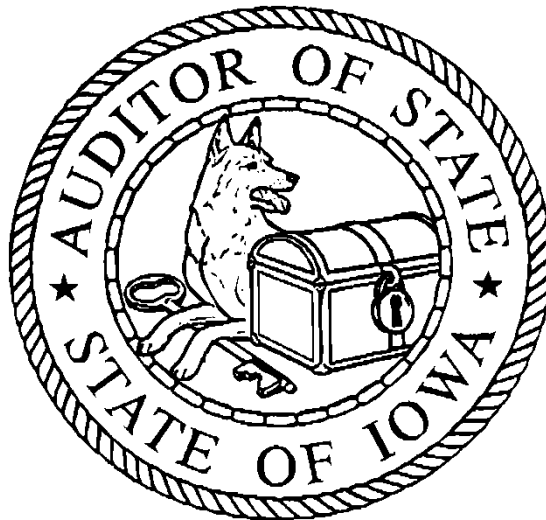


# **LANDFILL INTERNAL CONTROL QUESTIONNAIRE (ICQ) AND AUDIT PROGRAM GUIDE**

For the year ended June 30, 2016



MARY MOSIMAN, CPA  
AUDITOR OF STATE

**LANDFILL AUDIT PROGRAM GUIDE****LANDFILL Sample Landfill****June 30, 2016****FILE INDEX**

<u>N/A</u>	<u>Incl.</u>	
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_____	_____	GF-5 Client's Year End Financial Statements/Reports
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**LANDFILL AUDIT PROGRAM GUIDE**

**LANDFILL** \_\_\_\_\_ **Sample Landfill** \_\_\_\_\_

**June 30, 2016**

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**LANDFILL** \_\_\_\_\_ **Sample Landfill**

**June 30, 2016**

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RP	Long-Term Debt

**LANDFILL** \_\_\_\_\_ **Sample Landfill**

**June 30, 2016**

**AUDIT PLANNING**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS												
<p><b>Audit Objectives:</b></p> <p><b>A. Plan and document planning of audit.</b></p> <p><b>B. Consider Single Audit implications.</b></p> <p><b>C. Determine preliminary planning materiality.</b></p> <p><b>D. Consider the effect on financial statements of non-compliance with laws and regulations.</b></p> <p><b>E. Perform risk assessment procedures and assess risk of material misstatements of the financial statements.</b></p> <p><b>F. Determine audit approach.</b></p> <p><b>Audit Procedures:</b></p> <p>A. Job number _____</p>																	
<p>B. Assigned staff: Independent?</p> <p>Manager _____</p> <p>Incharge _____</p> <p>Staff _____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>	A																
<p>C. Timing:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 35%; text-align: center;">Planned Date</th> <th style="width: 35%; text-align: center;">Actual Date</th> </tr> </thead> <tbody> <tr> <td>Begin fieldwork</td> <td>_____</td> <td>_____</td> </tr> <tr> <td>Complete fieldwork</td> <td>_____</td> <td>_____</td> </tr> <tr> <td>To Manager</td> <td>_____</td> <td>_____</td> </tr> </tbody> </table>		Planned Date	Actual Date	Begin fieldwork	_____	_____	Complete fieldwork	_____	_____	To Manager	_____	_____	A				
	Planned Date	Actual Date															
Begin fieldwork	_____	_____															
Complete fieldwork	_____	_____															
To Manager	_____	_____															
<p>D. Document contact information:</p> <p>Board Chairman Name: _____</p> <p>Phone _____ E-mail _____</p> <p>Finance Officer Name: _____</p> <p>Phone _____ E-mail _____</p>																	
<p>E. Obtain and file the engagement letter. (AU-C 210.09)</p>	A																
<p>F. If prior year audit was performed by another firm (AU-C 510):</p> <ol style="list-style-type: none"> <li>1. Obtain and review a copy of the independent auditor's reports on the financial statements, compliance and internal control.</li> <li>2. Obtain copies of appropriate workpapers.</li> <li>3. Make the appropriate inquiries of the predecessor auditor.</li> </ol>	A																

**LANDFILL** \_\_\_\_\_ **Sample Landfill**

**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: _____					
G. 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 of prior year comments. 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 those 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,F				
H. Inquire as to the existence of any attestation engagements, performance audits, or other studies (for example – Federal audits, program audits, IT (information technology) 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)	A,D				
I. Review permanent file, 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. 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. d. Identify and document relationships with organizations other than component units. 2. Nature of business and legal environment. 3. Applicable state and federal regulations.	A,B,F				

**LANDFILL** Sample Landfill**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. Administrative and accounting personnel. 5. As applicable, federal program personnel. 6. Organization chart. 7. Chart of accounts and accounting manual. 8. Use of outside service organizations. 9. Use(s) of IT systems. 10. Methods used to process significant accounting information. 11. Long-term leases, contracts and commitments. 12. List of officials and terms.					
J. Conduct entrance conference. Discuss and document pertinent information.	A,B				
K. Request the Landfill assemble all necessary information, records and documents.	A,B,F				
L. 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> ).					
M. 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: <ol 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 and its components and environments, including understanding:               <ol style="list-style-type: none"> <li>a. Group-wide controls</li> <li>b. The consolidation process</li> </ol> </li> <li>4. Determining if components are considered significant, either individually financially significant or likely to include significant risks to the group financial statements.</li> <li>5. Gaining an understanding of component auditors.</li> <li>6. Deciding if the audit report will refer to the component auditor's work.</li> <li>7. Determining materiality levels for the group financial statements as a whole and component materiality levels.</li> <li>8. Applying further audit procedures to the consolidation process.</li> <li>9. Subsequent events occurring between the dates of the</li> </ol>	A,C,E,F				

**LANDFILL** Sample Landfill

**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>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>N. 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 <u>Government Auditing Standards</u> Chapter 6.42-.44) - Consider whether specialized skills, including professionals possessing 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> <p>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).</p> <p>b. An actuary used to determine incurred but not reported (IBNR) claims for a self-insurance fund.</p> <p>c. An actuary used to determine amounts for other postemployment benefits (OPEB).</p> <p>O. Inquire about related party transactions.</p> <p>P. Minutes:</p> <p>1. Review minutes through the most recent meeting and document significant action of the governing body, including subsequent events.</p> <p>2. Determine and document whether minutes were properly signed.</p> <p>3. Determine, on a test basis, if meetings were preceded by proper public notice in accordance with Chapter 21.4 of the Code of Iowa.</p> <p>4. Determine if minutes document the governing body followed proper proceedings for any closed sessions. (Chapter 21.5 of the Code of Iowa)</p>	<p>A,F</p> <p>A,E,F</p>				



**LANDFILL** Sample Landfill

**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. The session was closed by affirmative roll call vote of at least two-thirds of the members.</li> <li>b. The specific exemption under Chapter 21.5 of the Code of Iowa was identified and documented.</li> <li>c. Final action was taken in open session.</li> </ul> <ul style="list-style-type: none"> <li>5. 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.</li> <li>6. Trace approval of selected capital asset acquisitions in the minutes to the disbursements/expenditures journal.</li> <li>7. Trace approval of selected asset dispositions from the minutes to the receipts/revenues journal.</li> <li>8. Review records for unapproved acquisitions or dispositions.</li> <li>9. Determine, on a test basis, if the proceedings were published in accordance with Chapter 28E.6 of the Code of Iowa, including:                             <ul style="list-style-type: none"> <li>a. The Landfill furnished a summary of the proceedings for publication to the newspaper within 20 days following the adjournment of the meeting.</li> <li>b. Publication included a schedule of bills allowed.</li> <li>c. Salaries of employees were published annually.</li> </ul> </li> </ul>					
<ul style="list-style-type: none"> <li>Q. Obtain a copy of the Landfill's June 30 financial statement(s)/ reports and/or Annual Financial Report.</li> </ul>	A				
<ul style="list-style-type: none"> <li>R. 28E Organizations:                             <ul style="list-style-type: none"> <li>1. Determine if the Landfill was a member of a Chapter 28E organization with gross receipts in excess of \$100,000 in the fiscal year.</li> <li>2. If so, determine if arrangements have been made for an audit of the 28E organization in accordance with Chapter 11.6 of the Code of Iowa.</li> </ul> </li> </ul>					
<ul style="list-style-type: none"> <li>S. Determine and document judgments about materiality levels by opinion units. (AAG-SLV 4.23) If done at interim, update materiality levels as of year end.</li> </ul>					
<ul style="list-style-type: none"> <li>T. Apply preliminary analytical procedures:                             <ul style="list-style-type: none"> <li>1. Compare current year information to information with a plausible relationship.</li> <li>2. Identify expectations and document basis of expectations.</li> <li>3. Identify unusual or unexpected balances or relationships.</li> </ul> </li> </ul>	A,E				

**LANDFILL** Sample Landfill

**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>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> <p>U. Determine completeness and accuracy of books and records by footing, crossfooting and tracing postings from journals as necessary. Include all subsidiary detail systems.</p> <p>V. Prepare all necessary confirmation requests for mailing.</p> <p>W. 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.</p> <p>X. 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).</p> <p>Y. Internal Control:</p> <p>1. Obtain and document an understanding of the internal controls, including those relating to overall compliance with laws and regulations.</p> <p>a. Determine and document whether the controls have been implemented.</p> <p>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.</p> <p>1) Document conclusions in workpapers concerning the assessed level of control risk for the assertions.</p> <p>2) Identify those financial statement assertions for which tests of controls need to be performed and design the appropriate tests of controls.</p> <p>c. If the Landfill uses a service organization to process Landfill transactions (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 Landfill (user organization), related control risk assessments and the availability of evidence to perform substantive procedures.</p>	<p>A,B,E,F</p> <p>A,B,D,E,F</p>				

**LANDFILL** Sample Landfill

**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>d. Obtain and document an understanding of the Landfill’s credit card collections and compliance with PCI (Payment Card Industry) Data Security Standards.</p> <p>1) Determine credit card security policies have been documented and established.</p> <p>2) Determine self-assessment measures have been completed.</p> <p>e. Obtain and document an understanding of the internal audit function to determine whether the internal audit function is likely to be relevant to the audit. (AU-C 315.24)</p> <p>2. If step Y(1) is done at interim, determine if tests of controls and assessments of control risk can be extended to year end:</p> <p>a. Apply the following procedures for the internal control work done:</p> <p>1) Ask whether there have been any changes to internal control since interim date. Also, consider whether any changes are apparent from substantive (or other) tests done after interim date.</p> <p>2) Consider the significance of any changes.</p> <p>3) Obtain audit evidence about the nature and extent of any changes.</p> <p>b. If considered necessary based on the above procedures, perform additional tests of controls and update risk assessments.</p> <p>Z. Determine the major funds for the business type activities. Funds are considered major funds if they meet both the criteria for the same element. (GASB 34 par. 76)</p> <p>1. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues or expenses of the individual enterprise fund is at least 10 percent of the corresponding total for all funds of the category or type.</p> <p>2. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues or expenses of the individual enterprise fund is at least 5 percent of the corresponding total for all enterprise funds combined.</p> <p>AA. Consideration of compliance with laws and regulations (GAS Chapter 6.28, AU-C 250.12, AU-C 250.14)</p> <p>1. Identify and obtain an understanding of the legal and regulatory framework applicable to the Landfill and how the Landfill is complying with the framework.</p>	<p>D</p>				

**LANDFILL** Sample Landfill

**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. Identify possible instances of noncompliance with laws and regulations that may have a material effect on the financial statements:</p> <p>a. Inquire of management and, when appropriate, those charged with governance, about whether the Landfill is in compliance with such laws and regulations.</p> <p>b. Inspect correspondence, if any, with relevant licensing or regulatory authorities.</p>					
<p>BB. 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)</p>	E				
<p>CC. Modify/expand on 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 Landfill’s internal controls.</p>	A,F				
<p>DD. If Single Audit requirements apply to the Landfill, insert the appropriate planning program procedures.</p>					
<p>EE. Document compliance with <u>Government Auditing Standards</u> conceptual framework for nonaudit services, if any.</p>					
<p>FF. Determine if the Landfill 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>GG. 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>HH. Immediately contact the Manager if fraud or embezzlement is suspected. Ensure the appropriate officials are notified after contacting the Manager. Chapter 11.6 of the Code of Iowa requires a CPA firm and the Landfill 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.</p>					
<p>II. Prepare audit time budget.</p>					
<p>JJ. Discuss planning phase with the Manager and document conclusions.</p>	A				



**LANDFILL** \_\_\_\_\_ **Sample Landfill****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 Landfill 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.

**LANDFILL** Sample Landfill**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 Landfill'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 Landfill? (i.e. pensions)			
11. Have there been any significant changes in accounting practices for the Landfill?			
12. Are there any economic conditions or recent developments that affected the Landfill's operations? (inflation, interest rates, technological changes)			
13. Are there any special regulatory or reporting requirements that apply?			
14. Is the Landfill economically dependent on a major industry or company such that a change in the industry or company would adversely affect the Landfill?			
15. Has there been a change in state or federal funding that would significantly impact the operations of the Landfill?			
16. Is any aspect of the Landfill profit motivated?			
17. Have there been any significant changes in the function or responsibilities of the Landfill?			
18. Do the financial statements require use of significant accounting estimates or fair value determinations?			
19. Does the Landfill have multiple locations for significant operations?			

**LANDFILL** Sample Landfill**June 30, 2016****AUDIT STRATEGY**

<b>PROCEDURES</b>	<b>DONE BY</b>	<b>REMARKS</b>
<p>20. Complete the fraud risk assessment form.</p> <p>21. Document the following on the audit strategy form:</p> <ul style="list-style-type: none"> <li>a. Identify material account balances and classes of transactions. Consider planning materiality as well as qualitative matters such as volume of transactions, susceptibility of assets to theft, etc.</li> <li>b. Assess the inherent risk by assertion for each of the material account balances and classes of transactions identified above and document the results.</li> <li>c. Assess control risk.</li> <li>d. Considering the understanding obtained of the Landfill (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.</li> <li>e. Document overall responses to the risks identified and the design of further audit procedures (audit approach).</li> <li>f. Indicate whether test of controls are applicable or comment on whether controls do not exist or cannot be tested.</li> </ul> <p>22. Identify other matters considered in determining the audit strategy.</p> <p>23. Identify any matters that could increase the risk of material misstatement of the financial statements due to errors, fraud and other non-compliance.</p>		



**LANDFILL** \_\_\_\_\_ **Sample Landfill**

**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 Landfill’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.

**LANDFILL** \_\_\_\_\_ **Sample Landfill**

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

**June 30, 2016**

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 Landfill assets.
- d. Known external and internal factors affecting the Landfill 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 which may be relevant to identifying risks of material misstatement due to fraud or error?

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

\_\_\_\_\_ No

Comments:

**LANDFILL** \_\_\_\_\_ **Sample Landfill**

**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, at a minimum, **all** those who sign the management representation letter.

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

3. Inquire of the Landfill’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 Landfill’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.

**LANDFILL** \_\_\_\_\_ **Sample Landfill**

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

**June 30, 2016**

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

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

- 7. Inquire of the Landfill’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 employees or officials 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:

**LANDFILL** \_\_\_\_\_ **Sample Landfill**

**June 30, 2016**

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

B. Others Interviewed:

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

1. Inquire of others within the Landfill (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 employees or officials 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:

**LANDFILL** \_\_\_\_\_ **Sample Landfill** \_\_\_\_\_

**June 30, 2016**

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

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:

**LANDFILL** \_\_\_\_\_ **Sample Landfill**

**June 30, 2016**

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

D. Audit Committee or Equivalent Personnel Interviewed:

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

1. 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 Landfill’s assessment of risks of fraud and the programs and controls the Landfill has adopted to mitigate those risks. Describe.

2. 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:

**LANDFILL** \_\_\_\_\_ **Sample Landfill**

**June 30, 2016**

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

E. Internal Audit Personnel Interviewed:

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

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:



**LANDFILL** Sample Landfill

June 30, 2016

**AUDIT STRATEGY  
RISK ASSESSMENT**

QUESTION	YES	NO	N/A	REMARKS
<b>III. FRAUD RISK ASSESSMENT</b>				
<p><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.</p>				
<p><b><u>RISK FACTORS RELATING TO FRAUDULENT FINANCIAL REPORTING</u></b></p>				
<p>A. Incentives/Pressures</p> <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 Landfill’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 Landfill subject to new accounting, statutory or regulatory requirements that could impair its operating efficiency or financial stability?</li> <li>11. Is the Landfill experiencing rapid changes, such as rapid changes in technology or rapid changes in citizen’s service expectations?</li> <li>12. Is the Landfill experiencing a poor or deteriorating financial condition (for example, a declining tax base, declining economy or other anticipated loss of revenue sources)?</li> <li>13. Is the Landfill having difficulty generating cash flows from operating activities?</li> </ol>				

**LANDFILL** \_\_\_\_\_ **Sample Landfill**

**June 30, 2016**

**AUDIT STRATEGY  
RISK ASSESSMENT**

QUESTION	YES	NO	N/A	REMARKS
14. Has the Landfill experienced unusually rapid growth or improved financial results, especially when compared to other governments?				
15. Is the Landfill highly vulnerable to changes in interest rates?				
16. Is the Landfill unusually dependent on debt financing?				
17. Do the Landfill's financing agreements have debt covenants that are difficult to maintain?				
18. Is the Landfill 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>B. Opportunities</b>				
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 Landfill?				
3. Are internal controls inadequately monitored by management?				
4. Has management continued to employ ineffective accounting or IT (information technology) personnel?				
5. Has there been a high turnover in management level employees, bankers, attorneys or auditors?				
6. Does the level of communication between accounting managers and data processing or IT departments appear to be inadequate?				
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?				

**LANDFILL** Sample Landfill**June 30, 2016****AUDIT STRATEGY**  
**RISK ASSESSMENT**

<b>QUESTION</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>	<b>REMARKS</b>
8. Does the Landfill 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)?				
9. Does the Landfill have unusual or highly complex transactions (particularly those close to year-end) that are difficult to assess for substance over form?				
10. Does the Landfill have significant bank accounts in locations for which there does not appear to be a clear business justification?				
11. Does the Landfill 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?				
12. Does the Landfill have significant relationships with other governments that do not appear to have a clear programmatic or business justification?				
C. Attitudes/Rationalizations				
1. Were there numerous significant audit adjustments in prior periods?				
2. Is there an excessive interest by management to meet performance targets through the use of unusually aggressive accounting practices?				
3. Has management failed to effectively communicate and support the Landfill's values or ethics?				
4. Has management failed to effectively communicate about inappropriate business practices or ethics?				
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?				

