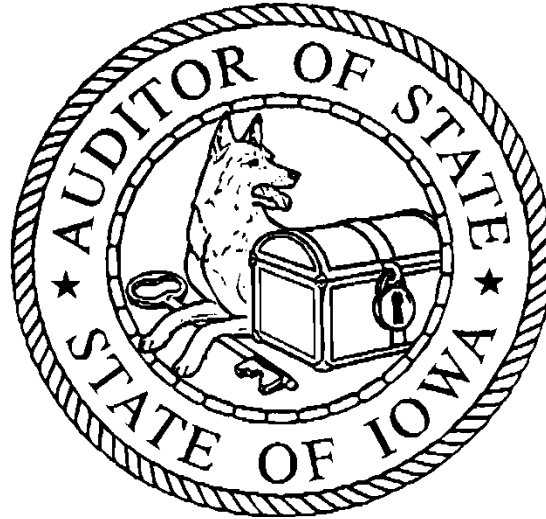


# **HOSPITAL AUDIT PROGRAM GUIDE**

For the year ended June 30, 2018



MARY MOSIMAN, CPA  
AUDITOR OF STATE



**HOSPITAL AUDIT PROGRAM GUIDE**

**HOSPITAL** \_\_\_\_\_ 2018 Audit Programs \_\_\_\_\_

June 30, 2018

<u>N/A</u>	<u>Incl.</u>	
_____	_____	Audit Planning
_____	_____	Planning Conferences
_____	_____	Internal Control
_____	_____	Review of Minutes
_____	_____	Copy of Hospital's June 30 Financial Statements/Reports
_____	_____	Planning Materiality
_____	_____	Analytical Procedures
_____	_____	Time Budget and Progress Reports
_____	_____	Audit Program
_____	_____	Audit and Accounting Problems
_____	_____	Conferences (including exit)
_____	_____	Items for Comment
_____	_____	Items for Next Year
_____	_____	Representation Letter/Related Parties Documentation
_____	_____	Attorney's Letter
_____	_____	Audit Difference Evaluation
_____	_____	Opinion, Disclosure and Other Report Information, Including Draft
_____	_____	Management Discussion and Analysis
_____	_____	Confirmation Control
_____	_____	W/P Copies Given to Client and Outside Parties
_____	_____	Pending Matters
_____	_____	Review Notes - deleted by _____ Date _____
_____	_____	Incharge Review Questionnaire
_____	_____	Manager Review Questionnaire
_____	_____	Independent Reviewer Questionnaire
_____	_____	Prior Year Audit Report/Status of Prior Year Comments

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June 30, 2018

**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. Determine preliminary planning materiality.</b></p> <p><b>C. Consider the effect on financial statements of non-compliance with laws and regulations.</b></p> <p><b>D. Perform risk assessment procedures and assess risk of material misstatement of the financial statements.</b></p> <p><b>E. 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> <p>C. Timing:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;">Planned Date</th> <th style="width: 20%; text-align: center;">Actual Date</th> </tr> </thead> <tbody> <tr> <td>Begin fieldwork</td> <td>_____</td> <td>_____</td> </tr> <tr> <td>Complete fieldwork</td> <td>_____</td> <td>_____</td> </tr> <tr> <td>To Manager</td> <td>_____</td> <td>_____</td> </tr> </tbody> </table> <p>Hospital contact name: _____</p> <p>Telephone: _____</p> <p>Email: _____</p> <p>D. Obtain and file the engagement letter. (AU-C 210.09)</p> <p>E. If prior year audit was performed by another firm (AU-C 510):</p>		Planned Date	Actual Date	Begin fieldwork	_____	_____	Complete fieldwork	_____	_____	To Manager	_____	_____	<p>A</p> <p>A</p> <p>A</p>				
	Planned Date	Actual Date															
Begin fieldwork	_____	_____															
Complete fieldwork	_____	_____															
To Manager	_____	_____															

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June 30, 2018

**AUDIT PLANNING**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<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> <li>4. Review and document, as necessary, evidence of opening balances.</li> <li>5. Firm: _____                      Contact Person: _____                      Telephone: _____</li> </ol>					
<p>F. Review prior year audit report and working papers. If applicable:</p> <ol style="list-style-type: none"> <li>1. Note any departures from an unmodified opinion.</li> <li>2. Note any specific areas of comment in the prior audit report. Determine if appropriate corrective action was taken and document status.</li> <li>3. Note any areas of special emphasis recommended for this year’s audit by the prior auditor.</li> <li>4. Note items for next year’s audit in the prior year workpapers and document in the current year workpapers how those items are being addressed.</li> <li>5. Note any non-report comments that may effect this year’s audit and document the status of the non-report comments.</li> </ol>	A,E				
<p>G. Inquire as to the existence of findings and recommendations from any previous audits, attestation engagements, performance audits or other studies (for example – Federal audits, program audits, IT (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)</p>	A,E				
<p>H. Review permanent file and determine status of:</p> <ol style="list-style-type: none"> <li>1. Identification of the financial reporting entity and compliance with GASB 14, as amended by GASB 39, 61 and 80.                     <ol style="list-style-type: none"> <li>a. Identify the primary government.</li> </ol> </li> </ol>	A,E				

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**AUDIT PLANNING**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<ul style="list-style-type: none"> <li>b. Identify and document consideration of component units.</li> <li>c. For an entity identified which is not incorporated, determine if the entity is an unincorporated nonprofit association pursuant to Chapter 501B of the Code of Iowa and report accordingly.</li> <li>d. Identify and document relationships with organizations other than component units.                             <ul style="list-style-type: none"> <li>1. Nature of business and legal environment.</li> <li>2. Applicable state and federal regulations.</li> <li>3. Administrative and accounting personnel.</li> <li>4. As applicable, federal program personnel.</li> <li>5. Organization chart.</li> <li>6. Chart of accounts and accounting manual.</li> <li>7. Use of outside service organizations.</li> <li>8. Use(s) of IT systems.</li> <li>9. Methods used to process significant accounting information.</li> <li>10. Long-term leases, contracts and commitments.</li> <li>11. List of officials and terms.</li> </ul> </li> <li>I. Conduct entrance conference(s). Discuss and document pertinent information.</li> <li>J. Request the Hospital assemble all necessary information, records and documents.</li> <li>K. Determine if there are any audit issuance deadlines included in the continuing disclosures as required under SEC Rule 15c2-12. If applicable, review the debt filings on the Electronic Municipal Market Access (EMMA) System (<a href="http://www.emma.msrb.org">www.emma.msrb.org</a>).</li> <li>L. Determine if the engagement is an audit of group financial statements. If applicable, follow the guidance in AU-C 600, including, but not limited to:                             <ul style="list-style-type: none"> <li>1. Identifying components.</li> <li>2. Developing an overall audit strategy and audit plan for the group audit.</li> </ul> </li> </ul>					

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**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>3. Gaining an understanding of the group, its components and environments, including understanding:</p> <p style="padding-left: 40px;">a. Group-wide controls.</p> <p style="padding-left: 40px;">b. The consolidation process.</p> <p>4. Determining if components are considered significant, either individually financially significant or likely to include significant risks to the group financial statements.</p> <p>5. Gaining an understanding of component auditors.</p> <p>6. Deciding if the audit report will refer to the component auditor’s work.</p> <p>7. Determining materiality levels for the group financial statements as a whole and component materiality levels.</p> <p>8. Applying further audit procedures to the consolidation process.</p> <p>9. Subsequent events occurring between the dates of the financial information of the components and the date of the auditor’s report on the group financial statements.</p> <p>10. Communicating the group auditor requirements to the component auditor.</p> <p>11. Evaluating the sufficiency and appropriateness of the audit evidence obtained.</p> <p>12. Communicating with group management and those charged with governance of the group.</p> <p>M. Determine the extent of involvement, if any, of consultants, specialists or internal auditors. Where applicable, follow the appropriate guidance:</p> <p style="padding-left: 40px;">1. AU-C 610, “Auditor’s Consideration of the Internal Audit Function”.</p> <p style="padding-left: 40px;">2. Auditor’s Specialist (AU-C 300.12, AU-C 620 and <u>Government Auditing Standards</u>, Chapters 6.42-.44) – Consider whether specialized skills, including professionals possessing information technology (IT) skills, are needed in performing the audit and seek such assistance if considered necessary.</p>	A				

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**AUDIT PLANNING**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<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> <ul style="list-style-type: none"> <li>a. An actuary used to determine incurred but not reported (IBNR) claims for a self-insurance fund.</li> <li>b. An actuary used to determine amounts for other postemployment benefits (OPEB).</li> </ul> <p>N. Inquire about related party transactions.</p> <p>O. Minutes:</p> <ul style="list-style-type: none"> <li>1. Review minutes through the most recent meeting and document significant Board or Commission action, including subsequent events.</li> <li>2. Determine minutes were kept in accordance with Chapter 21.3 of the Code of Iowa.</li> <li>3. Determine, on a test basis, if minutes were preceded by proper public notice in accordance with Chapter 21.4 of the Code of Iowa.</li> <li>4. 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>5. Determine if the minutes document the Board or Commission followed the proper procedures for any closed sessions. (Chapter 21.5 of the Code of Iowa) <ul style="list-style-type: none"> <li>a. The session was closed by affirmative vote of at least two-thirds of the Board or Commission members.</li> <li>b. The specific exemption under Chapter 21.5 of the Code of Iowa was identified.</li> <li>c. Final action was taken in open session.</li> </ul> </li> <li>6. If applicable, determine receipts and/or disbursements were published as required by Chapters 392.6(5) or 347.13(11) of the Code of Iowa.</li> <li>7. Look for Board or Commission approval or mention of contracts or agreements having 28E characteristics. If identified, refer to the 28E subsection in the “Audit Planning” section of the audit program.</li> </ul>	<p>A,E</p> <p>A,D,E</p>				



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**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. Obtain a copy of Hospital's June 30 financial statement(s)/ reports.	A				
Q. 28E Organizations: 1. Determine if the Hospital was a member of a Chapter 28E organization with gross receipts in excess of \$100,000 in the fiscal year. 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.	A,D,E				
R. Determine and document judgments about materiality levels by opinion units. (AAG-SLV 4.23) If done at interim, update materiality levels as of the statement of net position date. 1. Opinion units in a Hospital's basic financial statements are (as applicable): a. By each major fund. b. By governmental or business type activities. c. Aggregate remaining fund information. d. Discretely presented component units. e. Transaction class, account balance or disclosure, if necessary. (AU-C 320.14) 2. Materiality level for each major federal program. If done at interim, update materiality levels as of year end.	A,D,E				
S. Apply preliminary analytical procedures: 1. Compare current information to information with a plausible relationship. 2. Identify expectations and document basis of expectations. 3. Identify unusual or unexpected balances or relationships. 4. Determine if matters identified indicate a higher risk of material misstatement due to fraud. If a higher risk is indicated, adjust audit approach accordingly.	A,D,E				
T. Prepare all necessary confirmation requests for mailing and send attorney's letter.					

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**AUDIT PLANNING**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
U. Determine and document an audit strategy based on determination of audit risk (AU-C 240, AU-C 315.26-.27, AU-320 and AU-C 935.20).	A,D,E				
V. Internal Control: <ol style="list-style-type: none"> <li>1. Obtain and document an understanding of the internal controls, including those relating to overall compliance with laws and regulations.                             <ol style="list-style-type: none"> <li>a. Determine and document whether these internal controls have been implemented.</li> <li>b. Assess control risk for financial statement assertions, including those relating to overall compliance with laws and regulations that have a direct and material effect on the financial statements.                                     <ol style="list-style-type: none"> <li>1) Identify those financial statement assertions for which tests of controls need to be performed and design the appropriate tests of controls.</li> <li>2) Document conclusions concerning the assessed level of control risk for the assertions in the workpapers.</li> </ol> </li> <li>c. Obtain and document an understanding of any department's separately maintained records if they are of a significant amount and outside the normal transaction cycle.</li> <li>d. If the Hospital uses a service organization to process transactions for the Hospital (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, organizations that provide data storage, etc.), follow AU-C 402 and perform the following:                                     <ol style="list-style-type: none"> <li>1) Document the effect the service organization has on the internal controls of the Hospital (user organization), related control risk assessments, and the availability of evidence to perform substantive procedures.</li> <li>2) Determine if the Hospital's agreement with the service organization includes a requirement for completion of service report(s).</li> </ol> </li> </ol> </li> </ol>	A,D,E				

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**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>3) Obtain the service organization’s service auditor’s report(s). Evaluate the following: the competence and independence of the service auditor, the adequacy of the standards under which the report was issued, and the sufficiency and appropriateness of the report for obtaining an understanding of controls relevant to the audit.</p> <p>e. Obtain and document an understanding of the Hospital’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>f. Obtain and document an understanding of the internal audit function to determine whether the internal audit function is likely to be relevant to the audit. (AU-C 315.24)</p> <p>2. Major federal programs:</p> <p>a. Obtain and document an understanding of the internal control relevant to the compliance requirements applicable to all major federal programs.</p> <p>b. Determine and document whether these controls have been implemented.</p> <p>c. Assess control risk. (The auditor should plan for a low level of control risk.)</p> <p>d. Perform tests of controls over each major program, regardless of whether or not choosing to obtain evidence to support an assessment of control risk below maximum.</p> <p>e. Include lack of or ineffective control procedures as significant deficiencies or material weaknesses in the report on the internal control.</p>					

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**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>3. If steps V(1) and (2) are done at interim, determine if tests of controls and assessments of control risk can be extended to the year end:</p> <p style="padding-left: 40px;">a. Apply the following procedures for internal control work done during interim:</p> <p style="padding-left: 80px;">1) Ask whether there have been any changes to internal control, including federal controls, since interim date. Consider also whether any changes are apparent from substantive (or other) tests done after interim date.</p> <p style="padding-left: 80px;">2) Consider the significance of any changes.</p> <p style="padding-left: 80px;">3) Obtain audit evidence about the nature and extent of any changes.</p> <p style="padding-left: 40px;">b. If considered necessary based on the above procedures, perform additional tests of controls and update risk assessments.</p> <p>W. Determine the major funds for the governmental and proprietary funds. Funds are considered major funds if they meet both criteria for the same element. (GASB 34 par. 76)</p> <p style="padding-left: 40px;">1. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues or expenditures/expenses of the individual governmental or proprietary funds are at least 10% of the corresponding total for all funds of that category or type.</p> <p style="padding-left: 40px;">2. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or proprietary funds are at least 5% of the corresponding total for all governmental and proprietary funds combined.</p> <p style="padding-left: 40px;">3. Review with management whether additional discretionary funds should be included as major funds.</p> <p>X. Consideration of compliance with laws and regulations (GAS Chapter 6.28, AU-C 250.12, AU-C 250.14)</p> <p style="padding-left: 40px;">1. Identify and obtain an understanding of the legal and regulatory framework applicable to the Hospital and how the Hospital is complying with the framework.</p>					
					A,C,E
					C

