis, prepare a workpaper for capital projects and other construction contracts to: <ul style="list-style-type: none"> <li>a. Reconcile original contract to final contract.</li> <li>b. Reconcile total payments to-date by scheduling prior year payments, current year payments, payments due and retainage due.</li> <li>c. Determine projects and/or contracts were authorized and approved by the governing body.</li> </ul>	A,D				
C. Internal Service Funds <ul style="list-style-type: none"> <li>1. Through analytical procedures or scanning, determine if disbursements appear to be in accordance with the purpose of the fund.</li> <li>2. Determine expenditures from operating funds to Internal Service Funds are correctly charged against the budget.</li> <li>3. Reconcile total revenues in the Internal Service Fund to contributions or transfers from the operating funds.</li> </ul>	A,B				
D. Inquire of management and, when appropriate, those charged with governance, as to the existence of any agreements containing confidentiality clauses. <ul style="list-style-type: none"> <li>1. Determine if legal counsel agreed to the insertion of the clauses.</li> <li>2. Determine if the agreements were properly approved by the Board of Supervisors.</li> <li>3. Review the funding source for any payment(s) made under the agreements.</li> </ul>					
E. Determine if the risk of material misstatement due to fraud or error has changed based on results of substantive tests performed. If so, perform appropriate procedures.					
F. Determine whether disbursements are properly classified and disclosures are adequate.	E				



COUNTY Sample County

June 30, 2016

PAYROLL

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<b>Audit Objectives and Related Assertions:</b>					
<b>A. Payroll (wages, salaries and benefits) disbursements are supported and made only for work authorized and performed. (5,6)</b>					
<b>B. Payroll is computed using rates and other factors in accordance with contracts. (7)</b>					
<b>C. Payroll is recorded correctly as to amount and period and distributed properly by account, fund and budget category and disclosures are adequate. (7,8,9,10,11,12,13)</b>					
<b>Audit Procedures:</b>					
A. On a test basis, select payroll transactions from throughout the year to test:	A,B,C				
1. Authorization for gross pay or hourly rate.					
2. Approval of hours worked.					
3. Accuracy of number of hours paid per payroll journal to hours worked per approved timesheet (for hourly employees).					
4. Accuracy of calculations of gross pay.					
5. Accuracy of computation of FICA and IPERS. (The following FICA rates were effective January 1, 2016: Employee and employer rate of 7.65%.) (The following IPERS rates were effective July 1, 2015: Regular employee rate of 5.95% and employer rate of 8.93%, Sheriff's and deputy sheriff's rate of 9.88% for employee and employer and protection occupation rate of 6.56% for employees and 9.84% for employers.)					
6. Reasonableness of computation of federal and state withholding.					
7. Authorization for payroll deductions.					
8. Endorsement and cancellation of warrant/check are proper.					
B. Determine timesheets are prepared and approved for all employees, including salaried employees.	A				
C. Consider analytical procedures to substantiate payroll amounts and withholdings.	A,B,C				
D. Review copies of payroll tax returns and reconcile gross wages and the County share of FICA and IPERS to the expenditure record. Explain material variances.	C				



COUNTY Sample County

June 30, 2016

**TRANSFERS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<b>Audit Objectives and Related Assertions:</b>					
<b>A. All transfers have been identified, adequately supported and properly authorized. (5,6)</b>					
<b>B. Transfers are recorded in the proper time period under audit and are correct as to accounts and amounts recorded. (7,8)</b>					
<b>C. Transfers are properly classified and disclosures are adequate. (9,10,11,12,13)</b>					
<b>Audit Procedures:</b>					
A. Obtain or prepare a schedule of all fund transfers during the year.					
B. Identify the date and purpose of each transfer and trace to supporting documentation. Document description on workpaper.	A				
C. Determine if any amounts transferred should be classified as a revenue or expenditure.	C				
D. Determine the transfers are recorded in the proper fund and proper period.	B				
E. Scan other expenditure and revenue categories for unrecorded transfers.	A				
F. Determine transfers-in equal transfers-out.	A,C				
G. Determine if the risk of material misstatement due to fraud or error has changed based on results of substantive tests performed. If so, perform appropriate procedures.					
H. Determine whether transfers are properly classified and adequately disclosed.	C				
<u>ALTERNATE/ADDITIONAL PROCEDURES:</u>					



**COUNTY** Sample County**June 30, 2016****TRANSFERS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<u>CONCLUSION:</u>  We have performed procedures sufficient to achieve the audit objectives for transfers and the results of these procedures are adequately documented in the accompanying workpapers.  Incharge _____ Date _____ Manager _____ Date _____ Independent Reviewer _____ Date _____					

**COUNTY** Sample County**June 30, 2016****BUDGET**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<b>Audit Objectives:</b>					
<b>A. The annual operating budget, and amendments thereto, are properly prepared, documented and approved.</b>					
<b>B. Budgetary comparisons are properly included in the appropriate financial statements and schedules of governmental funds for which an annual budget has been adopted.</b>					
<b>Audit Procedures:</b>					
A. Obtain a copy of the adopted budget certificate summary for the County.	A				
B. Obtain a copy of each budget amendment and each certification resolution, including the purpose of the amendment.	A				
C. Determine accuracy of budget amendments (i.e., figures in "Last Budget as Certified or Last Amendment" column are correct and amounts in each applicable service area crossfoot).	A				
D. Compare disbursements by function with budget and include any over-expenditure in the budget comment and in the notes to the financial statements.	A,B				
E. Compare disbursements with appropriations by office or department and include any over-expenditure in the budget comment and in the notes to financial statements and audit comment section.	A,B				
F. Compare revenues with budget and document reason for significant variance(s).					
G. Obtain a copy of the adopted budgets and any amendments for the County (City) Assessor, Agricultural Extension and Joint Disaster Services Administration.	A				
H. Determine if the risk of material misstatement due to fraud or error has changed based on results of substantive tests performed. If so, perform appropriate procedures.					

**June 30, 2016**

## BUDGET

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<u>ALTERNATE/ADDITIONAL PROCEDURES:</u>					
<u>CONCLUSION:</u>  We have performed procedures sufficient to achieve the audit objectives for budget and the results of these procedures are adequately documented in the accompanying workpapers.  Incharge _____ Date _____ Manager _____ Date _____ Independent Reviewer _____ Date _____					

COUNTY Sample County

June 30, 2016

**INSURANCE AND SELF INSURANCE**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<b>Audit Objectives and Related Assertions:</b>					
A. Claims paid in the period are recorded correctly as to account, amount and period and are disbursed in accordance with the County's policies and procedures for claims settlement. (5,6,7,8)					
B. Reserves for claim losses represent a reasonable estimate of the County's liability for claims filed and incurred but not reported (IBNR) claims. (1,2,3,4)					
C. Insurance (self-insurance) revenues, transfers, expenditures, assets, liabilities and fund equity (net position) are properly classified and described in the fund financial statements and related disclosures are adequate. (9,10,11,12,13)					
<b>Audit Procedures:</b>					
A. Inquire about the County's policies and procedures for administering and financing insurance claims, including whether insurance policies are carried for complete coverage of some or all risks, or only for excess liabilities.					
B. Prepare a workpaper to summarize amount and type of significant coverage. Review coverage to:	C				
1. Determine if reasonable and current.					
2. Determine significant areas in which risk is retained.					
C. If a separate insurance fund has been established, consider analytical procedures, such as comparing claims disbursements/expenditures and other fund transactions (i.e. employee contributions, insurance premiums and administrative fees) to the prior period actual and relate to the number of covered employees (if applicable).	A				
D. Review charges by the insurance fund to other funds and determine if they are in accordance with GASB 10 (GASB Codification, Section C50.122-126).	A				
1. If a Governmental Fund is used, may use any method to allocate loss expenditures/expenses to other funds of the County. Transactions that constitute reimbursements of the Governmental Fund for expenditures/expenses initially made from it that are properly applicable to another fund should be reported as expenditures or expenses in the reimbursing fund and as reductions of the expenditure/expense in the Governmental Fund.					

**COUNTY** Sample County**June 30, 2016****INSURANCE AND SELF INSURANCE**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>2. If an Internal Service Fund is used, may use any basis considered appropriate to charge other funds as long as the total charge is either calculated in accordance with the criteria of GASB Codification, Section C50.110-114 or is based on an actuarial method or historical cost information and adjusted over a reasonable period of time. If latter method is used (actuarial method or historical cost information method), an additional charge may be made to other funds that represents a reasonable provision for expected future catastrophic losses. Charges (billings) should be recognized as revenue by the internal service fund and as expenditures/expenses by the other funds.</p> <p>3. For either the General Fund, a Special Revenue Fund or an Internal Service Fund, billings in excess of the accrual should be accounted for as transfers.</p> <p>E. Review estimates of losses from claims with a responsible official and determine if properly recorded as an expenditure/expense and liability. Estimates should include:</p> <p>1. Reported claims meeting the criteria of GASB Codification, Section C50.110-118.</p> <p>2. Incurred but not reported (IBNR) claims meeting the criteria of GASB Codification, Section C50.113-114. Determine that the basis used to estimate IBNR claims is reasonable.</p> <p>3. If the County participates in a public entity risk pool and is subject to a supplemental premium assessment, an accrual should be made if the likelihood of such assessment meets criteria of GASB Codification, Section C50.132.</p> <p>4. If the County participates in a public entity risk pool but is not subject to a supplemental premium assessment, review economic viability of pool with responsible official and determine if liability should be recorded based on certain conditions.</p> <p>5. If the County participates in a public entity risk pool, inquire of a responsible official about the County's plans for continuing its participation in the pool. If the County has plans to terminate its membership, determine if additional liabilities should be recorded based on terms of the agreement to participate.</p>	B				

**COUNTY** Sample County**June 30, 2016****INSURANCE AND SELF INSURANCE**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
F. If the County has a self-funded health insurance plan, including self-funded deductibles, examine the actuarial report to determine the reasonableness of reserves and determine if an additional liability should be recorded in the County's financial statements.	B				
G. If an outside administrator or service company is used:	A,B				
1. Obtain a copy of the annual report on the status of the program.					
2. Review report for estimates of liabilities for claims filed and IBNR claims.					
3. Compare report with prior periods and discuss any unusual variances with a responsible official.					
4. Compare amounts in report with recorded estimated liabilities.					
H. Determine the adequacy of financial statement presentation and disclosures.	C				
1. Financial statement presentation considerations should include:					
a. If a single fund is used to record risk financing activities, should be a General Fund, a Special Revenue Fund or an Internal Service Fund.					
b. Loss liabilities for governmental and special revenue funds should be recognized using the modified accrual basis of accounting (i.e. current portion recorded as an expenditure and fund liability and long-term portion recorded in the entity wide statements).					
c. Loss liabilities for an Internal Service Fund (or other proprietary funds) should be recorded as a fund liability of the Internal Service Fund (or other proprietary funds).					
d. For Internal Service Funds, any amount in net position that arose from an optional additional charge for catastrophic losses should be reported as designated.					

**COUNTY** Sample County**June 30, 2016****INSURANCE AND SELF INSURANCE**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>e. If the County participates in a public entity risk pool in which there is no transfer of risk to the pool or pool participants, contributions to the pool should be reported as either deposits (if not expected to pay claims) or as reductions of claims liability (if used to pay claims) in accordance with GASB 10 (GASB Codification, Section C50.135) and Statement of Position (SOP) 98-7.</p> <p>f. If the County made contributions to a public entity risk pool with transfer or pooling of risk:</p> <ol style="list-style-type: none"> <li>1) Determine contributions are recorded as deposits if a return of those contributions is probable.</li> <li>2) If not probable, then determine contributions are recorded as prepaid insurance to be allocated as expenditures/expenses over future periods, or alternatively, in governmental funds, as expenditures in the period made.</li> </ol> <p>2. Disclosures should include:</p> <ol style="list-style-type: none"> <li>a. Description of risks of loss the County is exposed to and ways in which those risks are handled (i.e., purchase of commercial insurance, participation in a public entity risk pool, or risk retention). Describe significant reductions, if any, in insurance coverage from the previous year by major category of risk, and any settlements in excess of insurance coverage in any of the prior three fiscal years.</li> <li>b. If the County participates in a public entity risk pool, describe the nature of participation and rights and responsibilities of the County and the pool.</li> <li>c. If the County retains some risk of loss, include the additional disclosures required by GASB 10 (GASB Codification, Section C50.144(d)).</li> <li>d. For Internal Service Funds, also disclose: <ol style="list-style-type: none"> <li>1) deficit fund balance.</li> <li>2) net position resulting from optional charges for catastrophic losses.</li> </ol> </li> </ol>					