**LANDFILL** \_\_\_\_\_ **Sample Landfill**

**June 30, 2016**

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

QUESTION	YES	NO	N/A	REMARKS
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 Landfill 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 Landfill have significant investments in high-risk financial investments?				
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 indicate incentives/pressures, opportunities or attitudes/rationalizations for management to engage in fraudulent financial reporting?				

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

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

\_\_\_\_\_ No

Comments:

**LANDFILL** Sample Landfill

**June 30, 2016**

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

QUESTION	YES	NO	N/A	REMARKS
<p><b><u>RISK FACTORS RELATING TO MISAPPROPRIATION OF ASSETS</u></b></p>				
<p>A. Incentives/Pressures</p>				
<p>1. Are there any indications management or employees with access to cash or other assets susceptible to theft have personal financial obligations that may create pressure to misappropriate assets?</p>				
<p>2. Are there any conditions that may create adverse relationships between the Landfill and employees with access to cash or other assets susceptible to theft, such as the following:</p>				
<p>a. Known or anticipated future employee layoffs?</p>				
<p>b. Recent or anticipated changes to employee compensation or benefit plans?</p>				
<p>c. Promotions, compensation or other rewards inconsistent with expectations?</p>				
<p>B. Opportunities</p>				
<p>1. Does the Landfill maintain or process large amounts of cash?</p>				
<p>2. Is the Landfill's inventory easily susceptible to misappropriation (such as small size, high value or high demand)?</p>				
<p>3. Does the Landfill have assets that are easily convertible to cash (such as bearer bonds, etc.)?</p>				
<p>4. Does the Landfill have capital assets that are easily susceptible to misappropriation (such as small size, portability, marketability, lack of ownership identification, etc.)?</p>				
<p>5. Is the Landfill susceptible to fraudulent, unauthorized disbursements (such as vendor or payroll disbursements) being made in amounts that are material to the financial statements?</p>				
<p>6. Is there a lack of management oversight over assets susceptible to misappropriation?</p>				
<p>7. Does the Landfill lack job applicant screening procedures when hiring employees with access to assets susceptible to misappropriation?</p>				
<p>8. Does the Landfill have inadequate record keeping over assets susceptible to misappropriation?</p>				
<p>9. Is there a lack of appropriate segregation of duties that is not mitigated by other factors (such as management oversight)?</p>				
<p>10. Does the Landfill lack an appropriate system for authorizing and approving transactions (for example, in purchasing or payroll disbursements)?</p>				

**LANDFILL** Sample Landfill

**June 30, 2016**

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

QUESTION	YES	NO	N/A	REMARKS
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 Landfill 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?				

**LANDFILL** \_\_\_\_\_ **Sample Landfill**

**June 30, 2016**

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

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

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

\_\_\_\_\_ No

Comments:

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.

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.

**LANDFILL** \_\_\_\_\_ **Sample Landfill****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 Landfill's programs and controls to 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 Landfill and its environment, including internal controls, fraud risk considerations and any other sources providing information about relevant risks. 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 and 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.

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.



**LANDFILL** \_\_\_\_\_ **Sample Landfill**

**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 C in audit program section Trial Balance and step B in audit program section Working Trial Balance

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

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





**LANDFILL** Sample Landfill

**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			
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:			

**LANDFILL** Sample Landfill

**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 Activities/ Statement of Revenues, Expenditures and Changes in Fund Balances</b>			
Revenue/Receipts – Proprietary			
Other Revenue/Receipts			
Expenditures/Disbursements			
Expenditures - Procurement/Credit Cards			
Payroll			
Transfers			
Depreciation			
Financial Reporting (Presentation and Disclosure)			
Other:			



**LANDFILL Sample Landfill****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 Landfill holds or controls the rights to assets and liabilities are the obligations of the Landfill.
- 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 Landfill.
- 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 Landfill.
- 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.

**LANDFILL** Sample Landfill

**June 30, 2016**

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

**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)
	<u>MAXIMUM</u>	<u>MODERATE</u>	<u>LOW</u>	
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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**LANDFILL Sample Landfill**

**June 30, 2016**

**AUDIT STRATEGY  
RISK ASSESSMENT**

**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 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	_____	_____	_____	_____

**LANDFILL** \_\_\_\_\_ **Sample Landfill**

**June 30, 2016**

**NONAUDIT SERVICES**

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

**Nonaudit Services Performed:** Document each nonaudit service to be performed and, based on your understanding with the Landfill, document whether the Landfill 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\_\_\_\_\_

**LANDFILL** \_\_\_\_\_ **Sample Landfill**

**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 Landfill will review and approve any proposed journal entries. \_\_\_\_\_
- \_\_\_\_\_ The designated individual at the Landfill will compare fund balances reported in the draft financial statements to the Landfill's records. \_\_\_\_\_
- \_\_\_\_\_ The designated individual at the Landfill will complete the nonaudit services disclosure checklist. \_\_\_\_\_
- \_\_\_\_\_ The designated individual at the Landfill 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.)

**LANDFILL** \_\_\_\_\_ **Sample Landfill**

**June 30, 2016**

**NONAUDIT SERVICES**

**CONCLUSION:** We have evaluated the nonaudit services to be provided to the Landfill, 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 Landfill 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 Landfill.

Incharge \_\_\_\_\_

Date \_\_\_\_\_

Manager \_\_\_\_\_

Date \_\_\_\_\_

Independent  
Reviewer \_\_\_\_\_

Date \_\_\_\_\_

**LANDFILL** \_\_\_\_\_ **Sample Landfill**

**June 30, 2016**

**PLANNING CONFERENCE**  
**ENTRANCE**

DATE: \_\_\_\_\_

IN ATTENDANCE:

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

Items

Discussion

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.

**LANDFILL** Sample Landfill**June 30, 2016****PLANNING CONFERENCE**  
**ENTRANCE**ItemsDiscussion

- 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.
- M. If the Landfill has extended or received financial guarantees on obligations of other entities without receiving or paying equivalent value for the guarantee, discuss the obligation with Landfill officials (GASB 70).
- N. Understanding of fee and billing arrangements.
- O. Landfill closure/postclosure care costs and financial assurance.
- P. 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 or significant changes in user changes.
  - 4. Debt issuances or refunding/retirement of debt.
  - 5. Significant changes in Landfill's budget from the prior year or significant amendments to the Landfill's current year budget.
  - 6. Other.

**LANDFILL** Sample Landfill**June 30, 2016****PLANNING CONFERENCE**  
**ENTRANCE**ItemsDiscussion

- Q. 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).
- R. GASB 68 – Accounting and Financial Reporting for Pensions. – Discuss with management the impact on the Landfill’s financial statements for reporting a new pension liability, deferred outflows, deferred inflows, related footnotes and new RSI schedules.
- S. Inquire of management and, when appropriate, those charged with governance, about whether the Landfill is in compliance with laws and regulations that may have a material effect on the financial statements.
- T. Inquire of management about its understanding of the risk of material misstatement due to fraud and whether they have knowledge of fraud that has occurred.
- U. 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.
- V. 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.
- W. Inquire of management about the existence of any known limitations on the audit.
- X. 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.
- Y. Other items.

**LANDFILL** \_\_\_\_\_ **Sample Landfill**

**June 30, 2016**

**PLANNING CONFERENCE**  
**ENTRANCE**

Items

Discussion

- Z. Discuss the following items with those charged with governance\*\*:
1. Are there any matters warranting particular attention during the audit or any areas where additional procedures are requested?
  2. Has there been any significant communications with regulators?
  3. How does the Landfill respond to changes in financial reporting standards and laws/regulations?
  4. What actions have been taken to respond to prior audit comments?
  5. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Acknowledgement:

Board Member or Audit Committee Member	Date
Executive Director/Director/Superintendent	Date
Financial Reporting Representative	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 are discussed at a later date.



**LANDFILL** \_\_\_\_\_ **Sample Landfill****June 30, 2016****PLANNING CONFERENCE**  
**MANAGER**

DATE: \_\_\_\_\_

TIME: \_\_\_\_\_

ItemsDiscussion

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

Copy of planning conference and RAS summary provided to Deputy.

Deputy \_\_\_\_\_ Date \_\_\_\_\_

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

**LANDFILL** Sample Landfill

**June 30, 2016**

**INTERNAL CONTROL QUESTIONNAIRE**

	<u>W/P REF.</u>
CONTROL ENVIRONMENT	GF 3.2
RISK ASSESSMENT	GF-3.3
INFORMATION AND COMMUNICATION	GF-3.3
MONITORING	GF-3.4
CONTROL ACTIVITIES (Including control risk assessment):	
PETTY CASH/CASH	GF-3.6
INVESTMENTS	GF-3.7
RECEIPTS/REVENUES/RECEIVABLES	GF-3.8
DISBURSEMENTS/EXPENDITURES/PAYABLES	GF-3.9
PAYROLL	GF-3.10
TRANSFERS	GF-3.12
FINANCIAL REPORTING	GF-3.12
INVENTORIES	GF-3.13
CAPITAL ASSETS	GF-3.13
LONG-TERM DEBT	GF-3.14
OTHER:	
	GF-3.__. __
<hr/>	
IT	GF-3.22

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

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

Independent  
Reviewer \_\_\_\_\_ Date \_\_\_\_\_

**LANDFILL** Sample Landfill

June 30, 2016

**INTERNAL CONTROL QUESTIONNAIRE**

QUESTION	YES	NO	N/A	REMARKS
<p><b>OBJECTIVE: To obtain sufficient knowledge of the Landfill's internal controls including: Control Environment, Risk Assessment, Information and Communication, Monitoring and Control Activities.</b></p>				
<p><b><u>CONTROL ENVIRONMENT</u></b></p>				
<p>1. Does previous experience with the Landfill indicate integrity and competence among the Landfill's officials and personnel?</p>				
<p>2. Has the Landfill created and maintained a culture of honesty and ethical behavior?</p>				
<p>3. Has the Landfill established policies regarding such matters as acceptable business practices, conflicts of interest and codes of conduct?</p>				
<p>4. Has the Landfill established procedures to identify and monitor related party transactions?</p>				
<p>5. Does the Landfill provide adequate training of employees?</p>				
<p>6. Do accounting personnel appear to have sufficient expertise in selecting and applying accounting principles?</p>				
<p>7. Are there regular meetings of the governing body to set policies and objectives and review the Landfill's performance?</p>				
<p>8. Does the Landfill have a mission statement, objectives and goals?</p>				
<p>9. Are management and operating decisions determined at appropriate levels?</p>				
<p>10. Have officials given a high priority to internal controls?</p>				
<p>11. Do officials emphasize meeting the budget and/or other financial and operating goals?</p>				
<p>12. Do appropriate officials take an active role in the financial reporting of the Landfill?</p>				
<p>13. Is the Landfill adequately meeting its financial obligations?</p>				
<p>14. Has the Landfill been responsive to prior recommendations from its auditors?</p>				
<p>15. Is the Landfill willing to adjust the financial statements for misstatements that approach a material amount?</p>				
<p>16. Does the Landfill have a current table of organization?</p>				
<p>17. Is the organizational structure appropriate for the size and complexity of the Landfill?</p>				
<p>18. Are there formalized policies and procedures for all major operations of the Landfill?</p>				
<p>19. Do Landfill officials stress adherence to such policies and procedures?</p>				

**LANDFILL** Sample Landfill**June 30, 2016****INTERNAL CONTROL QUESTIONNAIRE**

<b>QUESTION</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>	<b>REMARKS</b>
<p>20. Is there a clear assignment of responsibility and delegation of authority to deal with such matters as organizational goals and objectives, operating functions and regulatory requirements?</p> <p>21. Are there written job descriptions for each employee delineating specific duties, reporting relationships and constraints?</p> <p>22. Does management hold individuals accountable for their internal control responsibilities?</p> <p>23. Are vacations mandatory for financial personnel and are duties rotated when employees are on vacation?</p> <p>24. Are there regular evaluations of employee job performance?</p> <p>25. Does the Landfill have policies and procedures which address employee disciplinary action when necessary?</p>				
<b><u>RISK ASSESSMENT</u></b>				
<p>1. Has the Landfill assessed the effect of the following conditions on the Landfill's ability to prepare financial statements that are free from material misstatement:</p> <p>a. Changes in the Landfill's operating environment?</p> <p>b. New personnel?</p> <p>c. Rapid growth?</p> <p>d. New technology?</p> <p>e. New accounting pronouncements?</p> <p>f. Related party transactions?</p> <p>g. Potential for fraud?</p> <p>2. Does management consult with its auditors on (or make independent assessments of) new accounting issues or pronouncements?</p>				
<b><u>INFORMATION AND COMMUNICATION</u></b>				
<u>General</u>				
<p>1. Do accounting and key management personnel understand the duties and control responsibilities applicable to their jobs and that their responsibilities contribute to the Landfill's financial reporting objectives?</p> <p>2. Are employees encouraged to report suspected improprieties to management?</p> <p>3. Does management communicate with external parties regarding matters affecting the functioning of internal control work?</p>				

**LANDFILL** Sample Landfill**June 30, 2016****INTERNAL CONTROL QUESTIONNAIRE**

QUESTION	YES	NO	N/A	REMARKS
<u>Accounting System</u>				
<ol style="list-style-type: none"> <li>1. Is a chart of accounts used?</li> <li>2. Are the accounting records:               <ol style="list-style-type: none"> <li>a. adequate for the Landfill?</li> <li>b. kept up to date?</li> <li>c. balanced monthly?</li> </ol> </li> <li>3. Is there an accounting procedures manual?</li> <li>4. Are specific duties assigned to individual employees?</li> <li>5. Are accounting records maintained on a computer system?</li> </ol>				
<b><u>MONITORING</u></b>				
<ol style="list-style-type: none"> <li>1. Is management sufficiently involved in the operations to identify significant variances from expectation?</li> <li>2. Does management take appropriate follow-up action for identified problems or weaknesses in internal controls?</li> <li>3. Are budgets required for all funds regardless of whether mandated by law?</li> <li>4. Is the budget prepared and communicated in sufficient detail to provide a meaningful tool with which to monitor performance?</li> <li>5. With respect to service organizations which the Landfill uses to process transactions or which are part of the Landfill's information system:               <ol style="list-style-type: none"> <li>a. Is the contract between the Landfill and the service organization non-discretionary (that is, it does not give the service organization discretionary authority to execute transactions without the Landfill's involvement at the time of execution)?</li> <li>b. Is the service provided highly standardized and used extensively by many other entities rather than being unique and used by only a few?</li> <li>c. Does the Landfill retain responsibility for authorizing transactions?</li> <li>d. Are control policies and procedures applied to the transactions affected by the service organization's activities?</li> <li>e. Does the Landfill retain accountability for the transactions (does the Landfill maintain records supporting its assets and transactions involving those assets)?</li> <li>f. Does the service organization provide the Landfill with information about custody of assets, recordkeeping for assets and transactions by the organization?</li> <li>g. Is any information in the service organization's possession about the Landfill's assets verifiable by the Landfill?</li> </ol> </li> </ol>				

**LANDFILL** \_\_\_\_\_ **Sample Landfill**

**June 30, 2016**

**INTERNAL CONTROL QUESTIONNAIRE**

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Briefly summarize how the designs of the control environment, the Landfill's risk assessment, information and communication and monitoring were identified.

Briefly summarize how the controls were determined to be implemented.

Briefly summarize the significant elements (major concerns) identified that affect the risk of material misstatement in the financial statements.

Identify the tests of controls, if any, performed to test the operating effectiveness.

**LANDFILL Sample Landfill**

**June 30, 2016**

**INTERNAL CONTROL QUESTIONNAIRE**

QUESTION	YES	NO	N/A	REMARKS
<b><u>CONTROL ACTIVITIES</u></b>				
<u>PETTY CASH AND CHANGE FUNDS</u>				
1. Is responsibility for each petty cash and change fund assigned to only one person?				
2. Are the petty cash and change funds maintained on an imprest basis?				
3. Is the petty cash fund replenished periodically by check after filing a claim with the petty cash vouchers or receipts attached?				
4. Are the petty cash and change funds segregated from other cash?				
<u>CASH</u>				
1. Are bank account(s) maintained for the deposit of all monies received and are they authorized?				
2. Are bank account balances reconciled with book balances promptly at the end of each month?				
3. Is a list of outstanding checks prepared at the end of each month?				
4. Are bank accounts reconciled by a person who does not: a. Sign checks? b. Handle cash? c. Record cash?				
5. Are bank statements and checks delivered to the reconciler unopened?				
6. Are bank reconciliations periodically reviewed by an independent person for propriety?				
7. Does the reconciler examine paid checks for dates, payee, signature, cancellations and endorsements, and account for numerical sequence of checks?				
8. Are checks outstanding for more than an extended period periodically investigated and written-off, if appropriate?				
9. Are other reconciling items appropriate? Identify other reconciling items at year end.				
10. Is all cash not currently needed invested?				
11. Are cash long or short amounts reviewed periodically by a responsible official and an appropriate adjustment made?				
12. Does the Landfill use computer software to account for cash or fund balances? a. Do the software programs limit functions to those who have a legitimate need? Identify those with access. b. Does an independent person approve electronic fund transfers for cash?				