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**AUDIT PLANNING**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
2. Identify possible instances of noncompliance with laws and regulations that may have a material effect on the financial statements: <ul style="list-style-type: none"> <li>a. Inquire of management and, when appropriate, those charged with governance, about whether the Hospital is in compliance with such laws and regulations.</li> <li>b. Inspect correspondence, if any, with relevant licensing or regulatory authorities.</li> </ul>					
Y. Consideration of the Hospital’s ability to continue as a going concern. (SAS 132) <ul style="list-style-type: none"> <li>1. Determine if any conditions or events, considered in the aggregate, exist that may cause substantial doubt about the Hospital’s ability to continue as a going concern.</li> <li>2. Determine if management has performed an evaluation of whether any such conditions or events exist.                             <ul style="list-style-type: none"> <li>a. If an evaluation was completed, discuss it with management including the Hospital’s plans to address these conditions or events.</li> <li>b. If an evaluation was not completed, discuss with management whether they are aware of any such conditions or events.</li> </ul> </li> </ul>					
Z. Determine if the Hospital has entered into a Corporate Integrity Agreement (CIA) with the Office of Inspector General of the U.S. Department of Health and Human Services in accordance with SOP 99-1. Review agreement and annual report of compliance. Modify/expand audit program guide, as necessary, for weaknesses noted in the reports.	C				
AA. 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)	D				
BB. Modify/expand 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 internal control.	A,E				

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**AUDIT PLANNING**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
CC. Document compliance with Government Auditing Standards conceptual framework for nonaudit services, if any.					
DD. Determine if the Hospital was a party to a government combination (merger or acquisition) or had a disposal of operations. If applicable, determine activity is properly disclosed and reported in accordance with GASB 69.					
EE. Discuss with the engagement team the significance of threats to management participation or self-review and emphasize the risks associated with those threats.					
FF. Immediately contact the Manager if fraud or embezzlement is suspected and ensure the appropriate officials are notified. Chapter 11.6 of the Code of Iowa requires a CPA firm to notify the Auditor of State immediately regarding any suspected embezzlement, theft or other significant financial irregularities. If federal funds are involved, the appropriate U.S. Regional Inspector General should be notified.					
GG. Prepare audit time budget.					
HH. Discuss planning phase with the Manager and document conclusions.	A				
<u>ALTERNATE/ADDITIONAL PROCEDURES:</u>					



**HOSPITAL** 2018 Audit Programs

June 30, 2018

**AUDIT STRATEGY**

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

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



**HOSPITAL** 2018 Audit Programs

June 30, 2018

**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 Hospital'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 Hospital? (i.e. pensions)			
11. Have there been any significant changes in accounting practices for the Hospital?			
12. Are there any economic conditions or recent developments affecting the Hospital's operations? (inflation, interest rates, technological changes)			
13. Do any special regulatory or reporting requirements apply? (Single Audit)			
14. Is the Hospital economically dependent on a major industry or company such that a change in the industry or company would adversely affect the Hospital?			
15. Has there been a change in funding, including federal funds, that would significantly impact the operations of the Hospital?			
16. Is any aspect of the Hospital profit motivated?			
17. Have there been any significant changes in the functions or responsibilities of the Hospital?			

**HOSPITAL** 2018 Audit Programs

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**AUDIT STRATEGY**

<b>PROCEDURE</b>	<b>YES</b>	<b>NO</b>	<b>REMARKS</b>
18. Do the financial statements require use of significant accounting estimates or fair value determinations?			
19. Does the Hospital have multiple locations for significant operations?			

**HOSPITAL** 2018 Audit Programs

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**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 preliminary 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 Hospital (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 the 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. If Single Audit is applicable, identify the major federal programs using the Single Audit – Audit Strategy form.</li> <li>g. Identify material account balances and classes of transactions applicable to major federal programs.</li> <li>h. Identify the compliance requirements applicable to each major federal program.</li> <li>i. 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>		

**HOSPITAL** 2018 Audit Programs

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

**I. BRAINSTORMING CONFERENCE**

Date: \_\_\_\_\_ Date discussed with manger: \_\_\_\_\_

**Instructions:** Members of the audit team are required to discuss the susceptibility of the Hospital'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.



**HOSPITAL** 2018 Audit Programs

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**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 Hospital'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.

**Ensure management is aware of their responsibilities under Chapter 11.6(7) of the Code of Iowa to notify the Auditor of State regarding any suspected embezzlement, theft or other significant irregularities.**

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

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

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4. Inquire of the Hospital'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.

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

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

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

8. Inquire of the Hospital's 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.).

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**RISK ASSESSMENT**

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

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

\_\_\_\_\_ No

Comments:

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**RISK ASSESSMENT**

B. Others Interviewed:

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

1. Inquire of others within the Hospital (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 on Part IV)

\_\_\_\_\_ No

Comments:

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**RISK ASSESSMENT**

C. Journal Entry Inquiry:

<b>Name</b>	<b>Title</b>	<b>Date</b>
_____	_____	_____
_____	_____	_____
_____	_____	_____

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 on Part IV)

\_\_\_\_\_ No

Comments:

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**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 Hospital's assessment of risks of fraud and the programs and controls the Hospital 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 on Part IV)

\_\_\_\_\_ No

Comments:

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**RISK ASSESSMENT**

E. Internal Audit Personnel Interviewed:

<b>Name</b>	<b>Title</b>	<b>Date</b>
_____	_____	_____
_____	_____	_____
_____	_____	_____

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 on Part IV)

\_\_\_\_\_ No

Comments:

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**RISK ASSESSMENT**

QUESTION	YES	NO	N/A	REMARKS
<p><b>III. FRAUD RISK ASSESSMENT</b></p> <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 Hospital’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 Hospital units?</li> <li>9. Has management set unduly aggressive financial targets and expectations for operating personnel?</li> <li>10. Is the Hospital subject to new accounting, statutory or regulatory requirements that could impair its operating efficiency or financial stability?</li> <li>11. Is the Hospital experiencing rapid changes, such as rapid changes in technology or rapid changes in citizen’s service expectations?</li> </ol>				

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**RISK ASSESSMENT**

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

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

QUESTION	YES	NO	N/A	REMARKS
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/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?				
8. Does the Hospital have unusual or highly complex transactions (particularly those close to year-end) that are difficult to assess for substance over form?				
9. Does the Hospital have significant bank accounts in locations for which there does not appear to be a clear business justification?				
10. Does the Hospital 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?				
11. Does the hospital 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 Hospital's values or ethics?				
4. Has management failed to effectively communicate 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?				

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**RISK ASSESSMENT**

QUESTION	YES	NO	N/A	REMARKS
8. Does management have a history of violating laws, regulations, debt covenants, contractual obligations or federal and state award compliance requirements?				
9. Do non-financial management or personnel excessively participate in the determination of significant estimates or selection of accounting principles?				
10. Are there frequent disputes on accounting, auditing or reporting matters between management and the current or predecessor auditor?				
11. Has management made unreasonable demands on the auditor, such as unreasonable time constraints on completion of the audit or an excessive emphasis on reducing the audit fee?				
12. Has management placed restrictions on the auditor (formal or informal) that inappropriately limit access to people or information or inappropriately limit communication with the governing body or audit committee?				
13. Has management failed to respond to specific inquiries or to volunteer information regarding significant or unusual transactions?				
14. Has there been domineering behavior by management, especially involving attempts to influence the scope of the auditor's work?				
15. Are there other situations indicating a strained relationship between management and the current or predecessor auditor?				
16. Could the Hospital 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 Hospital 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?				



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

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

Yes (Document on Part IV)

No

Comments:

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

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

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

QUESTION	YES	NO	N/A	REMARKS
10. Does the Hospital lack an appropriate system for authorizing and approving transactions (for example, in purchasing or payroll disbursements)?				
11. Are there poor physical safeguards over assets susceptible to misappropriation (for example, inventory not stored in a secured area, cash or investments kept in unlocked drawers, etc.)?				
12. Is there a lack of timely and appropriate documentation for transactions affecting assets susceptible to misappropriation?				
13. Is there a lack of mandatory vacations for employees in key control functions?				
14. Does management have an inadequate understanding of information technology which enables IT 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 Hospital 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?				

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

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

\_\_\_\_\_ Yes (Document on 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.

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**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 Hospital'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 Hospital and its environment, including internal controls, fraud risk considerations and any other sources providing information about relevant risks. For single audits, the auditor should consider the risk noncompliance may cause the financial statements to contain a material misstatement. Auditors respond to the results of the risk assessment in three ways: (1) an overall response as to how the audit is conducted, (2) specific responses involving modification of the nature, timing and extent of procedures to be performed and (3) responses to further address the fraud risk of management override of controls.

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

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

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**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 H on audit program section Trial Balances

See audit program steps W and Y on audit program section Completion of Audit

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

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

ACCOUNT BALANCE/ CLASS OF TRANSACTION	MAT. BAL. (y/n)	MAJ. PROG (y/n)	Inherent Risk			Over All	CR	TOC (y/n)	RMM	Allowable DR
			High	Mod	Low					
Statement of Net Position/ Balance Sheet										
Cash										
Investments										
Taxes Receivable										
Accounts Receivable										
Deferred Outflows of Resources										
Prepaid Expense										
Inventories										
Capital Assets										
Accounts Payable										
Deferred Inflows of Resources										
Other Liabilities										
Compensated Absences										
Long Term Debt										
Other:										

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

ACCOUNT BALANCE/ CLASS OF TRANSACTION	MAT. BAL. (y/n)	MAJ. PROG (y/n)	Inherent Risk			Over All	CR	TOC (y/n)	RMM	Allowable DR
			High	Mod	Low					
<b>Statement of Activities/ Statement of Revenues, Expenditures and Changes in Fund Balances</b>										
Property Tax										
Revenue - Intergovernmental										
Revenue – Proprietary										
Other Revenue										
Expenditures										
Expenditures - Procurement/Credit Cards										
Payroll										
Transfers										
Depreciation										
Financial Reporting (Presentation and Disclosure)										
Other:										



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**AUDIT STRATEGY  
RISK ASSESSMENT SUMMARY**

<b>ACCOUNT BALANCE/ CLASS OF TRANSACTION</b>	<b>IDENTIFIED RISKS and RELEVANT ASSERTION(S)</b>	<b>OPINION UNIT(S) APPLICABLE</b>	<b>RESPONSE TO RISK and AUDIT APPROACH</b>
<b>Statement of Net Position/ Balance Sheet</b>			
Cash			
Investments			
Taxes Receivable			
Accounts Receivable			
Deferred Outflows of Resources			
Prepaid Expense			
Inventories			
Capital Assets			
Accounts Payable			
Deferred Inflows of Resources			
Other Liabilities			
Compensated Absences			
Long Term Debt			
Other:			

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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>			
Property Tax			
Revenue - Intergovernmental			
Revenue – Proprietary			
Other Revenue			
Expenditures			
Expenditures - Procurement/Credit Cards			
Payroll			
Transfers			
Depreciation			
Financial Reporting (Presentation and Disclosure)			
Other:			



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**ASSERTION DEFINITIONS:**

**Account Balances:**

- E = Existence – assets, deferred outflows of resources, liabilities and deferred inflows of resources exist.
- R = Rights and Obligations – the Hospital holds or controls the rights to assets and liabilities are the obligations of the Hospital.
- 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 Hospital.
- 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 Hospital.
- 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.

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

**INHERENT RISK FACTORS:**

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

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

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

<u>COMBINED RISK OF MATERIAL MISSTATEMENT (RMM)</u>	ALLOWABLE
	<u>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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**HOSPITAL** 2018 Audit Programs

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

**Planning Approach:**

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

**Significant Changes to Overall Audit Strategy:**

Document significant changes made during the audit to the overall audit strategy and 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				

**HOSPITAL** 2018 Audit Programs

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

June 30, 2018

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

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

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

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

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

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

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

**PROGRAM IDENTIFICATION**

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

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

Determine the appropriate amounts to be used as program thresholds:

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

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

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

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



**HOSPITAL** 2018 Audit Programs

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

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

**Current and Prior Experience:**

Program was audited as a major program in one of the last two years. (2 CFR 200.518(c)(1)) (1)	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N
No material weaknesses were noted in the most recent audit period. (2 CFR 200.518(c)(1)(i)) (1)	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA
No material instances of non-compliance, resulting in an opinion modification were noted in the most recent audit period. (2 CFR 200.518(c)(1)(ii)) (1)	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA
No known or likely questioned costs which exceeded 5% of the total federal awards expended for the program were noted in the most recent audit period. (2 CFR 200.518(c)(1)(iii)) (1)	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA
Results of audit follow-up did not indicate a significant increase in risk. (2 CFR 200.518(c)(1))	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA

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

Recent monitoring reviews were performed and noted no significant problems. (2 CFR 200.518(c)(1) and 200.519(c)(2)) (2)	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA
OMB has not identified the program as a high risk or non-low-risk program in the Compliance Supplement. Verify with the client. (2 CFR 200.518(c)(2))	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N

**Inherent Risk:**

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

**Overall Risk Analysis:**

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

- (1) - This criteria must be met in order to consider a Type A program low-risk.
- (2) - Obtain copy of monitoring review or other documentation to support significant problems identified.
- (3) - If this criteria is not met, the auditors should document the changes in personnel or systems which significantly affected the risk assessment.

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

**HOSPITAL** 2018 Audit Programs

June 30, 2018

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

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

**Current and Prior Experience:**

No significant deficiencies/material weaknesses or material instances of non-compliance were noted in the last year the program was audited. (2 CFR 200.519(b)(1))	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA
Persons administering program are experienced and appear competent. (2 CFR 200.519(b)(1))	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA
The program is not administered under multiple internal control structures. (2 CFR 200.519(b)(1)(i))	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA
Monitoring of subrecipients is adequate. (2 CFR 200.519(c)(1))	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA
Information systems used for processing are established and adequate. (2 CFR 200.518(c)(1))	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA
Prior audit findings have been corrected. (2 CFR 200.519 (b)(2)) (*)	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA

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

Recent monitoring reviews were performed and noted no significant problems. (2 CFR 200.518(c)(1))	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA
OMB has not identified the program as a high risk or non-low-risk program in the Compliance Supplement. (2 CFR 200.519 (c)(2))	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N

**Inherent Risk:**

Nature of program is not complex. (2 CFR 200.519(d)(1))	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N
There are no eligibility criteria or third party contracts. (2 CFR 200.519(d)(1))	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N
There haven't been significant changes in federal regulations or contract provisions. (2 CFR 200.519(d)(2))	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N
Program has been on-going (not the first or last year of the program). (2 CFR 200.519(d)(3))	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N
Program's preliminary Inherent Risk (High, Mod, Low)						

**Internal Control Consideration:**

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

**Overall Risk Analysis:**

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

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

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

**HOSPITAL** \_\_\_\_\_ 2018 Audit Programs \_\_\_\_\_

June 30, 2018

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

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

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

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

40% Rule applicable

20% Rule applicable

**HOSPITAL** \_\_\_\_\_ 2018 Audit Programs \_\_\_\_\_

June 30, 2018

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

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

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

**Compliance Requirement**

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

**HOSPITAL** 2018 Audit Programs

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

**INHERENT RISK FACTORS:**

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

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

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

**COMBINED RISK ASSESSMENT:**

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

**HOSPITAL** 2018 Audit Programs

June 30, 2018

**NONAUDIT SERVICES**

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

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

**HOSPITAL** 2018 Audit Programs

June 30, 2018

**NONAUDIT SERVICES**

If yes, list the nonaudit service and the threat:

Non audit 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 Hospital will review and approve any proposed journal entries. \_\_\_\_\_
- The designated individual at the Hospital will compare fund balances reported in the draft financial statements to the Hospital's records. \_\_\_\_\_
- The designated individual at the Hospital will complete the nonaudit services disclosure checklist. \_\_\_\_\_
- The designated individual at the Hospital will compare the financial statements and notes to financial statements to the AOS sample report. \_\_\_\_\_
- The designated individual at the Hospital will review and approve the Schedule of Expenditures of Federal Awards. \_\_\_\_\_
- 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.)