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COUNTY Sample County

June 30, 2016

**SINGLE AUDIT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p><b>Audit Objectives:</b></p> <p><b>A. Federal revenues and expenditures are valid and complete and, if applicable, indirect costs are allocated properly.</b></p> <p><b>B. Federal revenues and expenditures are properly presented in the financial statements.</b></p> <p><b>C. The County has complied with laws and regulations affecting the expenditure of grant funds.</b></p> <p><b>Note: Programmatic requirements are unique to each federal program and can be found in the laws, regulations, and provisions of contract and grant agreements pertaining to the program. For programs listed in the Compliance Supplement, the programmatic requirements can be found in Part 4. For those not covered in the Compliance Supplement, review Part 7 of the supplement.</b></p> <p><b>Note: The following audit program steps were developed utilizing Part 3.2 of the 2016 Compliance Supplement.</b></p> <p><b>Note: The following guidance for the Schedule of Expenditures of Federal Awards (SEFA) is from the 2016 Compliance Supplement, Part III of Appendix VII relating to the American Recovery and Reinvestment Act (ARRA).</b></p> <p><b>Recipients and subrecipients covered by the Single Audit Act Amendments of 1996 and 2 CFR part 200, subpart F, must, must separately identify the expenditures for Federal awards under ARRA on the SEFA and the Data Collection Form (SF-SAC). This shall be accomplished by identifying expenditures for Federal awards made under ARRA separately on the SEFA, and as separate rows under Item 1 of Part II on the SF-SAC by CFDA number, and inclusion of the prefix "ARRA - " in identifying the name of the Federal program on the SEFA and as the first characters in Item 1, column d of Part II, "Name of Federal Program," on the SF-SAC.</b></p> <p><b>Audit Procedures:</b></p> <p><b>A. Review applicable reference material:</b></p> <ol style="list-style-type: none"> <li><b>1. The Uniform Guidance.</b></li> <li><b>2. CFR Part 200, Appendix X1 Compliance Supplement.</b></li> <li><b>3. Compliance Audits (AU-C 935).</b></li> </ol>					

**COUNTY** Sample County**June 30, 2016****SINGLE AUDIT**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>4. GAO Government Auditing Standards (the Yellow Book), 2011 revision.</p> <p>5. AICPA Audit Guide, Audits of State and Local Governmental Units.</p> <p>6. OMB Catalog of Federal Domestic Assistance.</p> <p>7. Applicable sections of the Code of Federal Regulations.</p> <p>8. Council on Financial Assistance Reform (COFAR) Frequently Asked Questions (FAQs).</p> <p>B. Obtain or prepare a Schedule of Expenditures of Federal Awards. If prepared by auditor, determine Independence will not be impaired. The schedule should include:</p> <p>1. Federal grantor or pass-through agency, if applicable.</p> <p>2. Program name.</p> <p>3. CFDA number.</p> <p>4. Grant number.</p> <p>5. Program or award amount.</p> <p>6. Program disbursements/expenditures (for cash awards) or the value of non-cash assistance (for non-cash awards).</p> <p>7. All programs completed and/or terminated during the year and all programs open without monies being received or expended during the audit period.</p> <p>8. Any program with funding under the American Recovery and Reinvestment Act (ARRA) must be listed separately and include the prefix "ARRA - " in the federal grant program name.</p> <p>C. Determine each program's name and CFDA number reported in the Schedule of Expenditures of Federal Awards agrees with the CFDA Agency Program Index.</p> <p>D. Reconcile appropriate amounts on the Schedule of Expenditures of Federal Awards to amounts in the financial statements and to amounts in the accounting records and document accordingly.</p>	A				
	A,B				

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<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
E. Determine the issue date of each federal award and which federal requirements apply. (pre Uniformed Guidance or post Uniform Guidance) Note: If award was issued on or after December 26, 2014, including incremental funding actions on previously made awards, Uniformed Guidance requirements would apply.					
F. For each major program, obtain the following information:	A				
1. Grant agreement, application or pass-through agreement and any amendments.					
2. Pertinent correspondence, including budget and program modifications.					
3. Financial reports.					
4. Reference material for clarification of grant/program audit objectives and compliance requirements.					
5. Identification of subrecipients, if applicable.					
6. Basis of accounting.					
7. Contact person.					
8. Account codes used to account for program activities.					
9. Names and addresses of grantors (direct and indirect).					
G. Include copies of pertinent information relating to major programs in the permanent file.					
H. Search for unlisted federal programs not previously identified.	A				
I. Review prior year audit reports to determine the nature of previous findings and questioned costs. Document the status, which will be included in the County's report in a Summary Schedule of Prior Audit Findings.	C				
J. If applicable, send a letter of understanding to the cognizant agency.					
K. Compliance testing for major programs:	C				
1. Test compliance with applicable compliance requirements. (See following separate audit program sections.)					

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<p>2. Review Compliance Supplement for any special tests and provisions and perform appropriate procedures to ensure compliance.</p> <p>3. Report the following items in Part III of the Schedule of Findings and Questioned Costs in accordance with the Uniform Guidance (2 CFR 200.516):</p> <ul style="list-style-type: none"> <li>a. Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs.</li> <li>b. Material non-compliance with the provisions of laws, regulations, contracts or grant agreements related to a major program.</li> <li>c. Known or likely questioned costs which are greater than \$25,000 for a type of compliance requirement for a major program. (Should include information to provide proper perspective for judging the prevalence and consequences of the questioned costs)</li> <li>d. Known questioned costs, which are greater than \$25,000 for a type of compliance requirement for a federal program, which is not audited as a major program. (Note: except for audit follow-up, the auditor is not required to perform audit procedures for such federal programs)</li> <li>e. The circumstances concerning why the auditor's report on compliance for major programs is other than an unmodified opinion, unless such circumstances are otherwise reported as findings.</li> <li>f. Known or likely fraud affecting a federal award, unless such fraud is otherwise reported as a finding.</li> <li>g. Instances where the results of audit follow-up procedures disclosed that the summary schedule of prior audit findings prepared by the auditee materially misrepresents the status of any prior audit finding.</li> </ul> <p>4. Report other findings in Part IV of the Schedule of Findings and Questioned Costs.</p> <p>The following applicable compliance requirements should be tested in conjunction with the other tests of detail or through other appropriate tests:</p>					

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<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>A. ACTIVITIES ALLOWED OR UNALLOWED:</p> <ol style="list-style-type: none"> <li>1. Identify the types of activities allowed and unallowed for the program(s) tested.</li> <li>2. If allowability is determined based upon summary level data, verify allowability of the activity and that individual transactions were properly classified and accumulated into the activity total.</li> <li>3. If allowability is determined based upon individual transactions, select a sample of transactions and verify allowability of the activity. Be alert for any large dollar transfers from program accounts, which may have been used to fund unallowable activities.</li> </ol> <p>B. ALLOWABLE COSTS/COST PRINCIPLES:</p> <ol style="list-style-type: none"> <li>1. For transactions selected which involve federal funds determine whether the costs meet the following criteria: <ol style="list-style-type: none"> <li>a. Costs were necessary and reasonable for the performance of the Federal award and allocable to the federal award under the principles in 2 CFR part 200, subpart E.</li> <li>b. Conform to any limitations or exclusions set forth in 2 CFR part 200, subpart E, or in the Federal award as to types or amount of cost items.</li> <li>c. Consistent with policies and procedures that apply uniformly to both federal and non-federal activities of the County.</li> <li>d. Not allocable to or included as a direct cost of a federal program if the same or similar costs are allocated to the Federal award as an indirect cost.</li> <li>e. Not included as a cost or used to meet cost sharing or matching requirements of another federally supported activity in either the current or a prior period.</li> <li>f. Supported by underlying documentation.</li> <li>g. Determined in conformity with general accepted accounting principles, except, as otherwise provided for in 2 CFR part 200</li> </ol> </li> </ol>					

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<p>2. If unallowable direct costs have been identified, determine whether "directly associated costs" have also been charged.</p> <p>3. Determine costs were approved by the federal awarding agency if required, or in accordance with 2 CFR section 200.407 for selected items of costs.</p> <p>4. Determine costs did not consist of improper payments including:</p> <p style="padding-left: 40px;">a. Payments which should not have been made or were for incorrect amounts (including overpayments and underpayments) under statutory, contractual, administrative or other legally applicable requirements.</p> <p style="padding-left: 40px;">b. Payments which do not account for credit for applicable discounts.</p> <p style="padding-left: 40px;">c. Duplicate payments.</p> <p style="padding-left: 40px;">d. Payments to an ineligible party or for an ineligible good or service.</p> <p style="padding-left: 40px;">e. Payments for goods and services not received (except where authorized by law).</p> <p>5. If the County is using a De Minimis indirect cost rate:</p> <p style="padding-left: 40px;">a. Determine the County has not previously claimed indirect costs on the basis of a negotiated rate. Auditors are required to test only for the three fiscal years immediately prior to the current audit period.</p> <p style="padding-left: 40px;">b. Test selected transactions for conformance with 2 CFR section 200.414 (f).</p> <p style="padding-left: 80px;">1) Verify the de minimis rate was used consistently, the rate was applied to the proper base and amounts claimed were the product of applying the rate to a modified total direct costs base.</p> <p style="padding-left: 80px;">2) Verify the costs included in the base are consistent with the costs included in the base year, i.e. verify current year modified total direct costs do not include costs items that were treated as indirect costs in the base year.</p>					

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<p>c. Determine if the County's use of the de minimis rate resulted in the County double-charging or inconsistently charging costs as both direct and indirect.</p> <p>6. Cost Allocation Plans/Indirect Cost Rate Agreements</p> <p>Determine whether material indirect costs or centralized or administrative services are being charged to federal programs. If such costs are being charged, perform the following procedures:</p> <p>a. Obtain and read the Indirect Cost Rate Agreement (ICRA) and/or the current Cost Allocation Plan (CAP) and determine the types of rates and procedures required.</p> <p>b. Determine the terms of the allocation plan and/or rate agreement in effect (i.e., predetermined, fixed with carryforward provisions or provisional/final)</p> <p>c. Verify the methods of charging costs to federal awards are in accordance with the provisions of the approved Indirect Cost Rate Proposal (ICRP) or CAP, or prepared ICRP or CAP, on file.</p> <p>d. Determine whether the CAP or ICRP includes the required documentation in accordance with 2 CFR part 200, Appendix VII, paragraph D or Appendix V, paragraph E, as applicable.</p> <p>e. If the County does not have a negotiated ICRA, determine whether documentation exists to support costs. Report Question Costs if no support.</p> <p>f. If ICRP is not complete, consider whether interim testing is necessary of the costs charged to the cost pools and the allocation bases to minimize questioned costs, if any.</p> <p>g. Examine claims submitted to the federal agency for reimbursement. Determine if the amounts charged and rates used are in accordance with the plan and if rates are being applied to the appropriate base.</p> <p>h. Review, on a test basis, supporting documentation to determine whether:</p> <p>1) The indirect cost pool or centralized service costs contain only allowable costs in accordance with 2 CFR part 200.</p>					

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<p>2) The methods of allocating the costs are in accordance with the provisions of 2 CFR part 200, other applicable regulations and negotiated agreements.</p> <p>3) Employee time report system results are mathematically and statistically accurate, allowable and properly allocated to the various functional and programmatic activities to which the salary and wage costs are charged.</p> <p>4) If ICRP uses the multiple allocation base method, test statistical data to determine if the proposed allocation or rate bases are reasonable, updated as necessary and do not contain any material omissions.</p> <p>5) The indirect costs charged to federal programs are supported by amounts recorded in the accounting records from which the most recently issued financial statements were prepared.</p> <p>7. When material charges are made from internal service, central service, pension or similar activities or funds, verify the charges from these activities or funds are in accordance with the 2 CFR part 200:</p> <p>a. For activities accounted for in separate funds, ascertain if:</p> <p>1) Net position/fund balances (including reserves) were computed in accordance with cost principles.</p> <p>2) Working capital was not excessive in amount (generally not greater than 60 days for cash expenses for normal operations incurred for the period exclusive of depreciation, capital costs and debt principal costs).</p> <p>3) Adjustments were made when there is a difference between the revenue generated by each billed service and the actual allowable costs.</p> <p>4) Refunds were made to the federal government for its share of any amounts transferred or borrowed from internal service or central service funds for purposes other than to meet the operating liabilities, including interest on debt, of the fund.</p>					



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<ul style="list-style-type: none"> <li>b. Verify all users of services were billed in a consistent manner.</li> <li>c. Verify the billing rates exclude unallowable costs.</li> <li>d. Where billing rates are not accounted for in separate funds, verify the billing rates are developed based on actual costs and were adjusted to eliminate profit.</li> <li>e. For organizations which have self-insurance and certain type of fringe benefit program (e.g. pension funds), verify independent actuarial studies appropriate for such activities are performed at least biennially and current costs were allocated based on an appropriate study which is not over two years old.</li> </ul> <p><b>C. CASH MANAGEMENT:</b></p> <ul style="list-style-type: none"> <li>1. Review County trial balances for unearned federal revenue and evaluate the size of the balances in relation to the program's needs.</li> <li>2. If an advancement method is used, review the County's system to determine if it is adequate to limit the amount of federal cash to immediate needs.</li> <li>3. If a reimbursement method is used, trace selected transaction to supporting documentation and determine if the County paid for the costs prior to the date of the reimbursement request.</li> <li>4. Determine program income (rebates, refunds, settlements, interest) was disbursed before requesting additional federal cash draws.</li> <li>5. Review records to determine if interest in excess of \$500 per year was earned on advances and whether it was returned to the Department of Health and Human Services Payment Management System.</li> <li>6. For loans, loan guarantees, interest subsidies and insurance, perform tests to ascertain if the County complied with applicable program requirements.</li> <li>7. Review selected cash reports submitted by sub recipients and determine if the County implemented procedure to ensure that the time elapsed between transfer of federal funds and disbursement for program purposes was minimized.</li> </ul>					