**LANDFILL** Sample Landfill**June 30, 2016****INTERNAL CONTROL QUESTIONNAIRE**

<b>QUESTION</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>	<b>REMARKS</b>
<p>13. For on-line banking:</p> <p>a. Are strong passwords required and changed regularly?</p> <p>b. Does the financial institution, in addition to passwords, use multi-factor authentication methods for on-line bank access (e.g. tokens, digital certificates, smart cards)?</p> <p>c. Does the Landfill review account activity frequently (UCC allows businesses two days to detect a fraudulent bank transaction)?</p> <p>d. Is dual authorization or phone verification required for all transfers?</p>				
<p><b><u>INVESTMENTS</u></b></p>				
<p>1. Is the person responsible for the detailed record keeping of investments independent of the custodian(s)?</p> <p>2. Do employees having no responsibility for custody of investments or record keeping:</p> <p>a. Periodically inspect the investments?</p> <p>b. Confirm those held by outsiders?</p> <p>c. Reconcile documents to the investment records?</p> <p>d. Verify recorded investment earnings to determine the accuracy thereof?</p> <p>e. Reconcile earnings with published financial records of payments?</p> <p>3. Is more than one person required to be present during inspection of investments?</p> <p>4. For investments in government securities, does the investment officer appear to have an understanding of the types of securities?</p> <p>5. Are changes in the type of investment in the investment portfolio approved in accordance with the investment policy?</p> <p>6. Are investments purchased and sold only on proper authorization?</p> <p>7. Are brokers' advices and other original papers evidencing purchase and sale of securities properly filed and retained?</p> <p>8. Are persons having access to investments adequately bonded?</p> <p>9. Are investment documents registered in the name of the Landfill?</p> <p>10. Is an investment ledger/register maintained for each investment, including cost, description, date purchased, interest rate, maturity date and identifying number?</p> <p>11. Is a record of investment income maintained?</p>				



**LANDFILL** Sample Landfill**June 30, 2016****INTERNAL CONTROL QUESTIONNAIRE**

<b>QUESTION</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>	<b>REMARKS</b>
12. Are investment documents kept in a safe deposit box or vault?				
13. Does the Landfill use computer software to account for investments?				
a. Do the software programs limit functions to those who have a legitimate need? Identify those with access.				
b. Does an independent person approve electronic fund transfers for investments?				
<b><u>RECEIPTS/REVENUES/RECEIVABLES</u></b>				
1. Are responsibilities for collection, deposit preparation and reconciliation functions segregated from those for recording and accounting of cash receipts?				
2. Is mail opened by someone other than the employee having access to the accounting records?				
3. Is a list of money and checks received prepared by the person opening the mail at least on a test basis?				
4. Is this list compared with the cash receipts record and the bank deposit by a person not preparing the list or involved in maintaining the accounting records?				
5. Is a restrictive endorsement (for deposit only) placed on all checks immediately upon receipt?				
6. Are receipts deposited:				
a. Intact?				
b. Timely?				
7. Is the duplicate deposit ticket stamped by the bank or a receipt returned to the person who prepared the deposit?				
8. Is the stamped, duplicate deposit ticket compared to the cash receipts journal?				
9. Are receipts issued? If so, are they prenumbered and is the numerical sequence accounted for?				
10. Are all voided receipts properly mutilated and retained?				
11. Is cashing of checks from cash receipts prohibited?				
12. Are the responsibilities for maintaining detail accounts receivable records segregated from collections and records postings?				
13. Are delinquent accounts periodically aged and reviewed by an official?				
14. Do procedures exist to reconcile amounts collected to records of billings?				
15. Are returned checks adequately controlled and periodically reviewed for collectibility?				

**LANDFILL** Sample Landfill**June 30, 2016****INTERNAL CONTROL QUESTIONNAIRE**

<b>QUESTION</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>	<b>REMARKS</b>
<p>16. Do facilities exist for protecting undeposited cash receipts?</p> <p>17. Does the Landfill use computer software to account for receipts/revenues/receivables?</p> <p>a. Do the software programs limit functions to those who have a legitimate need? Identify those with access.</p> <p>b. Are there procedures established for the recording of receipts on electronic fund transfers?</p> <p>c. Are rates entered into the computer for calculation of receivables (e.g. per capita rates, etc.)? This may include new or updated rates.</p> <p>1) Does an independent person enter the rates in the computer?</p> <p>2) Are the rates tested to ensure the proper calculations are being made?</p> <p>3) Is the testing of the new/updated rates saved?</p> <p>4) Are the rates entered reviewed and approved? Who reviews and approves?</p>				
<b><u>DISBURSEMENTS/EXPENDITURES/LIABILITIES</u></b>				
<p>1. Are unused checks adequately controlled and safeguarded? Describe how.</p> <p>2. Are checks prenumbered by the printer?</p> <p>3. Does each check signer review checks and supporting documentation?</p> <p>4. Are all disbursements required to be supported by invoices or other documentation?</p> <p>5. Is the practice of drawing checks to "cash" or "bearer" prohibited? Identify exceptions.</p> <p>6. Is the numerical sequence of checks issued properly accounted for?</p> <p>7. Are all voided checks properly mutilated and retained?</p> <p>8. Are all payments made by check (except petty cash)?</p> <p>9. Are a limited number of responsible individuals authorized to sign checks?</p> <p>10. Are checks signed:</p> <p>a. Manually?</p> <p>b. By a check-signing machine?</p> <p>c. By signature stamp?</p> <p>11. Are the facsimile signature plates or stamps properly safeguarded? Describe how.</p> <p>12. If a check-signing machine is used, are the number of checks written compared with the counter on the machine by a person independent of the check-signing function?</p>				

**LANDFILL** Sample Landfill**June 30, 2016****INTERNAL CONTROL QUESTIONNAIRE**

<b>QUESTION</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>	<b>REMARKS</b>
<p>13. Is the signing of checks in advance prohibited?</p> <p>14. Are the persons who sign checks independent of persons:</p> <p style="padding-left: 20px;">a. Approving disbursements?</p> <p style="padding-left: 20px;">b. Handling petty cash?</p> <p style="padding-left: 20px;">c. Recording cash receipts?</p> <p style="padding-left: 20px;">d. Preparing checks?</p> <p>15. Are controls maintained over the supply of unused and voided checks?</p> <p>16. Does the Landfill use computer software to account for disbursements/expenditures/payables?</p> <p style="padding-left: 20px;">a. Do the software programs limit functions to those who have a legitimate need? Identify those with access.</p> <p style="padding-left: 20px;">b. Is the signature plate inserted into the printer and printed as the checks/warrants are printed?</p> <p style="padding-left: 20px;">c. If the two operations are combined as described above, are review procedures of expenditures by supervisory personnel adequate?</p> <p style="padding-left: 20px;">d. Does an independent person approve electronic fund transfers for expenditures?</p> <p style="padding-left: 20px;">e. Does the Landfill have a paperless system for the payment of disbursements?</p> <p>17. Do procedures exist requiring adequate scrutiny of related party transactions?</p>				
<p><b><u>PAYROLL</u></b></p> <p>1. Are salaries approved by the governing body for full-time and part-time employees?</p> <p>2. Are payrolls reviewed and approved by someone in authority?</p> <p>3. Is written approval required for:</p> <p style="padding-left: 20px;">a. Employees added to or deleted from the payroll?</p> <p style="padding-left: 20px;">b. Changes in rate of pay?</p> <p style="padding-left: 20px;">c. Payroll deductions?</p> <p>4. Are files that support the above documentation in good order?</p> <p>5. Do procedures exist to ensure compliance with terms of union agreements (i.e., wage rates, vacation pay, and similar items)?</p> <p>6. Do procedures exist to ensure appropriate regulations are being followed in regard to FICA, wages and hours and other federal, state and local requirements concerning employment?</p> <p>7. Do procedures exist to ensure all employees are bona fide?</p>				

**LANDFILL** Sample Landfill**June 30, 2016****INTERNAL CONTROL QUESTIONNAIRE**

<b>QUESTION</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>	<b>REMARKS</b>
<p>8. Do procedures exist to ensure employees do not receive more than the authorized salary payment?</p> <p>9. Are time sheets used and approved by appropriate personnel?</p> <p>10. Are rates of pay verified?</p> <p>11. Do procedures exist for properly documenting and controlling vacation, sick leave and compensatory time off?</p> <p>12. Does the Landfill use computer software to account for payroll?</p> <p>a. Do the software programs limit functions to those who have a legitimate need? Identify those with access to this account.</p> <p>b. Are payroll rates entered into the computer for calculation of expenditures and payroll withholdings? Payroll rates would include salary/hourly pay rates, federal tax rates, state tax rates, FICA rates, IPERS rates, etc. This would include new or updated rates. If yes, answer the following:</p> <p>1) Does an independent person enter the rates in the computer?</p> <p>2) Are the rates tested to ensure the proper calculations are being made?</p> <p>3) Are the testing results of the new/updated rates saved?</p> <p>4) Are the rates entered reviewed and approved? Who reviews and approves?</p> <p>c. Does an independent person approve electronic fund transfers for the payment of federal taxes, state taxes, FICA and IPERS?</p> <p>d. Is the signature plate inserted into the printer and printed as the checks/warrants are printed? If this is done, the checks/warrants and signatures are printed in one operation.</p> <p>e. If the two operations are combined as described above, are review procedures of payroll by supervisory personnel adequate?</p> <p>f. When a new employee is hired, is an independent person approving the entry on the payroll system?</p> <p>g. Does the Landfill have a paperless system for electronic timesheets? If yes:</p> <p>1) Do employees only have access to their electronic timesheet? Access should be obtained by the employee's login name and password.</p> <p>2) Do employees prepare their own electronic timesheet?</p>				

**LANDFILL** Sample Landfill**June 30, 2016****INTERNAL CONTROL QUESTIONNAIRE**

QUESTION	YES	NO	N/A	REMARKS
<p>3) Is there a supervisory approval of employee's electronic timesheets? (Employees should not be approving their own electronic timesheet.)</p> <p>4) Do supervisors only have access to the employee electronic timesheets they approve? (Access should be obtained by the supervisor's login name and password.)</p> <p>5) Does only the personnel assistant enter payroll information for new employees or changes to payroll information?</p> <p>6) Is the departmental approval for payroll information segregated from the personnel assistant entering the payroll information?</p> <p>7) Is the personnel assistant entering payroll information restricted from preparing other employee's electronic timesheets?</p> <p>8) Is the personnel assistant entering payroll information restricted from approving employee timesheets?</p>				
<p><b><u>TRANSFERS</u></b></p> <p>1. Are all interfund transfers properly authorized and approved by appropriate officials?</p> <p>2. Are transfers in and transfers out recorded in the proper funds, in the same accounting period and on a timely basis?</p> <p>3. Are interfund transfers balanced monthly?</p> <p>4. Are all interfund transfers adequately explained and documented?</p> <p>5. Are interfund transfers appropriately classified as transfers rather than revenues/expenditures?</p> <p>6. Does the Landfill use computer software to account for transfers between funds/accounts?</p> <p>7. Do the software programs limit functions to those who have a legitimate need? Identify those with access.</p>				
<p><b><u>FINANCIAL REPORTING</u></b></p> <p>1. Is the final review and approval of financial reports segregated from the responsibility for preparation of the reports?</p> <p>2. Are there formal procedures for the Landfill under which reporting responsibilities are clearly defined and reasonably aligned?</p> <p>3. Are financial reports reviewed and approved at appropriate levels of management?</p> <p>4. Are there procedures to ensure all requirements for filing financial reports are met (i.e., senior levels of government, bondholders, etc.)?</p>				

**LANDFILL** Sample Landfill**June 30, 2016****INTERNAL CONTROL QUESTIONNAIRE**

<b>QUESTION</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>	<b>REMARKS</b>
5. Does the Landfill use computer software to account for financial reporting?  6. Do the software programs limit functions to those who have a legitimate need? Identify those with access.				
<b><u>INVENTORIES</u></b>				
1. Is there segregation of duties between persons who handle the inventories and those handling: <ul style="list-style-type: none"> <li>a. Inventory records?</li> <li>b. Recording of purchases?</li> </ul> 2. Are receiving, issuing, accounting and storing responsibilities properly segregated? 3. Are inventory counts verified by persons independent of those in charge of the inventory records? 4. Is a central storeroom/facility/location/and receiving station maintained? 5. Are materials released from the storeroom only on receipt of approved requisitions? 6. Are responsible officials advised of significant inventory discrepancies? 7. Are perpetual records adjusted for discrepancies? 8. Does the Landfill use computer software to account for perpetual inventory balances? 9. Do the software programs limit functions to those who have a legitimate need? Identify those with access.				
<b><u>CAPITAL ASSETS</u></b>				
1. Is there segregation of duties between purchasing functions, recording functions, reconciling functions and custody? 2. Are capital assets tested periodically by an official having no responsibility for these assets? 3. Are capital expenditures authorized by appropriate officials and the governing body? 4. Are deeds and titles: <ul style="list-style-type: none"> <li>a. Properly prepared?</li> <li>b. Legally recorded?</li> <li>c. Properly safeguarded?</li> </ul> 5. Are equipment acquisitions originated by approved requisitions that show: <ul style="list-style-type: none"> <li>a. Item description?</li> <li>b. Estimated cost?</li> <li>c. Justification?</li> </ul>				

**LANDFILL** Sample Landfill**June 30, 2016****INTERNAL CONTROL QUESTIONNAIRE**

<b>QUESTION</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>	<b>REMARKS</b>
<p>d. Accounts to be charged?</p> <p>6. Does the sale, transfer, scrapping or dismantling of equipment require written approval?</p> <p>7. Are capital assets recorded at cost or, for assets acquired by gift, at fair market value at the date of gift? (If not, indicate basis of valuation.)</p> <p>8. Is there a policy for differentiating between expenditures to be capitalized and those to be expensed?</p> <p>9. Is identifying information:</p> <p style="padding-left: 20px;">a. Promptly placed on the equipment?</p> <p style="padding-left: 20px;">b. Difficult to remove?</p> <p style="padding-left: 20px;">c. Removed from equipment prior to disposal?</p> <p>10. Are detailed records of equipment maintained?</p> <p>11. Are the detailed records for equipment promptly adjusted when equipment is disposed of or transferred?</p> <p>12. Is a physical inventory taken periodically (at least annually) and reconciled to detailed capital asset records?</p> <p>13. When assets are to be depreciated/amortized:</p> <p style="padding-left: 20px;">a. Is the depreciation/amortization policy consistent from year to year?</p> <p style="padding-left: 20px;">b. Are useful lives reasonable?</p> <p style="padding-left: 20px;">c. Are depreciation/amortization charges discontinued when an asset or group of assets becomes fully depreciated/amortized?</p> <p style="padding-left: 20px;">d. Are records maintained of fully depreciated/amortized assets which are still in use?</p> <p>14. Is insurance coverage on property and equipment reviewed periodically for adequacy?</p> <p>15. Does the Landfill use computer software to account for capital asset additions, deletions, balances and depreciation/amortization (Proprietary Funds)?</p> <p style="padding-left: 20px;">a. Do the software programs limit functions to those who have a legitimate need? Identify those with access.</p> <p style="padding-left: 20px;">b. If the computer does calculations for depreciation/amortization of Enterprise Fund assets, are they reviewed to ensure accuracy?</p>				
<b><u>LONG-TERM DEBT</u></b>				
<p>1. Has the Landfill established procedures to ensure bonds and other long-term debt are properly authorized in accordance with applicable legal requirements?</p> <p>2. Are bonds and other evidences of indebtedness executed only in the Landfill's name?</p>				

**LANDFILL** Sample Landfill**June 30, 2016****INTERNAL CONTROL QUESTIONNAIRE**

<b>QUESTION</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>	<b>REMARKS</b>
3. Does a responsible official periodically determine whether the Landfill is in compliance with agreement restrictions and report results to a higher authority?				
4. If paying agents are used for the payment of bonds and interest, does the Landfill receive periodic reports of bonds and interest and unclaimed interest?				
5. Does a responsible official review lease agreements in effect to identify and properly account for lease purchase transactions?				
6. Does a responsible official review use of proceeds from bond sales to ensure proceeds are used in accordance with legal requirements?				
7. Are accounting records and procedures designed to meet the requirements of bond resolutions?				
8. Is a bond register maintained?				
9. Is a separate fund maintained for each bond issue, if required?				
10. Are records for compensated absences maintained and kept current?				
11. Are compensated absence records periodically reviewed by an independent person?				
12. Does the Landfill use computer software to account for long-term debt balances?				
a. Do the software programs limit functions to those who have a legitimate need? Identify those with access.				
b. Does an independent person approve electronic fund transfers for long term debt?				



**LANDFILL** Sample Landfill

**INTERNAL CONTROL QUESTIONNAIRE**  
**CONTROL ACTIVITIES**

**June 30, 2016**

**Transaction Class:**

Briefly summarize how the design of the internal control activities was identified.

Briefly summarize how the internal control activities were determined to be implemented.

Summary of Internal Control Weaknesses and Areas of Potential Misstatement:	Financial Statement Assertions					Ref to GF-12
	Occur.	Compl.	Assur.	Cutoff	Class.	

Planned assessment of control risk:

Approach to Test of Controls:

Approach to Substantive Tests: What audit procedures are planned to achieve audit objectives and low audit risk considering the nature, timing and extent of procedures?



**LANDFILL** Sample Landfill

**June 30, 2016**

**CONTROL RISK ASSESSMENT**

**Account Balance:**

Briefly summarize how the design of the internal control activities was identified.

Briefly summarize how the internal control activities were determined to be implemented.

Summary of Internal Control Weaknesses and Areas of Potential Misstatement:	Financial Statement Assertions				Ref to GF-12
	Exist.	Compl.	Rights/ Oblig.	Value/ Assoc.	

Planned assessment of control risk:

Approach to Test of Controls:

Approach to Substantive Tests: What audit procedures are planned to achieve audit objectives and low audit risk considering the nature, timing and extent of procedures?



**LANDFILL** Sample Landfill

**June 30, 2016**

**CONTROL RISK ASSESSMENT**

**Presentation and Disclosure: Financial Reporting**

Briefly summarize how the design of the internal control activities was identified.

Briefly summarize how the internal control activities were determined to be implemented.

Summary of Internal Control Weaknesses and Areas of Potential Misstatement	Financial Statement Assertions				Ref to GF-12
	Occur./ Rights & Oblig.	Compl.	Class. & Understand	Accur./ Value	

Planned assessment of control risk:

Approach to Test of Controls:

Approach to Substantive Tests: What audit procedures are planned to achieve audit objectives and low audit risk considering the nature, timing and extent of procedures?