**HOSPITAL** 2018 Audit Programs

June 30, 2018

**NONAUDIT SERVICES**

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

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



**HOSPITAL** 2018 Audit Programs

June 30, 2018

**PLANNING CONFERENCE**  
**ENTRANCE**

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

IN ATTENDANCE:

Hospital		Auditor	
Name	Title	Name	Title
_____	_____	_____	_____
_____	_____	_____	_____

- | <u>Items</u>  | <u>Discussion</u> |
|---|-------------------|
| <p>A. Scope of Audit**:</p> <ol style="list-style-type: none"> <li>1. Period to be audited.</li> <li>2. Basis of accounting.</li> <li>3. Objectives of audit.</li> <li>4. Engagement letter (if multi-year letter is used, auditor should annually remind management of the terms of the engagement).</li> <li>5. Funds to be audited (including component units).</li> <li>6. Federal programs.</li> <li>7. Additional audit requirements.</li> <li>8. Reports to be issued.</li> <li>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.</li> </ol> <p>B. Timing of**:</p> <ol style="list-style-type: none"> <li>1. Fieldwork.</li> <li>2. Release of report.</li> </ol> <p>C. Availability of records.</p> <p>D. Working space arrangements, if applicable.</p> <p>E. Extent of internal audit/other client assistance.</p> <p>F. Status of prior year's audit comments.</p> <p>G. Personnel changes.</p> |                   |

**HOSPITAL** 2018 Audit Programs

June 30, 2018

**PLANNING CONFERENCE**  
**ENTRANCE**

<u>Items</u>	<u>Discussion</u>
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.	Potential component units, including changes from the prior year and entities for which the Hospital is acting as a fiscal agent.
N.	28E organizations in which the Hospital is a participant.
O.	If the Hospital has extended or received financial guarantees on obligations of other entities without receiving or paying equivalent value for the guarantee, discuss the obligation with Hospital officials (GASB 70).
P.	Understanding of fee and billing arrangements.
Q.	Additional items for audit planning: <ol style="list-style-type: none"><li>1. New capital projects or completion of projects from the prior year.</li><li>2. New grants or completion of grants from the prior year.</li><li>3. New revenue sources, such as special assessments, local option sales tax, etc.</li><li>4. Debt issuances or refunding/retirement of debt.</li><li>5. Significant changes in the Hospital's budget from the prior year and/or significant amendments to the Hospital's current year budget.</li><li>6. Others.</li></ol>
R.	GASB 74/75 – Discuss with management that a new valuation is required for implementation of GASB 75, including a restatement of beginning of fiscal year total OPEB liability.

**HOSPITAL** 2018 Audit Programs

June 30, 2018

**PLANNING CONFERENCE**  
**ENTRANCE**

<u>Items</u>	<u>Discussion</u>
	Discuss the requirements effective for fiscal year 2018 with management, including the required actuarial valuation, footnote disclosures and financial statement effects.
S.	GASB 34 – Inquire as to whether any funds have been identified as discretionary major funds.
T.	Inquire of management and, when appropriate, those charged with governance, about whether the Hospital is in compliance with laws and regulations that may have a material effect on the financial statements.
U.	Inquire of management and, when appropriate, those charged with governance, whether the Hospital is aware of any conditions or events, considered in the aggregate, that may cause substantial doubt about the Hospital’s ability to continue as a going concern. SAS 132
V.	Inquire of management about their understanding of the risk of material misstatement due to fraud and whether they have knowledge of fraud that has occurred.
W.	Ensure management is aware of their responsibilities under Chapter 11.6(7) of the Code of Iowa to notify the Auditor of State regarding any suspected embezzlement, theft or other significant financial irregularities.
X.	Inquire of management about the existence of a program for preventing, deterring or detecting fraud. If a program exists, determine if fraud risk factors have been identified.
Y.	Inform management about the auditor’s responsibilities to inquire of them and others about fraud risk factors relating to financial reporting and misappropriation of assets throughout the audit in accordance with AU-C 240.
Z.	Inquire of management about the existence of any known limitations on the audit.

**HOSPITAL** 2018 Audit Programs

June 30, 2018

**PLANNING CONFERENCE**  
**ENTRANCE**

<u>Items</u>	<u>Discussion</u>
AA.	Discuss nonaudit services with those charged with governance or management, including**: <ol style="list-style-type: none"><li>1. Independence issues.</li><li>2. The nature of the audit and the nonaudit services provided.</li></ol>
BB.	Other discussion items.
CC.	Discuss the following items with those charged with governance**: <ol style="list-style-type: none"><li>1. Are there any matters warranting particular attention during the audit or areas where additional procedures are requested?</li><li>2. Has there been any significant communications with regulators?</li><li>3. How does the Hospital respond to changes in financial reporting standards and laws/regulations?</li><li>4. What actions have been taken to respond to prior audit comments?</li><li>5. Were there any communications with management regarding the Hospital's processes for identifying and responding to the risks of fraud? If yes, document the specific communications.</li><li>6. How do those charged with governance exercise oversight of management's processes for identifying and responding to the risks of fraud in the Hospital and the internal controls management has established to mitigate these risks?</li><li>7. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.</li></ol>

**HOSPITAL** 2018 Audit Programs

June 30, 2018

**PLANNING CONFERENCE**  
**ENTRANCE**

Acknowledgement:

_____	_____
Hospital Representative	Date
_____	_____
Audit Committee or Board of Trustees Member	Date
_____	_____
Chief Financial Officer	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.

**HOSPITAL** 2018 Audit Programs

June 30, 2018

**PLANNING CONFERENCE**  
**MANAGER**

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

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

Manager: \_\_\_\_\_

Incharge: \_\_\_\_\_

Items

Discussion

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

Copy of planning conference and RAS summary provided to Deputy.

Deputy \_\_\_\_\_

Date \_\_\_\_\_

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



**HOSPITAL** \_\_\_\_\_ 2018 Audit Programs \_\_\_\_\_

June 30, 2018

**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 Hospital holds or controls the rights to assets and liabilities are the obligations of the Hospital.
- 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 Hospital.
- 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 Hospital.
- 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.





**HOSPITAL** 2018 Audit Programs

June 30, 2018

**TRIAL BALANCES**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
D. Reference the amounts to supporting workpapers. (The adjusted trial balance amounts should be referenced to supporting workpapers.)	A				
E. Prepare closing entries for each fund.					
F. Prepare a cashflow worksheet reconciling the changes in assets, liabilities and fund equity and the operating statement activity to the cash flows. Reference the amounts on the cashflow worksheet(s) to supporting workpapers.					
G. Reconcile the Hospital's June 30 GAAP basis annual financial report to revenues, expenditures and fund balances per the trial balances.	A				
H. Examine journal entries and other adjustments made directly to financial statements. (AU-C 240.32 and AU-C 330.21)					
1. Identify and test the appropriateness of significant adjustments made in the preparation of the financial statements.					
2. Scan the journal entries throughout the period under audit and determine if testing is necessary. Document the items selected, if any.					
I. Record full accrual entries for the entity-wide statements.	A				
1. The entries should be briefly explained or described and referenced to supporting workpapers. Information should be sufficient to prepare a reconciliation between the fund financial statements and the entity-wide financial statements.					
2. Reconcile reversing journal entries with prior year report.					
3. Review receipt classifications for proper reporting in the entity-wide statements.					
4. Obtain Hospital concurrence for full accrual journal entries to ensure auditor's independence.					



**HOSPITAL** 2018 Audit Programs

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**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 stated in the financial statements properly represent cash on hand, in transit or in banks. (1,2)</b></p> <p><b>B. All cash of the Hospital is included in the financial statements. (3)</b></p> <p><b>C. Depositories are legally acceptable and adequate collateral has been pledged by the depositories for the Hospital's deposits.</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 is properly classified in the financial statements and adequate disclosure is made of restricted, pledged or committed funds. (10,11,12,13)</b></p> <p><b>Audit Procedures:</b></p> <p><b>A. Cash on Hand</b></p> <ol style="list-style-type: none"> <li>1. Determine the location, custodian and amount 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 client's signature for return of cash.</li> <li>3. Reconcile to established balance.</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> </ol>					
	A,B,D				



**HOSPITAL** 2018 Audit Programs

June 30, 2018

**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>c. Obtain or prepare a list of checks outstanding at the end of the period under audit. Include check number, amount and date written.</li> <li>d. Verify, on a test basis, listed checks cleared the bank after June 30.</li> <li>e. Examine documentation supporting outstanding checks over \$_____ which did not clear the bank by July 31 and list payee. Ascertain and document subsequent disposition.</li> <li>f. Determine whether Hospital is writing and holding checks at June 30 and comment accordingly.                             <ul style="list-style-type: none"> <li>1) Determine whether amount is material.</li> <li>2) Obtain Hospital's concurrence to adjust or determine if opinion should be modified.</li> </ul> </li> <li>g. 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> <li>h. Trace all deposits in transit to subsequent bank statement and document the date deposited per books and per bank.</li> <li>i. Determine and document the propriety of other reconciling items.</li> </ul> <p>6. Trace transfers between banks, including money market accounts, for five days on both sides of statement date:</p> <ul style="list-style-type: none"> <li>a. Prepare 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. Review the schedule to determine the receipt (deposit) and disbursement side of each transfer are recorded in the proper period.</li> </ul>	D				

**HOSPITAL** 2018 Audit Programs

June 30, 2018

**CASH**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
7. Determine separate bank accounts are properly maintained for the various funds as required by law, bond indenture or donor restrictions.	C				
8. Determine a depository resolution, including all depositories used by the Hospital, has been approved as required by Chapter 12C.2 of the Code of Iowa.	C				
9. Determine the allowability of any sweep accounts.					
10. 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.					
11. Determine the Hospital has insured all public funds deposits with banks have met the requirements of Chapter 12C.22 of the Code of Iowa (Pledging of Public Funds Program).					
12. Determine the propriety of any cash pledged as collateral or otherwise restricted.	C				
D. Determine if the risk of material misstatement due to fraud or error has changed based on results of substantive tests performed. If so, perform appropriate procedures.					
E. Determine whether cash balances are properly classified and disclosures are adequate.	E				
<u>ALTERNATE/ADDITIONAL PROCEDURES:</u>					

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**CASH**

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



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**INVESTMENTS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<b>Audit Objectives and Related Assertions:</b>					
<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 Hospital's investments. (1,2,3)</b>					
<b>B. Investments are types authorized by law.</b>					
<b>C. Investment values, income, gains and losses are stated correctly and allocated properly. (4,7,9)</b>					
<b>D. Investments are properly described and classified in the financial statements and related disclosures are adequate. (10,11,12,13)</b>					
<b>Audit Procedures:</b>					
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. For stock, the par value of the stock and whether it is common or preferred stock should be listed.					
1. Test mathematical accuracy and trace balances to the year-end bank reconciliation and trial balance.	A,C				
2. Determine all investments were recorded.	A				
3. On a test basis, trace collections from sale of investments to cash receipts journal or to rollover investment.	A				
4. Examine and list investment documents on hand and trace to schedule or investment records.	A,C				
5. If the Hospital has investments in government securities, sight actual investment certificate if held by the Hospital or confirm ownership with outside safekeeping agent.	A				
6. For government securities held by the Hospital at the end of the year not able to be inspected because they were sold prior to the audit, vouch sale of securities to supporting documents and trace proceeds to bank deposit. Examination of safekeeping receipts is not sufficient.	A				

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**INVESTMENTS**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
7. Determine if the Hospital has adopted a written investment policy that complies with the provisions of Chapter 12B.10B of the Code of Iowa.					
8. Determine 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.					
9. Determine investment transactions complied with the written investment policy.					
10. Determine all investments are authorized and comply with statutory provisions of Chapter 12B.10 of the Code of Iowa, as applicable.	B				
11. If applicable, determine if the Hospital has an appropriate public funds custodial agreement prescribed in Chapter 12B.10C of the Code of Iowa and the Treasurer of State's administrative rules.					
12. If applicable, determine investments held by Hospital Hospitals are in accordance with Chapter 12B.10(6)(i) of the Code of Iowa.					
B. Confirm investments at end of the year.	A,C				
C. Determine if a fiduciary relationship exists between the Hospital and the deferred compensation plan. (A fiduciary relationship exists if there is a formal trust agreement between the Hospital and the Section 457 plan, the Hospital offers investment advice or the Hospital is involved in the administration of the plan.)	A,C				
1. If a fiduciary relationship exists, the deferred compensation plan assets should be recorded in a Special Revenue Fund in accordance with GASB 32.					
2. Confirm material deferred compensation plan assets at the end of the year.					
3. If no fiduciary relationship exists, no disclosure is necessary.					
D. Related Income	C				
1. Determine all investment income was received and recorded in the proper fund as provided by Chapter 12C.7(2) of the Code of Iowa.					

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**INVESTMENTS**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<ul style="list-style-type: none"> <li>2. Determine interest earned on the proceeds of notes, bonds, refunding bonds and other evidence of indebtedness and funds being accumulated for the payment of principal and interest or reserves were used to pay the principal or interest as it came due on the indebtedness, was used to refund the construction of the project for which the indebtedness was issued or was credited to the Capital Projects Fund for which the indebtedness was issued in accordance with Chapter 12C.9(2) of the Code of Iowa.</li> <li>3. Recalculate interest on a test basis.</li> <li>4. Compute accrued interest receivable at June 30, if significant.</li> <li>5. Determine all June 30 unrecorded interest has been recorded in the appropriate fund.</li> <li>6. Test interest rates to determine whether rates are in accordance with statutory rates established by the State Rate Setting Committee.</li> </ul>					
<ul style="list-style-type: none"> <li>E. Determine the underlying collateral of repurchase agreements consists of authorized investments and the Hospital 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.</li> </ul>	B				
<ul style="list-style-type: none"> <li>F. If the Hospital pools investments for two or more funds, determine the Hospital uses the market-value method to provide an equitable distribution of investment income.</li> </ul>					
<ul style="list-style-type: none"> <li>G. Review the provisions of donor-restricted gifts to determine if the Hospital's investment policy complies with applicable restrictions.</li> </ul>	B				
<ul style="list-style-type: none"> <li>H. Determine the Hospital's accounting procedures pertaining to investments:                             <ul style="list-style-type: none"> <li>1. Adequately distinguish between restricted and unrestricted resources.</li> <li>2. Amortize premium and discount in accordance with GAAP.</li> <li>3. Distinguish between marketable and non-marketable securities.</li> </ul> </li> </ul>					
<ul style="list-style-type: none"> <li>I. Determine unrealized losses on investments have been properly recognized in the accounts.</li> </ul>	C				

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**INVESTMENTS**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
J. Determine propriety of any investments pledged as debt collateral or otherwise restricted.	B,D				
K. If the Hospital has stock:	A,B,C				
1. Determine whether the Hospital bought or was given the stock.					
2. If the stock was acquired through gift, determine the terms and conditions of the gift.					
3. Include pertinent documentation in the permanent file.					
L. Determine investments are recorded at fair value and the change between cost and fair value is recorded as net increase (decrease) in the fair value of investments in accordance with GASB 31 and GASB 72.	C				
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.					
M. If the Hospital uses pricing services or brokers to obtain fair value measurements, determine the Hospital has determined those prices have been developed in accordance with GASB 72.					