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<p>D. RESERVED</p> <p>E. ELIGIBILITY:</p> <p>1. Individuals:</p> <p>a. For some federal programs with a large number of individuals receiving benefits, the County may use a computer system for the processing of individual eligibility determinations and the delivery of benefits. U.S. generally accepted auditing standards provide guidance for the auditor when computer processing relates to accounting information that can materially affect the financial statements being audited. When eligibility is material to a major program, and a computer system is integral to eligibility compliance, the auditor should follow this guidance and consider the County's computer processing.</p> <p>1) Perform audit procedures relevant to the computer system as needed to support the opinion on compliance for the major program.</p> <p>2) These tests may be performed as part of testing the internal controls for eligibility.</p> <p>b. For split eligibility functions, determine that testing for internal controls and compliance objectives are performed regardless of whether the State performs part of the determination.</p> <p>c. Perform procedures to determine completeness of the population.</p> <p>d. Select a sample of individuals receiving benefits and perform tests to determine if the:</p> <p>1) Individuals were eligible in accordance with the compliance requirements of the program. (Note: Some programs have initial and continuing eligibility requirements.)</p> <p>2) Benefits paid to or on the behalf of the individuals were calculated correctly and in compliance with the requirements of the program.</p> <p>3) Benefits were discontinued when the period of eligibility expired, or if the person became ineligible.</p>					

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<ul style="list-style-type: none"> <li>e. Review the quality control process and perform tests to ascertain if it is operating to effectively meet the objectives of the process and in compliance with applicable program requirements.</li> </ul> <p>2. Group of Individuals or Area of Service Delivery:</p> <ul style="list-style-type: none"> <li>a. Test information used in determining eligibility and determine if the population or area of service delivery was eligible.</li> <li>b. Perform test to determine if: <ul style="list-style-type: none"> <li>1) The population or area served were eligible.</li> <li>2) The benefits paid to or on behalf of the individuals or area of service delivery were calculated correctly</li> </ul> </li> </ul> <p>3. Subrecipients:</p> <ul style="list-style-type: none"> <li>a. If the determination of eligibility is based on an approved application or plan, obtain a copy of the document and identify the applicable eligibility requirements.</li> <li>b. Select a sample of the awards to the subrecipients and perform procedures to verify that the subrecipients were eligible and amounts awarded were within funding limits.</li> </ul> <p>F. EQUIPMENT AND REAL PROPERTY:</p> <p>1. Inventory Management:</p> <ul style="list-style-type: none"> <li>a. Identify equipment acquired under federal awards during the audit period and trace selected purchases to the property records. Verify the property records contain the following information about the equipment: <ul style="list-style-type: none"> <li>1) Description (including serial numbers or other identification numbers).</li> <li>2) Source.</li> <li>3) Title holder.</li> <li>4) Acquisition date and cost.</li> <li>5) Percentage of federal participation in the cost.</li> <li>6) Location.</li> </ul> </li> </ul>					

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<p>7) Condition.</p> <p>8) Ultimate disposition data, including the date of disposal, sale price or method used to determine fair market value.</p> <p>b. Inquire if a required physical inventory of equipment acquired under federal awards was taken within the last two years. Test whether any differences between the physical inventory and equipment records were resolved.</p> <p>c. Select a sample of equipment identified as acquired with federal awards from the property records and observe the equipment to ensure equipment is appropriately safeguarded and maintained.</p> <p>2. Disposition of Equipment</p> <p>a. Determine the amount of equipment dispositions for the year and identify equipment acquired with federal awards.</p> <p>b. Perform procedures to verify the dispositions were properly reflected in the property records.</p> <p>c. For equipment with a current per-unit fair market value in excess of \$5,000, determine whether the awarding agency was reimbursed for the appropriate federal share.</p> <p>d. For dispositions of equipment acquired under cost-reimbursement contracts, verify the County followed the federal awarding agency disposition instructions.</p> <p>3. Disposition of Real Property:</p> <p>a. Determine real property dispositions for the audit period and identify property acquired with federal awards.</p> <p>b. Perform procedures to verify the County followed the instructions of the awarding agency, which will normally require reimbursement to the awarding agency of the federal portion of net sales or fair market value at the time of disposition, as applicable.</p>					

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PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>G. MATCHING, LEVEL OF EFFORT, EARMARKING:</p> <ul style="list-style-type: none"> <li>• <b><u>Matching</u></b> – includes requirements to provide contributions (usually non-federal) of a specified amount or percentage to match federal awards. Match may be in the form of cash or in-kind contributions.</li> <li>• <b><u>Level of Effort</u></b> – includes requirements for (a) a specified level of service to be provided from period to period, (b) a specified level of expenditures from non-federal or federal sources for specified activities to be maintained from period to period and (c) federal funds to supplement and not supplant non-federal funding of services.</li> <li>• <b><u>Earmarking</u></b> – includes requirements that specify the minimum and/or maximum amount or percentage of the program's funding that must/may be used for specified activities, including funds provided to subrecipients.</li> </ul> <p>Matching:</p> <ol style="list-style-type: none"> <li>1. Perform test to verify the required matching contributions were met.</li> <li>2. Determine the sources of matching contributions and perform tests to verify they were from an allowable source.</li> <li>3. Test records to corroborate the value placed on in-kind contributions are in accordance with 2 CFR sections 200.306, 200.434 and 200.414, and the terms and conditions of the award.</li> <li>4. Test transactions used to match for compliance with allowable costs/cost principles requirements. This test may be performed in conjunction with the testing of the requirements related to allowable cost/cost principles.</li> </ol> <p>Level of Effort:</p> <ol style="list-style-type: none"> <li>1. Identify the required level of effort and perform tests to verify the level of effort requirement was met.</li> <li>2. Perform tests to verify only allowable categories of expenditures or other effort indicators (e.g., hours, number of people served) were included in the computation and the categories were consistent from year to year.</li> </ol>					

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<p>3. Perform procedures to verify the amounts used in the computation were derived from the books and records from which the audited financial statements were prepared.</p> <p>4. Perform procedures to verify the non-monetary effort indicators were supported by official records.</p> <p>Level of Effort - Supplement not Supplant:</p> <p>1. Determine if the County used federal funds to provide services which it was required to make available under federal, state or local law and were also made available by funds subject to the supplement not supplant requirement.</p> <p>2. Determine if the County used federal funds to provide services which were provided with non-federal funds in prior years.</p> <p>a. Identify the federally funded services.</p> <p>b. Perform procedures to determine whether the federal program funded services that were previously provided with non-federal funds.</p> <p>c. Perform procedures to determine if the total level of services applicable to the requirement increased in proportion to the level of federal contribution.</p> <p>Earmarking:</p> <p>1. Identify the applicable percentage or dollar requirements for earmarking.</p> <p>2. Perform procedures to verify the amounts recorded in the financial records meet the specified requirements (e.g. minimum amounts determine the records show at least the minimum was charged).</p> <p>3. When requirements specify a minimum percentage or amount, select a sample of transactions supporting the specified amount or percentage and perform tests to verify proper classification to meet the minimum percentage or amount.</p>					

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<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>4. When requirements specify a maximum percentage or amount, review the financial records to identify transactions for the specified activity were not improperly classified in another account. (e.g. If administrative costs are limited to 10%, review other accounts charged to the activity for administrative expense which, if incorrectly coded, would cause the maximum percentage to be exceeded).</p> <p>5. When requirements prescribe the minimum number or percentage of specified types of participants that can be served, select a sample of participants that are counted toward meeting the minimum requirement and perform test to verify that they were properly classified.</p> <p>6. When requirements prescribe the maximum number or percentage of specified types of participants that can be served, select a sample of other participants and perform test to verify that they were not of the specified type.</p> <p>H. PERIOD OF PERFORMANCE:</p> <p>1. Review the award documents and regulations pertaining to the program and determine any award specific requirements related to the period of performance and document the performance period.</p> <p>2. Test a sample of transactions charged to the federal award after the end of the period of performance and verify the underlying obligations occurred within the period of performance and the payment was made within the allowed time period.</p> <p>3. Test selected transactions for the following:</p> <p style="padding-left: 40px;">a. For costs recorded during the beginning of the period of performance, verify costs were not incurred prior to the start of the period of performance unless authorized by the Federal awarding agency or the pass-through entity.</p> <p style="padding-left: 40px;">b. For costs recorded during or near the end of the period of performance, verify obligations occurred within the period of performance.</p> <p>4. Select a sample of adjustments to the federal funds and verify these adjustments were for transactions that occurred during the period of performance.</p>					

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<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>I. PROCUREMENT AND SUSPENSION AND DEBARMENT:</p> <ol style="list-style-type: none"> <li>1. Obtain the County's procurement policies and verify the policies comply with applicable federal requirements.</li> <li>2. Determine the County has written standards of conduct covering conflicts of interest and governing the performance of its employees engaged in the selection, award and administration of contracts.</li> <li>3. Determine if the County has a policy to use statutorily or administratively imposed in-state or local geographical preferences in the evaluation of bids or proposals. If such policy exists, verify these limitations were not applied to federal procurements except where applicable federal statutes expressly mandate or encourage geographical preference.</li> <li>4. Select a sample of procurements and perform the following: <ol style="list-style-type: none"> <li>a. Examine contract files and verify they document the significant history of the procurement, including the rationale for the method of procurement, selection of contract type, contractor selection or rejection and the basis of contract price.</li> <li>b. Verify procedures provide for full and open competition.</li> <li>c. Examine documentation in support of the rationale to limit competition in those cases where competition was limited and determine if the limitation was justified.</li> <li>d. Examine contract files and determine a cost or price analysis was performed in connection with procurement actions exceeding the simplified acquisition threshold, including contract modifications and the procurement action taken.</li> <li>e. Verify the procurement method used was appropriate based on the dollar amount and conditions specified in 2 CFR section 200.320. The five methods of procurement are as follows:</li> </ol> </li> </ol>					



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<p>1) Micro-purchases: Less than \$3,000 or \$3,500 effective October 1, 2015 (\$2,000 for purchases subject to the Davis-Bacon Act) – No competitive quotes required. Spread purchases out among qualified suppliers.</p> <p>2) Small purchases: Between \$3,000 and \$150,000 – Rate quotes must be obtained from an “adequate” number of qualified sources. (“adequate” is not specifically defined by The Uniformed Guidance) Quotes can be obtained from suppliers or from public websites.</p> <p>3) Sealed bids: More than \$150,000 (construction projects) – Two or more qualified bidders. Publicly advertised and solicited from adequate suppliers. Lowest responsive and responsible bidder for the fixed price contract wins.</p> <p>4) Competitive proposals: More than \$150,000 – Written policy for conducting technical evaluations of reviewing proposals and selecting the recipient. Most advantageous bid wins, price and other factors considered.</p> <p>5) Sole source: Any amount. Must meet one of the following four requirements:</p> <p style="padding-left: 40px;">a) Good/service is only available from a single source.</p> <p style="padding-left: 40px;">b) Only one source can provide the good/service in the time-frame required.</p> <p style="padding-left: 40px;">c) Written pre-approval from the Federal awarding agency.</p> <p style="padding-left: 40px;">d) Competition is deemed inadequate after solicitation attempts through one of the other methods.</p> <p>f. Verify consent to subcontract was obtained when required by the terms and conditions of a cost reimbursement contract specified in 48 CFR section 52.244-2.</p>					

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<p>5. Test a sample of procurements and subawards to determine if the County performed a verification check for covered transactions by checking the System for Award Management (SAM) website (www.sam.gov), collecting a certification from the entity or adding a clause or condition to the covered transaction with the entity.</p> <p>6. Test a sample of procurement and subawards against SAM and determine if contracts or subawards were awarded to suspended or debarred parties.</p> <p>J. PROGRAM INCOME:</p> <p>1. Identify any program income.</p> <p style="padding-left: 40px;">a. Review laws, regulations and the provisions of contract and grant agreements applicable to the program and determine if program income was anticipated and, if so, the requirements for recording and using program income.</p> <p style="padding-left: 40px;">b. Inquire of management and review accounting records to determine if program income was received.</p> <p>2. Perform tests to verify that program income was properly determined or calculated in accordance with stated criteria and classified as program income only if collected from allowable sources.</p> <p>3. Perform tests to verify all program income was properly recorded in the accounting records.</p> <p>4. Perform tests to determine if program income was used in accordance with the program requirements.</p> <p>K. RESERVED</p> <p>L. REPORTING:</p> <p>1. Review applicable laws, regulations and the provisions of contract and grant agreements pertaining to the program for reporting requirements.</p> <p>2. Determine the types and frequency of required reports.</p>					