June 30, 2016

IT

QUESTION	YES	NO	N/A	REMARKS
<p><b>OBJECTIVE: To obtain knowledge about specific computer system policies and procedures management has established to provide reasonable assurance specific Landfill objectives are achieved. The objectives include:</b></p> <ul style="list-style-type: none"> <li><b>A. Proper authorization of transactions and activities related to the IT systems.</b></li> <li><b>B. Segregation of duties in functions related to the IT systems.</b></li> <li><b>C. Design and use of adequate IT documents and records.</b></li> <li><b>D. Adequate safeguards over access to and use of the IT systems, assets and records.</b></li> <li><b>E. Independent checks on performance of IT functions.</b></li> </ul> <p>Accounting System</p> <ul style="list-style-type: none"> <li>A. Does the Landfill use a computer system to prepare its financial information?</li> <li>B. Are all funds, classes of transactions and/or account balances included on this system? (If not, identify additional systems.)</li> <li>C. Is a computer log maintained to determine who recorded a transaction, based on an employee's login name? (A computer log identifies the employee who recorded a transaction based on their login name.)</li> <li>D. Are source documents, including error corrections, completed and signed or initialed by the preparer before they are entered in the computer?</li> <li>E. Are adequate procedures in place to trace and correct input errors?</li> <li>F. Are corrections identified and recorded in such a manner duplicate correction will not occur?</li> <li>G. If operating or financial reporting personnel rely on PC software reports generated by end users through the use of spreadsheets (for example, Excel, Lotus 1-2-3 and Quattro), are there procedures to ensure such reports are accurate?</li> </ul> <p>Computer Systems</p> <ul style="list-style-type: none"> <li>A. Applicable Computer Systems                             <ul style="list-style-type: none"> <li>1. Are computer systems being used by the Landfill for the following transaction cycles? Document if the transaction cycle uses a computer (Yes) or manual (No). If a computer is used, mark "M" if mainframe application, "S" if server based system (LAN/WAN) or "PC" for personal computer application. Also, document the software program used for each of the following:                                     <ul style="list-style-type: none"> <li>• Cash</li> <li>• Investments</li> <li>• Inventories</li> <li>• Capital Assets</li> </ul> </li> </ul> </li> </ul>				

**LANDFILL** Sample Landfill

**INTERNAL CONTROL QUESTIONNAIRE**

**June 30, 2016**

**IT**

QUESTION	YES	NO	N/A	REMARKS
<ul style="list-style-type: none"> <li>• Long Term Liabilities/Debt</li> <li>• Receipts/Revenues/Receivables</li> <li>• Disbursements/Expenditures/Payables</li> <li>• Payroll</li> <li>• Transfers</li> <li>• Budgets</li> <li>• Working Trial Balances and Adjusting Journal Entries</li> <li>• Financial Reporting</li> <li>• Other (specify)</li> </ul> <p>B. Segregation of Duties</p> <ol style="list-style-type: none"> <li>1. Do authorized personnel control who can perform various computer system functions, such as data entry, error correction or on-line edit and update?</li> <li>2. Does the Landfill limit access to programs and functions within programs to those who have a legitimate need?</li> <li>3. Are user access rights reviewed periodically?</li> <li>4. Are background checks done for new employees? Background checks could involve contacting state authorities to find out if a person has a criminal record.</li> <li>5. If the Landfill makes Electronic Funds Transfers (EFTs), are the personal bank account numbers of the employee making the EFTs restricted? (The System Administrator would set the Landfill's computer software to restrict the entry of the personal bank account numbers of the employee making the EFTs.)</li> <li>6. If the Landfill utilizes internal Information Technology (IT) programmers to develop software, is there a written policy the software developed by the programmers is the property of the Landfill?</li> <li>7. If the Landfill utilizes an IT department which develops software, are the following functions segregated WITHIN the IT department:             <ol style="list-style-type: none"> <li>a. Programming? (Computer programmers and those performing programming duties.)</li> <li>b. Computer operations/data input?</li> </ol> </li> <li>8. If the Landfill utilizes an IT department, are the following functions performed only OUTSIDE the IT department:             <ol style="list-style-type: none"> <li>a. Initiation of transactions?</li> <li>b. Authorization of transactions?</li> <li>c. Preparation of source documents?</li> <li>d. Custody of assets?</li> </ol> </li> </ol>				



LANDFILL Sample Landfill**INTERNAL CONTROL QUESTIONNAIRE****June 30, 2016****IT**

QUESTION	YES	NO	N/A	REMARKS
<p>e. Changes to master files?</p> <p>f. Error correction?</p> <p>9. If the Landfill purchases software from a vendor, are the following functions performed only by the Landfill (no IT department):</p> <p>a. Placing programs into production (loading the programs into the Landfill's computer system)?</p> <p>b. Initiation of transactions?</p> <p>c. Preparation of source documents?</p> <p>d. Changes to master files?</p> <p>e. Error correction?</p> <p>C. Procedural Controls</p> <p>1. Are employees trained to challenge an unknown person using computer terminals or PCs?</p> <p>2. Is there a time out and/or log off function which will protect a terminal or PC if left unattended? If no, does the Landfill have a written policy for logging off unattended terminals or PCs?</p> <p>3. If the above procedure is not done, does the Landfill use a screen saver password which will protect a terminal or PC if left unattended?</p> <p>4. Are the computer terminals or PCs always logged off before being left unattended for extended periods of time during work hours?</p> <p>5. Do procedures exist to keep the computer terminal or PC from being left logged on overnight or over the weekend? (Such as timed automatic log off.)</p> <p>6. Determine the procedures for computer logins and passwords, as follows:</p> <p>a. Does a login name and a password uniquely identify users when they sign on to the system (e.g., no group users IDs)?</p> <p>b. Are the procedures for setting up new user/login ID names restricted to one person? Document who can authorize access. (System/Security Administrator)</p> <p>c. Are employee login identification numbers (IDs) removed immediately when their employment terminates?</p> <p>d. Do consultants have login access to the computer system? If so, is their access removed when their work is completed?</p> <p>e. Are users restricted to those programs and functions within programs for which they have legitimate needs?</p>				

**LANDFILL** Sample Landfill**INTERNAL CONTROL QUESTIONNAIRE****June 30, 2016****IT**

QUESTION	YES	NO	N/A	REMARKS
<p>f. When an employee's job duties change, is the login access changed so they have access only to the information needed for their current job duties?</p> <p>g. Are policies and procedures established to ensure when passwords need resetting:</p> <ul style="list-style-type: none"> <li>• Only an authorized employee can request a password be reset?</li> <li>• An employee cannot request another employee's password be reset and then gain access?</li> </ul> <p>h. Does the Landfill have a written policy instructing employees on their responsibilities to maintain password privacy and confidentiality, including not sharing their password?</p> <p>i. Are passwords changed every 60 to 90 days, or sooner?</p> <p>j. Does the software require the user to change their password after every 60 to 90 days? (Recommended the software require the user to change their password.)</p> <p>k. Is the password length set at a minimum of at least 6 characters? (Preferably 8 or more. The more characters in a password, the more difficult it is for someone to determine the password.)</p> <p>l. Are the characters allowed to be used in a password set to all characters on the keyboard? (The System/Security Administrator would set the characters that could be used for a password.)</p> <p>m. Are generic passwords used for new employees required to be changed? (Recommend to be changed after first use.)</p> <p>n. Is password history used to prevent someone from using the same password repeatedly?</p> <p>o. If an employee incorrectly enters their password three times in a row (within a 24-hour time period), does the computer system deny the employee access to the computer system for 24 hours?</p> <p>7. System backup procedures for mainframe:</p> <p>a. Are backups created and saved for each of the following: (A common practice would be to have seven days of backup tapes, which would be rotated and reused. The oldest tape would be used to backup today's activities. At the end of each week, another series of tapes would backup each week (four tapes for the month) until the month end backup. There should be monthly backups for the last twelve months. Those tapes would be rotated with the next fiscal year with the oldest tape used for the current month end backup. The fiscal year backup should also be saved.)</p>				

QUESTION	YES	NO	N/A	REMARKS
<ul style="list-style-type: none"> <li>• Daily?</li> <li>• Weekly?</li> <li>• Monthly?</li> <li>• Yearly?</li> </ul> <p>b. Are all backup tapes stored on a daily basis in a secured off-site location? Recommend backup tapes be stored in a fireproof vault or safe.</p> <p>c. Is a complete system backup done at month end? (Backup would include all transactions plus programs.)</p> <p>d. Is a complete system backup done at fiscal year end? (Backup would include all transactions plus programs.)</p> <p>e. Are critical files which reside on a LAN (Local Area Network) backed up using the same procedures as the main frame computer?</p> <p>f. Are critical files which reside on a stand-alone PC (not on a LAN) backed up using the same procedures as the main frame computer?</p> <p>8. Is the computer system capable of remote data communications (i.e. dial-in-remote access)? If yes, are there appropriate controls?</p> <p>D. Data Center Protection</p> <p>1. Do hardware controls include:</p> <p>a. Suitable physical environment, as follows:</p> <ul style="list-style-type: none"> <li>• Temperature and humidity control?</li> <li>• Sufficient power (Voltage Regulator)?</li> <li>• UPS (Uninterrupted Power Supply)?</li> <li>• Surge Protection?</li> </ul> <p>b. Does the Landfill have adequate fire protection as follows:</p> <ul style="list-style-type: none"> <li>• Fire extinguishers?</li> <li>• Fire alarms?</li> <li>• Smoke detectors?</li> <li>• Water sprinklers or Halon gas?</li> <li>• Water sensor devices?</li> </ul> <p>c. Are annual inspections of fire extinguishers being performed?</p> <p>2. Are there policies and procedures which restrict physical access to computer facilities to authorized personnel?</p>				

LANDFILL Sample Landfill**INTERNAL CONTROL QUESTIONNAIRE****June 30, 2016****IT**

QUESTION	YES	NO	N/A	REMARKS
<p>3. Are PC systems with hard disks in areas where they are accessible to the public controlled/monitored when left unattended?</p> <p>4. Are terminals for public use restricted to read access only?</p> <p>5. Is there adequate security over computer output to ensure only intended users of data are receiving data? (This would include terminals restricted for public use.)</p> <p>6. Have procedures been established to ensure proper disposal of sensitive media (e.g. shredding of printouts, complete removal of data and software from hard disks, diskettes and magnetic tapes)?</p> <p>E. If the Landfill utilizes an IT department to develop its IN-HOUSE software, are these procedures established for Systems Development and Software Program Change Control:</p> <p>1. Is a uniform systems development policy (including acceptance testing) followed for all new programs?</p> <p>2. Is a uniform systems change policy (including acceptance testing) followed for all changes to existing programs?</p> <p>3. Are procedures in place to control "quick fixes" to a production program?</p> <p>4. Are there controls ensuring superseded programs are segregated from the current version and removed from the production library?</p> <p>5. Do IT policies and procedures require the following, up-to-date documentation for each application:</p> <p>a. System flowchart?</p> <p>b. Record and report layouts?</p> <p>c. Program source code?</p> <p>d. Operator and user instructions?</p> <p>e. Program change sheets?</p> <p>6. Do systems development policies require the active participation of users in important phases of development or change, including final approval?</p> <p>F. If the Landfill purchases software from a VENDOR:</p> <p>1. Is a uniform policy (including acceptance testing) followed for all new programs?</p> <p>2. Is a uniform systems change policy (including acceptance testing) followed for all changes to existing programs?</p> <p>3. Are procedures in place to control "quick fixes" to a production program?</p> <p>4. Are there controls ensuring superseded programs are segregated from the current version and removed from the production library?</p>				

**LANDFILL** Sample Landfill**INTERNAL CONTROL QUESTIONNAIRE****June 30, 2016****IT**

QUESTION	YES	NO	N/A	REMARKS
<p>5. Do systems development policies require the active participation of users in important phases of development or change, including final approval?</p>				
<p>6. Is a user manual available to describe the operation of the software?</p>				
<p>G. Personal Computers (PCs) and Local Area Networks (LANs)</p>				
<p>1. Anti-Virus Programs:</p>				
<p>a. Is the Landfill using an anti-virus program?</p>				
<p>b. Does the Landfill have a policy and procedure for employees to run the anti-virus program on a regular basis?</p>				
<p>c. Are regular updates obtained from the software vendor for new virus definitions? Anti-virus software needs to be updated to identify new viruses. Updates can usually be obtained from the software vendor's internet web site. Document how often virus definitions are obtained. (Ideally, virus definitions should be updated on a live basis.)</p>				
<p>d. Are there policies and procedures to scan media (disk, tape, file from internet) or upgrade programs before loading on to the system?</p>				
<p>e. Are there policies and procedures for employees to scan downloaded files from bulletin boards and the internet before opening or uncompressing (unzipping) the files? Certain files may be compressed (zipped) so they download faster.</p>				
<p>2. Are there policies to ensure software not licensed to the Landfill is not installed on a PC? If employee owned software is installed on the Landfill's computer, the Landfill may not be in compliance with copyright laws.</p>				
<p>3. Is the Landfill monitoring software-licensing requirements to determine if they are in compliance? The Landfill should read and understand the software licensing requirements for purchased software so they are not illegally copying software. The Software Publishers Association (SPA) monitors the illegal copying of software. The internet site is "www.spa.org".</p>				
<p>4. If the Landfill has an internet service provider, is there a written policy on the usage of the internet?</p>				
<p>5. If the Landfill has an internet web page:</p>				
<p>a. Does the Landfill or the internet service provider have a firewall established? A firewall could prevent a person who accesses the web page from making changes to the Landfill's computer system.</p>				
<p>b. If the Landfill is doing electronic business through its web page, are adequate safeguards established?</p>				

LANDFILL Sample Landfill**INTERNAL CONTROL QUESTIONNAIRE****June 30, 2016****IT**

QUESTION	YES	NO	N/A	REMARKS
<p>H. Contingency Planning (Disaster Recovery Controls)</p> <ol style="list-style-type: none"> <li>1. Is there a written disaster recovery plan?</li> <li>2. Determine if the disaster recovery plan includes the following: <ol style="list-style-type: none"> <li>a. Identification of critical applications.</li> <li>b. Identification of staff responsibilities.</li> <li>c. Identification of steps for recovery of the system.</li> <li>d. Identification of computer equipment needed for temporary processing.</li> <li>e. Identification of business location(s) which could be used to process critical applications in the event of an emergency. Is there a written agreement?</li> <li>f. Requirement a copy of the disaster recovery plan is kept off site.</li> <li>g. Requirement to keep system backups current and off site.</li> <li>h. Inventory of all hardware and components (e.g.: make, model numbers, serial numbers, etc.).</li> <li>i. Inventory of all software applications (e.g.: operating system and software applications, release versions, and vendor names).</li> <li>j. Requirement copies of all user documentation and policy and procedures manuals be located off site?</li> <li>k. A determination of whether the disaster recovery plan is adequately tested.</li> </ol> </li> <li>3. Are all employees trained for appropriate responses to emergency situations?</li> <li>4. Have suppliers provided written confirmation they can replace hardware and supplies fast enough for the continued operation of the Landfill?</li> <li>5. Does the record retention policy require records be retained for at least as long as they are needed to meet operational and legal requirements?</li> </ol>				

ACCOUNT BALANCE/ TRANSACTION CLASS	Type of Computer System ("M" mainframe, "PC" personal computer)	Extent of computer processing of transactions	Complexity of system	Sufficient appropriate non- electronic audit evidence*		
				Initiation	Processing	Recording /Reporting
Cash						
Investments						
Receipts/Revenues/ Receivables/Deferred Outflows						
Disbursements/Expenditures/ Liabilities						
Payroll						
Transfers						
Financial Reporting						
Inventory						
Capital Assets						
Long-Term Debt						
Other:						

Extent of Computer Processing – key  
E = extensive, M = moderate, L = limited

Complexity of System – key  
C = complex, A = average, S = simple

Describe the organizational structure of the computer processing activities.

\* - (AU-C 500.07) The auditor should consider the relevance and reliability of the information to be used as audit evidence. When audit evidence is obtained from independent sources or through the auditor's direct personal knowledge, it provides greater assurance of reliability. Examples are direct bank confirmations, reperformance of apportionment tests, observation of inventory, etc.

\*\* Maximum, slightly below maximum, moderate or low





**LANDFILL** Sample Landfill

**INTERNAL CONTROL QUESTIONNAIRE**

**June 30, 2016**

**IT**

If yes, identify the general and application controls to be tested and develop an ICQ which addresses these areas. Note: Only test those general/application controls which pertain to the financial statement assertions affected by the above.

If no, indicate the audit evidence/procedures that will be performed to reduce detection risk to an acceptable level.

Summary of Internal Control Weaknesses and Areas of Potential Misstatement.

Applicable account balances and classes of transactions.

**LANDFILL** Sample Landfill

**INTERNAL CONTROL QUESTIONNAIRE**

**June 30, 2016**

**IT**

**TRANSACTION CLASS/ACCOUNT BALANCE: IT**

Relevant General/Application Controls	Financial Statement Assertions					Tests of Controls**
	Exist.	Compl.	Rights/ Oblig.	Value./ Alloc.		
<b>Account Balance:</b>						
<b>Classes of Transactions:</b>	Occur.	Compl.	Accur.	Cutoff	Class.	
<b>Presentation and Disclosure:</b>	Occur./ Rights & Oblig.	Compl.	Class.& Understand.	Accur. & Value.		

**FINAL RISK ASSESSMENT**

Data/Reliability Risk*						
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\* Maximum, slightly below maximum, moderate or low

\*\* If deviations are noted, the auditor should make inquiries to understand the consequences of the deviation(s) and determine whether the test of controls can be relied upon and whether additional tests are necessary.



**LANDFILL** Sample Landfill**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 Landfill holds or controls the rights to assets and liabilities are the obligations of the Landfill.
- (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 Landfill.
- (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 Landfill.
- (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.