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**INVESTMENTS**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>N. 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, as amended by GASB 81.</p>	<p>C,D</p>				
<p>O. Document investment information for footnote disclosure in accordance with GASB 40 as follows:</p> <ol style="list-style-type: none"> <li>1. Investments on hand at June 30 should be listed by type and include maturities.</li> <li>2. Include the appropriate disclosures for the applicable risks:                             <ol style="list-style-type: none"> <li>a. Credit risk.</li> <li>b. Custodial credit risk.</li> <li>c. Concentration of credit risk.</li> <li>d. Interest rate risk.</li> <li>e. Foreign currency risk.</li> </ol> </li> </ol>	<p>D</p>				
<p>P. In the extremely rare instance the Hospital 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 Hospital has derivatives, it is likely a questionable investment and, accordingly, a statutory comment will be required.</p>	<p>D</p>				
<p>Q. If the Hospital 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.</p>	<p>D</p>				
<p>R. 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 Hospital.</p> <ol style="list-style-type: none"> <li>1. Determine the contracts or agreements with outside persons require the outside person to notify the Hospital 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.</li> </ol>					



**HOSPITAL** 2018 Audit Programs

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**RECEIVABLES/DEFERRED OUTFLOWS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<b>Audit Objectives and Related Assertions:</b>					
<b>A. Accounts receivable are valid and have been billed in the proper amounts for services rendered. (1,2,4)</b>					
<b>B. Accounts receivable include all amounts still owed for activities through the end of the period. (3)</b>					
<b>C. An adequate allowance for uncollectible accounts has been established and revenue, accounts receivable and related disclosures are adequate and properly presented in the financial statements. (4,10,11,12,13)</b>					
<b>D. Deferred outflows of resources are properly recorded and supported. (2,4,10,11,12,13)</b>					
<b>Audit Procedures:</b>					
<b>A. Accounts Receivable</b>					
1. Obtain or prepare a schedule of accounts receivable.	A,B				
2. Examine supporting documentation and perform tests to verify the completeness, propriety and reasonableness of the receivable balances.	A,B,C				
3. Determine all interfund and intrafund accounts receivable/payable are in balance and trace to approval. Evaluate whether such items can be expected to be liquidated within a reasonable period of time.	A,B				
4. Confirm material receivables, if applicable, and perform alternative procedures on non-replies.	A,B,C				
5. Document reason(s) for not confirming, such as not effective.					
<b>B. Patient and Other Receivables</b>					
1. Review activity in the general ledger control accounts for patient accounts receivable for the period under audit and:	A				
a. Note and investigate any significant entries which appear unusual in amount or source.					
b. Compare the opening balance for the period with the final closing balances per the working papers and reports for the preceding period.					

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**RECEIVABLES/DEFERRED OUTFLOWS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
2. Analyze the relationship of receivables and charges (# of day's charges in accounts receivable) and compare with relationships for the preceding period(s).	C				
3. Determine anticipated adjustments on accounts included in accounts receivable.	A				
4. Perform the following regarding third-party supplemental adjustments: <ul style="list-style-type: none"> <li>a. Review settlements for previous year.</li> <li>b. Obtain data needed to compute current year settlement.</li> <li>c. Test computations made to estimate the amount of retroactive adjustments provided for in the accounts.</li> <li>d. Review applicable rate-setting and reimbursement methods to determine if revenue has been properly recorded.</li> <li>e. Test cost reimbursement reports and other reports used to establish third-party payment rates to determine that they are prepared based on the appropriate principles of reimbursement.</li> <li>f. Review the status of unsettled cost reimbursement reports for prior periods to determine the adjustments, if any, required for the current year financial statements.</li> <li>g. If material settlements and adjustments have been made by third-party payors, review third-party payor audit reports and adjustments for prior cost reports to consider:                             <ul style="list-style-type: none"> <li>1) Whether similar adjustments are applicable and have been considered in the current year.</li> <li>2) The propriety of appropriate administrative review board and judicial appeals.</li> </ul> </li> <li>h. If material, determine amounts and disclosures related to pending claims or appeals for additional reimbursement are properly reflected in the financial statements.</li> </ul>	A,B,C				



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**RECEIVABLES/DEFERRED OUTFLOWS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<ul style="list-style-type: none"> <li>i. If material, determine the effects of timing differences under third-party payor reimbursement methods have been properly recorded.</li> <li>j. If material, determine the effect of Medicare payment denials because of PRO reviews for medical necessity, appropriateness or quality of care is properly recorded.</li> </ul> <p>5. Obtain or prepare a trial balance or aged trial balance of patient receivables and perform the following:</p> <ul style="list-style-type: none"> <li>a. Crossfoot the totals and refoot the total column and (selected or all) analysis columns.</li> <li>b. Trace total to the general ledger control account, and, if as of year end to the lead schedule or working trial balance.</li> <li>c. If patient accounts are not maintained on computer, on a test basis, trace entries for individual patient(s) on the aging analysis (totals and aging detail) to the individual accounts in the accounts receivable subsidiary ledger.</li> <li>d. Select individual accounts from the subsidiary ledger and trace totals and aging detail to the aged trial balance.</li> <li>e. Test footings of individual customer accounts in the subsidiary ledger.</li> </ul>	A,B				
<p>6. Unless alternate verification procedures are used, select individual patient(s) accounts for confirmation procedures from the aged trial balance (or trial balance) and arrange for the preparation of confirmation requests to be mailed under the auditor's control and tested as follows:</p> <ul style="list-style-type: none"> <li>a. Trace individual confirmation requests as to balances and addresses to the subsidiary accounts receivable records. Send confirmations and prepare confirmation statistics. (It is normally not practical to obtain confirmation of receivables from patients who are not discharged since such patients usually do not know their indebtedness until they are discharged.)</li> </ul>	A,B,C				

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**RECEIVABLES/DEFERRED OUTFLOWS**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<ul style="list-style-type: none"> <li>b. If Hospital requests any accounts be excluded from the confirmation process, obtain explanations. Consider appropriate alternative procedures with respect to the amounts, especially for third-party payors.</li> <li>c. Trace confirmation replies to the trial balance and investigate replies with differences.</li> <li>d. Obtain new addresses for all confirmations returned by the post office and remail.</li> <li>e. Send second requests for all unanswered positive confirmation requests. Consider sending third requests by registered or certified mail and performing alternative auditing procedures.</li> <li>f. Perform alternative auditing procedures for unanswered positive confirmation requests.</li> <li>g. Summarize the results of the confirmation procedures.</li> <li>h. Subsequent to the confirmation date, consider reviewing the patients' ledger and remittance advices for cash receipts.</li> </ul> <p>7. For positive confirmation requests to which no reply was received, accounts which declined to provide confirmation information and accounts which the Hospital requested not be confirmed, test items subsequently paid to remittance advices which identify the specific invoices paid.</p> <p>8. If accounts receivable were confirmed as of a date other than year end obtain an analysis of transactions between the confirmation and balance sheet dates, trace amounts to books of original entry, and review the analysis and books for significant unusual entries.</p> <p>9. If material in amount, obtain or prepare an analysis of trade notes receivable.</p> <ul style="list-style-type: none"> <li>a. Include the following information:               <ul style="list-style-type: none"> <li>1) Maker.</li> <li>2) Date made/date due.</li> <li>3) Original terms of repayment.</li> <li>4) Collateral, if any.</li> <li>5) Interest rate.</li> </ul> </li> </ul>					

A,B,C

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**RECEIVABLES/DEFERRED OUTFLOWS**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<ul style="list-style-type: none"> <li>6) Balance at the end of last period.</li> <li>7) Principal additions and payments.</li> <li>8) Interest income - at the end of the preceding period, earned during the current period, received during the current period and accrued at the end of the current period.</li> <li>b. Foot schedule and trace totals to applicable general ledger accounts.</li> <li>c. Physically inspect all notes in possession of the Hospital.</li> <li>d. Request positive confirmation of the terms and balances of notes with makers (as of the balance sheet date or other date). Investigate any differences.</li> <li>e. Confirm notes out for collection with collection agents.</li> <li>f. Inspect collateral for notes, if any, making sure the items were not included in corresponding asset accounts of the Hospital.</li> <li>g. Recompute interest income, accrued interest and unearned discount. Trace interest collections, if any, to the cash receipts journal.</li> <li>10. Ascertain whether any material accounts or notes have been assigned, pledged or discounted by reference to minutes, review of agreements, confirmation with banks, etc.</li> <li>11. Ascertain whether any accounts or notes receivable material in amount are owed by employees or related parties, such as officers, trustees and affiliates, and:               <ul style="list-style-type: none"> <li>a. Obtain an understanding of the business purpose for the transactions which resulted in the balances.</li> <li>b. Ascertain the transactions were properly authorized.</li> <li>c. Obtain positive confirmations of the balances (as of the balance sheet date or some other date) except for intercompany accounts with affiliated companies which we are concurrently auditing.</li> </ul> </li> </ul>	C				
	A,B,C				

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**RECEIVABLES/DEFERRED OUTFLOWS**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>d. Determine if any notes repaid prior to the balance sheet date have since been renewed.</p> <p>12. Obtain or prepare an analysis of the allowance for doubtful accounts for the period and:</p> <p>a. Review accounts written off during the period and determine significant write-offs have been properly authorized. Examine supporting documentation, including correspondence with the patient. (Such correspondence may indicate a broader problem.)</p> <p>b. Review the aged trial balance as of the balance sheet date with the Hospital's credit manager or other responsible individual to identify accounts of a doubtful nature and allowances required. Review correspondence files and other relevant data in support of the Hospital's representation. Items reviewed should include past due amounts and significant amounts, whether or not past due.</p> <p>c. Review confirmation exceptions for indication of amounts in dispute.</p> <p>d. Analyze and review trends for the following relationships:</p> <p>1) Allowance for doubtful accounts to accounts receivable (in total and in relation to past due categories per aging analysis).</p> <p>2) Charges to contractual allowances.</p> <p>3) Expense provisions for doubtful accounts to net credit charges.</p> <p>4). Expense provisions for doubtful accounts to write-offs.</p> <p>e. Test the method used to determine adequate provision has been made for differences between interim billing rates and full established rates.</p> <p>f. Analyze collection activity for accounts previously written off to ascertain collections on those accounts have been properly recorded.</p>	<p>C</p>				



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**INVENTORY**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<b>Audit Objectives and Related Assertions:</b>					
<b>A. Inventory reflected in the accounts represents a complete listing of products, materials and supplies owned by the Hospital and these assets are physically on hand or stored at outside locations at the balance sheet date. (1,2,3)</b>					
<b>B. Inventory listings are accurately priced, extended, footed and the totals are properly reflected in the accounts. (4)</b>					
<b>C. Inventories are properly classified in the financial statements and disclosure is made of pledged or assigned inventory and the methods used to value inventory. (10,11,12,13)</b>					
<b>Audit Procedures:</b>					
A. Obtain a copy of the inventory list at year end.					
1. Foot the list and test extensions of selected items for mathematical accuracy.	B				
2. Review the list for completeness and reasonableness. Test the pricing of selected items.	A,B				
B. If the auditor was not present during the physical inventory, consider materiality, scope limitation and alternative procedures.					
C. If the auditor was present during the physical inventory, review and incorporate observation work papers developed during interim phase of audit.					
1. Trace the test counts of the auditor into the client final inventory listing.	A,B				
2. Test extensions and foot the totals.	B				
D. If an independent organization was employed to inventory and price drugs, medicines and medical supplies, perform the following procedures:					
1. Determine if the procedures used by the independent organization can be relied upon to support the financial statement amounts.					
2. Document the procedures performed and the results.	A,B				
E. Determine whether the basis of pricing (costing) conforms to generally accepted accounting principles and whether it has been consistently applied. Include costing information in the notes to the financial statements.	C				







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**CAPITAL ASSETS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<b>Financial Statement Assertions:</b>					
<b>Audit Objectives and Related Assertions:</b>					
<b>A. Capital assets represent a complete and valid listing of the capitalizable cost of assets purchased, constructed or leased and physically on hand. (1,2,3,4)</b>					
<b>B. "Additions" or capital expenditures represent a complete and valid listing of the capitalizable cost of the property and equipment acquired during the period. (1,2,3,4)</b>					
<b>C. "Deletions" of capitalized costs and, if applicable, related depreciation/amortization associated with all sold, abandoned, damaged or obsolete capital assets have been removed from the accounts. (1,2,3,4)</b>					
<b>D. Depreciation/amortization and the related allowance account, if applicable, has been computed on an acceptable basis consistent with prior years. (4,7)</b>					
<b>E. Capital expenditures and capital assets are properly classified in the financial statements and related disclosures are adequate. (10,11,12,13)</b>					
<b>Audit Procedures:</b>					
A. Obtain or prepare a summary schedule of capital assets showing beginning balances, additions, retirements and other changes and ending balances and reconcile to supporting schedules.					
B. Examine records for additions, including dates, vendor, description, new or used, life, depreciation method and cost and investment credit. Vouch additions to underlying supporting documents.	B				
C. Physically inspect major additions or inspect tax bills, licenses, deeds or other documents for major additions.	B				
D. Determine if capital assets have been recorded at cost or estimated cost and review any historical cost-based appraisals for propriety.	A				
E. Review Hospital's capitalization policies and determine the books and records are consistent with such policies.					