**COUNTY** Sample County**June 30, 2016****SINGLE AUDIT**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>3. Obtain and review federal awarding agency, or pass-through entity in the case of a subrecipient, instructions for completing the reports.</p> <p>a. For financial reports, determine the accounting basis used in reporting the data (i.e. cash or accrual).</p> <p>b. For performance and special reports, determine the criteria and methodology used in compiling and reporting the data.</p> <p>4. Perform appropriate analytical procedures and determine the reason for any unexpected differences. Examples of analytical procedures include:</p> <p>a. Comparing current period reports to prior periods.</p> <p>b. Comparing anticipated results to the data included in the reports.</p> <p>c. Comparing information obtained during the audit of the financial statements to the report.</p> <p>5. Select a sample of each of the following report types.</p> <p>a. Financial reports:</p> <p>1) Determine if the financial reports were prepared in accordance with the required accounting basis.</p> <p>2) Review accounting records and determine if all applicable accounts were included in the sampled reports.</p> <p>3) Trace the amounts reported to accounting records that support the audited financial statements and the Schedule of Expenditures of Federal Awards and verify agreement.</p> <p>b. Performance reports:</p> <p>1) Review supporting records and determine if all applicable data elements were included in the sampled report.</p> <p>2) Trace data to records that accumulate and summarize data.</p>					

**COUNTY** Sample County**June 30, 2016****SINGLE AUDIT**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>3) Perform tests of the underlying data to verify the data were accumulated and summarized in accordance with the required or stated criteria and methodology.</p> <p>c. When intervening computations or calculations are required between the records and the reports, trace reported data elements to supporting worksheets or other documentation that link reports to data.</p> <p>d. Test mathematical accuracy of reports and supporting worksheets.</p> <p>6. Obtain written representation from management the reports provided to the auditor are true copies of the reports submitted or electronically transmitted to the federal awarding agency or pass-through entity in the case of a subrecipient.</p> <p><b>M. SUBRECIPIENT MONITORING:</b></p> <p>1. Review the County's subrecipient monitoring policies and procedures to gain an understanding of the process used to identify subawards, evaluate risk of noncompliance and perform monitoring procedures based upon identified risks.</p> <p>2. Test award documents including the terms and conditions, to determine if the County makes subrecipients aware of the award information sufficient to the County comply with federal statutes, regulations and terms and conditions of the award.</p> <p>3. Review the County's documentation of monitoring to determine if the County's monitoring procedures provide reasonable assurance that subrecipients used federal funds for authorized purposes and complied with laws and regulations, provisions of contracts and conditions of the subaward.</p> <p>4. Determine if the County verifies the subrecipient met the requirement to have an audit performed in accordance with the Uniform Guidance, if applicable and requires subrecipients to take appropriate and timely corrective action on deficiencies identified in audit findings.</p>					

**COUNTY** Sample County**June 30, 2016****SINGLE AUDIT**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
N. SPECIAL TESTS AND PROVISIONS:					
1. Review the laws, regulations and provisions of grant and contract agreements to identify special tests and provisions.					
2. Develop procedures to test these requirements.					

**COUNTY** Sample County**June 30, 2016****SINGLE AUDIT**  
**MISCELLANEOUS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<b>MISCELLANEOUS PROVISIONS:</b>					
<p>A. If the County is a pass-through agency of federal funds, ensure the appropriate receipts/revenues and disbursements/expenditures are recognized in compliance with GASB 24.</p> <p>B. Prepare the Data Collection Form. (The Federal programs listed in Part III should be in the same order as the Schedule of Expenditures of Federal Awards and any program with ARRA funds should be listed on a separate line and include the prefix "ARRA - " in the federal grant program name).</p> <p>C. Obtain Corrective Action Plan for audit findings, including findings reported under <u>Generally Accepted Government Auditing Standards</u> (GAGAS), from the County (prepared on County letterhead) and review for propriety.</p> <p>D. Obtain Summary Schedule of audit findings, including findings reported under (GAGAS), from the County (prepared on County letterhead) and review for propriety.</p> <p>E. Determine if risk of material misstatement due to fraud or error has changed based on results of substantive tests performed. If so, perform appropriate procedures.</p>					
<u>ALTERNATE/ADDITIONAL PROCEDURES:</u>					
<u>CONCLUSION:</u>					
<p>We have performed procedures sufficient to achieve the audit objectives for Single Audit requirements and the results of these procedures are adequately documented in the accompanying workpapers.</p> <p>Incharge _____ Date _____</p> <p>Manager _____ Date _____</p> <p>Independent Reviewer _____ Date _____</p>					

COUNTY Sample County

June 30, 2016

**28E ENTITIES**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<b>Audit Objectives:</b>  <b>A. To provide for the audit of financial condition and transactions of 28E entities accounted for by the County in accordance with Chapter 11.6 of the Code of Iowa and in accordance with Chapter 331.392(4)f of the Code of Iowa related to Mental Health Regions.</b>  <b>Audit Procedures:</b>  A. Identify any 28E entities the County performs receipt and disbursement functions for and which had gross receipts in excess of \$100,000 during the fiscal year. Also determine whether the County is a fiscal agent for a 28E Mental Health Region.  B. Discuss with a responsible official of the 28E's governing body the Code requirement identified above for an audit and determine whether the governing body wants the audit conducted at the same time as the County's audit. 1. Document the name of the responsible official and discussion. 2. Obtain the entity's concurrence to conduct the audit. Ask for the concurrence in writing. Governing body action may be required. 3. Discuss billing arrangements.  C. For 28E Entities other than Mental Health Regions, if the 28E entity agrees to an audit, perform the following: 1. Review and document the entity's internal controls. 2. Minutes a. Review minutes and document significant action, including subsequent events. b. Determine and document whether minutes were properly signed. c. Determine, on a test basis, if meetings were preceded by proper public notice in accordance with Chapter 21.4 of the Code of Iowa. d. Determine the minutes show information sufficient to indicate the vote of each member present as required by Chapter 21.3 of the Code of Iowa.					
	A				

**COUNTY** Sample County**June 30, 2016****28E ENTITIES**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>e. Determine if the minutes document the governing body followed proper proceedings for any closed sessions. (Chapter 21.5 of the Code of Iowa).</p> <p>1) The session was closed by affirmative roll call vote of at least two-thirds of the members.</p> <p>2) The specific exemption under Chapter 21.5 of the Code of Iowa was identified and documented.</p> <p>3) Final action was taken in open session.</p> <p>f. Determine on a test basis, if the 28E entity furnished a summary of the proceedings to be submitted for publication to the newspaper within 20 days following the adjournment of the meeting in accordance with Chapter 28E.6(3) of the Code of Iowa and included:</p> <p>Note: Publication is not required, if in the prior fiscal year the 28E entity had a cash balance of less than \$100,000 AND total expenditures were less than \$100,000; however, the entity shall file, in an electronic format, the information below with the office of the county recorder.</p> <p>1) A schedule of bills allowed.</p> <p>2) A list of all salaries paid for services, but salaries for persons regularly employed by the entity shall only be published annually.</p> <p>3. Review and test receipts, disbursements, payroll and any other significant transaction cycles as considered necessary. If payroll is not processed with the County's payroll system, review payroll withholdings and quarterly reports.</p> <p>4. For 28E entities other than landfills, prepare a separate statement of changes in assets and liabilities for inclusion in the County's audit report (see Sample County report). (Although optional, due to the nature of landfills and the difficulties in determining compliance with GASB 18 and Department of Natural Resources' requirements, it is strongly recommended 28E landfill reports be issued under separate cover).</p>					

A



**June 30, 2016**

## 28E ENTITIES

[illegible]

COUNTY Sample County

June 30, 2016

**EARLY CHILDHOOD IOWA AREA BOARD**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p><b>Audit Objectives:</b></p> <p><b>A. To audit the Early Childhood Iowa Area Board's financial activity, in accordance with Chapter 256I.5 of the Code of Iowa and the State Early Childhood Iowa Board approved procedures.</b></p> <p><b>Audit Procedures:</b></p> <p>A. Identify if the County is the fiscal agent for an Early Childhood Iowa Area Board (also known as an Empowerment Board).</p> <p>B. Review the audit requirements of Chapter 256I.5 of the Code of Iowa pertaining to Early Childhood Iowa Area Boards.</p> <p>C. Discuss with responsible officials of the Area Board the audit requirements for the Area Board's financial activity.</p> <ol style="list-style-type: none"> <li>1. Document name of responsible officials.</li> <li>2. Document the Area Board's decision for conducting a separate audit or procedures performed with the County's audit.</li> <li>3. Discuss billing arrangements.</li> </ol> <p>D. If procedures are to be performed as a part of the County's audit, discuss with the appropriate County officials.</p> <p>E. Perform the State Board approved procedures including:</p> <p>(Note: State Board approved procedures are available at <a href="http://www.state.ia.us/earlychildhood/files/toolkit_tools/Tool_UU.pdf">http://www.state.ia.us/earlychildhood/files/toolkit_tools/Tool_UU.pdf</a>)</p> <ol style="list-style-type: none"> <li>1. Internal controls <ol style="list-style-type: none"> <li>a. Gain an understanding of the programs administered by the Area Board.</li> <li>b. Review relevant policies and procedures established by the Area Board.</li> <li>c. Review and document the Area Board's internal controls. Controls to be reviewed include the following transaction cycles/areas: <ol style="list-style-type: none"> <li>1) Receipts.</li> <li>2) Disbursements.</li> <li>3) Monitoring of provider contracts.</li> <li>4) Eligibility determinations.</li> </ol> </li> </ol> </li> </ol>	A				

COUNTY Sample County

June 30, 2016

**EARLY CHILDHOOD IOWA AREA BOARD**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>5) Annual financial reporting.</p> <p>2. Obtain the Area Board's summary of financial data included in the annual report. Verify for accuracy and trace to the underlying accounting records. (Note: The annual report is required to be prepared on a GAAP basis.)</p> <p>3. Confirm state receipts and trace amounts into the accounting records. Verify the receipts have been properly distributed between the early childhood and school ready programs.</p> <p>4. Select disbursement items and test for the following:</p> <p>a. The disbursement was properly authorized.</p> <p>b. The disbursement is properly supported. (Note: Provider contracts should be reviewed to ensure documentation requirements are met.)</p> <p>c. The disbursement was charged to the proper program and funding category. See "Tools" at <a href="http://www.state.ia.us/earlychildhood/local_sytem/Tools/tool_kit_tools_new.html">http://www.state.ia.us/earlychildhood/local_sytem/Tools/tool_kit_tools_new.html</a> which document the allowable activities of each program/funding category.</p> <p>1) Early Childhood program (Tool G) - Funding categories:</p> <ul style="list-style-type: none"> <li>- Administrative</li> <li>- Program</li> </ul> <p>2) School Ready program (Tool G) - Funding categories:</p> <ul style="list-style-type: none"> <li>- Family support and parent education (Tool FF)</li> <li>- Preschool tuition assistance (Tool CC)</li> <li>- Quality improvement (Tool II)</li> <li>- General Aid (Administrative and other services) (Tool G)</li> </ul> <p>d. Scan disbursements for unusual items and items which do not appear to meet or be in agreement with how the funds are to be spent. Investigate and report accordingly.</p>					

COUNTY Sample County

June 30, 2016

**EARLY CHILDHOOD IOWA AREA BOARD**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>5. Fund balances:</p> <p>a. Verify the fund balances by category reported on the summary of financial data agree with the financial records maintained by the County.</p> <p>b. Recalculate the amount of carry forward for the school ready funding reported by the Area Board and determine if the amount exceeded 20%. (Note: A carry forward exceeding 20% will result in a reduction to the next year's school ready allocation.)</p> <p>c. Review the fund balances by category for deficits and report accordingly.</p> <p>6. Completion of audit:</p> <p>a. Include the Area Board's summary of financial data in a footnote disclosure.</p> <p>b. Include comments and recommendations for internal control weaknesses noted (significant deficiencies and material weaknesses).</p> <p>c. Include statutory comment regardless of whether there are instances of non-compliance.</p> <p>d. Conduct an exit conference with Area Board officials.</p> <p>e. Summarize and evaluate misstatements noted during the audit.</p> <p>f. Obtain signatures on the representation letter.</p> <p>g. Submit an electronic (PDF format) copy of the audit report, including the management letter(s), if issued separately, to the Iowa Department of Management by email attachment to <a href="mailto:Shanell.wagler@iowa.gov">Shanell.wagler@iowa.gov</a>.</p> <p>F. Determine if the risk of material misstatement due to fraud or error has changed based on results of substantive tests performed. If so, perform appropriate procedures.</p>					