**LANDFILL** Sample Landfill

**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>
<p><b>Audit Objective and Related Assertions:</b></p> <p><b>A. Provide a document which links the report or financial statements to supporting workpapers. (12)</b></p> <p><b>Audit Procedures:</b></p> <p>A. Note: Use this section of the audit program for cash basis Landfills. Use the Working Trial Balances section of the audit program for GAAP basis Landfills. (See GF-9.41)</p> <p>B. Obtain an annual financial report or trial balance which summarizes receipts, disbursements and balances for each fund.</p> <ol style="list-style-type: none"> <li>1. Account classifications should be minimized and consistent with the GASB codification and/or the sample report.</li> <li>2. Foot the report to verify the accuracy.</li> <li>3. Document the source of the information for the beginning balance amounts.</li> <li>4. Reference the amounts per the report to supporting workpapers where detailed tests of receipts and disbursements are performed.</li> <li>5. Review receipt classifications for proper reporting on entity-wide statement.</li> </ol> <p>C. 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>D. Record, as necessary, adjusting journal entries, including reclassifications.</p> <ol style="list-style-type: none"> <li>1. The adjusting journal entries should be consolidated on a separate page, numbered, briefly explained or described and referenced to supporting workpapers.</li> <li>2. Obtain and document Landfill approval and concurrence for adjusting journal entries.</li> </ol>	<p></p> <p>A</p> <p>A</p> <p>A</p>				



**LANDFILL** \_\_\_\_\_ **Sample Landfill**

**June 30, 2016**

**CASH**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p><b>Audit Objectives and Related Assertions:</b></p> <p><b>A. Cash balances as stated in the financial statements are on hand, in transit or on deposit with third parties (depositories) in the name of the Landfill. (1,2)</b></p> <p><b>B. All cash of the Landfill is included in the financial statements/fund balance. (3)</b></p> <p><b>C. Depositories are legally acceptable, deposits are adequately insured or adequate collateral has been pledged by depositories for the Landfill's deposits and separate depository accounts are maintained for each fund for which they are required. (2)</b></p> <p><b>D. Cash balances reflect a proper cut-off of receipts and disbursements and are stated at the correct amounts. (4)</b></p> <p><b>E. Cash balances are presented properly by fund type and adequate disclosure is made of restricted, pledged or committed funds. (10,11,12,13)</b></p>					
<p><b>Audit Procedures:</b></p> <p>A. Cash on Hand</p> <ol style="list-style-type: none"> <li>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.)</li> <li>2. For funds selected, count and list all cash and cash items. Obtain custodian signature for return of cash.</li> <li>3. Reconcile to daily cash book.</li> <li>4. Determine and document reason for any unusual items such as employee and officials checks.</li> <li>5. Ascertain reason for checks not deposited immediately.</li> <li>6. Determine all checks were properly endorsed.</li> <li>7. Determine frequency of petty cash replenishment.</li> <li>8. Determine petty cash payments are reasonable and authorized.</li> <li>9. At June 30:               <ol style="list-style-type: none"> <li>a. Trace cash and checks on hand to subsequent deposit in bank.</li> <li>b. Determine if deposits were made on a timely basis.</li> </ol> </li> </ol>	A,B,D				
<p>B. Undeposited Receipts</p> <ol style="list-style-type: none"> <li>1. Determine whether prenumbered receipts were made immediately for all undeposited receipts at the end of the year and subsequent deposit agrees with books and bank.</li> </ol>	A,D				

**LANDFILL** \_\_\_\_\_ **Sample Landfill**

**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>
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,D				
2. Determine and document confirmed authorized check signers are current Landfill 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:	D				
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,D				
a. If prepared by client, foot bank reconciliation.					
b. Reconcile bank balances with book balances.					
c. Obtain or prepare a list of checks outstanding at June 30. Include check number, amount, and date written.					
d. Verify, on a test basis, listed outstanding checks cleared the bank after June 30.					
e. Examine documentation supporting outstanding checks over \$_____ which did not clear the bank by July 31 and list payee. Ascertain and document subsequent disposition.					
f. Trace all deposits in transit to subsequent bank statement and document the date deposited per books and per bank.					



**LANDFILL** Sample Landfill

**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>g. Identify, document and determine the propriety of other reconciling items.</li> <li>h. Determine whether the Landfill is writing and holding checks at June 30. If it is, comment accordingly.                             <ul style="list-style-type: none"> <li>1) Determine whether amount is material.</li> <li>2) Obtain the Landfill's concurrence to adjust or determine if opinion should be modified.</li> </ul> </li> <li>i. Determine unclaimed property per Chapter 556.1(12) of the Code of Iowa has been reported to the State Treasurer annually before November 1 per Chapter 556.11 of the Code of Iowa.</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 the receipt (deposit) and disbursement of each transfer are recorded in the proper period.</li> </ul> </li> <li>7. Determine a depository resolution including all depositories used by the Landfill has been approved as required by Chapter 12C.2 of the Code of Iowa.</li> <li>8. Determine the allowability of any sweep accounts.</li> </ul>	D				
<ul style="list-style-type: none"> <li>9. Determine if uninsured public funds deposited in a credit union were secured by a letter of credit in an amount at least 110% of the uninsured amount.</li> </ul>	C				
<ul style="list-style-type: none"> <li>10. Determine the Landfill has ensured all public funds deposits with banks have met the requirements of Chapter 12C.22 of the Code of Iowa (Pledging of Public Funds Program).</li> </ul>	C				
<ul style="list-style-type: none"> <li>11. Determine the propriety of any cash pledged as collateral or otherwise restricted.</li> </ul>	C				
<ul style="list-style-type: none"> <li>12. Determine extent of use of electronic fund transfers. Perform procedures as necessary.</li> </ul>					
<ul style="list-style-type: none"> <li>D. Determine if the risk of material misstatement due to fraud or error has changed based on the results of substantive tests performed. If so, perform appropriate procedures.</li> </ul>					
<ul style="list-style-type: none"> <li>E. Determine whether cash balances are properly classified and disclosures are adequate.</li> </ul>	E				



**LANDFILL** \_\_\_\_\_ **Sample Landfill**

**June 30, 2016**

**INVESTMENTS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p><b>Audit Objectives and Related Assertions:</b></p> <p><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 Landfill’s investments. (1,2,3)</b></p> <p><b>B. Investments are of types authorized by law and the investment policy of the Landfill.</b></p> <p><b>C. Investment values, income, gains or losses are stated correctly and allocated properly to funds. (4,7,9)</b></p> <p><b>D. Investments are properly described and classified in the combined balance sheet (if applicable) and related disclosures, including restrictions and commitments, are adequate. (10,11,12,13)</b></p> <p><b>E. Landfill has complied with applicable laws and regulations.</b></p>					
<p><b>Audit Procedures:</b></p> <p>A. Obtain or prepare a schedule of all investment transactions for the year, including investments owned as of year end. For U.S. Government securities, the schedule should list the par value of the security in addition to its cost.</p> <p>1. Test mathematical accuracy and trace balances to the year-end bank reconciliation and trial balance.</p> <p>2. Determine all investments were recorded.</p> <p>3. On a test basis, trace collections from sale of investments to cash receipts journal or to rollover investment.</p> <p>4. Examine investments on hand and trace to schedule or investment record.</p> <p>5. If the Landfill has investments in government securities, sight actual investment certificate if held by the Landfill or confirm ownership with outside safekeeping agent.</p> <p>6. Determine all investments are recorded at cost or, if acquired by gift, at fair value at date of gift. (See Step F below for cash basis landfills and Step G for GAAP basis landfills. Investments are to be reported at fair value in accordance with and GASB 72.)</p> <p>7. For investments held by the Landfill 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.</p>	<p>A,C</p> <p>A</p> <p>A</p> <p>A,C</p> <p>A</p> <p>C</p> <p>A</p>				

**LANDFILL** Sample Landfill

**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>
8. Determine if the Landfill has adopted a written investment policy that complies with the provisions of Chapter 12B.10B of the Code of Iowa.					
9. Determine if changes to the investment policy comply with the provisions of Chapter 12B.10B of the Code of Iowa and have been approved by the Board.					
10. Determine investment transactions complied with the written investment policy.	B				
11. Determine all investments are authorized and comply with statutory provisions of Chapter 12B.10 of the Code of Iowa, as applicable.	B,E				
12. If applicable, determine if the Landfill has an appropriate public funds custodial agreement as prescribed in Chapter 12B.10C of the Code of Iowa and the Treasurer of State's administrative rules.					
13. Determine the underlying collateral of repurchase agreements consists of authorized investments and the Landfill has taken delivery of the collateral either directly or through an authorized custodian as provided in Chapter 12B.10(5)(a)(5) of the Code of Iowa.	A,B				
B. Confirm investments at the end of the year.	A,B,C				
C. Because deferred compensation plans must comply with IRC Section 457 plans, determine if a fiduciary relationship exists between the Landfill and the deferred compensation plan. (A fiduciary relationship exists if there is a formal trust agreement between the Landfill and the Section 457 plan, the Landfill offers investment advice or the Landfill is involved in the administration of the plan).	A,C				
1. If a fiduciary relationship exists, the deferred compensation plan assets should be recorded as a pension trust fund based on GASB 34.					
2. Confirm material deferred compensation plan assets at the end of the year.					
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.					
D. Related Income	B,C,E				
1. Determine investment income was received and recorded in the proper account. Specifically:	C				
a. In accordance with Chapter 12C.9(2) of the Code of Iowa, interest earned on the proceeds of notes, bonds, refunding bonds and other evidences of indebtedness and funds being accumulated for the payment of principal and interest or reserves (debt service) was:					

**LANDFILL** Sample Landfill

**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>
1) used to pay the principal or interest as it came due on the indebtedness (credited to the Debt Service Fund), 2) credited to the Capital Projects Fund for which the indebtedness was issued.					
2. Recalculate interest on a test basis.	C				
3. Compute accrued interest receivable at June 30, if significant.					
4. Determine all June 30 unrecorded interest has been recorded to the credit of the appropriate fund. 5. Test interest rates to determine whether rates are in accordance with statutory rates established by the State Rate Setting Committee in accordance with Chapter 12C.6 of the Code of Iowa.	B				
E. Determine propriety of any investments pledged as debt collateral or otherwise restricted.	D				
F. For cash basis Landfills, prepare a workpaper documenting fair value and risk category of investments on hand at June 30 for footnote disclosure.	D				
G. For GAAP basis Landfills, 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. 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). 2 Determine the proper application of the fair value hierarchy input level for each investment in accordance with GASB 72 as follows: a. Level 1 inputs – quoted prices in active markets for identical assets. 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. c. Level 3 inputs – significant unobservable inputs using the best information available.	C				

**LANDFILL** \_\_\_\_\_ **Sample Landfill**

**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>
H. If the Landfill uses pricing services or brokers to obtain fair value measurements, determine the Landfill has determined those prices have been developed in accordance with GASB 72.					
I. 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.	C,D				
J. Document investment information for footnote disclosure in accordance with GASB 40, as follows:  1. Investments on hand at June 30 should be listed by type and include maturities.  2. Include the appropriate disclosures for the applicable risks:  a. Credit risk.  b. Custodial credit risk.  c. Concentration of credit risk.  d. Interest rate risk.  e. Foreign currency risk.	D				
K. In the extremely rare instance the Landfill 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 Landfill has derivatives, it is likely a questionable investment and, accordingly, a statutory comment will be required.	D				
L. If the Landfill participates in securities lending transactions, determine the transactions are properly reported and the appropriate disclosures are made in accordance with GASB 28.	D				
M. If the Landfill 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.	D				
N. Identify the outside persons who invested public funds, provided advice on the investing of public funds, directed the deposit or investment of public funds or acted in a fiduciary capacity for the Landfill.  1. Determine the contracts or agreements with outside persons require the outside person to notify the landfill in writing of the existence of material weaknesses in internal control or regulatory orders or sanctions regarding the type of services being provided under the contracts or agreements.	E				



**LANDFILL** Sample Landfill

**June 30, 2016**

**LONG-TERM LIABILITIES/DEBT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p><b>Audit Objectives and Related Assertions:</b></p> <p><b>A. Debt is authorized, supported and represents a Landfill obligation. (1,2)</b></p> <p><b>B. All indebtedness of the Landfill is identified, recorded and disclosed. (3,11)</b></p> <p><b>C. Debt is recorded at the proper amount. (4)</b></p> <p><b>D. Related disbursements or expenses (including principal and interest payable) and debt proceeds are properly recorded and classified. (4,5,6,7,8,9)</b></p> <p><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></p> <p><b>F. The Landfill has complied with provisions of indentures and agreements related to the debt, including provisions on use of the proceeds.</b></p>					
<p><b>Audit Procedures:</b></p> <p>A. Revenue Bonds or Notes:</p> <ol style="list-style-type: none"> <li>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. Document revenue bond or note special reporting requirements such as insurance, number of customers, rates, etc. for report.</li> <li>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 comment.</li> <li>3. For revenue bonds and notes, include the required disclosures about specific revenues pledged as required by GASB 48, including:               <ol style="list-style-type: none"> <li>a. Identification of the specific revenue and amount pledged.</li> <li>b. Purpose of the debt secured by the pledged revenue.</li> <li>c. The term of the commitment.</li> <li>d. The percentage of the pledged amount to the total for that specific revenue.</li> <li>e. A comparison of the pledged revenues recognized during the period to the principal and interest requirements for the debt collateralized by those revenues.</li> </ol> </li> </ol>	<p>A,E</p> <p>E,F</p> <p>E</p>				



**LANDFILL** Sample Landfill**June 30, 2016****LONG-TERM LIABILITIES/DEBT**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
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. Determine and document the procedures for bonds or notes sold during the current year were in compliance with Chapters 28E and 75 of the Code of Iowa.					
6. Determine and document interest rates on the bonds or notes sold during the period are within the interest rates authorized by Chapter 74A of the Code of Iowa.					
7. Determine and document bond or note proceeds are being used in accordance with bond provisions.					
8. Obtain or prepare a summary of revenue bond or note indebtedness activity for the year by bond or note issue.					
9. Reconcile bonds or notes redeemed and bond/note interest paid to books.	D				
10. Summarize bonds/notes and interest due but not paid at year end.					
11. Determine and document whether a bond or note register is maintained and kept current.					
12. On a test basis trace paid bonds/notes and coupons to the bond/note register and determine if they have been properly canceled.					
13. 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				
14. Test interest expense for reasonableness and test for the possibility of unrecorded debt.	B				
15. Confirm bond/note activity for registered bonds/notes if the Landfill has designated an outside registrar or paying agent.	A,B,C				
16. Determine the Landfill has complied with the reporting requirements of SEC Rule 15c2-12. Effective July 1, 2009, issuers are subject to ongoing filing requirements for issuances of more than \$1,000,000. All continuing disclosure submissions must be provided to the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system ( <a href="http://www.emma.msrb.org">www.emma.msrb.org</a> ).					

**LANDFILL** Sample Landfill

**June 30, 2016**

**LONG-TERM LIABILITIES/DEBT**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
B. Anticipatory Warrants/Obligations					
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.					
2. Review authorization for issuance of these obligations.					
3. Confirm end of year balances of anticipatory warrants.	A,B,C				
4. Determine debt instruments issued comply with provisions of Chapter 74 of the Code of Iowa.	F				
5. Trace receipts of such obligations into the cash receipts journal and bank statements.	C				
6. 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.					
7. Obtain information on interest paid during the year and payment date. Recompute interest paid on a test basis.					
8. Determine anticipatory warrants redeemed were recorded as disbursements at the time of redemption.					
9. Anticipatory warrants issued and redeemed during the year should be included as other financing sources and uses, respectively.					
C. Capital Leases and Installment Purchases					
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. For GAAP basis landfills, determine initial proceeds were 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				
D. Judgments and Claims (See also "Insurance and Self-Insurance" section of audit program)	A,B,D				
1. Obtain a listing of judgments and claims against the Landfill.					

**LANDFILL** \_\_\_\_\_ **Sample Landfill**

**June 30, 2016**

**LONG-TERM LIABILITIES/DEBT**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
2. Trace to supporting documentation. 3. Determine if judgments/claims were paid out of the proper fund.					
E. Determine other long-term debt (lease purchase agreements, deferred payment contracts, real estate contracts, loans, nonexchange financial guarantees) is included in the financial statements, if applicable, is properly disclosed and adequate documentation is filed in the workpapers. Determine loan and other agreements comply with Chapters 331.301(10), 331.402, 331.478 and 331.479 of the Code of Iowa.	A,B,E				
F. Termination Benefits 1. Review the Landfill's termination benefits plan and determine the plan was properly approved.	A				
2. Obtain or prepare a list of employees eligible for termination benefits under the plan and the amount of the Landfill's current year expense and liability as of June 30.	C,E				
3. Distinguish between: a. Current portion. b. Non-current portion.	A,B,C, D				
4. Select a number of eligible employees under the plan to determine if: a. The employees meet the requirements noted in the policy b. The employees were properly approved for participation in the plan c. The current year expense and liability were properly calculated as of June 30.	B				
5. Inquire of Landfill personnel about other eligible employees not included in the list. 6. Prepare the necessary footnote disclosure, including: a. A general description of the termination benefit arrangements, including, but not limited to: 1) Information about the type(s) of benefits provided. 2) The number of employees affected. 3) The period of time over which benefits are expected to be provided. b. The costs of termination benefits in the period in which the Landfill becomes obligated if the information is not otherwise identifiable from the disclosures on the face of the financial statements.	E				

**LANDFILL** \_\_\_\_\_ **Sample Landfill**

**June 30, 2016**

**LONG-TERM LIABILITIES/DEBT**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>c. The significant methods and assumptions used to determine the termination benefit liabilities and expenses.</p> <p>G. Postemployment Benefits (PEB), excluding pensions:</p> <ul style="list-style-type: none"> <li>- OPEB (GASB 43/45/57)</li> <li>- Sick Leave Dollars Converted to Healthcare (GASB 16/45/47)</li> </ul> <p><b>(For cash basis Landfills which have not obtained an actuarial report, perform only those procedures necessary to audit the cash basis postemployment benefits footnote.)</b></p> <ol style="list-style-type: none"> <li>1. Obtain copies of personnel policies, employment contracts, union agreements, employee handbook, retirement plans, etc. to gain an understanding of the Landfill's PEB agreements/plans and plan membership.</li> <li>2. If the Landfill has postemployment benefit plans requiring actuarial calculations, perform the following:               <ol style="list-style-type: none"> <li>a. Obtain a copy of and file the following:                   <ol 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> </ol> </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:                   <ol 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.)</li> </ol> </li> </ol> </li> </ol>	<p>A,B</p> <p>C</p>				

**LANDFILL**                     **Sample Landfill**

**June 30, 2016**

**LONG-TERM LIABILITIES/DEBT**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>to payroll records. Document the items tested.</p> <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. <b>NOTE:</b> 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 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 Landfill as to any intent to terminate the plan.</p> <p>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.)</p> <p>4. Determine the appropriate amounts for annual required contribution (ARC), annual OPEB/pension costs and net OPEB/pension obligation.</p> <p>5. Determine the accounting and reporting are in accordance with applicable standards.</p> <p>6. Determine disclosures and required supplementary information are made in accordance with the applicable standards. (Note: for cash basis Landfills electing not to obtain actuarial information, disclosures should include plan description, plan participation and legal/contractual requirements.</p> <p>H Pension Disclosures (GASB 68):</p> <p>Determine completeness and adequacy of pension liabilities as follows:</p> <p>a. Evaluate and document whether the plan auditor's report and schedule are adequate and appropriate.</p>	<p>C</p> <p>C,E</p> <p>C,E</p> <p>E</p>				