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**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>F. Compute the percentage of repair and maintenance expense to beginning investment in property and equipment and compare with prior periods.</p> <p>G. Review repair and maintenance accounts and, when necessary, examine supporting documents to test for capital items.</p> <p>H. Consider the relationship of capital asset deletions to acquisitions.</p> <p>I. Examine records for deletions, including acquisition and disposal dates, description, life, depreciation, sales proceeds, gain or loss, depreciation recapture and investment credit recapture and trace the proceeds to evidence of cash receipts and the cash receipts records.</p> <p>J. If applicable, determine the sale, lease, exchange or other disposal of any Hospital property was in accordance with Chapter 347.14(3) of the Code of Iowa.</p> <p>K. Compare transfers of capital assets between affiliated hospitals, out-patient clinics or between account classifications, reconcile differences and determine whether they have been properly accounted for.</p> <p>L. Review leases, rental income and expense accounts for recorded capital items. Determine whether leases have been properly recorded and accounted for.</p> <p>M. Obtain or prepare a schedule of depreciation allowances showing beginning balances, additions, eliminations and other changes and ending balances:</p> <ol style="list-style-type: none"> <li>1. Review schedule for accuracy and trace to general ledger.</li> <li>2. Consider relationship of current year's depreciation to property and equipment cost.</li> <li>3. Test computations and trace additions to expense accounts.</li> <li>4. Compare methods, rates and lives to those in previous years to determine consistency and reasonableness.</li> </ol>	<p>C</p> <p>A,B</p> <p>D</p>				

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**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>5. Determine if the Hospital uses accelerated depreciation for cost reimbursement purposes and a different method for financial statement purposes. The effect of this difference should be reported as a deferred item in the balance sheet.</p> <p>6. If depreciation schedule is prepared by auditor, determine independence has not been impaired.</p> <p>N. Determine the Hospital recorded intangible assets in accordance with GASB 51. Examples of intangible assets include computer software, easements, land use rights, patents, trademarks and copyrights.</p> <p>1. For internally generated intangible assets, determine only outlays related to the development of an asset incurred subsequent to meeting all of the following criteria were capitalized:</p> <p style="margin-left: 20px;">a. Determination of the specific objective of the project and nature of the service capacity expected.</p> <p style="margin-left: 20px;">b. Demonstration of technical or technological feasibility for completing the project.</p> <p style="margin-left: 20px;">c. Demonstration of the current intention, ability and presence of effort to complete or continue development of the asset.</p> <p style="margin-left: 40px;">(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 style="margin-left: 20px;">a. Preliminary project stage outlays are expensed.</p> <p style="margin-left: 20px;">b. Application and development stage outlays are capitalized but cease no later than when the computer software is complete and operational.</p> <p style="margin-left: 20px;">c. Post implementation/operation stage outlays are expensed.</p>	<p>A,B,C ,D,E</p>				

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**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>3. Analyze useful lives of intangible assets and test the amount of amortization applied to the assets.</p> <p style="padding-left: 40px;">a. Verify the useful life does not exceed contractual or legal provisions of the intangible asset.</p> <p style="padding-left: 40px;">b. Determine intangible assets with indefinite useful lives were not amortized.</p> <p>O. Determine the Hospital has complied with GASB 60 for any service concession arrangements.</p> <p>P. If the Hospital has access to the use of plant facilities under arrangements other than outright ownership, inquire into and disclose the nature of such relationships.</p> <p>Q. Determine capital assets not used for Hospital operations are reported separately from the unrestricted funds.</p> <p>R. Determine if any capital assets are pledged or restricted.</p> <p>S. For applicable additions to capital assets, determine compliance with the Department of Public Health Certificate of Need requirements described in Chapters 135.61 to 135.65 of the Code of Iowa.</p> <p>T. If an impairment of capital assets exists under GASB 42 criteria:</p> <p style="padding-left: 40px;">1. Determine appropriate adjustments were made to the asset valuation.</p> <p style="padding-left: 40px;">2. Determine required disclosures were included for capital asset impairments.</p> <p style="padding-left: 40px;">3. Determine insurance recoveries on impaired assets were properly recorded.</p> <p>U. 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>V. Determine whether capital assets are properly classified and disclosures are adequate.</p>	<p>E</p> <p>E</p> <p>E</p> <p>C,E</p> <p>D</p>				



**HOSPITAL** 2018 Audit Programs

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**CURRENT LIABILITIES/DEFERRED INFLOWS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<b>Audit Objectives:</b>					
<b>A. Liabilities/Deferred inflows of resources at the balance sheet date are properly supported. (1)</b>					
<b>B. Liabilities/Deferred inflows of resources are properly authorized, represent the correct amounts of currently payable items in the proper period and reflect all outstanding obligations. (2,3,4)</b>					
<b>C. Liabilities/Deferred inflows of resources are properly recorded, classified and disclosures are adequate. (10,11,12,13)</b>					
<b>Audit Procedures:</b>					
A. Accounts Payable					
1. Obtain or prepare a schedule of accounts payable at year end and foot the schedule.					
2. Review the schedule and perform tests to verify the completeness, propriety and reasonableness of the accounts payable balance.	A,B				
3. Perform a search for unrecorded liabilities, including the following sources, and schedule findings to show the effect of the potential adjustment on operations or financial position:	B				
a. Examine files of receiving reports unmatched with vendors' invoices, searching for significant items received on or before the balance sheet date.					
b. Inspect files of unprocessed invoices and vendors' statements for unrecorded liabilities.					
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.					
d. Review contract commitments with doctors, specialists, related parties and others who perform services by arrangement with the Hospital.					



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**CURRENT LIABILITIES/DEFERRED INFLOWS**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>D. 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. (For example: advance payment balances received from Medicare, Medicaid or other third-party payors)</p> <p>1. Review the amount(s) recorded for reasonableness.</p> <p>2. Trace the amount(s) to supporting documentation.</p>	B,C				
<p>E. Review policies requiring deposits from certain classes of patients and consider confirmation on a test basis.</p>	A,B				
<p>F. Determine if deferred inflows of resources meeting the definition of GASB 65 have been recorded.</p> <p>1. Review the amount(s) recorded for reasonableness.</p> <p>2. Trace the amount(s) to supporting documentation.</p>	A,B,C				
<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 current liabilities/deferred inflows of resources are properly classified and disclosures are adequate.</p>	C				
<p><u>ALTERNATE/ADDITIONAL PROCEDURES:</u></p>					



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**CURRENT LIABILITIES/DEFERRED INFLOWS**

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

**HOSPITAL** 2018 Audit Programs

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**LONG-TERM DEBT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<b>Audit Objectives and Related Assertions:</b>					
<b>A. Debt is authorized, supported and represents a Hospital obligation. (1,2)</b>					
<b>B. All indebtedness of the Hospital is identified, recorded and disclosed. (3,11)</b>					
<b>C. Debt is recorded at the proper amount. (4)</b>					
<b>D. Disbursements or expenditures (including principal and interest payable) and debt proceeds are properly recorded and classified. (4,5,6,7,8,9)</b>					
<b>E. Debt and related restrictions, guarantees and commitments are properly presented in the financial statements and related disclosures are adequate. (10,11,12,13)</b>					
<b>Audit Procedures:</b>					
A. Obtain or prepare an analysis summarizing the activity of bonds and notes payable and other long-term debt for the year by bond or note issue.					
B. Determine copies of bond or note provisions for revenue bonds/notes (resolutions) and terms and other details of other debt are included in the Permanent File. This should include name of payee, original date, collateral and carrying amounts, interest rates, payment terms, due dates, original amounts, dates interest paid to and current and long-term portions.	A,E				
C. Document revenue bond/note special reporting requirements, such as insurance, number of patients, rates, etc. for report.		E			
D. 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 the financial statements and audit report comment.			E		
E. For revenue bonds and notes, include the required disclosures about specific revenues pledged as required by GASB 48, including:				E	
1. identification of the specific revenue and amount pledged.					
2. purpose of the debt secured by the pledged revenue.					
3. the term of the commitment.					

**HOSPITAL** 2018 Audit Programs

June 30, 2018

**LONG-TERM DEBT**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
4. the percentage of the pledged amount to the total for that specific revenue.					
5. a comparison of the pledged revenues recognized during the period to the principal and interest requirements for the debt collateralized by those revenues.					
F. Request confirmation of balances payable from lenders with whom there was a significant balance any time during the period.	A,B,C				
G. Reconcile analysis of notes payable and long-term debt to the general ledger. Prove the mathematical accuracy of the analysis.	B,D				
H. Recompute prepaid or accrued interest.	C				
I. Test interest expense for reasonableness, for evidence of unrecorded liabilities and tie to the expense accounts.	D				
J. 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.					
K. Consider reasonableness of interest rates on new obligations and the need for interest imputation.					
L. Review restrictive covenants, if any, for compliance.					
M. Review notes payable for indications of guarantees and determine the nature of the guarantees and the relationships, if any, of the guarantors to the Hospital.					
N. Determine five year maturities of debt.	E				
O. Determine and document procedures for bonds sold during the current year were in compliance with Chapter 75 of the Code of Iowa.					
P. Determine and document bond proceeds are being used in accordance with bond provisions.					
Q. Determine and document whether a bond register is maintained and whether it is current and accurate.					
R. On a test basis, trace paid bonds/notes and coupons to the bond/note register and determine if they have been properly canceled.					
S. Summarize bonds and interest due but not paid at year-end.	A,D				

**HOSPITAL** 2018 Audit Programs

June 30, 2018

**LONG-TERM DEBT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>T. Determine the Hospital has complied with the reporting requirements in accordance with 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>).</p> <p>U. If applicable, determine if money borrowed for the purposes of improvement, maintenance or replacement of the hospital or for hospital equipment was secured solely by hospital revenues as required by Chapter 347.14(4) of the Code of Iowa.</p> <p>V. Judgments and Claims</p> <ol style="list-style-type: none"> <li>1. Obtain a listing of judgments and claims against the Hospital.</li> <li>2. Trace to supporting documentation.</li> <li>3. Determine if judgments/claims were paid out of the proper fund.</li> </ol> <p>W. Determine other long-term debt (deferred payment contracts, real estate contracts, statewide/local option sales tax bonds, nonexchange financial guarantees) is included in the financial statements if applicable, is properly disclosed and adequate documentation is filed in the workpapers.</p> <p>X. Compensated Absences</p> <ol style="list-style-type: none"> <li>1. Review the Hospital's policies for earned vacation, sick leave and related FICA benefits.</li> <li>2. Obtain a summary of compensated absences at June 30 and foot the summary.</li> <li>3. Determine the amounts have been determined in accordance with the provisions of GASB 16, including salary-related payments such as employer's share of social security and pension plan contributions, as applicable.</li> <li>4. Distinguish between current and non-current portions.</li> <li>5. Review for reasonableness.</li> </ol>	<p>A,B,D</p> <p>E</p>				

**HOSPITAL** 2018 Audit Programs

June 30, 2018

**LONG-TERM DEBT**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
6. Select amounts to test the validity of compensated absences: <ul style="list-style-type: none"> <li>a. Trace to supporting data.</li> <li>b. Recalculate hourly rate, number of hours earned and unused and extensions.</li> <li>c. Determine appropriateness of charges to various funds.</li> </ul>	A,C				
Y. Termination Benefits <ul style="list-style-type: none"> <li>1. Review the Hospital's termination benefits plan and determine the plan was properly approved.</li> <li>2. Obtain or prepare a list of employees eligible for termination benefits under the plan and the amount of the Hospital's current year expense and liability as of June 30.</li> <li>3. Distinguish between:                             <ul style="list-style-type: none"> <li>a. Current portion.</li> <li>b. Non-current portion.</li> </ul> </li> <li>4. Select a number of eligible employees under the plan to determine if:                             <ul style="list-style-type: none"> <li>a. The employees meet the requirements noted in the policy.</li> <li>b. The employees were properly approved for participation in the plan.</li> <li>c. The current year expense and liability were properly calculated as of June 30.</li> </ul> </li> <li>5. Inquire of Hospital personnel about other eligible employees not included in the list.</li> <li>6. Prepare the necessary footnote disclosure, including:                             <ul style="list-style-type: none"> <li>a. A general description of the termination benefit arrangements, including, but not limited to:                                     <ul style="list-style-type: none"> <li>1) Information about the type(s) of benefits provided.</li> <li>2) The number of employees affected.</li> </ul> </li> </ul> </li> </ul>	A  E  A,B,C,D  B  E				

**HOSPITAL** 2018 Audit Programs

June 30, 2018

**LONG-TERM DEBT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>3) The period of time over which benefits are expected to be provided.</p> <p>b. The costs of termination benefits in the period in which the Hospital becomes obligated if the information is not otherwise identifiable from the disclosures on the face of the financial statements.</p> <p>c. The significant methods and assumptions used to determine the termination benefit liabilities and expenses.</p> <p>Z. Postemployment Benefits (PEB) including:</p> <ul style="list-style-type: none"> <li>- OPEB (GASB 74/75)</li> <li>- Pension Benefits/Retirement Income (GASB 27 as amended by 50/68)</li> <li>- Pensions other than IPERS (GASB 73)</li> <li>- Sick leave dollars converted to healthcare (GASB 16/45/47)</li> <li>- Termination Benefits (GASB 47)</li> </ul> <p>1. Obtain copies of personnel policies, employment contracts, union agreements, employee handbook, retirement plans, etc. to gain an understanding of the Hospital's PEB agreements/plans and plan membership.</p> <p>2. If the Hospital has postemployment benefit plans requiring actuarial calculations, perform the following:</p> <p>a. Obtain a copy of and file the following:</p> <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: annual or biennial actuary valuation is required.)</li> <li>3) Census and plan asset data provided to the actuary.</li> </ol>	<p>A,B</p> <p>C</p>				

**HOSPITAL** 2018 Audit Programs

June 30, 2018

**LONG-TERM DEBT**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>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.</p> <p>c. Perform tests of census data provided to the actuary:</p> <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.) to payroll records. Document the items tested.</li> <li>3) Based on plan documents, make appropriate tests to determine whether all eligible employees are included in the census data provided to the actuary.</li> </ol> <p>d. Methods and assumptions used by the actuary:</p> <ol style="list-style-type: none"> <li>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.</li> <li>2) Review for reasonableness the assumptions used by actuary to determine PEB liabilities, 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.</li> </ol>					

**HOSPITAL** 2018 Audit Programs

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**LONG-TERM DEBT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<ul style="list-style-type: none"> <li>e. Inquire of the Hospital as to any intent to terminate the plan.</li> </ul>					
<ul style="list-style-type: none"> <li>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.)</li> </ul>	C				
<ul style="list-style-type: none"> <li>4. Determine the appropriate amounts for the total OPEB liability, OPEB expense and deferred outflows/inflows of resources.</li> </ul>	C,E				
<ul style="list-style-type: none"> <li>5. Determine completeness and adequacy of pension liabilities as follows:                             <ul style="list-style-type: none"> <li>a. Evaluate and document whether the plan auditor's report and schedule are adequate and appropriate.</li> <li>b. Evaluate whether the plan auditor has the necessary competence and independence.</li> <li>c. Recalculate Hospital employer contribution amounts, the allocation percentage and the collective pension amounts allocated to the Hospital based on the allocation percentage.</li> </ul> </li> </ul>					
<ul style="list-style-type: none"> <li>6. Determine the accounting and reporting comply with applicable standards.</li> </ul>	C,E				
<ul style="list-style-type: none"> <li>7. Determine disclosures and required supplementary information are made in accordance with the applicable standards.</li> </ul>	E				
<p>AA. 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 Hospital to include a liability for a pollution remediation obligation in accordance with GASB 49.</li> </ul>	A,B				
<ul style="list-style-type: none"> <li>2. Determine the measurement and presentation of the liability and expense was made in accordance with GASB 49.</li> </ul>	C,D,E				
<ul style="list-style-type: none"> <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> <li>b. an asset and a reduction of the expense for realized recoveries.</li> </ul> </li> </ul>	C,D,E				
<ul style="list-style-type: none"> <li>4. Determine the appropriate disclosures are included in accordance with GASB 49.</li> </ul>	E				





**HOSPITAL** 2018 Audit Programs

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**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 restrictions and designations of net position/fund balances are recorded. (1,2,3)</b>					
<b>B. Components of net position/fund balance and changes in net position/fund balance are properly computed and are described, classified and disclosed appropriately in the financial statements. (4,10,11,12,13)</b>					
<b>Audit Procedure:</b>					
A. Reconcile the Hospital's net position/fund balances to the prior year audited balances by fund and by program. (Note: For convenience, the term "fund balance" is used in this section as a broad term to describe all components of fund equity. Fund equity of proprietary fund types consist of net position, which may have restricted and unrestricted components.)	A,B				
B. Analyze and verify the changes in all fund balances and trace to supporting documentation as applicable.	A,B				
C. Determine the proper amount of fund balance has been reserved for items, as applicable.	B				
D. Determine reservations and/or designations of fund balances were properly authorized based on review of the minutes, debt agreements, etc.	A				
E. Determine the proper classification of net position for report purposes for the following:	B				
1. Net investment in capital assets.					
2. Restricted net position.					
a. External restrictions (for example, special levies, bond covenants or State legislation).					
b. Enabling legislation (internal restrictions made by the governing body).					
c. If permanent endowments or permanent funds are included in restricted net position, restricted net position should be displayed in two components (expendable and nonexpendable).					
3. Unrestricted net position.					