COUNTY Sample County

June 30, 2016

**COMPLETION OF AUDIT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<b>Audit Objectives and Related Assertions:</b>					
A. Written representations have been obtained from responsible officials.					
B. Misstatements discovered during the audit have been evaluated.					
C. Financial statements are fairly presented and disclosures are adequate. (10,11,12,13)					
D. The effect on the auditor's report of GAAP departures, scope limitations, uncertainties, other auditors, or other matters has been evaluated.					
E. Significant deficiencies and material weaknesses have been summarized and communicated to the appropriate parties.					
F. Significant commitments, contingencies and subsequent events that may require disclosure have been identified.(10,11,12,13)					
<b>Audit Procedures:</b>					
A. Inquire as to whether all funds have been brought to our attention.					
B. Identify any commitments, contingencies and subsequent events that may require disclosure.	F				
1. In connection with litigation and claims, perform the following procedures:					
a. Obtain from County officials a description and evaluation of litigation and asserted and unasserted claims.					
b. Examine documents in the County's possession concerning the above matters.					
c. Review invoices for legal services and consider whether any other matters in addition to the above were disclosed during the course of the audit.					
d. Review attorney's letter for matters requiring disclosure.					
2. Complete review of minutes through end of field work for subsequent events.					
3. Inquire of County officials about existence of material subsequent transactions or events and significant matters unresolved at year end.	F				

**COUNTY** Sample County**June 30, 2016****COMPLETION OF AUDIT**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>4. Scan records subsequent to period under audit for significant unusual receipts, payments and non-standard entries.</p> <p>C. Determine if footnote disclosure is needed and obtain documentation for the following items. (For entities with unusual types of activities, consider reviewing the AICPA disclosure checklist).</p> <p>1. Lease commitments (capital and operating leases).</p> <p>2. Construction commitments.</p> <p>3. Contracts.</p> <p>4. Termination benefits.</p> <p>5. OPEB and pension benefits.</p> <p>6. Subsequent events.</p> <p>7. Lawsuits.</p> <p>8. Other commitments and contingencies (including outstanding indebtedness of others guaranteed by the County, moral obligations, conduit debt obligations in accordance with GASB Interpretation 2 and no-commitment debt).</p> <p>9. Health insurance trust.</p> <p>10. Municipal solid waste landfill.</p> <p>11. Relationships with organizations other than component units:</p> <p>a. Related organizations.</p> <p>b. Joint ventures.</p> <p>c. Jointly governed organizations.</p> <p>d. Component units and related organizations with joint venture characteristics.</p> <p>e. Pools.</p> <p>f. Undivided interests.</p> <p>g. Cost-sharing arrangements.</p> <p>12. Other pertinent information.</p>	<p>F</p> <p>C,F</p>				

**COUNTY** Sample County**June 30, 2016****COMPLETION OF AUDIT**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>D. Summarize and evaluate misstatements noted during the audit, if any.</p> <p>1. Determine whether uncorrected misstatements are material, individually or in the aggregate. Consider the following: (AU-C 450.11)</p> <p>a. The size and nature of the misstatements, both in relation to particular classes of transactions, account balances or disclosures and the financial statements as a whole, and the particular circumstances of their occurrence and,</p> <p>b. The effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures and the financial statements as a whole.</p> <p>2. In communicating misstatements to management, the auditor should: (AU-C 450.07-.10)</p> <p>a. Request management to examine the entire class of transactions, account balance or disclosure to identify and correct misstatements in cases where the auditor evaluates the amount of likely misstatement from a sample as material.</p> <p>b. Request management review the assumptions and methods used in developing management's estimates in those cases where the auditor has identified a likely misstatement involving differences in estimates used by management.</p> <p>c. Reevaluate the amount of likely misstatement after management has performed a. and b. above.</p> <p>d. Obtain an understanding of management's reasons for not making corrections of known or likely misstatements and take into account when evaluating if the misstatement is material.</p>	B				
E. Document the reconciliation of the financial statements to the accounting records.	C				
F. Obtain the County's concurrence for proposed adjusting journal entries.					
G. Determine and document whether there could be substantial doubt about the County's ability to continue as a going concern. (AU-C 570)	D				



**COUNTY** Sample County**June 30, 2016****COMPLETION OF AUDIT**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
H. Determine and document the type of opinion rendered for each opinion unit and on compliance, if applicable. Document reasons for variances from unmodified opinions and discuss the reasons with those charged with governance.	C,D				
I. Summarize significant deficiencies and material weaknesses including those communicated in previous audits which have not yet been remediated and include in written communication to management and those charged with governance no later than 60 days following the report release date. (AU-C 265.11-.13)	E				
1. Indicators of material weaknesses in internal control include the following (AU-C 265.09-.10):					
a. Identification of fraud, whether or not material, on the part of senior management.					
b. Restatement of previously issued financial statements to reflect the correction of a material misstatement due to error or fraud.					
c. Identification by the auditor of a material misstatement in the financial statements under audit in circumstances which indicate the misstatement would not have been detected by the County's internal control.					
d. Ineffective oversight of the County's financial reporting and internal control by those charged with governance.					
J. Draft the audit report, including opinions, financial statements, notes, required supplementary information, supplementary information, other information and other reports. Determine preparation of the draft audit report will not impair independence.	C,E				
K. Send the draft financial statements to the County and obtain the County's approval:					
1. Date sent to County _____					
2. Date County approved _____					
L. Perform the following procedures related to supplementary information (SI) as required by AU-C 725.05 and AU-C 725.07:					

**COUNTY** Sample County**June 30, 2016****COMPLETION OF AUDIT**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>1. Determine all of the following conditions are met when determining the SI presented is fairly stated, in all material respects, in relation to the financial statements as a whole:</p> <ul style="list-style-type: none"> <li>a. The SI was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.</li> <li>b. The SI relates to the same period as the financial statements.</li> <li>c. The financial statements were audited and the auditor served as the principal auditor in that engagement.</li> <li>d. Neither an adverse opinion or disclaimer of opinion was issued on the financial statements.</li> <li>e. The SI will accompany the County's audited financial statements or such audited financial statements will be made readily available by the County.</li> </ul> <p>2. The following procedures should be performed using the same materiality level used in the audit of the financial statements:</p> <ul style="list-style-type: none"> <li>a. Inquire of management about the purpose of the SI and the criteria used by management to prepare the SI.</li> <li>b. Determine whether the form and content of the SI complies with the applicable criteria.</li> <li>c. Obtain an understanding about the methods of preparing the SI and determine whether the methods have changed from those used in the prior year and the reasons for any such changes.</li> <li>d. Compare and reconcile the SI to the underlying accounting and other records used in preparing the financial statements.</li> <li>e. Inquire of management about any significant assumptions or interpretations underlying the measurement or presentation of the SI.</li> </ul>	C				

**COUNTY** Sample County**June 30, 2016****COMPLETION OF AUDIT**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>f. Evaluate the appropriateness and completeness of the SI considering the results of the procedures performed and other knowledge obtained during the audit of the financial statements.</p> <p>M. Perform the following limited procedures to Required Supplementary Information (RSI), as required by AU-C 730.05:</p> <ol style="list-style-type: none"> <li>1. Inquire of management about the methods used in preparing the information, including: <ol style="list-style-type: none"> <li>a. Whether RSI has been measured and presented in accordance with prescribed guidelines.</li> <li>b. Whether methods of measurement or presentation changed from those used in the prior year and the reasons for any such changes.</li> <li>c. Whether there are any significant assumptions or interpretations underlying the measurement or presentation of the information.</li> </ol> </li> <li>2. Compare the information for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements.</li> </ol> <p>N. Review the reasonableness of Management's Discussion and Analysis, which is limited to the following required elements: (GASB 34 par.11)</p> <ol style="list-style-type: none"> <li>1. A brief discussion of the basic financial statements, including the relationships of the financial statements to each other and the significant differences in the information they provide.</li> <li>2. Condensed financial information derived from the entity-wide financial statements comparing the current year to the prior year.</li> <li>3. An analysis of the County's overall financial position and results of operations to assist users in assessing whether financial position has improved or deteriorated as a result of the year's operations.</li> </ol>					

**COUNTY** Sample County**June 30, 2016****COMPLETION OF AUDIT**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>4. An analysis of balances and transactions of individual funds. The analysis should address the reasons for significant changes in fund balances or fund net position and whether restrictions, commitments or other limitations significantly affect the availability of fund resources for future use.</p> <p>5. An analysis of significant variations between original and final budget amounts and between final budget amounts and actual budget results for the General Fund.</p> <p>6. A description of significant capital asset and long-term debt activity during the year, including commitments made for capital expenditures, changes in credit ratings and debt limitations that may affect the financing of planned facilities or services.</p> <p>7. If applicable, a discussion of the modified approach to report some or all of the infrastructure assets.</p> <p>8. A description of currently known facts, decisions or conditions expected to have a significant effect on financial position or results of operations.</p> <p>O. For other information in documents containing audited financial statements (such as the introductory and statistical sections in CAFR audits) (AU-C 720):</p> <p>1. Read the other information to identify possible material inconsistencies with the audited financial statements or apparent material misstatements of facts and follow the guidance if either is identified.</p> <p>2. Communicate with those charged with governance any procedures performed and the results.</p> <p>P. Determine information presented as other information in the statistical section of a Comprehensive Annual Financial Report (CAFR) complies with GASB 44 requirements.</p>					

**COUNTY** Sample County**June 30, 2016****COMPLETION OF AUDIT**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
Q. Perform a retrospective review of significant accounting estimates reflected in the prior year financial statements and consider whether the underlying assumptions in the prior year indicate a possible bias on the part of management. Consider whether the results of the review provide additional information about possible bias in making current year estimates. If possible bias is identified, evaluate whether the circumstances represent a risk of material misstatement due to fraud. (AU-C 240.32)	C				
R. Determine whether the comparability of the financial statements between periods has been materially affected by a change in accounting principle or by adjustments to correct a material misstatement in previously issued financial statements. (AU-C 708)					
S. Evaluate and document the business rationale for significant unusual transactions. (AU-C 240.32)					
T. Perform analytical procedures for overall review of financial statements. Document the consideration of the following: <ol style="list-style-type: none"> <li>1. The adequacy of evidence gathered in response to unusual or unexpected balances identified in planning the audit or in the course of the audit.</li> <li>2. Unusual or unexpected balances or relationships that were not previously identified.</li> </ol>	C				
U. Conduct an exit conference with the County, including its Audit Committee, if possible, and discuss the following: <ol style="list-style-type: none"> <li>1. Report findings.</li> <li>2. Non-report findings.</li> <li>3. Audit and accounting problems that may affect the audit bill.</li> </ol>	E				
V. Obtain written representations signed by the elected officials and Department heads. <ol style="list-style-type: none"> <li>1. Modify, as necessary, for related party/business transactions, federal financial assistance program representations, obsolete inventories, work of a specialist, supplementary information, required supplementary information and/or other items.</li> <li>2. Prepared on County's letterhead.</li> <li>3. Dated same date as the auditor's reports as determined in AU-C 700.41.</li> </ol>	A				

**COUNTY** Sample County**June 30, 2016****COMPLETION OF AUDIT**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>W. Complete the budget and time summary including explanation of significant variances from budget and recommendations for next year. Note billing instructions, if applicable.</p> <p>X. Determine the appropriate date of the auditor's reports. In accordance with AU-C 700.41, the auditor's report should not be dated earlier than the date on which the auditor has obtained sufficient evidence to support the opinion. Sufficient evidence includes evidence the audit documentation has been reviewed and the financial statements, including disclosures, have been prepared and management has asserted that it has taken responsibility for the financial statements.</p> <p>Y. Determine and include footnote disclosures, if necessary, for subsequent events occurring between the end of fieldwork and the date of the auditor's report. (May require verbal update of attorney letter, review of subsequent minutes and auditee inquiry).</p> <p>Z. Major Federal Program Subsequent Events:</p> <ol style="list-style-type: none"> <li>1. Perform procedures up to the report date to identify subsequent events related to the County's compliance during the period covered by auditor's report on compliance: <ol style="list-style-type: none"> <li>a. Inquire of management.</li> <li>b. Review relevant internal audit reports issued during the subsequent period.</li> <li>c. Review other auditors' reports issued during the subsequent period.</li> <li>d. Review grantors and pass through entities reports issued during the subsequent period.</li> <li>e. Review information about noncompliance obtained through other professional engagements performed for the County.</li> </ol> </li> <li>2. If the auditor becomes aware of noncompliance occurring in the subsequent period of such a nature and significance that its disclosure is needed to prevent report users from being misled, discuss the matter(s) with management and those charged with governance and include an explanatory paragraph describing the nature of the noncompliance in the auditor's report.</li> </ol>	F				

**June 30, 2016**

## COMPLETION OF AUDIT

[illegible]

COUNTY Sample County

June 30, 2016

**INDIVIDUAL OFFICES**  
County Auditor

PROCEDURE	DONE BY.	W/P REF	N/A	REMARKS
<b>Audit Objective:</b> <b>Agency fund assets and liabilities, and related increases creases, are properly recorded and reported.</b> <b>ENTRANCE CONFERENCE</b> <ol style="list-style-type: none"> <li>1. Items discussed: <ol style="list-style-type: none"> <li>a. Representation letter to be signed at completion of the audit.</li> <li>b. Accounting problems during year.</li> <li>c. Personnel changes.</li> <li>d. Arrangements for client assistance.</li> <li>e. Other items.</li> </ol> </li> <li>2. Review internal control documentation and update key duties workpaper.</li> <li>3. Review and document status of prior year comments and recommendations.</li> </ol> <p>Name and title of client personnel interviewed:</p> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>				
A. Office Receipts and Disbursements <ol style="list-style-type: none"> <li>1. For all cashbooks or ledgers maintained, perform the following procedures:</li> <li>2. Obtain a summary of office receipts and disbursements.</li> <li>3. Perform analytical procedures of receipts and compare to prior years. Document procedures performed.</li> </ol>				