**LANDFILL** Sample Landfill

**June 30, 2016**

**LONG-TERM LIABILITIES/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>b. Evaluate whether the plan auditor has the necessary competence and independence.</li> <li>c. Recalculate Landfill employer contribution amounts, the allocation percentage and the collective pension amounts allocated to the Landfill based on the allocation percentage.</li> <li>d. Determine disclosures and required supplementary information are made in accordance with the applicable standards.</li> </ul>					
<p>I. Determine if another entity has issued debt on behalf of the Landfill. If so:</p> <ul style="list-style-type: none"> <li>1. Include copies of the agreements with the entity in the permanent file, including repayment schedules.</li> <li>2. Determine payments made to the entity are in accordance with the agreement.</li> <li>3. Determine appropriate disclosures are included in the financial statements.</li> </ul>	E				
<p>J. If the Landfill has issued any conduit debt obligations (certain limited-obligation revenue bonds, certificates of participation or similar debt instruments issued by an entity for the express purpose of providing capital financing for a specific third party that is not a part of the entity's financial reporting entity), determine the appropriate disclosures are made in accordance with <u>Interpretation No. 2 of GASB Disclosure of Conduit Debt Obligations</u>:</p> <ul style="list-style-type: none"> <li>1. A general description of the conduit debt transaction.</li> <li>2. The aggregate amount of all conduit debt obligations outstanding at year-end.</li> <li>3. A clear indication the Landfill has no obligation for the debt beyond the resources provided by the related leases or loans.</li> </ul>	E				
<p>K. Pollution Remediation Obligation</p> <ul style="list-style-type: none"> <li>1. For contaminated or polluted sites, determine if an obligating event has occurred requiring the Landfill to include a liability and/or disclosure for a pollution remediation obligation in accordance with GASB 49.</li> <li>2. Determine the measurement and presentation of the liability and expense was made in accordance with GASB 49.</li> <li>3. Determine any insurance or other recoveries are properly reported in accordance with GASB 49 as: <ul style="list-style-type: none"> <li>a. A reduction of the liability and expense for unrealized recoveries.</li> </ul> </li> </ul>	A,B  C,D,E  C,D,E				



**LANDFILL** Sample Landfill

**June 30, 2016**

**RECEIPTS/REVENUES**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p><b>Audit Objectives and Related Assertions:</b></p> <p><b>A. Only receipts/revenues available and measurable in this fiscal year have been recorded and are valid. (5,8)</b></p> <p><b>B. All receipts/revenues available and measurable in this fiscal year have been recorded. (6,8)</b></p> <p><b>C. Receipts/revenues have been billed or charged in accordance with legal requirements and have been recorded at the correct amounts. (7)</b></p> <p><b>D. Receipts/revenues are properly classified in the financial statements and related disclosures are adequate. (9,10,11,12,13)</b></p>					
<p><b>Audit Procedures:</b></p> <p>A. Receipts From Governmental Sources and Assessments</p> <p>1. Confirm state receipts and trace amounts into the accounting records.</p> <p>2. For other receipts from federal, state or other agencies, confirm the following types of revenue received directly with the appropriate agency:</p> <p>a. Grants and subsidies from other governmental units.</p> <p>b. Assessments to members.</p> <p>c. Other material receipts (specify):</p> <p>_____</p> <p>_____</p> <p>3. Trace to validated deposit ticket on a test basis.</p> <p>4. Determine deposits are made in a timely manner.</p>	A,B,C				
<p>B. Gate Receipts</p> <p>1. Compare current year receipts with prior years and investigate any material variances from expectations. Document findings.</p> <p>2. Determine if a monthly and/or year-end list of accounts receivable is maintained and obtain a copy of the listing.</p> <p>a. If not available, comment accordingly.</p> <p>b. If available, apply procedures to determine accuracy and completeness of listing for one month and/or at year-end.</p>	B				
	A,B,C				



**LANDFILL**                     **Sample Landfill**

**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>
3. Determine if monthly reconciliations of billings and collections are prepared. <ul style="list-style-type: none"> <li>a. If not available:                             <ul style="list-style-type: none"> <li>1) Perform reconciliation procedures for one month and/or at year-end.</li> <li>2) Comment accordingly.</li> </ul> </li> <li>b. If available:                             <ul style="list-style-type: none"> <li>1) Apply procedures to determine accuracy and completeness of the reconciliation for one month and/or at year-end.</li> <li>2) Comment accordingly if variances have not been adequately resolved.</li> </ul> </li> <li>c. For one month, reconcile total collections to posting in receipt journal and to deposits.</li> </ul>	A,B,C				
4. Ascertain authorizations and procedures for write-offs of uncollectible accounts and test any write-offs which have been made during the period under audit.					
5. Ascertain if a separate file of accounts written-off is maintained and, if so, is it periodically reviewed to determine if these accounts subsequently become collectible.					
6. Select gate receipts for testing and perform the following: <ul style="list-style-type: none"> <li>a. List receipt number, name, amount, and cash or charge transaction.</li> <li>b. Trace cash receipts to posting in receipts journal.</li> <li>c. Trace charge transactions to accounts receivable billing records, to subsequent collection and to posting in receipts journal.</li> <li>d. Trace to validated deposit ticket.</li> <li>e. Determine if deposit is made intact on a timely basis.</li> <li>f. Determine receipts were charged at the rates established by the governing board.</li> </ul>	A,B,C				
7. If the Landfill uses separate scale tickets, select scale tickets for testing and determine gate receipts were issued for each scale ticket.	B				
8. Scan deposit tickets and evaluate reasonableness of amounts of currency deposited, considering the types of revenues expected to be received in currency.	B				
9. Determine whether sales tax was collected on the appropriate transactions and remitted to the Iowa Department of Revenue in accordance with Chapters 423.2 and 423.3 of the Code of Iowa.					

**LANDFILL** \_\_\_\_\_ **Sample Landfill****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>
10. Determine gate receipts and scale tickets are prenumbered and the numerical sequence is accounted for.	B				
C. Sale of Bonds/Notes					
1. Review authorization for issuance.					
2. Test premiums or discounts and accrued interest from sale of bonds/notes for compliance with Chapter 75.5 of the Code of Iowa.					
3. Determine bonds/notes sold were properly recorded and trace proceeds to cash receipts record and bank statement.	A,B,C				
4. Determine proceeds of notes, bonds, refunding bonds/notes and other evidence of indebtedness, if not immediately needed, were invested in accordance with Chapter 12C.9(2) of the Code of Iowa.					
D. General					
1. On a test basis, foot and crossfoot the cash receipts journal.	A,B,C				
2. Scan ledgers or receipts detail for unusual receipts. Investigate accordingly.					
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 receipts/revenues are properly classified and disclosures are adequate.					



**LANDFILL**                     **Sample Landfill**

**June 30, 2016**

**DISBURSEMENTS/EXPENDITURES/EXPENSES**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<b>Audit Objectives and Related Assertions:</b>					
<b>A. Recorded cash disbursements are for goods or services authorized and received. (5)</b>					
<b>B. Disbursements incurred for goods or services have all been identified. (6)</b>					
<b>C. Disbursements for goods or services have been recorded in the correct fiscal year. (8)</b>					
<b>D. Disbursements for goods or services and related disbursements have been recorded correctly as to account, fund, period and amount. (7,9)</b>					
<b>E. Disbursements for goods or services are properly presented as applicable in the fund financial statements and related disclosures are adequate. (10,11,12,13)</b>					
<b>Audit Procedures:</b>					
A. General					
1. On a test basis, foot and crossfoot disbursement records. Document selection methods and results of tests.					
2. Scan disbursement journal for unusual disbursements and investigate accordingly.	A				
3. For travel and questionable disbursements:					
a. Scan account detail for disbursements which may not meet public purpose criteria.					
b. Prepare work papers as necessary to adequately document for report presentation.	E				
4. Credit cards:					
a. Determine if the Landfill 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.					
5. Schedule all related party transactions with Landfill officials or employees. The workpaper should list all payments made during the period and a description of each transaction. For reporting purposes, include only the payments applicable for the period when the individual was an employee or official. Disclose material transactions in the notes to financial statements.	A,E				
6. If solid waste fees were retained in accordance with Chapter 455B.310 of the Code of Iowa, determine if the fees were expended only for the purposes allowed in Chapter 455B.310(4) of the Code of Iowa.					

**LANDFILL**                     **Sample Landfill**

**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>7. If additional solid waste fees of twenty-five cents/thirty-five cents (if the state-wide average was met as of July 1, 1999) of the tonnage fee were retained in accordance with Chapter 455B.310 of the Code of Iowa:</p> <p>a. Determine if an updated comprehensive plan has been approved by the Iowa Department of Natural Resources.</p> <p>b. Determine if the fees were expended only for the purposes allowed in Chapter 455B.310(3) of the Code of Iowa.</p>					
<p>B. Disbursements</p>					
<p>1. Select items for testing from the check/warrant register and test for the following:</p> <p>a. The disbursement was properly authorized and approved for payment.</p> <p>b. The disbursement was charged to the proper fund.</p> <p>c. The disbursement was charged to the proper disbursement account.</p> <p>d. The disbursement was supported by an invoice or contract.</p> <p>e. The invoice and/or other documentation was canceled to prevent reuse.</p> <p>f. Examine canceled checks or electronically retained check images per Chapter 554D.114(5) of the Code of Iowa for authorized signature, proper endorsement and cancellation.</p> <p>g. Signatures were authorized per confirmed list from bank.</p> <p>h. The disbursement appears to meet the test of public purpose.</p> <p>i. Mileage was paid at a rate approved by the governing body and was not in excess of the amount allowable under Internal Revenue Service rules as provided by Chapter 70A.9 of the Code of Iowa.</p> <p>j. Expenditures for capital assets are included in the capital assets listing, if applicable.</p>	<p>A,B,C, D</p>				
<p>2. On a test basis, prepare a workpaper for capital projects and other construction contracts to:</p> <p>a. Reconcile original contract to final contract.</p> <p>b. Reconcile total payments to-date by scheduling prior year payments, current year payments, payments due and retainage due.</p>	<p>A,D</p>				

**LANDFILL** Sample Landfill

**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>
<ul style="list-style-type: none"> <li>c. Determine projects and/or contracts were authorized and approved by the governing body.</li> <li>d. Determine construction contracts do not contain clauses which would make the in-state construction contracts subject to the laws of another state or which require litigation, mediation, arbitration or other dispute resolution proceedings be conducted in another state in accordance with Chapter 537A.6 of the Code of Iowa.</li> <li>e. Determine the Landfill applied for and received sales tax refunds, if applicable, on completed projects.</li> <li>f. For public improvements exceeding the competitive bid threshold established by Chapter 26.3 of the Code of Iowa (\$130,000 before January 1, 2015 and \$135,000 effective January 1, 2015), determine public hearing and bidding requirements of Chapters 26.2 through 26.13 of the Code of Iowa were followed.               <ul style="list-style-type: none"> <li>1) Determine the Landfill advertised for sealed bids as provided in Chapter 26.3 of the Code of Iowa and published notice not less than 4 days but not more than 45 days before the date for filing bids.</li> <li>2) Determine the Landfill published notice of the public hearing not less than 4 nor more than 20 days before the date of the hearing as provided in Chapters 26.12 and 362.3 of the Code of Iowa.</li> <li>3) Determine the Landfill had an engineer licensed under Chapter 542B, a landscape architect licensed under Chapter 544B or an architect registered under Chapter 544A prepare the plans and specifications and calculate the estimated total cost of the proposed public improvement as required by Chapter 26.3 of the Code of Iowa.</li> <li>4) Determine the Landfill awarded the contract for the public improvement to the lowest responsive, responsible bidder as required by Chapter 26.9 of the Code of Iowa.</li> </ul> </li> <li>g. Determine the Landfill received competitive quotes for public improvement projects in accordance with Chapter 26.14 of the Code of Iowa for projects with estimated costs less than the required bid thresholds but greater than the competitive quote threshold set by the threshold subcommittees per Chapter 314.1B of the Code of Iowa (effective</li> </ul>					

**LANDFILL** Sample Landfill

**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>January 1, 2015: \$55,000 for an area with a population of less than 50,000 and \$75,000 for an area with a population of 50,000 or more).</p> <p>1) For work performed by Landfill employees, other than repair or maintenance work, determine the Landfill filed a quotation for the work to be performed in the same manner as a contractor as required by Chapter 26.14(3)(a) of the Code of Iowa.</p> <p>2) Determine the Landfill awarded the contract for the public improvement to the contractor submitting the lowest responsive, responsible quotation as required by Chapter 26.14(3)(b) of the Code of Iowa.</p> <p>h. Determine any enhancement payments made for early completion of the project did not exceed 10 percent of the value of the contract in accordance with Chapter 26.9 of the Code of Iowa.</p> <p>i. Determine the Landfill applied for and received sales tax refunds on completed projects unless an exemption certificate was issued by the Landfill for the contractor per Chapter 423.3(80)(b) of the Code of Iowa.</p> <p>j. For public improvement projects, determine the Landfill complied with requirements for the early release of retained funds in accordance with Chapter 26.13 of the Code of Iowa.</p> <p>C. Internal Service Funds</p> <p>1. Through analytical procedures or scanning, determine if disbursements appear to be in accordance with the purpose of the fund.</p> <p>2. Determine disbursements from operating funds to Internal Service Funds are correctly charged against the budget.</p> <p>3. Reconcile total revenues in the Internal Service Funds to contributions or transfers from the operating funds.</p> <p>D. Inquire of management and, when appropriate, those charged with governance as to the existence of any agreements containing confidentiality clauses.</p> <p>1. Determine if legal counsel agreed to the insertion of the clauses.</p> <p>2. Determine if the agreements were properly approved by the governing body.</p> <p>3. Review the funding source for the payment(s) made under the agreements.</p>	A,B				





**LANDFILL** \_\_\_\_\_ **Sample Landfill**

**June 30, 2016**

**PAYROLL**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p><b>Audit Objectives and Related Assertions:</b></p> <p><b>A. Payroll (wages, salaries, and benefits) disbursements are supported and made only for work authorized and performed. (5,6)</b></p> <p><b>B. Payroll is computed using rates and other factors in accordance with contracts and relevant laws and regulations. (7)</b></p> <p><b>C. Payroll is recorded correctly as to amount and period, are distributed properly by account and fund and disclosures are adequate. (7,8,9,10,11,12,13)</b></p> <p><b>Audit Procedures:</b></p> <p>A. On a test basis, foot and crossfoot payroll records and trace total to appropriate document(s). Document selection methods and results of tests.</p> <p>B. On a test basis, select payroll transactions from throughout the year to test:</p> <ol style="list-style-type: none"> <li>1. Authorization for gross pay or hourly rate.</li> <li>2. Approval of hours worked.</li> <li>3. Accuracy of number of hours paid per payroll journal to hours worked per approved timesheet (for hourly employees).</li> <li>4. Accuracy of calculations of gross pay.</li> <li>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 are effective July 1, 2015: Regular employee rate is 5.95% and employer rate is 8.93%.)</li> <li>6. Reasonableness of computation of federal and state withholding.</li> <li>7. Authorization for payroll deductions.</li> <li>8. Endorsement and cancellation of warrant are proper.</li> </ol> <p>C. Determine timesheets are prepared and approved for all employees including salaried employees.</p> <p>D. Consider analytical procedures to substantiate payroll amounts and withholdings.</p> <p>E. Determine if Forms 941, W-3 or W-2 were filed with the IRS, as appropriate.</p> <p>F. Determine if any employees receive a flat dollar allowance for travel, clothing or uniform cleaning. If so, determine if this allowance is included in taxable income on the W-2.</p>	<p>A,B,C</p> <p>A</p> <p>A,B,C</p>				

**LANDFILL** Sample Landfill**June 30, 2016****PAYROLL**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
G. Determine if Forms 1099 were issued for outside services of \$600 or more. <u>Note:</u> If 1099 forms were issued, ensure workers should not be reclassified as employees.					
H. Review copies of payroll tax returns and reconcile gross wages and the Landfill's share of FICA and IPERS to the disbursement record. Explain material variances.	C				
I. Prepare a workpaper documenting total Landfill contributions to IPERS.	C				
J. For retirement systems other than IPERS: 1. Review and update file information on pension plans. 2. For accrual basis and cash basis landfills which obtain an actuarial report, obtain copy of actuarial report and review. Include copy of pertinent data in the permanent file. 3. Determine employee groups covered by each plan. 4. Obtain and verify appropriate information for disclosure in accordance with P20 of the GASB Codification.	C				
K. Compensated Absences 1. Review the Landfill's policies for earned vacation, sick leave and related FICA/IPERS benefits. 2. Obtain or prepare summary of compensated absences at June 30. 3. Determine amounts have been determined in accordance with the provisions of GASB 16, including related fringe benefits.	C				
L. Vehicle Usage 1. Determine if the Landfill provides vehicles for employee use. 2. Obtain a copy of the Landfill's policy regarding vehicle usage. Identify specifics for: a. Incidental personal use. b. Commuting. c. Assignment of vehicles. d. Documentation required. e. Restricted vehicle uses. f. Reimbursement by employees for personal use. g. Additional compensation for employees.	A				



**LANDFILL** \_\_\_\_\_ **Sample Landfill**

**June 30, 2016**

**TRANSFERS**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p><b>Audit Objectives and Related Assertions:</b></p> <p><b>A. All transfers have been identified, adequately supported and properly authorized. (5,6)</b></p> <p><b>B. Transfers comply with statutory requirements, if any. (2)</b></p> <p><b>C. Transfers are recorded in the proper time period under audit and are correct as to accounts and amounts recorded. (7,8)</b></p> <p><b>D. Transfers are properly classified and disclosures are adequate. (9,10,11,12,13)</b></p> <p><b>Audit Procedures:</b></p> <p>A. Obtain or prepare a schedule of all fund transfers during the year.</p> <p>B. Identify and document the date and purpose of each transfer and trace to supporting documentation. Document description on the schedule.</p> <p>C. Trace to approval in minutes or budget, as applicable.</p> <p>D. Review transfers for propriety and document findings.</p> <p>E. Determine transfers-in equal transfers-out.</p> <p>F. Determine transfers were recorded in the proper fund and proper period.</p> <p>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.</p> <p>H. Determine whether transfers are properly classified and disclosed.</p>					