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**RECEIPTS/REVENUES**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p><b>Audit Objectives and Related Assertions:</b></p> <p><b>A. Revenues have been properly recorded and are valid. (5,8)</b></p> <p><b>B. All revenues in this fiscal year have been recorded. (6,8)</b></p> <p><b>C. The Hospital has satisfied the relevant legal requirements to receive all revenues recorded. (52)</b></p> <p><b>D. Revenues have been billed or charged and recorded at the correct amount. (7)</b></p> <p><b>E. 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. General</p> <p>1. Scan ledgers or receipts detail for unusual items. Investigate accordingly.</p> <p>2. Confirm revenue received from federal, state and county sources.</p> <p>3. Select receipts for testing.</p> <p style="padding-left: 20px;">a. List receipt number, from whom received, purpose and amount.</p> <p style="padding-left: 20px;">b. Trace posting to cash receipts journal.</p> <p style="padding-left: 20px;">c. Determine if account classification is correct.</p> <p style="padding-left: 20px;">d. Vouch to supporting documentation, if available.</p> <p style="padding-left: 20px;">e. Trace to validated deposit ticket.</p> <p style="padding-left: 20px;">f. Determine if deposit is made intact on a timely basis.</p> <p>B. Service Revenue and Deductions - Make sufficient tests of both service revenue and deductions therefrom to obtain satisfaction they are properly recorded and classified. Consider the following procedures with respect to service revenue:</p> <p>1. Where appropriate, test to determine revenue is accrued as service is performed and related contractual, charity or other allowances are accounted for in accordance with the respective contracts and the Hospital's policies.</p>					
	A,B,C,D				
	A,B,D,E				
	C,D				

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**RECEIPTS/REVENUES**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
2. For material items, compare revenues of the current period with those of the previous period and obtain an explanation for unusual variances.					
3. Test propriety of charges to patient accounts by comparing with patients' medical records. Also, compare patients' medical records to patient accounts.	B,C,D				
4. Compare patient charges and the Hospital's standard billing rates on a test basis.	C,D				
5. Where applicable, review statistical reports (of patient days and lab tests, for example) to consider reliability of statistical records.					
6. Where applicable, perform overall tests of revenue using days of care and other service statistics.					
7. Where applicable, test the accuracy of revenue recorded based on DRG assignments by reviewing the results of the PRO's DRG validation audits, PRO reviews of the appropriateness of admissions and related denials and PRO reviews of the medical necessity of outlier days and service costs.					
8. With respect to deductions from revenue, auditing procedures for revenue deductions closely parallel those applicable to revenue and ordinarily are performed in conjunction with the examination of accounts receivable and revenue.	A,B				
a. Where applicable, review third-party payor contracts and methods of payment.					
b. Test the computation of estimated adjustments to revenue required under such contracts.					
c. Compare prior-year settlements to prior-year estimates and determine all material differences have been accounted for properly.					
9. Determine the reasonableness of third-party revenues and related receivables and the adequacy of disclosures in accordance with Statement of Position (SOP) 00-1.	A,D,E				
C. Revenue From Other Governmental Sources					
1. Confirm state revenues and trace amounts into the accounting records.	A,B,D				

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**RECEIPTS/REVENUES**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<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. Other material receipts (specify):</p> <p>_____</p> <p>_____</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> <p>5. Determine such funds were recorded in the proper fund and were used for authorized purposes.</p>	<p>A,B,D</p>				
<p>D. Other Operating and Non-operating Revenue</p> <p>1. Review supporting documentation underlying contributions, including correspondence, acknowledgement receipts and notifications and minutes of governing board and committee meetings, to determine:</p> <p>a. Related revenue is properly recorded in the correct fiscal year and classified in compliance with GASB 33.</p> <p>b. Restrictive covenants are properly complied with.</p> <p>c. Adequate procedures exist for receipt and acknowledgement.</p> <p>2. Test research grants and other restricted receipts for compliance with the significant provisions of the applicable contracts and agreements by reviewing:</p> <p>a. Budgets of related projects.</p> <p>b. Billing procedures and cost reports.</p> <p>c. Allowable cost provisions.</p> <p>d. Field audit reports prepared by representatives of grantors.</p> <p>e. Renegotiation requirements.</p>	<p>A,B,C,D</p> <p>B,C</p>				

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**RECEIPTS/REVENUES**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>f. Other supporting documentation.</p> <p>3. Review the adequacy of the Hospital's provision for cost disallowances and other grant adjustments.</p> <p>4. Compare recorded revenue from material educational activities with independently calculated estimates.</p> <p>E. Sale of Bonds/Notes</p> <p>1. Review authorization for issuance.</p> <p>2. Test premiums or discounts and accrued interest from sale of bonds for compliance with Chapter 75.5 of the Code of Iowa.</p> <p>3. Determine bonds sold were properly recorded and trace proceeds to cash receipts record and bank statement.</p> <p>4. Determine proceeds of notes, bonds, refunding bonds and other evidence of indebtedness, if not immediately needed, were invested in accordance with Chapter 12C.9(2) of the Code of Iowa.</p> <p>F. Determine if the risk of material misstatement due to fraud or error has changed based on results of substantive tests performed. If so, perform appropriate procedures.</p> <p>G. Determine whether receipts/revenues are properly classified and disclosures are adequate.</p>	<p>A,B,D</p> <p>E</p>				
<p><u>ALTERNATE/ADDITIONAL PROCEDURES:</u></p>					

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**RECEIPTS/REVENUES**

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



**HOSPITAL** 2018 Audit Programs

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**EXPENSES AND DISBURSEMENTS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<b>Audit Objectives and Related Assertions:</b>					
<b>A. Recorded expenditures and cash disbursements are for goods or services authorized and received. (5)</b>					
<b>B. Expenditures incurred for goods or services have all been identified. (6)</b>					
<b>C. Expenditures for goods or services have been recorded in the correct fiscal year. (8)</b>					
<b>D. Expenditures for goods or services and related disbursements have been recorded correctly as to account, fund, period and amount. (7,9)</b>					
<b>E. Expenditures for goods or services are properly presented by fund type and related disclosures are adequate. (10,11,12,13)</b>					
<b>Audit Procedures:</b>					
A. General					
1. Scan disbursements journal for unusual items. Investigate accordingly.	A				
2. For travel and questionable disbursements:					
a. Scan account detail for travel expenses and other disbursements which may not meet public purpose criteria.					
b. Prepare workpapers as necessary to adequately document for report presentation.	E				
3. Credit Cards					
a. Determine if the Hospital has established a written policy for the use of credit cards.					
b. If activity is significant, test selected transactions for propriety and compliance with the policy.					
4. Review amounts paid to Trustees and determine amounts were limited to reimbursement of actual and necessary expenses incurred in the performance of the trustee's duties in accordance with Chapter 347.19 or 392.6(4) of the Code of Iowa.					

**HOSPITAL** 2018 Audit Programs

June 30, 2018

**EXPENSES AND DISBURSEMENTS**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
5. Review Hospital transactions with a Trustee or Trustee's spouse to determine compliance with conflict of interest provisions of Chapter 347.9A of the Code of Iowa.					
6. Determine the propriety of the allocation of expenses between the Hospital and affiliated organizations.	D				
7. Schedule all related party transactions with Hospital officials or employees for comment. The workpaper should list all payments applicable for the period when the individual was an employee or official of the Hospital and a description of each transaction.	A,E				
B. Disbursements					
1. Select disbursements for testing the following items:	A,B,C,D				
a. Disbursement was properly authorized and approved for payment.					
b. Disbursement was charged to the proper fund.					
c. Disbursement was charged to the proper disbursement account.					
d. Disbursement was supported by invoice or contract.					
e. Goods and services were received prior to the end of the fiscal year.					
f. Invoice or other documentation was canceled to prevent reuse.					
g. Canceled checks or electronically retained check images per Chapter 554D.114(5) of the Code of Iowa are properly endorsed and canceled.					
h. Signatures were authorized per confirmed list from bank.					
i. Disbursements for capital assets are included in the capital assets listing, if applicable.					

**HOSPITAL** 2018 Audit Programs

June 30, 2018

**EXPENSES AND DISBURSEMENTS**

<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>j. The disbursement appears to meet the test of public purpose. For those items which are questionable, the Hospital should have adequate documentation as to how the expenditure(s) meet the test of public purpose.</li> <li>k. Expenditure is proper under federal laws and regulations, if applicable.</li> <li>l. Mileage was paid at a rate approved by the Board 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.</li> <li>2. For capital projects and other construction contracts, prepare a workpaper to:               <ul style="list-style-type: none"> <li>a. Reconcile original contract to final contracts.</li> <li>b. Reconcile total payments to-date by scheduling prior year payments, current year payments, payments due and retainage due.</li> <li>c. Determine projects and 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> </ul> </li> </ul>	A,D				

**HOSPITAL** 2018 Audit Programs

June 30, 2018

**EXPENSES AND DISBURSEMENTS**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>e. For public improvements with estimated total cost in excess of or the competitive bid threshold in Chapter 26.3 of the Code of Iowa or as established in Chapter 314.1B of the Code of Iowa (\$135,000 effective January 1, 2015 for County and City Hospitals), determine competitive bid and public hearing procedures specified in Chapter 26 of the Code of Iowa were followed:</p> <ol style="list-style-type: none"> <li>1) Determine the Hospital advertised for sealed bids as provided in Chapter 26.3 of the Code of Iowa and posted a notice to bidders not less than 13 days but not more than 45 days before the date for filing bids.</li> <li>2) Determine the Hospital published notice of the public hearing, including a description of the public improvement and its location, 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 Hospital 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 Hospital 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> <li>5) For public improvement projects requiring competitive bids, determine the Hospital complied with requirement to not restrict potential bidders to any predetermined class of bidder as required by Chapter 26.16 of the Code of Iowa.</li> </ol>					

**HOSPITAL** 2018 Audit Programs

June 30, 2018

**EXPENSES AND DISBURSEMENTS**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>f. Determine the Hospital 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 required bid thresholds but greater than the threshold amount established by the bid threshold committee per Chapter 314.1B of the Code of Iowa (effective January 1, 2015: \$100,000 for County Hospitals, \$55,000 for City Hospitals with a population of less than 50,000 and \$75,000 for City Hospitals with a population of 50,000 or more).</p> <p>1) For work performed by Hospital employees, other than repair or maintenance work, determine the Hospital 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 Hospital 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>g. Determine any enhancement payments made for early completion of the project did not exceed 10% of the value of the contract in accordance with Chapter 26.9 of the Code of Iowa.</p> <p>h. Determine the Hospital applied for and received sales tax refunds on completed projects unless an exemption certificate was issued by the Hospital for the contractor per Chapter 423.3(80)(b) of the Code of Iowa.</p> <p>i. For public improvement projects, determine the Hospital complied with requirements for the early release of retained funds in accordance with Chapter 26.13 of the Code of Iowa.</p>					

**HOSPITAL** 2018 Audit Programs

June 30, 2018

**EXPENSES AND DISBURSEMENTS**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>C. Test charges to material research grants are in accordance with grant agreements and, if applicable, review the apportionment of indirect costs to such grants for reasonableness.</p> <p>D. If material, test fund-raising costs and the propriety of their classification. Determine joint activities costs are properly reported in accordance with SOP 98-2.</p> <p>E. Review comparative operational statistics and the relationship of such statistics to expenses.</p> <p>F. Review and, where material variances exist from the prior year, analyze the following expense accounts:</p> <ol style="list-style-type: none"> <li>1. Maintenance and repair.</li> <li>2. Operations of plant.</li> <li>3. Professional fees (other than medical).</li> <li>4. Administration and general expense.</li> <li>5. Laboratory supplies and expense.</li> <li>6. X-ray supplies and expense.</li> <li>7. Pharmacy supplies and expense.</li> <li>8. Food service supplies and expense.</li> <li>9. Operating room supplies and expense.</li> <li>10. Medical and surgical expense.</li> <li>11. Miscellaneous expense.</li> <li>12. New or unusual expense accounts.</li> </ol> <p>G. Review Hospital procedures for awarding contracts.</p> <ol style="list-style-type: none"> <li>1. Construction.</li> <li>2. Purchasing.</li> <li>3. Audit service (Ch. 11.6 (2)(a)(b)).</li> </ol> <p>H. Inquire of management and when appropriate, those charged with governance, as to the existence of any agreements containing confidentiality clauses.</p> <ol style="list-style-type: none"> <li>1. Determine if legal counsel agreed to the insertion of the clauses.</li> <li>2. Determine if the agreements were properly approved by the governing body.</li> <li>3. Review the funding source for the payment(s) made under the agreements.</li> </ol>	<p>E</p> <p>A,B,D</p>				



**HOSPITAL** 2018 Audit Programs

June 30, 2018

**PAYROLL**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<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, is distributed properly 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, 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 calculation of gross pay.</li> <li>5. Accuracy of computation of FICA and IPERS. (The following FICA rates were effective January 1, 2018: Employee and employer rate of 7.65%.) (The following IPERS rates are effective July 1, 2017: Regular employee rate is 5.95% and employer rate is 8.93%.)</li> <li>6. Authorization for payroll deductions.</li> <li>7. Authorization for direct deposit.</li> <li>8. Endorsement and cancellation of checks are proper.</li> <li>9. Reasonableness of computation of federal and state withholding.</li> </ol> <p>B. Determine timesheets are prepared and approved for all employees, including salaried employees.</p> <p>C. Review copies of payroll tax returns and document reconciliation of gross wages to disbursements records. Explain material variances.</p> <p>D. Determine actual gross salaries have been published as required by Chapter 347.13(11) of the Code of Iowa. Obtain a copy of the publication and test selected items for accuracy.</p>	<p>A,B,C</p> <p>A</p> <p>C</p>				