**COUNTY** Sample County**June 30, 2016****INDIVIDUAL OFFICES**  
**County Auditor**

<b>PROCEDURE</b>	<b>DONE BY.</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>4. Trace County share of disbursements to Treasurer year-to-date miscellaneous receipt total(s).</p> <p>B. Office Liabilities</p> <p>1. Obtain a trust account schedule to determine amounts actually due to County funds, state, cities or others.</p> <p>C. Cash in Bank</p> <p>1. Confirm bank balances and authorized check signers.</p> <p>2. Obtain or prepare bank reconciliations for all bank accounts as of year-end:</p> <p>a. Foot bank reconciliation.</p> <p>b. Reconcile bank balances with cashbook balance.</p> <p>c. Obtain or prepare list of checks outstanding at the end of the period under audit, including check number, amount and date written. On a test basis examine checks paid from July 1 through the date of our fieldwork and document date cleared for test items.</p> <p>d. Trace material deposits in transit to subsequent bank statement and document the date deposited per books and per bank.</p> <p><u>ALTERNATE/ADDITIONAL PROCEDURES:</u></p>				

**COUNTY** Sample County**June 30, 2016****INDIVIDUAL OFFICES**  
**County Auditor**

<b>PROCEDURE</b>	<b>DONE BY.</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<u>CONCLUSION:</u>  We have performed procedures sufficient to achieve the audit objectives for the Auditor's Office and the results of these procedures are adequately documented in the accompanying workpapers.  Incharge _____ Date _____ Manager _____ Date _____ Independent Reviewer _____ Date _____				

**COUNTY** Sample County**June 30, 2016****INDIVIDUAL OFFICES**  
**County Recorder**

PROCEDURE	DONE BY.	W/P REF	N/A	REMARKS
<b>Audit Objective:</b> <b>Agency fund assets and liabilities, and related increases and decreases, are properly recorded and reported.</b> <b>ENTRANCE CONFERENCE</b> <ol style="list-style-type: none"> <li>1. Items discussed: <ol style="list-style-type: none"> <li>a. Representation letter to be signed at completion of the audit.</li> <li>b. Any accounting problems during year.</li> <li>c. Any personnel changes.</li> <li>d. Arrangements for client assistance.</li> <li>e. Any other items.</li> </ol> </li> <li>2. Review internal control documentation and update key duties workpaper.</li> <li>3. Review and document status of prior year comments and recommendations.</li> </ol> <p>Name and title of client personnel interviewed:</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>A. Office Receipts and Disbursements</p> <p>For all cashbooks or ledgers maintained, perform the following procedures:</p> <ol style="list-style-type: none"> <li>1. Obtain a summary of office receipts and disbursements.</li> <li>2. Perform analytical procedures of receipts and compare to prior years. Document procedures performed.</li> <li>3. Trace County share of disbursements to Treasurer's year-to-date miscellaneous receipts total(s).</li> </ol> <p>B. Office Liabilities</p> <ol style="list-style-type: none"> <li>1. Obtain a trust account schedule to determine amounts due to County funds, state, cities or others.</li> </ol>				

**COUNTY** Sample County**June 30, 2016****INDIVIDUAL OFFICES**  
**County Recorder**

<b>PROCEDURE</b>	<b>DONE BY.</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<ol style="list-style-type: none"> <li>2. Trace material amounts due to County funds, state, cities or others to subsequent disposition and document procedures performed.</li> <li>3. Obtain a list of trusts on hand at year-end and reconcile total to account records. Test for accuracy by tracing selected trusts to cashbook receipt.</li> <li>4. On a test basis trace trust receipts to subsequent disposition or year-end trust list.</li> </ol> <p>C. Cash in Bank</p> <ol style="list-style-type: none"> <li>1. Confirm bank balances and authorized check signers.</li> <li>2. Obtain bank reconciliations for all bank accounts as of year-end: <ol style="list-style-type: none"> <li>a. Foot bank reconciliation.</li> <li>b. Reconcile bank balances with cashbook balance.</li> <li>c. Obtain list of checks outstanding at the end of the period under audit, including check number, amount and date written. On a test basis examine checks paid from July 1 through the date of our fieldwork and document date cleared for test items.</li> <li>d. Trace material deposits in transit to subsequent bank statement and document the date deposited per books and per bank.</li> <li>e. Review monies swept from bank accounts to actual licenses sold. Document reconciling items.</li> </ol> </li> </ol> <p>D. Accounts Receivable</p> <ol style="list-style-type: none"> <li>1. Obtain a list of accounts receivable.</li> <li>2. Trace material amounts to subsequent collection.</li> <li>3. Determine if material accounts receivable are for authorized purposes.</li> </ol>				

ALTERNATE/ADDITIONAL PROCEDURES:

**COUNTY** Sample County**June 30, 2016****INDIVIDUAL OFFICES**  
**County Recorder**

<b>PROCEDURE</b>	<b>DONE BY.</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<u>CONCLUSION:</u>  We have performed procedures sufficient to achieve the audit objectives for the Recorder's Office and the results of these procedures are adequately documented in the accompanying workpapers.  Incharge _____ Date _____ Manager _____ Date _____ Independent Reviewer _____ Date _____				

**COUNTY** Sample County**June 30, 2016****INDIVIDUAL OFFICES**  
**County Sheriff**

<b>PROCEDURE</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p><b>Audit Objective:</b></p> <p><b>Agency fund assets and liabilities, and related increases and decreases, are properly recorded and reported.</b></p> <p><b>ENTRANCE CONFERENCE</b></p> <ol style="list-style-type: none"> <li>1. Items discussed: <ol style="list-style-type: none"> <li>a. Representation letter to be signed at completion of the audit.</li> <li>b. Any accounting problems during year.</li> <li>c. Any personnel changes.</li> <li>d. Arrangements for client assistance.</li> <li>e. Any other items.</li> </ol> </li> <li>2. Review internal control documentation and update key duties workpaper.</li> <li>3. Review and document status of prior year comments and recommendations.</li> </ol> <p>Name and title of client personnel interviewed:</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>A. Office Receipts and Disbursements</p> <p>For all cashbooks or ledgers maintained, perform the following procedures:</p> <ol style="list-style-type: none"> <li>1. Obtain a summary of office receipts and disbursements, including commissary.</li> <li>2. Perform analytical procedures of receipts and compare to prior years. Document procedures performed.</li> <li>3. Trace County share of disbursements to Treasurer's year-to-date miscellaneous receipt total(s).</li> <li>4. Determine the Sheriff's Trust Account disbursements are for authorized purposes. (Should not include items that should be run through claim procedures or salaries).</li> </ol>				

**COUNTY** Sample County**June 30, 2016****INDIVIDUAL OFFICES**  
**County Sheriff**

<b>PROCEDURE</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>5. If the Sheriff has a commissary account, determine disbursements for non-resale items have been included in the County's budget and disbursement procedures.</p> <p>B. Office Liabilities</p> <p>1. Obtain a trust account schedule to determine amounts due to County funds, the state, cities or others.</p> <p>2. Trace material amounts due to County funds, the state, cities or others to subsequent disposition and document procedures performed.</p> <p>3. Obtain a list of trusts on hand at year-end and reconcile total to account records. Test for accuracy by tracing selected trusts to cashbook receipt.</p> <p>4. On a test basis, trace material trust receipts to subsequent disposition or year-end trust list.</p> <p>C. Cash on hand – Count and reconcile drug buy cash funds.</p> <p>D. Cash in Bank</p> <p>1. Confirm bank balances and authorized check signers.</p> <p>2. Obtain bank reconciliations for all bank accounts as of yearend.</p> <p>a. Foot bank reconciliation.</p> <p>b. Reconcile bank balances with cashbook balance.</p> <p>c. Obtain a list of checks outstanding at the end of the period under audit, including check number, amount and date written. On a test basis, examine checks paid from July 1 through the date of fieldwork and document date cleared for test items.</p> <p>d. Trace material deposits in transit to subsequent bank statement and document the date deposited per books and per bank.</p> <p>3. Determine existence of any separately maintained accounts. If any are identified, review for propriety.</p>				

**June 30, 2016**

**INDIVIDUAL OFFICES**  
**County Sheriff**

PROCEDURE	DONE BY	W/P REF	N/A	REMARKS
<u>ALTERNATE/ADDITIONAL PROCEDURES:</u>				
<u>CONCLUSION:</u>				
<p>We have performed procedures sufficient to achieve the audit objectives for the County Sheriff and the results of these procedures are adequately documented in the accompanying workpapers.</p>				
<p>Incharge _____ Date _____</p>				
<p>Manager _____ Date _____</p>				
<p>Independent Reviewer _____ Date _____</p>				



**COUNTY** Sample County**June 30, 2016****INDIVIDUAL OFFICES**  
**County Extension**

<b>PROCEDURE</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p><b>Audit Objective:</b></p> <p><b>Agency fund assets and liabilities, and related increases and decreases, are properly recorded and reported.</b></p> <p><b>ENTRANCE CONFERENCE</b></p> <ol style="list-style-type: none"> <li>1. Items discussed: <ol style="list-style-type: none"> <li>a. Representation letter to be signed at completion of the audit.</li> <li>b. Accounting problems during year.</li> <li>c. Personnel changes.</li> <li>d. Arrangements for client assistance.</li> <li>e. Other items.</li> </ol> </li> <li>2. Review internal control documentation and update key duties workpaper.</li> <li>3. Review and document status of prior year comments and recommendations.</li> </ol> <p>Name and title of client personnel interviewed:</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>A. Cash in Bank</p> <ol style="list-style-type: none"> <li>1. Confirm bank balances and authorized check signers.</li> <li>2. Obtain bank reconciliations for all bank accounts as of year-end: <ol style="list-style-type: none"> <li>a. Foot bank reconciliation.</li> <li>b. Reconcile bank balances with cashbook balance.</li> </ol> </li> </ol>				

**June 30, 2016**

## INDIVIDUAL OFFICES

### County Extension

PROCEDURE	DONE BY	W/P REF	N/A	REMARKS
<p>c. Obtain list of checks outstanding at the end of the period under audit, including check number, amount and date written. On a test basis, examine checks paid in July and document date cleared for test items.</p> <p>d. Trace material deposits in transit to subsequent bank statement and document the date deposited per books and per bank.</p> <p>e. Determine existence of any separately maintained accounts. If any are identified, review for propriety.</p> <p>B. Receipts and Disbursements</p> <ol style="list-style-type: none"> <li>1. Reconcile tax receipts with the County Treasurer's tax apportionment.</li> <li>2. Scan disbursements for reasonableness.</li> </ol> <p><u>ALTERNATE/ADDITIONAL PROCEDURES:</u></p>          <p><u>CONCLUSION:</u></p> <p>We have performed procedures sufficient to achieve the audit objectives for the Agricultural Extension Office and the results of these procedures are adequately documented in the accompanying workpapers.</p> <div style="display: flex; justify-content: space-between; margin-top: 20px;"> <div>Incharge _____</div> <div>Date _____</div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div>Manager _____</div> <div>Date _____</div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div>Independent Reviewer _____</div> <div>Date _____</div> </div>				

COUNTY Sample County

June 30, 2016

**INDIVIDUAL OFFICES**  
**County Care Facility**

PROCEDURE	DONE BY	W/P REF	N/A	REMARKS
<p><b>Audit Objective:</b></p> <p><b>Agency fund assets and liabilities, and related increases and decreases, are properly recorded and reported.</b></p> <p><b>ENTRANCE CONFERENCE</b></p> <ol style="list-style-type: none"> <li>1. Items discussed: <ol style="list-style-type: none"> <li>a. Representation letter to be signed at completion of the audit.</li> <li>b. Any accounting problems during year.</li> <li>c. Any personnel changes.</li> <li>d. Arrangements for client assistance.</li> <li>e. Any other items.</li> </ol> </li> <li>2. Review internal control documentation and update key duties workpaper.</li> <li>3. Review and document status of prior year comments and recommendations.</li> </ol> <p>Name and title of client personnel interviewed:</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>A. Cash in Bank</p> <ol style="list-style-type: none"> <li>1. Confirm bank balances and authorized check signers.</li> <li>2. Obtain bank reconciliations for all bank accounts as of year-end: <ol style="list-style-type: none"> <li>a. Foot bank reconciliation.</li> <li>b. Reconcile bank balances with cashbook balance.</li> <li>c. Obtain list of checks outstanding at the end of the period under audit, including check number, amount and date written. On a test basis examine checks paid from July 1 through the date of our fieldwork and document date cleared for test items.</li> <li>d. Trace material deposits in transit to subsequent bank statement and document the date deposited per books and per bank.</li> </ol> </li> </ol>				