**LANDFILL** Sample Landfill

**June 30, 2016**

**INSURANCE AND SELF INSURANCE**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p><b>Audit Objectives and Related Assertions:</b></p> <p><b>A. Claims paid in the year are recorded correctly as to account, amount and period and are disbursed in accordance with the Landfill’s policies and procedures for claims settlement. (5,6,7,8)</b></p> <p><b>B. Insurance (self-insurance) receipts/revenues, disbursements/expenses, transfers and fund balance/net position are properly classified and described in the fund financial statements and related disclosures are adequate. (9,10,11,12,13)</b></p> <p><b>C. The Landfill has complied with applicable laws and regulations.</b></p> <p><b>Audit Procedures:</b></p> <p>A. Inquire about the Landfill’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.</p> <p>B. Prepare a workpaper to summarize amount and type of significant coverage. Review coverage to:</p> <ol style="list-style-type: none"> <li>1. Determine if reasonable and current.</li> <li>2. Determine significant areas in which risk is retained.</li> </ol> <p>C. Review estimates of loses with a responsible official and determine if properly recorded as a disbursement/expense and liability.</p> <ol style="list-style-type: none"> <li>1. If the Landfill 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 the criteria of GASB Codification Section C50.132.</li> <li>2. If the Landfill participates in a public entity risk pool but is not subject to a supplemental premium assessment, review economic viability of pool with a responsible official and determine if a liability should be recorded based on certain conditions.</li> <li>3. If the Landfill participates in a public entity risk pool, inquire with a responsible official about the Landfill’s plans for continuing its participation in the pool. If the Landfill has plans to terminate its membership, determine if additional liabilities should be recorded based on terms of the agreement to participate.</li> </ol>	<p>B</p> <p>A</p>				

**LANDFILL** \_\_\_\_\_ **Sample Landfill**

**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>D. Determine adequacy of financial statement presentation and disclosures.</p> <p>1. Financial statement presentation considerations should include:</p> <p>a. If the Landfill 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>b. If the Landfill made contributions to a public entity risk pool with transfer or pooling of risk:</p> <p>1) Determine contributions are recorded as deposits if a return of those contributions is probable.</p> <p>2) If not probable, then determine contributions are recorded as prepaid insurance to be allocated as expenditures/expenses after future periods, <u>or</u> alternatively, in governmental funds, as expenditures in the period made.</p> <p>2. Disclosures should include:</p> <p>a. Description of risks of loss the Landfill 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.</p> <p>b. If the Landfill participates in a public entity risk pool, describe the nature of participation and rights and responsibilities of the entity and the pool.</p> <p>c. If the Landfill retains some risk of loss, include the additional disclosures required by GASB 10 (GASB Codification, Section C.50.144(d)).</p> <p>d. For Internal Service Funds, also disclose:</p> <p>1) Deficit fund balance.</p> <p>2) Net position resulting from optional charges for catastrophic losses.</p> <p>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.</p>	<p>B</p>				







**LANDFILL** Sample Landfill

**June 30, 2016**

**MISCELLANEOUS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p><b>Audit Objective:</b></p> <p><b>A. The Landfill complied with other statutory requirements.</b></p> <p><b>Audit Procedures:</b></p> <p>A. Determine if separate accounts for closure and postclosure care costs have been maintained as required by Chapter 455B.306(9) of the Code of Iowa and Iowa Administrative Code (IAC) Section 567 (Environmental Protection Commission) Chapter 113.14(8).</p> <p>1. Determine if the separate accounts are fully funded at the engineer's current cost estimate. If not, annual deposits are required to be made within 30 days of the close of each fiscal year and the landfill must establish a financial assurance mechanism.</p> <p>B. Determine if the Landfill established financial assurance for closure, postclosure care and corrective action costs as required by Chapters 455B.304(8) and 455B.306(9) of the Code of Iowa and IAC Section 567 Chapter 113. Allowable financial assurance mechanisms per IAC Section 567 Chapter 113.14(6) include:</p> <p>1. Trust fund.</p> <p>2. Surety bond.</p> <p>3. Letter of credit.</p> <p>4. Insurance.</p> <p>5. Corporate financial test.</p> <p>6. Local government financial test.</p> <p>7. Corporate guarantee.</p> <p>8. Local government guarantee.</p> <p>9. Local government dedicated fund.</p> <p>10. Use if multiple financial mechanisms.</p> <p>C. For Landfills using the local government dedicated fund mechanism to demonstrate financial assurance:</p> <p>1. Determine the Landfill made the required payment (based on the formula) in accordance with IAC Section 567 Chapter 113.14(6). Note: Payments into the dedicated fund must be made annually over the "pay-in period" (the shorter of 10 years or the permitted life of the cell).</p> <p>2. If the cell's pay-in period is complete, determine if inflationary increases in the estimate of closure and postclosure care costs are fully funded annually in accordance with IAC Section 567 Chapters 113.14(3) and 113.14(6).</p>	<p>A</p> <p>A</p> <p>A</p>				

**LANDFILL** Sample Landfill**June 30, 2016****MISCELLANEOUS**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
D. Obtain a copy of the financial assurance annual report form submitted to DNR (including documentation of the financial assurance mechanism, engineer's cost estimates and the previous fiscal year audit report) and determine these documents were timely filed by April 1.	A				
E. If a transfer station exists, determine the following requirements have been met per IAC Section 567 Chapter 106 and Chapter 455B of the Code of Iowa. <ol style="list-style-type: none"> <li>1. Obtain and file in the workpapers a copy of the valid operating permit approved by DNR.</li> <li>2. Obtain and file a copy of the plan of operation.</li> <li>3. Obtain and file a copy of the emergency response and remedial action plan.</li> <li>4. Obtain and file a copy of the inspection report and the financial assurance document. <ol style="list-style-type: none"> <li>a. Determine the inspection was performed by an Iowa-licensed professional engineer and was submitted to DNR by the first workday in November each year. IAC Section 567 Chapter 106.14(2)</li> <li>b. Determine a report addressing financial assurance for the closure costs of the transfer station has been estimated and filed with DNR by an Iowa-licensed professional engineer every three years upon permit renewal. IAC Section 567 Chapter 106.18(2)</li> </ol> </li> <li>5. Determine the transfer station has met the financial assurance requirement in accordance with IAC Section 567 Chapters 106.18(1), 106.18(2) and 106.18(5). (Note: Effective September 26, 2007, the estimated closure costs shall be fully funded before DNR will issue or renew a permit to operate a transfer station. For transfer stations in their initial 5-year pay-in period as of September 26, 2007, DNR is not enforcing the requirement to be fully funded. The transfer station should have documentation from DNR approving an extension.)</li> </ol>	A				



**LANDFILL**                     **Sample Landfill**

**June 30, 2016**

**WORKING TRIAL BALANCE**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<b>Audit Objective and Related Assertions:</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 object class as needed. If prepared by the auditor, independence will not be impaired. A separate trial balance should be prepared for each fund.	A				
1. Account classifications should be minimized and consistent with the GASB codification and/or the sample report.					
2. Foot the working trial balances to verify their accuracy, if applicable.					
3. Document the source of the information for the beginning balance amounts.					
4. Review receipt classifications for proper reporting on entity-wide statement.					
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)					
1. Identify and test the appropriateness of significant adjustments to general ledger balances made in the preparation of the financial statements.					
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.					
C. 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 Landfill approval and concurrence for adjusting journal entries.					
3. Reconcile reversing journal entries with prior year report.					
D. 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. Inform Landfill officials of all reclassifications which they should be aware of and receive their concurrence.					

**LANDFILL** \_\_\_\_\_ **Sample Landfill**

**June 30, 2016**

**WORKING TRIAL BALANCE**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>E. Reference the amounts to supporting workpapers. (The adjusted trial balance amounts should be referenced to supporting workpapers.)</p> <p>F. Prepare closing entries for each fund.</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>1. The entries should be briefly explained or described and referenced to supporting workpapers. Information should be sufficient to prepare reconciliation between fund financials and entity-wide statements.</li> <li>2. Reconcile reversing journal entries with prior year report.</li> <li>3. Review receipt classifications for proper reporting on the statement of activities.</li> <li>4. Obtain Landfill concurrence for full accrual journal entries.</li> </ol>	A				











**LANDFILL** Sample Landfill**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 Landfill 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 the Landfill 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				



**LANDFILL** Sample Landfill

**June 30, 2016**

**CAPITAL ASSETS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p><b>Audit Objectives and Related Assertions:</b></p> <p><b>A. Capital assets represent a complete and valid listing of the capitalizable cost of assets purchased, constructed or leased by the Landfill and are physically on hand. (1,2,3,4)</b></p> <p><b>B. "Additions" or capital expenditures represent a complete and valid listing of the capitalizable cost of the property and equipment acquired during the year. (1,2,3,4)</b></p> <p><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></p> <p><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></p> <p><b>E. Capital expenses 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></p>					
<p><b>Audit Procedures:</b></p> <p>A. Obtain a reconciliation of capital asset activity for the fiscal year.</p> <p>B. Document the capitalization policy for each class of asset.</p> <p>C. Trace a selection of additions to list of assets.</p> <ol style="list-style-type: none"> <li>1. Determine major additions were authorized by the governing body.</li> <li>2. Determine classification as an asset, rather than repair and maintenance expense, is consistent with policy.</li> <li>3. Observe existence of the capital asset addition.</li> <li>4. If capital asset additions were not included in the expenditure test population, examine invoices and other supporting documentation, for each tested addition.</li> <li>5. For reporting:                     <ol style="list-style-type: none"> <li>a. Obtain the Landfill's reconciliation of additions to the related expenses. Prepare the journal entry to eliminate additions from expenses.</li> <li>b. Determine the amount of revenue to be recorded as contributions from other governments for the addition of capital assets acquired through purchases made by other governments.</li> </ol> </li> </ol>	B				

**LANDFILL** Sample Landfill

**June 30, 2016**

**CAPITAL ASSETS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
1) Analyze the capital projects payments to determine the completeness of capital asset additions and discuss with Landfill management whether uncapitalized payments should be reclassified to repair and maintenance.					
2) For construction in progress, determine and document the status at year-end.					
D. Deletions 1. Trace to supporting documentation. 2. Trace to authorization. 3. Trace proceeds to cash receipts journal. 4. Determine the gain/loss on disposal of capital assets.	C				
E. Trace a selection of capital assets to physical existence: 1. Select items to trace from the listing to the actual asset. 2. Select items to trace from the actual asset to the listing.	A				
F. Foot additions, deletions and the capital asset listing.	A,B,C, D				
G. For depreciation/amortization: 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.	D				
H. Determine the Landfill recorded intangible assets in accordance with GASB 51. Examples of intangible assets include computer software, easements, land use rights, patents, trademarks and copyrights. 1. For internally generated intangible assets, determine only outlays related to the development of the asset incurred <u>subsequent</u> to meeting <u>all</u> of the following criteria were capitalized: a. Determination of the specific objective of the project and nature of the service capacity expected. b. Demonstration of technical or technological feasibility for completing the project.	A,B,C, D,E				

**LANDFILL** Sample Landfill

**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>c. Demonstration of the current intention, ability and presence of effort to complete or continue development of the asset. (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>					
<p>I. Analyze equipment leases to determine if they meet the criteria in GASB Codification Section L20.</p>	A				
<p>J. If an impairment of capital assets exists under GASB 42 criteria:</p> <p>1. Determine appropriate adjustments were made to the asset valuation.</p> <p>2. Determine required disclosures were included for capital asset impairments.</p> <p>3. Determine insurance recoveries on impaired assets were properly recorded.</p>	C,E				
<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 capital assets are properly classified and disclosures are adequate.</p>	E				





**LANDFILL** Sample Landfill

**June 30, 2016**

**LIABILITIES/DEFERRED INFLOWS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p><b>Audit Objectives and Related Assertions:</b></p> <p><b>A. Liabilities/deferred inflows of resources at the balance sheet/statement of net position date are properly supported. (1)</b></p> <p><b>B. Liabilities/deferred inflows of resources are properly authorized, represent the correct amounts of currently payable items in the proper year and reflect all outstanding obligations. (2,3,4)</b></p> <p><b>C. Liabilities/deferred inflows of resources are properly recorded and classified and disclosures are adequate. (10,11,12,13)</b></p> <p><b>Audit Procedure:</b></p> <p>A. Liabilities</p> <ol style="list-style-type: none"> <li>1. Obtain or prepare a list of payables and identify amounts as follows:                             <ol style="list-style-type: none"> <li>a. Accounts payable.</li> <li>b. Accrued payroll and payroll taxes.</li> <li>c. Due to other funds.</li> <li>d. Due to other governments.</li> <li>e. Contracts payable, including retainage, if applicable.</li> <li>f. Accrued interest.</li> <li>g. Compensated absences.</li> <li>h. Estimated losses from loss contingencies (including incurred but not reported claims relating to self insurance funds).</li> <li>i. Bonds and notes payable.</li> <li>j. Anticipatory warrants.</li> <li>k. Termination benefits.</li> <li>l. OPEB.</li> <li>m. Other.</li> </ol> </li> <li>2. Foot listings for accuracy.</li> <li>3. Test the accuracy and classification of recorded liabilities by examining supporting documentation.</li> <li>4. Review liabilities and determine current and noncurrent portions.</li> </ol> <p>B. Unrecorded Liabilities</p> <ol style="list-style-type: none"> <li>1. Perform a search for unrecorded liabilities, including the following, and schedule findings to show the effect of the potential adjustment on operations or financial position:</li> </ol>	<p>A,B,C</p> <p>B</p>				

**LANDFILL** \_\_\_\_\_ **Sample Landfill**

**June 30, 2016**

**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>
<ul style="list-style-type: none"> <li>a. Examine files of receiving reports unmatched with vendors' invoices, searching for significant items received on or before the balance sheet date.</li> <li>b. Inspect files of unprocessed invoices and vendors' statements for unrecorded liabilities.</li> <li>c. 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 accounts payable as of the balance sheet date were properly recorded.</li> <li>d. Inquire of Landfill staff about their knowledge of additional sources of unprocessed invoices, unrecorded commitments or contingent liabilities. Indicate who responded to our inquiry in the remarks columns.</li> </ul>					
<p>C. Municipal Solid Waste Landfill (MSWLF) Closure and Postclosure care</p> <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/statement of net position 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> <li>5. Determine the current period allocation was properly calculated based on the formula in GASB 18.</li> <li>6. Determine current period allocation and actual costs were properly recorded.               <ul style="list-style-type: none"> <li>a. Proprietary fund:                   <ul style="list-style-type: none"> <li>1) Current period allocation recognized as an expense and a fund liability.</li> </ul> </li> </ul> </li> </ul>	A,B,C				

**LANDFILL** \_\_\_\_\_ **Sample Landfill**

**June 30, 2016**

**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>2) 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.</p> <p>3) 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.</p> <p>4) 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.</p> <p>b. Governmental fund:</p> <p>1) Recorded as a liability and expense in the governmental activities column in the government-wide statements unless the liability meets the criteria to be included as a fund liability in step 2) below.</p> <p>2) Recorded as a liability and expenditure in the governmental fund to the extent the liability is due in the current period for the receipt of goods and services used in the closure and postclosure care process.</p> <p>3) Determine equipment and facilities, final cover and monitoring and maintenance included in the estimated total current cost of closure and postclosure care are reported as a reduction of the balance sheet liability and as closure and postclosure care expenditures when they are acquired.</p> <p>7. Obtain copies of permits or permit renewals to determine approved periods of operation.</p>					
<p>D. Termination Benefits</p> <p>1. Review the Landfill’s termination benefits plan and determine the plan was properly approved.</p> <p>2. Obtain or prepare a list of employees eligible for termination benefits under the plan and the amount of the Landfill’s current year expense and liability as of June 30.</p> <p>3. Distinguish between:</p> <p>a. Matured termination benefits not paid at June 30 for governmental funds.</p>	A				
	C				

**LANDFILL** \_\_\_\_\_ **Sample Landfill**

**June 30, 2016**

**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>
b. Long-term debt: 1) Due within one year. 2) Due after one year.					
4. Select a number of eligible employees under the plan to determine if: a. The employees meet the requirements noted in the policy. b. The employees were properly approved for participation in the plan. c. The current year expense and liability were properly calculated as of June 30.	A,B,C				
5. Inquire of Landfill personnel about other eligible employees not included in the list. 6. Prepare the necessary footnote disclosure, including: a. A general description of the termination benefit arrangements, including, but not limited to: 1) Information about the type(s) of benefits provided 2) The number of employees affected 3) The period of time over which benefits are expected to be provided 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. c. The significant methods and assumptions used to determine the termination benefit liabilities and expenses.	C				
E. Determine if deferred inflows of resources meeting the definition of GASB 65 and 68, have been recorded. 1. Review the amount(s) recorded for reasonableness. 2. Trace the amount(s) to supporting documentation.	A,B,C				
F. 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. 1. Review the amount(s) recorded for reasonableness. 2. Trace the amount(s) to supporting documentation.	A,B				



**LANDFILL**                     **Sample Landfill**

**June 30, 2016**

**FUND EQUITY/NET POSITION**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<b>Audit Objectives and Related Assertions:</b>					
<b>A. All and only properly authorized reservations and restrictions of the fund equity/net position are recorded. (1,3)</b>					
<b>B. Components of fund equity/net position are determined in accordance with state and local regulations and requirements. (2)</b>					
<b>C. Components of fund equity/net position and changes in fund equity/net position are properly computed and are described, classified and disclosed appropriately, as applicable, in the entity wide and/or fund financial statements. (4,10,11,12,13)</b>					
<b>Audit Procedures:</b>					
A. Reconcile beginning and end of year fund equity/net position.					
B. Analyze and verify the changes in all fund equity/net position and trace to supporting documentation as applicable.	A,C				
C. Determine the proper amount of fund equity/net position has been reserved/restricted for items, as applicable, including solid waste fees retained in accordance with Chapter 455B.310 of the Code of Iowa.	B				
D. Determine reservations/restrictions of fund equity/net position were properly authorized based on review of the minutes, debt agreements, etc. (i.e. amounts maintained in a trust fund for closure/post closure financial assurance should be recorded as restricted assets.)	A,B				
E. Determine the proper classification of fund equity/net position:					
1. Net investment in capital assets.					
2. Restricted:					
a. External restrictions (for example, bond covenants or State legislation).					
b. Enabling legislation (internal restrictions made by the governing body).					
3. Unrestricted.					
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 the proper classification of fund equity/net position for report purposes.	C				