**HOSPITAL** 2018 Audit Programs

June 30, 2018

**PAYROLL**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
E. Determine the compensation of the Hospital Administrator was set by the Board of Trustees in accordance with Chapter 347.13(5) of the Code of Iowa.					
F. Examine agreements between the Hospital and independent contractors (including physicians.) <ol style="list-style-type: none"> <li>1. Test contract amounts paid were based on written agreements.</li> <li>2. Obtain written representation from management outlining terms of any verbal agreements, and, where appropriate, request confirmation of the details of agreements.</li> <li>3. Analyze the basis upon which the Hospital has segregated charges if it bills for physicians.</li> <li>4. If material amounts are involved, test the Hospital's method of recording services and supplies furnished to employees, such as value of meals, housing and laundry. Test the distribution of those items to various departments and their treatment for Social Security, withholding tax and insurance purposes.</li> </ol>	A,B,C				
G. If material amounts are involved, test procedures for recording costs for special nurses and the billing of those costs to patients.					
H. For Hospitals which record values for contributed services, the following procedures should ordinarily be considered: <ol style="list-style-type: none"> <li>1. Test the compensation value assigned to services contributed by non-paid persons based on time spent and job description by comparison with compensation paid to workers in similar positions.</li> <li>2. Determine living and support costs for those non-paid individuals have been considered in arriving at salary equivalents.</li> <li>3. If non-salaried positions are involved, test time records and test computations supporting the salary equivalent amount for voluntary services.</li> </ol>	C				
I. Prepare a workpaper documenting: <ol style="list-style-type: none"> <li>1. Total Hospital contributions to IPERS.</li> <li>2. Total employee contributions to IPERS.</li> </ol>	C				



**HOSPITAL** 2018 Audit Programs

June 30, 2018

**PAYROLL**

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

**HOSPITAL** 2018 Audit Programs

June 30, 2018

**TRANSFERS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<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 the date and purpose of each transfer and trace to supporting documentation.</p> <p>C. Trace to approval by Board.</p> <p>D. Review transfers for propriety and compliance with applicable fund restrictions. Document findings.</p> <p>E. Trace transfers to all appropriate funds and determine that the transfers are recorded in the proper period.</p> <p>F. Determine if the risk of material misstatement due to fraud or error has changed based on results of substantive tests performed. If so, perform appropriate procedures.</p>					
<p><u>ALTERNATE/ADDITIONAL PROCEDURES:</u></p>					

**HOSPITAL** 2018 Audit Programs

June 30, 2018

**TRANSFERS**

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

**HOSPITAL** 2018 Audit Programs

June 30, 2018

**INSURANCE AND SELF INSURANCE**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<b>Audit Objectives and Related Assertions:</b>					
<b>A. Claims paid are recorded correctly as to account, amount and period and are disbursed in accordance with the Hospital's policies and procedures for claims settlement. (5,6,7,8)</b>					
<b>B. Reserves for claim losses represent a reasonable estimate of the Hospital's liability for claims filed and incurred but not reported (IBNR) claims. (1,2,3,4)</b>					
<b>C. Insurance (self-insurance) revenues, transfers, expenditures, assets, liabilities and fund equity are properly classified and described in the fund financial statements and related disclosures are adequate. (9,10,11,12,13)</b>					
<b>D. The Hospital has complied with applicable laws and regulations.</b>					
<b>Audit Procedures:</b>					
A. Inquire about the Hospital's policies and procedures for administering and financing insurance claims, including whether insurance policies are carried for complete coverage of some or all risks or only for excess liabilities.					
B. Prepare a workpaper to summarize amount and type of significant coverage. Review coverage to: 1. Determine if reasonable and current. 2. Determine significant areas in which risk is retained.	C				
C. Verify and review surety bond and malpractice coverage for adequacy and reasonableness for all officials and employees.	D				
D. If a separate Insurance Fund has been established, consider analytical procedures, such as comparing claims expenditures and other fund transactions (i.e. employee contributions, insurance premiums and administrative fees) to the prior period actual and relate to the number of covered employees (if applicable).	A				

**HOSPITAL** 2018 Audit Programs

June 30, 2018

**INSURANCE AND SELF INSURANCE**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>E. Review charges by the Insurance Fund to other funds and determine if they are in accordance with GASB 10 (GASB Codification, Section C50.121-126):</p> <ol style="list-style-type: none"> <li>1. May use any method to allocate loss expenditures/ expenses to other funds of the Hospital. Transactions constituting reimbursements to the Unrestricted Fund for expenditures/expenses initially made from it that are properly applicable to another fund should be reported as expenditures or expenses in the reimbursing fund and as reductions of the expenditure/expense in the Unrestricted Fund. However, if the total amount charged to other funds, including charges to the Unrestricted Current Fund, exceeds claims expenditures, the excess should be reported as non-mandatory transfers.</li> </ol>	A				
<p>F. Review estimates of losses from claims with a responsible official and determine if properly recorded as an expenditure/expense and liability. Estimates should include:</p> <ol style="list-style-type: none"> <li>1. Reported claims meeting the criteria of and GASB Codification, Section C50.110-118.</li> <li>2. Incurred but not reported (IBNR) claims which meet the criteria of GASB Codification, Section C50.113-114. Determine the basis used to estimate IBNR claims is reasonable.</li> <li>3. If the Hospital 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>4. If the Hospital participates in a public entity risk pool but is not subject to a supplemental premium assessment, review economic viability of pool with responsible official and determine if liability should be recorded based on certain conditions.</li> <li>5. If the Hospital participates in a public entity risk pool, inquire of responsible officials about the Hospital's plans for continuing its participation in the pool. If the Hospital has plans to terminate its membership, determine if additional liabilities should be recorded based on the terms of the agreement to participate.</li> </ol>	B				

**HOSPITAL** 2018 Audit Programs

June 30, 2018

**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>G. If the Hospital has a self-funded health insurance plan, including self-funded deductibles:</p> <ol style="list-style-type: none"> <li>1. Obtain a copy of the actuarial report required by Chapter 509A.15 of the Code of Iowa.</li> <li>2. Examine report to determine reasonableness of reserves. Determine if additional liability should be recorded in Hospital's financial statements.</li> <li>3. Determine if a copy of the actuarial opinion and annual financial report were filed with the Insurance Commissioner within 90 days of year-end.</li> <li>4. If an actuarial report was not obtained because the Hospital qualified under Chapter 509A.15(4) of the Code of Iowa, determine a waiver was properly requested from the Iowa Insurance Division.</li> </ol>	B,D				
<p>H. If an outside administrator or service company is used:</p> <ol style="list-style-type: none"> <li>1. Obtain a copy of the annual report on the status of the program.</li> <li>2. Review report for estimates of liabilities for claims filed and IBNR claims.</li> <li>3. Compare report with prior periods and discuss any unusual variances with responsible official.</li> <li>4. Compare amounts in the report with recorded estimated liabilities.</li> </ol>	A,B				
<p>I. Determine the adequacy of financial statement presentation and disclosures.</p> <ol style="list-style-type: none"> <li>1. Financial statement presentation considerations should include: <ol style="list-style-type: none"> <li>a. If a single fund is used to record risk financing activities, it should be the Unrestricted Fund.</li> <li>b. If the Hospital 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.</li> </ol> </li> </ol>	C				



**HOSPITAL** 2018 Audit Programs

June 30, 2018

**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>c. If the Hospital made contributions to a public entity risk pool with transfers 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 over future periods.</p> <p>2. Disclosures should include:</p> <p>a. Description of risks of loss the Hospital 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 Hospital 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 Hospital retains some risk of loss, include the additional disclosures required by GASB 10 (GASB Codification, Section C50.144(d)).</p> <p>J. Determine if the risk of material misstatement due to fraud or error has changed based on results of substantive tests performed. If so, perform appropriate procedures.</p> <p><u>ALTERNATE/ADDITIONAL PROCEDURES:</u></p>					

**HOSPITAL** 2018 Audit Programs

June 30, 2018

**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><u>CONCLUSION:</u></p> <p>We have performed procedures sufficient to achieve the audit objectives for insurance and self-insurance and the results of these procedures are adequately documented in the accompanying workpapers.</p> <p>Incharge _____ Date _____</p> <p>Manager _____ Date _____</p> <p>Independent Reviewer _____ Date _____</p>					

**HOSPITAL** 2018 Audit Programs

June 30, 2018

**BUDGETS**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<b>Audit Objectives:</b>					
<b>A. The annual operating budget, and amendments thereto, were properly prepared, documented and approved.</b>					
<b>B. Budgetary comparisons are properly included in the appropriate financial statements and schedules of governmental funds for which an annual budget has been adopted are presented.</b>					
<b>Audit Procedures:</b>					
A. Obtain a copy of the adopted budget certificate summary.	A				
B. Obtain a copy of each budget amendment and certification resolution, including the purpose of the amendment.	A				
C. Examine proof of publication for the published budget and reconcile to the adopted budget.	A				
D. Compare property tax askings between the published budget and budget certificate summary to determine tax askings were not increased after publication in accordance with Chapter 24.15 of the Code of Iowa.					
E. Examine proof of publication for each published budget amendment and reconcile to adopted amendment.	A				
F. Determine hearings were held and publications were made in accordance with Chapter 24.9 of the Code of Iowa.					
G. Determine the accuracy of budget amendments.	A				
H. Determine if amendments were adopted before disbursements exceeded the budget.					
I. Determine whether an amendment was adopted by May 31.					
J. If not, was the amendment protested?					
K. If protested, was an Appeal Board decision reached before June 30?					
L. Prepare a workpaper to compare disbursements by statutory funds with the budget or amended budget and document any overexpenditures.	A,B				



**HOSPITAL** 2018 Audit Programs

June 30, 2018

**SINGLE AUDIT**

PROCEDURE	OBJ.	DON EBY	W/P REF	N/A	REMARKS
<p><b>Audit Objectives:</b></p> <p><b>A. Federal revenues and expenditures are valid and complete and, if applicable, indirect costs are allocated properly.</b></p> <p><b>B. Federal revenues and expenditures are properly presented in the financial statements.</b></p> <p><b>C. The Hospital has complied with laws and regulations affecting the expenditure of grant funds.</b></p> <p><b>Note: Programmatic requirements are unique to each federal program and can be found in the laws, regulations, and provisions of contract and grant agreements pertaining to the program. For programs listed in the Compliance Supplement, the programmatic requirements can be found in Part 4. For those not covered in the Compliance Supplement, review Part 7 of the supplement.</b></p> <p><b>Note: The following audit program steps were developed utilizing Part 3.2 of the 2017 Compliance Supplement, as amended by the 2018 Compliance Supplement.</b></p> <p><b>Note: The following guidance for the Schedule of Expenditures of Federal Awards (SEFA) is from the 2017 Compliance Supplement, as amended by the 2018 Compliance Supplement. Part III of Appendix VII relating to the American Recovery and Reinvestment Act (ARRA).</b></p> <p><b>Recipients and subrecipients covered by the Single Audit Act Amendments of 1996 and 2 CFR part 200, subpart F, must, must separately identify the expenditures for Federal awards under ARRA on the SEFA and the Data Collection Form (SF-SAC). This shall be accomplished by identifying expenditures for Federal awards made under ARRA separately on the SEFA, and as separate rows under Item 1 of Part II on the SF-SAC by CFDA number, and inclusion of the prefix "ARRA - " in identifying the name of the Federal program on the SEFA and as the first characters in Item 1, column d of Part II, "Name of Federal Program," on the SF-SAC.</b></p> <p><b>Audit Procedures:</b></p> <p><b>A. Review applicable reference material:</b></p> <ol style="list-style-type: none"> <li><b>1. The Uniform Guidance.</b></li> <li><b>2. CFR Part 200, Appendix X1 Compliance Supplement.</b></li> </ol>					

**HOSPITAL** 2018 Audit Programs

June 30, 2018

**SINGLE AUDIT**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DON EBY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<ol style="list-style-type: none"> <li>3. Compliance Audits (AU-C 935).</li> <li>4. GAO Government Auditing Standards (the Yellow Book), 2011 revision.</li> <li>5. AICPA Audit Guide, Audits of State and Local Governmental Units.</li> <li>6. OMB Catalog of Federal Domestic Assistance.</li> <li>7. Applicable sections of the Code of Federal Regulations.</li> <li>8. Council on Financial Assistance Reform (COFAR) Frequently Asked Questions (FAQs).</li> </ol>					
<p>B. Obtain or prepare a Schedule of Expenditures of Federal Awards. If prepared by auditor, determine Independence will not be impaired. The schedule should include:</p> <ol style="list-style-type: none"> <li>1. Federal grantor or pass-through agency, if applicable.</li> <li>2. Program name.</li> <li>3. CFDA number.</li> <li>4. Grant number.</li> <li>5. Program or award amount.</li> <li>6. Program disbursements/expenditures (for cash awards) or the value of non-cash assistance (for non-cash awards).</li> <li>7. All programs completed and/or terminated during the year and all programs open without monies being received or expended during the audit period.</li> <li>8. Any program with funding under the American Recovery and Reinvestment Act (ARRA) must be listed separately and include the prefix "ARRA - " in the federal grant program name.</li> </ol>	A				
<p>C. Determine each program's name and CFDA number reported in the Schedule of Expenditures of Federal Awards agrees with the CFDA Agency Program Index.</p>					
<p>D. Reconcile appropriate amounts on the Schedule of Expenditures of Federal Awards to amounts in the financial statements and to amounts in the accounting records and document accordingly.</p>	A,B				

**HOSPITAL** 2018 Audit Programs

June 30, 2018

**SINGLE AUDIT**

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

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



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

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<p>3. Determine costs were approved by the federal awarding agency if required, or in accordance with 2 CFR section 200.407 for selected items of costs.</p> <p>4. Determine costs did not consist of improper payments including:</p> <ul style="list-style-type: none"> <li>a. Payments which should not have been made or were for incorrect amounts (including overpayments and underpayments) under statutory, contractual, administrative or other legally applicable requirements.</li> <li>b. Payments which do not account for credit for applicable discounts.</li> <li>c. Duplicate payments.</li> <li>d. Payments to an ineligible party or for an ineligible good or service.</li> <li>e. Payments for goods and services not received (except where authorized by law).</li> </ul> <p>5. If the Hospital is using a De Minimis indirect cost rate:</p> <ul style="list-style-type: none"> <li>a. Determine the Hospital has not previously claimed indirect costs on the basis of a negotiated rate. Auditors are required to test only for the three fiscal years immediately prior to the current audit period.</li> <li>b. Test selected transactions for conformance with 2 CFR section 200.414 (f). <ul style="list-style-type: none"> <li>1) Verify the de minimis rate was used consistently, the rate was applied to the proper base and amounts claimed were the product of applying the rate to a modified total direct costs base.</li> <li>2) Verify the costs included in the base are consistent with the costs included in the base year, i.e. verify current year modified total direct costs do not include costs items that were treated as indirect costs in the base year.</li> </ul> </li> <li>c. Determine if the Hospital's use of the de minimis rate resulted in the Hospital double-charging or inconsistently charging costs as both direct and indirect.</li> </ul>					