**June 30, 2016**

**INDIVIDUAL OFFICES**  
**County Care Facility**

[illegible]

COUNTY Sample County

June 30, 2016

**INDIVIDUAL OFFICES**  
**(City) (County) Assessor**

PROCEDURE	DONE BY.	W/P REF	N/A	REMARKS
<b>Audit Objective:</b> <b>Agency fund assets and liabilities, and related increases and decreases, are properly recorded and reported.</b> <b>ENTRANCE CONFERENCE</b> <ol style="list-style-type: none"> <li>1. Items discussed: <ol style="list-style-type: none"> <li>a. Representation letter to be signed at completion of the audit.</li> <li>b. Any accounting problems during year.</li> <li>c. Any personnel changes.</li> <li>d. Arrangements for client assistance.</li> <li>e. Any other items.</li> </ol> </li> <li>2. Review internal control documentation and update key duties workpaper.</li> <li>3. Review and document status of prior year comments and recommendations.</li> </ol> <p>Name and title of client personnel interviewed:</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <ol style="list-style-type: none"> <li>4. Determine detail disbursements tests on warrants/checks charged to the Assessor funds have been performed in conjunction with County expenditures.</li> </ol>				

**June 30, 2016**

**INDIVIDUAL OFFICES**  
**(City) (County) Assessor**

[illegible]

**COUNTY** Sample County

**June 30, 2016**

## AUDIT AND ACCOUNTING PROBLEMS

[illegible]

**COUNTY** Sample County

**June 30, 2016**

## CONFERENCES

[illegible]



**COUNTY** Sample County**June 30, 2016****SIGNIFICANT FINDINGS**  
**FROM THE AUDIT**

IN ATTENDANCE:

<u>County</u>		<u>Auditor</u>	
<u>Name</u>	<u>Title</u>	<u>Name</u>	<u>Title</u>

The auditor should communicate significant findings from the audit with those charged with governance, including the following matters. (AU-C 250.21 and AU-C 260.12 through AU-C 260.14)

(A) Accounting Policies

Significant accounting policies used by the County are described in Note 1 to the financial statements. Except as noted below, no new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. Except as noted below, we noted no instances where an otherwise acceptable accounting practice is not appropriate to the circumstances of the County.

Exceptions:

(B) Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility future events affecting them may differ significantly from those expected. We evaluated key factors and assumptions used in the significant estimates used by the County in determining the reasonableness in relation to the financial statements taken as a whole.

List significant estimates:

**COUNTY** Sample County

**June 30, 2016**

**SIGNIFICANT FINDINGS**  
**FROM THE AUDIT**

(C) Difficulties Encountered in Performing the Audit

Except as noted below, we encountered no significant difficulties in dealing with management in performing and completing our audit.

Exceptions:

(D) Nonaudit Services

We have met the requirements for performing nonaudit services under paragraphs 3.37 and 3.39 of the 2011 Yellow Book. Except as noted below, no nonaudit services were provided.

Exceptions:

(E) Uncorrected Misstatements

We have provided management with a listing of all uncorrected misstatements identified during the audit in the management representation letter. In our judgment, none of the uncorrected misstatements, either individually or in the aggregate, indicate matters that could have a significant effect on the County's financial reporting process.

(F) Disagreements with Management

Professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting or auditing matter which could be significant to the financial statements or the auditor's report. Except as noted below, no such disagreements arose during the course of our audit.

Exceptions:

(G) Corrected Misstatements

The following corrected misstatements were brought to the attention of management as a result of the audit procedures performed:

**COUNTY** Sample County

**June 30, 2016**

**SIGNIFICANT FINDINGS**  
**FROM THE AUDIT**

(H) Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If consultation involves application of an accounting principle to the County’s financial statements or a determination of the type of auditor’s opinion which may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine the consultant has all the relevant facts. Except as noted below, there were no such consultations with other accountants.

Exceptions:

(I) Significant Issues

Significant issues arising from the audit which were discussed, or were the subject of correspondence, with management.

List any significant issues:

(J) Comments

We have provided our written comments and recommendations regarding the County’s financial statements and operations, including matters involving noncompliance with laws and regulations.

NOTE: Information discussed during the exit conference is confidential until the audit report is released.

Acknowledgement:

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Governing Body Representative

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Date



**COUNTY** Sample County

**June 30, 2016**

**ITEMS FOR COMMENT**

The following guidance should be used by the auditor to evaluate the control deficiencies identified (AU-C 265):

**Definitions:**

Deficiency in Internal Control – exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

Significant Deficiency – a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Material Weakness – a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis.

Reasonable Possibility – exists when the likelihood of the event is either reasonably possible (chance of future event or events occurring is more than remote but less than likely) or probable (future event or events are likely to occur) as defined by.

Magnitude – refers to the extent of the misstatement that could have occurred, or actually occurred, since misstatements include both potential and actual misstatements.

Factors which affect the magnitude of a misstatement and might result from a deficiency or deficiencies include, but are not limited to, the following:

- The financial statement amounts or total of transactions exposed to the deficiency.
- The volume of activity (in the current period or expected in future periods) in the account or class of transactions exposed to the deficiency.

Risk factors affect whether there is a reasonable possibility a deficiency, or a combination of deficiencies, will result in a misstatement of any account balance or disclosure. The factors include, but are not limited to, the following:

- The nature of the financial statement accounts, classes of transactions, disclosures and assertions involved.
- The cause and frequency of the exceptions detected as a result of the deficiency, or deficiencies, in internal control.
- The susceptibility of the related asset or liability to loss or fraud.
- The subjectivity, complexity or extent of judgment required to determine the amount involved
- The interaction or relationship of the control(s) with other controls.
- The interaction with other deficiencies in internal control.
- The possible future consequences of the deficiency, or deficiencies, in internal control.
- The importance of the controls to the financial reporting process.

**June 30, 2016**

### ITEMS FOR COMMENT

[illegible]

D/C =	Deficiency in internal control
-------	--------------------------------

I/N = Instances of non-compliance

A = Reasonable possibility a misstatement or noncompliance may occur and not be detected/corrected

B = Magnitude of the potential misstatement is material, either quantitatively or qualitatively

C = Deficiency is less severe than a material weakness, yet merits attention of those charged with governance

When evaluating the above internal controls deficiencies (D/C):

- 1) (AU-C 265.09) Did the auditor determine whether multiple deficiencies which affect the same significant account or disclosure, relevant assertion, or component of internal control (if applicable), may, in combination, constitute a significant deficiency or a material weakness? \_\_\_\_\_ Yes

**June 30, 2016**

### ITEMS FOR NEXT YEAR

[illegible]

This form should be used to accumulate known audit differences by opinion unit detected by non-sampling substantive tests (including differences in accounting estimates) and projected audit differences from substantive tests that used sampling. A separate Audit Difference Evaluation Form should be maintained for each opinion unit. Use whole dollars only.

			Financial Statements Effect – Amount of Over (Under) Statement of:							
Description (Nature Of Audit Difference	Amount	Work paper Ref	Total Assets	Total Liab.	Fund Equity	Revenues	Expend.	Excess of Rev. over Expend. (a)	Working Cap. (b)	Mgr. Appr.
Unadjusted audit differences – this year										
Effect of unadjusted audit differences - last year										
Net audit difference										
Financial statement caption totals										
Net audit differences as a % of F/S captions										

(a)	For a proprietary fund type, this column would show the effect on net income.	Planning Materiality \$ _____
(b)	This column would only be used for a proprietary fund type.	
	Are any of the audit differences identified above indicative of fraud? (If yes, contact the Manager)	Yes _____ No _____
	Are any of the audit differences qualitatively material? (If yes, contact the Manager)	Yes _____ No _____
	Are the audit differences individually or in the aggregate material?	Yes _____ No _____



**COUNTY** Sample County**June 30, 2016****OPINION, DISCLOSURES AND  
OTHER REPORT INFORMATION****A. Independent Auditor's Report on the financial statements:**

1. Type of opinion rendered for each opinion unit and reason for modification of opinion, if applicable :

<input type="checkbox"/> Governmental Activities	U	Q	D	A
<input type="checkbox"/> Business Type Activities	U	Q	D	A
<input type="checkbox"/> Major Fund – General	U	Q	D	A
<input type="checkbox"/> Major Fund – Mental Health	U	Q	D	A
<input type="checkbox"/> Major Fund – Rural Services	U	Q	D	A
<input type="checkbox"/> Major Fund – Secondary Roads	U	Q	D	A
<input type="checkbox"/> Major Fund – Debt Service	U	Q	D	A
<input type="checkbox"/> Major Fund – Capital Projects	U	Q	D	A
<input type="checkbox"/> Additional Major Fund –	U	Q	D	A
<input type="checkbox"/> Additional Major Fund –	U	Q	D	A
<input type="checkbox"/> Aggregate Remaining Fund Information	U	Q	D	A
<input type="checkbox"/> Aggregate Discretely Presented Component Units	U	Q	D	A

2. Reliance on opinion of other auditors properly included in the Independent Auditor's Report Y N N/A

3. Required Supplementary Information (RSI) – Disclaim an opinion on the unaudited information (AU-C-730) (check applicable):

☐ MD&A      ☐ Budgetary Comparison      ☐ OPEB - Funding Progress  
☐ Proportionate Share Of Net Pension Liability      ☐ Contributions Schedule  
☐ Other \_\_\_\_\_

4. Supplementary information (SI) accompanying basic financial statements - Include an "in relation to" opinion (AU-C 725) (check if applicable):

☐ Schedules #1 to #\_\_\_ (including SEFA Schedule – Y or N/A)

Prior year information audited by whom and type of opinion(s) rendered (for multiple opinions, please describe in the space below):

Years:

<input type="checkbox"/> _____ AOS	U	Q	D	A
<input type="checkbox"/> _____ Other auditors	U	Q	D	A

5. Other information (OI) (Normally applicable only for CAFR audits) – Disclaim an opinion on the unaudited information (AU-C 720) (check applicable):

☐ Introductory section      ☐ Statistical section  
☐ Other \_\_\_\_\_

**June 30, 2016**

## **OPINION, DISCLOSURES AND OTHER REPORT INFORMATION**

[illegible]

COUNTY Sample County

June 30, 2016

**OPINION, DISCLOSURES AND  
OTHER REPORT INFORMATION  
SINGLE AUDIT**

Y = Yes N = No N/A = Not Applicable
-------------------------------------------

- |    |                                                                                                                                                                                                                                                                                                                                |                                          |         |
|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|---------|
| C. | IAR on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards:                                                                                                                                     | <b>Yes, No<br/>or Not<br/>applicable</b> |         |
|    | 1. Instances of material non-compliance                                                                                                                                                                                                                                                                                        | Y N                                      | GF-12's |
|    | 2. Instances of non-material non-compliance                                                                                                                                                                                                                                                                                    | Y N                                      | GF-12's |
|    | 3. No instances of non-compliance                                                                                                                                                                                                                                                                                              | Y N                                      | GF-12's |
|    | 4. Significant deficiencies                                                                                                                                                                                                                                                                                                    | Y N                                      | GF-12's |
|    | 5. Material weaknesses                                                                                                                                                                                                                                                                                                         | Y N                                      | GF-12's |
| D. | IAR on Compliance with Requirements For Each Major Federal Program and on Internal Control over Compliance Required by Uniform Guidance.                                                                                                                                                                                       |                                          |         |
|    | 1. Instances of non-compliance                                                                                                                                                                                                                                                                                                 | See next page                            |         |
|    | 2. Significant deficiencies                                                                                                                                                                                                                                                                                                    | Y N                                      | GF-12's |
|    | 3. Material weaknesses                                                                                                                                                                                                                                                                                                         | Y N                                      | GF-12's |
| E. | Because this audit is being conducted under Chapter 11 of the Code of Iowa, Government Auditing Standards and the Uniform Guidance, users of the report are presumed to be aware of the conditions under which the report is issued, including the requirement of state law that requires the report to be open to the public. |                                          |         |
| F. | Dollar threshold used to distinguish between Type A and Type B programs                                                                                                                                                                                                                                                        | \$ _____                                 | GF-1's  |
| G. | County qualified as low-risk auditee                                                                                                                                                                                                                                                                                           | Y N                                      | GF-1's  |

**COUNTY** Sample County**June 30, 2016****OPINION, DISCLOSURES AND  
OTHER REPORT INFORMATION  
SINGLE AUDIT**

## Compliance requirements (GF-9s):

	Major Program (CFDA #):				Major Program (CFDA #):			
	Requirement Tested	Findings reported in Part III of SFQC	Type of finding reported in Part III	Type of Opinion	Requirement Tested	Findings reported in Part III of SFQC	Type of finding reported in Part III	Type of Opinion
A. Activities Allowed or Unallowed	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A
B. Allowable Costs/Cost Principles	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A
C. Cash Management	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A
D. Reserved	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A
E. Eligibility	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A
F. Equipment and Real Property	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A
G. Matching, Level of Effort, Earmarking	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A
H. Period of Performance	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A
I. Procurement, Suspension and Debarment	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A
J. Program Income	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A
K. Reserved	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A
L. Reporting	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A
M. Subrecipient Monitoring	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A
N. Special Tests and Provisions	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A

U = Unmodified

Q = Qualified

D = Disclaimer

A = Adverse

MNC = Material noncompliance

QC = Questioned Cost &gt; \$25,000

SD = Significant Deficiencies

MW = Material Weaknesses

Y = Yes

N/A = Not applicable

NONE = None required to be reported

**COUNTY** Sample County  
**June 30, 2016**

**OPINION, DISCLOSURES AND  
OTHER REPORT INFORMATION  
SINGLE AUDIT**

Compliance requirements (GF-9s):

	Major Program (CFDA #):				Major Program (CFDA #):			
	Requirement Tested	Findings reported in Part III of SFQC	Type of finding reported in Part III	Type of Opinion	Requirement Tested	Findings reported in Part III of SFQC	Type of finding reported in Part III	Type of Opinion
A. Activities Allowed or Unallowed	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A
B. Allowable Costs/Cost Principles	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A
C. Cash Management	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A
D. Reserved	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A
E. Eligibility	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A
F. Equipment and Real Property	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A
G. Matching, Level of Effort, Earmarking	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A
H. Period of Performance	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A
I. Procurement, Suspension and Debarment	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A
J. Program Income	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A
K. Reserved	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A
L. Reporting	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A
M. Subrecipient Monitoring	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A
N. Special Tests and Provisions	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A

U = Unmodified

Q = Qualified

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SD = Significant Deficiencies

MW = Material Weaknesses

Y = Yes

N/A = Not applicable

NONE = None required to be reported

**June 30, 2016**

### CONFIRMATION CONTROL

[illegible]

\*If confirmation is not received, alternative procedures are required.