**LANDFILL** Sample Landfill

**June 30, 2016**

**COMPLETION OF AUDIT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p><b>Audit Objectives and Related Assertions:</b></p> <p><b>A. Written representations have been obtained from responsible officials.</b></p> <p><b>B. Misstatements discovered during the audit have been evaluated.</b></p> <p><b>C. Financial statements are fairly presented and disclosures are adequate. (10,11,12,13)</b></p> <p><b>D. The effect on the auditor’s report of GAAP departures, scope limitations, uncertainties, other auditors or other matters has been evaluated.</b></p> <p><b>E. Significant deficiencies and material weaknesses have been summarized and communicated to the appropriate parties.</b></p> <p><b>F. Significant commitments, contingencies and subsequent events that may require disclosure have been identified. (10,11,12,13)</b></p> <p><b>Audit Procedures:</b></p> <p>A. Inquire as to whether all funds have been brought to our attention.</p> <p>B. Identify any commitments, contingencies and subsequent events that may require disclosure.</p> <p>1. In connection with litigation and claims, perform the following procedures:</p> <p>a. Obtain from Landfill officials a description and evaluation of litigation and asserted and unasserted claims.</p> <p>b. Examine documents in the Landfill’s possession concerning the above matters.</p> <p>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.</p> <p>d. Review attorney’s letter for matters requiring disclosure.</p> <p>2. Complete review of minutes through end of field work for subsequent events.</p> <p>3. Inquire about existence of material subsequent transactions or events and significant matters unresolved at year end.</p> <p>4. Scan records subsequent to period under audit for significant unusual receipts, payments and non-standard entries.</p>	F				



**LANDFILL** \_\_\_\_\_ **Sample Landfill**

**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>C. Determine if footnote disclosure is needed and obtain documentation for the following items. (For Landfills with unusual types of activities, consider reviewing the AICPA Disclosure Checklist):</p> <ol style="list-style-type: none"> <li>1. Lease commitments (capital and operating leases).</li> <li>2. Construction commitments.</li> <li>3. Contracts.</li> <li>4. Termination benefits.</li> <li>5. OPEB and pension benefits.</li> <li>6. Subsequent events.</li> <li>7. Lawsuits, claims and judgments.</li> <li>8. Other commitments and contingencies, including outstanding indebtedness of others guaranteed by the Landfill, moral obligations and no-commitment debt.</li> <li>9. Health insurance trust.</li> <li>10. Relationships with organizations other than component units:                             <ol style="list-style-type: none"> <li>a. Related organizations.</li> <li>b. Joint ventures.</li> <li>c. Jointly governed organizations.</li> <li>d. Component units and related organizations with joint venture characteristics.</li> <li>e. Pools.</li> <li>f. Undivided interests.</li> <li>g. Cost-sharing arrangements.</li> <li>h. Closure/postclosure care costs and financial assurance.</li> </ol> </li> <li>11. Other pertinent information.</li> </ol>	<p>C,F</p>				
<p>D. Summarize and evaluate misstatements noted during the audit, if any.</p> <ol style="list-style-type: none"> <li>1. Determine whether uncorrected misstatements are material, individually or in the aggregate. Consider the following: (AU-C 450.11).                             <ol style="list-style-type: none"> <li>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,</li> </ol> </li> </ol>	<p>B</p>				



**LANDFILL** \_\_\_\_\_ **Sample Landfill**

**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>b. Restatement of previously issued financial statements to reflect the correction of a material misstatement due to fraud or error.</p> <p>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 Landfill's internal control.</p> <p>d. Ineffective oversight of the Landfill's financial reporting and internal control by those charged with governance.</p> <p>J. Draft the audit report, including opinions, financial statements, notes, required supplementary information, supplementary information and other reports. Determine preparation of the draft audit report will not impair independence.</p> <p>K. Send the draft financial statements to the Landfill and obtain the Landfill's approval:</p> <p>1. Date sent to Landfill _____</p> <p>2. Date Landfill approved _____</p> <p>L. Perform the following procedures related to supplementary information (SI) as required by AU-C 725.05 and AU-C 725.07:</p> <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> <p>a. The SI was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.</p> <p>b. The SI relates to the same period as the financial statements.</p> <p>c. The financial statements were audited and the auditor served as the principal auditor for that engagement.</p> <p>d. Neither an adverse opinion or disclaimer of opinion was issued on the financial statements.</p> <p>e. The SI will accompany the Landfill's audited financial statements or such audited financial statements will be made readily available by the Landfill.</p>	<p>C,E</p>				

**LANDFILL** Sample Landfill

**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>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> <li>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.</li> </ul>					
<p>M. Perform the following limited procedures to Required Supplementary Information (RSI), as required by AU-C 730.05:</p> <ul style="list-style-type: none"> <li>1. Inquire of management about the methods used in preparing the information. <ul 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> </ul> </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> </ul>					
<p>N. Review the reasonableness of Management's Discussion and Analysis, which is limited to the following required elements: (GASB 34 par. 11)</p> <ul style="list-style-type: none"> <li>1. A brief discussion of the basic financial statements,</li> </ul>					

**LANDFILL** Sample Landfill

**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>including the relationships of the statements to each other and the significant differences in the information they provide.</p> <ol style="list-style-type: none"> <li>2. Condensed financial information derived from entity wide financial statements comparing the current year to the prior year.</li> <li>3. An analysis of the Landfill'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> <li>4. An analysis of balances and transactions. The analysis should address the reasons for significant changes in net position and whether restrictions, commitments or other limitations significantly affect the availability of resources for future use.</li> <li>5. 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.</li> <li>6. A description of currently known facts, decisions or conditions expected to have a significant effect on financial position or results of operations.</li> </ol> <p>O. For other information included in the audited financial statements (such as the introductory and statistical section in CAFR audits or Management's Discussion and Analysis for cash basis audits) (AU-C 720):</p> <ol style="list-style-type: none"> <li>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.</li> <li>2. Communicate with those charged with governance any procedures performed and the results.</li> </ol> <p>P. Determine information presented as other information in the statistical section of a Comprehensive Annual Report (CAFR) complies with GASB 44 requirements.</p> <p>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)</p>	C				

**LANDFILL** Sample Landfill**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>
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 the financial statements. Document the consideration of the following:	C				
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.					
2. Unusual or unexpected balances or relationships not previously identified.	C				
U. Conduct an exit conference with Landfill officials, including its audit committee, if possible, and discuss the following:	E				
1. Report findings.					
2. Non-report findings.					
3. Audit and accounting problems which may affect the audit bill.					
V. Obtain written representations signed by appropriate officials.	A				
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.					
2. Prepared on the Landfill's letterhead.					
3. Dated the same date as the auditor's reports as determined in AU-C 700.41.					
W. Complete the budget and time summary, including explanation of significant variances from budget and recommendations for next year. Note billing instructions, if applicable.					
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 it has taken responsibility for the financial statements.					









**LANDFILL Sample Landfill**

**June 30, 2016**

**SIGNIFICANT FINDINGS  
FROM THE AUDIT**

IN ATTENDANCE:

<u>Landfill</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 Landfill 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 Landfill.

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 Landfill in determining the reasonableness in relation to the financial statements taken as a whole.

List significant estimates:

(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:

**LANDFILL** Sample Landfill**June 30, 2016****SIGNIFICANT FINDINGS**  
**FROM THE AUDIT**(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 performed

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 Landfill'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 that 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 audit procedures performed:

(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 Landfill's financial statements or a determination of the type of auditor's opinion that 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 were discussed, or were the subject of correspondence, with management.

List any significant issues:

**LANDFILL** \_\_\_\_\_ **Sample Landfill**

**June 30, 2016**

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

(J) Comments

We have provided our written comments and recommendations regarding the Landfill'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:

\_\_\_\_\_  
Governing Body Representative

\_\_\_\_\_  
Date





**LANDFILL** Sample Landfill**June 30, 2016****ITEMS FOR COMMENT-**  
**INTERNAL CONTROL**

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).

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

Factors affecting the magnitude of a misstatement that 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.









**LANDFILL** \_\_\_\_\_ **Sample Landfill**

**June 30, 2016**

**OPINION, DISCLOSURE AND  
OTHER REPORT INFORMATION**

***(Cash Basis Landfill)***

A. Independent Auditor's Report on the financial statements:

1. Type of opinion rendered on the financial statement and reason for modification of opinion, if applicable:

U Q D A

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

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

Schedules - Identify \_\_\_\_\_

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

Years:

\_\_\_\_\_ AOS U Q D A

\_\_\_\_\_ Other auditors U Q D A

\_\_\_\_\_  
\_\_\_\_\_

4. Other Information (OI) - Disclaim an opinion on the unaudited information (AU-C 720) (check applicable):

MD&A  OPEB - Funding Progress

Proportionate Share of Net Pension Liability  Contributions Schedule

Other \_\_\_\_\_

**LANDFILL** Sample Landfill

**June 30, 2016**

**OPINION, DISCLOSURE AND  
OTHER REPORT INFORMATION**

***(GAAP Basis Landfill)***

A. Independent Auditor's Report on the financial statements:

1. Type of opinion rendered on the financial statements and reason for modification of opinion, if applicable:

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                       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 - Identify \_\_\_\_\_

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

Years:

\_\_\_\_\_ AOS                      U Q D A  
 \_\_\_\_\_ Other auditors            U Q D A

\_\_\_\_\_  
 \_\_\_\_\_

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

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



**LANDFILL** Sample Landfill

**June 30, 2016**

**OPINION, DISCLOSURE AND  
OTHER REPORT INFORMATION**

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:

1.	Instances of material non-compliance	<u>Y N</u>	<u>GF-12's</u>
2.	Instances of nonmaterial non-compliance	<u>Y N</u>	<u>GF-12's</u>
3.	No instances of non-compliance	<u>Y N</u>	<u>GF-12's</u>
4.	Significant deficiencies	<u>Y N</u>	<u>GF-12's</u>
5.	Material weaknesses	<u>Y N</u>	<u>GF-12's</u>

D. Because this audit is being conducted under Chapter 11 of the Code of Iowa, Government Auditing Standards and the Uniformed 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.











**LANDFILL** Sample Landfill**June 30, 2016****INCHARGE REVIEW QUESTIONNAIRE**

QUESTION	YES	NO	N/A
1. Was the scope of our audit in accordance with our audit plan?			
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?			
3. Have you gathered enough evidence to satisfy the audit program objectives?			
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?			
5. Are you satisfied we have a reasonable basis for the expression of an opinion on each opinion unit and the workpaper documentation supports the opinion we are expressing on each opinion unit?			
6. Are you satisfied with the results of the limited procedures performed for required supplementary information, supplementary information and other information?			
7. Are you satisfied there is not substantial doubt about the Landfill'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?			
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 <u>Government Auditing Standards</u> ?			
9. Are you satisfied we have obtained an adequate understanding of the internal controls, determined whether these controls were implemented and assessed control risk?			
10. Are you satisfied we have reduced the detection risk to a reasonable level?			
11. Have all applicable items on the audit planning, questionnaires and audit program been completed and the workpapers are properly indexed and signed or initialed by those doing the work?			
12. Have all significant unusual or unexpected balances or relationships noted during planning or the course of the audit been adequately investigated and documented?			
13. Has the work of all assistants been thoroughly reviewed?			
14. Have review notes been adequately resolved?			
15. 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 fieldwork? (AU-C 240.34)			
16. 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?			

**LANDFILL** \_\_\_\_\_ **Sample Landfill**

**June 30, 2016**

**INCHARGE REVIEW QUESTIONNAIRE**

QUESTION	YES	NO	N/A
17. Have you documented the success and/or failures of procedures performed based on the planned risk assessment in the items for next year section?			
18. Have you discussed with Landfill officials and prepared draft comments or memoranda regarding communication of the following to the client: a. Management suggestions? b. All significant deficiencies and material weaknesses in internal control we observed? c. All immaterial items noted during our audit? d. Non-compliance with any statutory, regulatory or contractual requirements? e. Any instances of fraud or indications fraud may exist? f. Auditor's Reports on financial statements, compliance and internal control?			
19. Has the audit report routing sheet: a. Been completed and signed off? b. Been completed for the report distribution section, including addresses for non-client report recipients?			
20. Has the news release draft been completed?			
21. Has a list been prepared of all significant pending matters which must be cleared before issuing the report?			
22. Has the Manager been informed of all pending matters?			
23. Have required engagement evaluation reports been completed by the appropriate person(s)?			
24. Are you satisfied all audit work complied with professional standards and office policies?			
25. Have all electronic workpapers been properly stored on the network?			
<u>COMMENTS</u> (required for "No" answers):			
Incharge _____	Date _____		
Manager _____	Date _____		
Independent Reviewer _____	Date _____		

**LANDFILL** Sample Landfill**June 30, 2016****MANAGER REVIEW QUESTIONNAIRE**

QUESTION	YES	NO	N/A
<p>A. <u>General</u></p> <ol style="list-style-type: none"> <li>1. Have you reviewed the workpapers and do you concur with the conclusions of the incharge auditor?</li> <li>2. Have all exceptions noted in the Incharge Review Questionnaire been resolved?</li> <li>3. Are you satisfied: <ol style="list-style-type: none"> <li>a. The audit program was properly modified for identified problems and internal control weaknesses?</li> <li>b. Required supplementary information, if applicable, has been obtained and testing procedures have been performed?</li> <li>c. The judgments and conclusions reached are supported by documented evidence?</li> <li>d. Appropriate changes for the next audit, if any, have been summarized?</li> <li>e. All audit work conformed to the audit plan, scope and objectives?</li> <li>f. All significant unusual or unexpected balances or relationships noted during planning or the course of the audit have been adequately investigated and documented?</li> <li>g. Nothing noted indicated an increased level of risk of material misstatement due to fraud or error?</li> </ol> </li> <li>4. Do the workpapers include adequate documentation as to: <ol style="list-style-type: none"> <li>a. Changes in accounting policies?</li> <li>b. Conformity with U.S. generally accepted accounting principles or a different basis of accounting, if appropriate?</li> <li>c. Conformity with U.S. generally accepted government auditing standards?</li> <li>d. Conformity with statutory, regulatory and contractual provisions?</li> <li>e. Adequacy of disclosure?</li> <li>f. Compliance with office policies?</li> </ol> </li> <li>5. Have applicable questionnaires been completed?</li> <li>6. Have all procedures been performed and signed off?</li> <li>7. Have all review comments been cleared with adequate documentation of disposition?</li> <li>8. Have required performance evaluations been completed?</li> <li>9. Have all electronic workpapers been properly stored on the network?</li> </ol>			

**LANDFILL** Sample Landfill**June 30, 2016****MANAGER REVIEW QUESTIONNAIRE**

QUESTION	YES	NO	N/A
B. <u>Financial Statements and Audit Report</u>			
1. Are the financial statements adequately referenced to footnote disclosures?			
2. Are the dates of the financial statements correct?			
3. Are all material facts disclosed which are necessary to not make the financial statements misleading?			
4. Have all material and/or special or extraordinary subsequent events been evaluated and properly disclosed?			
5. Is there adequate documentation in the workpapers to support the footnotes?			
6. Do the footnotes clearly explain the facts?			
7. Is the nature of each financial statement clearly indicated by its title?			
8. Do the financial statements maintain a uniform manner of format, capitalization, headings and appearance in general within itself?			
9. Is our audit report addressed to the proper party?			
10. Does our opinion on each opinion unit properly state the responsibility we wish to assume?			
11. Has an adequate audit been made to support the opinion(s) we are rendering?			
12. Is the report dated in accordance with AU-C 700.41?			
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?			
14. Is our opinion on the supplementary financial information proper and supported by our audit?			
15. Are disclosures in each opinion unit, financial statements and notes to financial statements adequate and do they clearly communicate the facts?			
16. Have you performed final analytical procedures, including a comparison of the financial statements to the prior year?			
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?			
18. Have the following been discussed with appropriate Landfill officials and arrangements been made to get responses, if appropriate:			
a. Management suggestions?			
b. All significant deficiencies and material weaknesses in internal control we observed?			
c. All immaterial items?			

**LANDFILL** \_\_\_\_\_ **Sample Landfill**

**June 30, 2016**

**MANAGER REVIEW QUESTIONNAIRE**

QUESTION	YES	NO	N/A
<p>d. Non-compliance with any statutory, regulatory or contractual requirements?</p> <p>e. Any instances of fraud or indications fraud may exist?</p> <p>f. Auditor’s Report?</p> <p>19. Have you sent the draft financial statements to Landfill officials and received written client approval of the financial statements?</p> <p>C. <u>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:</u></p> <p>1. Has adequate work been performed to support our statement on instances of non-compliance required to be reported under <u>Government Auditing Standards</u>?</p> <p>2. Have appropriate exceptions been noted for items of non-compliance?</p> <p>3. Has adequate audit work been performed to support:</p> <p style="padding-left: 20px;">a. Our understanding of internal controls?</p> <p style="padding-left: 20px;">b. The determination of whether these controls have been implemented?</p> <p style="padding-left: 20px;">c. Our assessment of control risk?</p> <p>4. Have all significant deficiencies and material weaknesses been disclosed?</p> <p>D. <u>Report Production</u></p> <p>1. Has the report routing sheet been completed?</p> <p>2. Does the draft audit report comply with professional and office reporting standards?</p> <p>3. Has a copy of the completed routing sheet, including the report release date, been filed in GF-17’s?</p> <p><u>COMMENTS</u> (required for “No” answers):</p>			
<p>Manager _____ Date _____</p> <p>Independent Reviewer _____ Date _____</p>			

**LANDFILL** Sample Landfill

**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 not previously identified, has adequate audit evidence and documentation been obtained?			
8. Do the basic 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 the 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. Does the draft audit report comply with professional and office reporting standards?			
<u>COMMENTS</u> (required for "No" answers):			
Independent Reviewer _____	Date _____		