**June 30, 2016**

**WORKPAPER COPIES GIVEN**  
**TO COUNTY AND**  
**OUTSIDE PARTIES**

[illegible]

**COUNTY** Sample County

**June 30, 2016**

## PENDING MATTERS

[illegible]



**COUNTY** Sample County

**June 30, 2016**

## REVIEW NOTES

[illegible]

**COUNTY** Sample County**June 30, 2016****INCHARGE REVIEW QUESTIONNAIRE**

QUESTION	YES	NO	N/A
<ol style="list-style-type: none"> <li>1. Was the scope of our audit in accordance with our audit plan?</li> <li>2. Have you informed the Manager of all identified problems and internal control weaknesses that resulted in significant modification in the audit program, and have you obtained the Manager's concurrence with the modifications?</li> <li>3. Have you gathered enough evidence to satisfy the audit program objectives?</li> <li>4. Are you satisfied the evidence gathered does not disclose suspicion of abuse, fraud, violations of statutory, regulatory and contractual provisions, or other illegal acts other than those noted in the statutory comments of the report?</li> <li>5. Are you satisfied we have a reasonable basis for the expression of an opinion on each opinion unit and that the workpaper documentation supports the opinion we are expressing on the financial statements?</li> <li>6. Are you satisfied with the results of the limited procedures performed for required supplementary information, supplementary information and other information, if applicable?</li> <li>7. Are you satisfied there is not substantial doubt about the County's ability to continue as a going concern, or if there is substantial doubt, the appropriate disclosures were made and an explanatory paragraph was included in the Independent Auditor's Report?</li> <li>8. Are you satisfied we have a reasonable basis for and the workpapers support our statement in the Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting for instances of non-compliance required to be reported under Government Auditing Standards?</li> <li>9. Are you satisfied we have a reasonable basis for expressing an opinion on the County's compliance with the compliance requirements applicable to major federal programs?</li> <li>10. Are you satisfied we have obtained an adequate understanding of the design of internal controls, determined whether these controls were implemented and assessed control risk?</li> <li>11. Are you satisfied we have reduced the detection risk to a reasonable level?</li> <li>12. Have all applicable items on the audit planning, questionnaires and audit program been completed and workpapers properly indexed and signed or initialed by those doing the work?</li> <li>13. Have all significant unusual or unexpected balances or relationships noted during planning or the course of the audit been adequately investigated and documented?</li> <li>14. Has the work of all assistants been thoroughly reviewed?</li> <li>15. Have review notes been adequately resolved?</li> </ol>			

**COUNTY** Sample County**June 30, 2016****INCHARGE REVIEW QUESTIONNAIRE**

QUESTION	YES	NO	N/A
<p>16. Are you satisfied the planned level of risk of material misstatement due to fraud or error did not increase based on the accumulated results of the audit procedures performed during field work? (AU-C 240.34)</p> <p>17. Has there been appropriate communication with other audit team members throughout the audit regarding information or conditions indicative of risks of material misstatement due to fraud or error?</p> <p>18. Have you documented the success and/or failures of procedures performed based on the planned risk assessment in the items for next year section?</p> <p>19. Have you discussed with County officials and prepared draft comments or memoranda regarding communication of the following to the client:</p> <ul style="list-style-type: none"> <li>a. Management suggestions?</li> <li>b. All significant deficiencies and material weaknesses in internal control that we observed?</li> <li>c. All immaterial items noted during our audit?</li> <li>d. Non-compliance with any statutory, regulatory or contractual requirements?</li> <li>e. Any instances of fraud or indications fraud may exist?</li> <li>f. Auditor's Reports on financial statements, compliance and internal controls?</li> </ul> <p>20. Has the audit report routing sheet:</p> <ul style="list-style-type: none"> <li>a. Been completed and signed off?</li> <li>b. Been completed for the report distribution section, including addresses for non-client report recipients?</li> </ul> <p>21. Has the news release draft been completed?</p> <p>22. Has a list been prepared of all significant pending matters which must be cleared before issuing the report?</p> <p>23. Has the Manager been informed of all pending matters?</p> <p>24. Have required engagement evaluation reports been completed by the appropriate person(s)?</p> <p>25. Are you satisfied that all audit work complied with professional standards and office policies?</p> <p>26. Have all electronic workpapers been properly stored on the network?</p>			

**COUNTY** Sample County**June 30, 2016****INCHARGE REVIEW QUESTIONNAIRE**

QUESTION		YES	NO	N/A
COMMENTS (required for "No" answers):				
Incharge	_____ Date _____			
Manager	_____ Date _____			
Independent Reviewer	_____ Date _____			

COUNTY Sample County

June 30, 2016

**MANAGER REVIEW QUESTIONNAIRE**

QUESTION	YES	NO	N/A
A. General			
1. Have you reviewed the workpapers and do you concur with the conclusions of the incharge auditor?			
2. Have all exceptions noted on the Incharge Review Questionnaire been resolved?			
3. Are you satisfied:			
a. The audit program was properly modified for identified problems and internal control weaknesses?			
b. Required supplemental information, if applicable, has been obtained and limited testing procedures have been performed?			
c. The judgments and conclusions reached are supported by documented evidence?			
d. Appropriate changes for the next audit, if any, have been summarized?			
e. All audit work conformed to the audit plan, scope and objectives?			
f. All significant unusual or unexpected balances or relationships noted during planning or the course of the audit have been adequately investigated and documented?			
g. Nothing was noted that indicated an increased level of risk of material misstatement due to fraud or error?			
4. Do the workpapers include adequate documentation as to:			
a. Changes in accounting policies?			
b. Conformity with U.S. generally accepted accounting principles or a different basis of accounting, if appropriate?			
c. Conformity with U.S. generally accepted government auditing standards?			
d. Conformity with statutory, regulatory and contractual provisions?			
e. Adequacy of disclosure?			
f. Compliance with office policies?			
5. Have applicable questionnaires been completed?			
6. Have all applicable procedures been performed and signed off?			
7. Have all review comments been cleared with adequate documentation of disposition?			
8. Have required performance evaluations been completed?			
9. Have all electronic workpapers been properly stored on the network?			
B. Financial Statements and Audit Report:			

**COUNTY** Sample County**June 30, 2016****MANAGER REVIEW QUESTIONNAIRE**

QUESTION	YES	NO	N/A
<ol style="list-style-type: none"> <li>1. Are the financial statements adequately referenced to footnote disclosures?</li> <li>2. Are the dates of the financial statements correct?</li> <li>3. Are all material facts disclosed which are necessary to not make the financial statements misleading?</li> <li>4. Have all material and/or extraordinary subsequent events been evaluated and properly disclosed?</li> <li>5. Is there adequate documentation in the workpapers to support the footnotes?</li> <li>6. Do the footnotes clearly explain the facts?</li> <li>7. Is the nature of each financial statement clearly indicated by its title?</li> <li>8. Do the financial statements maintain a uniform manner of format, capitalization, headings and appearance in general within itself?</li> <li>9. Is our audit report addressed to the proper party?</li> <li>10. Does our opinion on each opinion unit properly state the responsibility we wish to assume?</li> <li>11. Has adequate audit work been performed to support the opinion on the financial statements we are rendering?</li> <li>12. Is the report dated in accordance with AU-C 700.41?</li> <li>13. Is any data in the footnotes that requires special mention, with respect to the date of our report, appropriately reflected in the date of our report?</li> <li>14. Is our opinion on the supplementary financial information proper and supported by our audit?</li> <li>15. Are disclosures in each opinion unit financial statements and notes to financial statements adequate and do they clearly communicate the facts?</li> <li>16. Have you performed final analytical review procedures including a comparison of the financial statements to the prior year?</li> <li>17. Are you satisfied the audit did not disclose any suspicions of fraud, violations of statutory, regulatory and contractual provisions or other illegal acts other than those noted in the statutory comments of the report?</li> <li>18. Have the following been discussed with appropriate client officials and arrangements been made to get responses, if appropriate: <ol style="list-style-type: none"> <li>a. Management suggestions?</li> <li>b. All significant deficiencies and material weaknesses in internal control that we observed?</li> </ol> </li> </ol>			

**COUNTY** Sample County**June 30, 2016****MANAGER REVIEW QUESTIONNAIRE**

QUESTION	YES	NO	N/A
<ul style="list-style-type: none"> <li>c. All immaterial items?</li> <li>d. Non-compliance with any statutory, regulatory or contractual requirements?</li> <li>e. Any instances of fraud or indications fraud may exist?</li> <li>f. Auditor's Report?</li> </ul>			
19. Have you sent the draft financial statements to the County and received written approval of the financial statements?			
C. IAR on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards:			
1. Has adequate work been performed to support our statement on instances of non-compliance required to be reported under Government Auditing Standards?			
2. Have appropriate exceptions been noted for items of non-compliance?			
3. Has adequate audit work been performed to support:			
a. Our understanding of internal controls?			
b. The determination of whether these controls have been implemented?			
c. Our assessment of control risk?			
4. Have all significant deficiencies and material weaknesses been disclosed?			
D. IAR on Compliance for each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance:			
1. Has adequate audit work been performed to support the opinion we are giving on compliance with compliance requirements applicable to major federal programs?			
2. Have appropriate exceptions been noted for items of non-compliance?			
3. Has adequate audit work been performed to support:			
a. Our understanding of internal controls?			
b. The determination of whether these controls have been implemented?			
c. Our assessment of control risk?			
4. Have all significant deficiencies and material weaknesses been disclosed?			
E. Report Production:			
1. Has the report routing sheet been completed?			

**COUNTY** Sample County**June 30, 2016****MANAGER REVIEW QUESTIONNAIRE**

QUESTION	YES	NO	N/A
2. Does the draft audit report comply with professional and office reporting standards?			
3. Has a copy of the completed routing sheet, including the report release date, been filed in GF-17's?			
COMMENTS (required for "No" answers):			
Manager _____ Date _____			
Independent Reviewer _____ Date _____			



**COUNTY** Sample County**June 30, 2016****INDEPENDENT REVIEWER QUESTIONNAIRE**

QUESTION	YES	NO	N/A
1. Is the audit evidence and documentation for all significant unusual or unexpected balances or relationships noted during planning or the course of the audit adequate?			
2. Have you reviewed the audit conclusions on all material items in the financial statements?			
3. Have all review notes been adequately resolved?			
4. Have you reviewed and do you concur with the Incharge Review Questionnaire?			
5. Have you reviewed and do you concur with the Manager Review Questionnaire?			
6. Based on your review, are the financial statements fairly presented?			
7. For any significant unusual or unexpected balances or relationships noted in your review of the audit report that were not previously identified, has adequate audit evidence and documentation been obtained?			
8. Do the financial statements, supplementary information and the comments and recommendations appear to be materially correct?			
9. Is the required supplementary information (RSI) included, if applicable, and has it been evaluated for reasonableness?			
10. Is the auditor's report on financial statements appropriate, based on our audit and the financial statement presentation?			
11. Is the auditor's report on internal control over financial reporting and on compliance and other matters appropriate, based on our audit?			
12. Is the auditor's report on compliance for each major federal program and on internal control over compliance appropriate, based on our audit?			
13. Does the draft audit report comply with professional and office reporting standards?			
COMMENTS (required for "No" answers):			
Independent Reviewer _____ Date _____			