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<p>6. Cost Allocation Plans/Indirect Cost Rate Agreements</p> <p>Determine whether material indirect costs or centralized or administrative services are being charged to federal programs. If such costs are being charged, perform the following procedures:</p> <ul style="list-style-type: none"> <li>a. Obtain and read the Indirect Cost Rate Agreement (ICRA) and/or the current Cost Allocation Plan (CAP) and determine the types of rates and procedures required.</li> <li>b. Determine the terms of the allocation plan and/or rate agreement in effect (i.e., predetermined, fixed with carryforward provisions or provisional/final)</li> <li>c. Verify the methods of charging costs to federal awards are in accordance with the provisions of the approved Indirect Cost Rate Proposal (ICRP) or CAP, or prepared ICRP or CAP, on file.</li> <li>d. Determine whether the CAP or ICRP includes the required documentation in accordance with 2 CFR part 200, Appendix VII, paragraph D or Appendix V, paragraph E, as applicable.</li> <li>e. If the Hospital does not have a negotiated ICRA, determine whether documentation exists to support costs. Report Question Costs if no support.</li> <li>f. If ICRP is not complete, consider whether interim testing is necessary of the costs charged to the cost pools and the allocation bases to minimize questioned costs, if any.</li> <li>g. Examine claims submitted to the federal agency for reimbursement. Determine if the amounts charged and rates used are in accordance with the plan and if rates are being applied to the appropriate base.</li> <li>h. Review, on a test basis, supporting documentation to determine whether: <ul style="list-style-type: none"> <li>1) The indirect cost pool or centralized service costs contain only allowable costs in accordance with 2 CFR part 200.</li> <li>2) The methods of allocating the costs are in accordance with the provisions of 2 CFR part 200, other applicable regulations and negotiated agreements.</li> </ul> </li> </ul>					

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

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

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

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<p>e. Review the quality control process and perform tests to ascertain if it is operating to effectively meet the objectives of the process and in compliance with applicable program requirements.</p> <p>2. Group of Individuals or Area of Service Delivery:</p> <p>a. Test information used in determining eligibility and determine if the population or area of service delivery was eligible.</p> <p>b. Perform test to determine if:</p> <p>    1) The population or area served were eligible.</p> <p>    2) The benefits paid to or on behalf of the individuals or area of service delivery were calculated correctly</p> <p>3. Subrecipients:</p> <p>a. If the determination of eligibility is based on an approved application or plan, obtain a copy of the document and identify the applicable eligibility requirements.</p> <p>b. Select a sample of the awards to the subrecipients and perform procedures to verify that the subrecipients were eligible and amounts awarded were within funding limits.</p> <p>F. EQUIPMENT AND REAL PROPERTY:</p> <p>1. Inventory Management:</p> <p>a. Identify equipment acquired under federal awards during the audit period and trace selected purchases to the property records. Verify the property records contain the following information about the equipment:</p> <p>    1) Description (including serial numbers or other identification numbers).</p> <p>    2) Source.</p> <p>    3) Title holder.</p> <p>    4) Acquisition date and cost.</p> <p>    5) Percentage of federal participation in the cost.</p> <p>    6) Location.</p> <p>    7) Condition.</p>					

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<p>8) Ultimate disposition data, including the date of disposal, sale price or method used to determine fair market value.</p> <p>b. Inquire if a required physical inventory of equipment acquired under federal awards was taken within the last two years. Test whether any differences between the physical inventory and equipment records were resolved.</p> <p>c. Select a sample of equipment identified as acquired with federal awards from the property records and observe the equipment to ensure equipment is appropriately safeguarded and maintained.</p> <p>2. Disposition of Equipment</p> <p>a. Determine the amount of equipment dispositions for the year and identify equipment acquired with federal awards.</p> <p>b. Perform procedures to verify the dispositions were properly reflected in the property records.</p> <p>c. For equipment with a current per-unit fair market value in excess of \$5,000, determine whether the awarding agency was reimbursed for the appropriate federal share.</p> <p>d. For dispositions of equipment acquired under cost-reimbursement contracts, verify the Hospital followed the federal awarding agency disposition instructions.</p> <p>3. Disposition of Real Property:</p> <p>a. Determine real property dispositions for the audit period and identify property acquired with federal awards.</p> <p>b. Perform procedures to verify the Hospital followed the instructions of the awarding agency, which will normally require reimbursement to the awarding agency of the federal portion of net sales or fair market value at the time of disposition, as applicable.</p> <p>G. MATCHING, LEVEL OF EFFORT, EARMARKING:</p> <ul style="list-style-type: none"> <li>• <b>Matching</b> - includes requirements to provide contributions (usually non-federal) of a specified amount or percentage to match federal awards. Match may be in the form of cash or in-kind contributions.</li> </ul>					



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<ul style="list-style-type: none"> <li>• <b><u>Level of Effort</u></b> – includes requirements for (a) a specified level of service to be provided from period to period, (b) a specified level of expenditures from non-federal or federal sources for specified activities to be maintained from period to period and (c) federal funds to supplement and not supplant non-federal funding of services.</li> <li>• <b><u>Earmarking</u></b> – includes requirements that specify the minimum and/or maximum amount or percentage of the program’s funding that must/may be used for specified activities, including funds provided to subrecipients.</li> </ul> <p>Matching:</p> <ol style="list-style-type: none"> <li>1. Perform test to verify the required matching contributions were met.</li> <li>2. Determine the sources of matching contributions and perform tests to verify they were from an allowable source.</li> <li>3. Test records to corroborate the value placed on in-kind contributions are in accordance with 2 CFR sections 200.306, 200.434 and 200.414, and the terms and conditions of the award.</li> <li>4. Test transactions used to match for compliance with allowable costs/cost principles requirements. This test may be performed in conjunction with the testing of the requirements related to allowable cost/cost principles.</li> </ol> <p>Level of Effort:</p> <ol style="list-style-type: none"> <li>1. Identify the required level of effort and perform tests to verify the level of effort requirement was met.</li> <li>2. Perform tests to verify only allowable categories of expenditures or other effort indicators (e.g., hours, number of people served) were included in the computation and the categories were consistent from year to year.</li> <li>3. Perform procedures to verify the amounts used in the computation were derived from the books and records from which the audited financial statements were prepared.</li> <li>4. Perform procedures to verify the non-monetary effort indicators were supported by official records.</li> </ol>					

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<p>Level of Effort - Supplement not Supplant:</p> <ol style="list-style-type: none"> <li>1. Determine if the Hospital used federal funds to provide services which it was required to make available under federal, state or local law and were also made available by funds subject to the supplement not supplant requirement.</li> <li>2. Determine if the Hospital used federal funds to provide services which were provided with non-federal funds in prior years.                             <ol style="list-style-type: none"> <li>a. Identify the federally funded services.</li> <li>b. Perform procedures to determine whether the federal program funded services that were previously provided with non-federal funds.</li> <li>c. Perform procedures to determine if the total level of services applicable to the requirement increased in proportion to the level of federal contribution.</li> </ol> </li> </ol> <p>Earmarking:</p> <ol style="list-style-type: none"> <li>1. Identify the applicable percentage or dollar requirements for earmarking.</li> <li>2. Perform procedures to verify the amounts recorded in the financial records meet the specified requirements (e.g. minimum amounts determine the records show at least the minimum was charged).</li> <li>3. When requirements specify a minimum percentage or amount, select a sample of transactions supporting the specified amount or percentage and perform tests to verify proper classification to meet the minimum percentage or amount.</li> <li>4. When requirements specify a maximum percentage or amount, review the financial records to identify transactions for the specified activity were not improperly classified in another account. (e.g. If administrative costs are limited to 10%, review other accounts charged to the activity for administrative expense which, if incorrectly coded, would cause the maximum percentage to be exceeded).</li> <li>5. When requirements prescribe the minimum number or percentage of specified types of participants that can be served, select a sample of participants that are counted toward meeting the minimum requirement and perform test to verify that they were properly classified.</li> </ol>					

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<p>6. When requirements prescribe the maximum number or percentage of specified types of participants that can be served, select a sample of other participants and perform test to verify that they were not of the specified type.</p> <p>H. PERIOD OF PERFORMANCE:</p> <p>1. Review the award documents and regulations pertaining to the program and determine any award specific requirements related to the period of performance and document the performance period.</p> <p>2. Test a sample of transactions charged to the federal award after the end of the period of performance and verify the underlying obligations occurred within the period of performance and the payment was made within the allowed time period.</p> <p>3. Test selected transactions for the following:</p> <p style="padding-left: 20px;">a. For costs recorded during the beginning of the period of performance, verify costs were not incurred prior to the start of the period of performance unless authorized by the Federal awarding agency or the pass-through entity.</p> <p style="padding-left: 20px;">b. For costs recorded during or near the end of the period of performance, verify obligations occurred within the period of performance.</p> <p>4. Select a sample of adjustments to the federal funds and verify these adjustments were for transactions that occurred during the period of performance.</p> <p>I. PROCUREMENT AND SUSPENSION AND DEBARMENT:</p> <p>1. Obtain the Hospital's procurement policies and verify the policies comply with applicable federal requirements.</p> <p>2. Determine the Hospital has written standards of conduct covering conflicts of interest and governing the performance of its employees engaged in the selection, award and administration of contracts.</p> <p>3. Determine if the Hospital has a policy to use statutorily or administratively imposed in-state or local geographical preferences in the evaluation of bids or proposals. If such policy exists, verify these limitations were not applied to federal procurements except where applicable federal statutes expressly mandate or encourage geographical preference.</p>					

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<p>4. Select a sample of procurements and perform the following:</p> <ul style="list-style-type: none"> <li>a. Examine contract files and verify they document the significant history of the procurement, including the rationale for the method of procurement, selection of contract type, contractor selection or rejection and the basis of contract price.</li> <li>b. Verify procedures provide for full and open competition.</li> <li>c. Examine documentation in support of the rationale to limit competition in those cases where competition was limited and determine if the limitation was justified.</li> <li>d. Examine contract files and determine a cost or price analysis was performed in connection with procurement actions exceeding the simplified acquisition threshold, including contract modifications and the procurement action taken.</li> <li>e. Verify the procurement method used was appropriate based on the dollar amount and conditions specified in 2 CFR section 200.320. The five methods of procurement are as follows:               <ul style="list-style-type: none"> <li>1) Micro-purchases: Less than \$3,000 or \$3,500 effective October 1, 2015 (\$2,000 for purchases subject to the Davis-Bacon Act) – No competitive quotes required. Spread purchases out among qualified suppliers.</li> <li>2) Small purchases: Between \$3,000 and \$150,000 – Rate quotes must be obtained from an “adequate” number of qualified sources. (“adequate” is not specifically defined by The Uniformed Guidance) Quotes can be obtained from suppliers or from public websites.</li> <li>3) Sealed bids: More than \$150,000 (construction projects) – Two or more qualified bidders. Publicly advertised and solicited from adequate suppliers. Lowest responsive and responsible bidder for the fixed price contract wins.</li> </ul> </li> </ul>					

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<p>4) Competitive proposals: More than \$150,000 – Written policy for conducting technical evaluations of reviewing proposals and selecting the recipient. Most advantageous bid wins, price and other factors considered.</p> <p>5) Sole source: Any amount. Must meet one of the following four requirements:</p> <p style="padding-left: 40px;">a) Good/service is only available from a single source.</p> <p style="padding-left: 40px;">b) Only one source can provide the good/service in the time-frame required.</p> <p style="padding-left: 40px;">c) Written pre-approval from the Federal awarding agency.</p> <p style="padding-left: 40px;">d) Competition is deemed inadequate after solicitation attempts through one of the other methods.</p> <p style="padding-left: 20px;">f. Verify consent to subcontract was obtained when required by the terms and conditions of a cost reimbursement contract specified in 48 CFR section 52.244-2.</p> <p>5. Test a sample of procurements and subawards to determine if the Hospital performed a verification check for covered transactions by checking the System for Award Management (SAM) website (www.sam.gov), collecting a certification from the entity or adding a clause or condition to the covered transaction with the entity.</p> <p>6. Test a sample of procurement and subawards against SAM and determine if contracts or subawards were awarded to suspended or debarred parties.</p> <p>J. PROGRAM INCOME:</p> <p>1. Identify any program income.</p> <p style="padding-left: 40px;">a. Review laws, regulations and the provisions of contract and grant agreements applicable to the program and determine if program income was anticipated and, if so, the requirements for recording and using program income.</p> <p style="padding-left: 40px;">b. Inquire of management and review accounting records to determine if program income was received.</p>					

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<p>2. Perform tests to verify that program income was properly determined or calculated in accordance with stated criteria and classified as program income only if collected from allowable sources.</p> <p>3. Perform tests to verify all program income was properly recorded in the accounting records.</p> <p>4. Perform tests to determine if program income was used in accordance with the program requirements.</p> <p>K. RESERVED</p> <p>L. REPORTING:</p> <p>1. Review applicable laws, regulations and the provisions of contract and grant agreements pertaining to the program for reporting requirements.</p> <p>2. Determine the types and frequency of required reports.</p> <p>3. Obtain and review federal awarding agency, or pass-through entity in the case of a subrecipient, instructions for completing the reports.</p> <p style="padding-left: 20px;">a. For financial reports, determine the accounting basis used in reporting the data (i.e. cash or accrual).</p> <p style="padding-left: 20px;">b. For performance and special reports, determine the criteria and methodology used in compiling and reporting the data.</p> <p>4. Perform appropriate analytical procedures and determine the reason for any unexpected differences. Examples of analytical procedures include:</p> <p style="padding-left: 20px;">a. Comparing current period reports to prior periods.</p> <p style="padding-left: 20px;">b. Comparing anticipated results to the data included in the reports.</p> <p style="padding-left: 20px;">c. Comparing information obtained during the audit of the financial statements to the report.</p> <p>5. Select a sample of each of the following report types.</p> <p style="padding-left: 20px;">a. Financial reports:</p> <p style="padding-left: 40px;">1) Determine if the financial reports were prepared in accordance with the required accounting basis.</p>					

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**COMPLIANCE REQUIREMENTS**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>2) Review accounting records and determine if all applicable accounts were included in the sampled reports.</p> <p>3) Trace the amounts reported to accounting records that support the audited financial statements and the Schedule of Expenditures of Federal Awards and verify agreement.</p> <p>b. Performance reports:</p> <p>1) Review supporting records and determine if all applicable data elements were included in the sampled report.</p> <p>2) Trace data to records that accumulate and summarize data.</p> <p>3) Perform tests of the underlying data to verify the data were accumulated and summarized in accordance with the required or stated criteria and methodology.</p> <p>c. When intervening computations or calculations are required between the records and the reports, trace reported data elements to supporting worksheets or other documentation that link reports to data.</p> <p>d. Test mathematical accuracy of reports and supporting worksheets.</p> <p>6. Obtain written representation from management the reports provided to the auditor are true copies of the reports submitted or electronically transmitted to the federal awarding agency or pass-through entity in the case of a subrecipient.</p> <p>M. SUBRECIPIENT MONITORING:</p> <p>1. Review the Hospital's subrecipient monitoring policies and procedures to gain an understanding of the process used to identify subawards, evaluate risk of noncompliance and perform monitoring procedures based upon identified risks.</p> <p>2. Test award documents including the terms and conditions, to determine if the Hospital makes subrecipients aware of the award information sufficient to the Hospital comply with federal statutes, regulations and terms and conditions of the award.</p>					

**HOSPITAL** 2018 Audit Programs

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**SINGLE AUDIT**  
**COMPLIANCE REQUIREMENTS**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<p>3. Review the Hospital's documentation of monitoring to determine if the Hospital's monitoring procedures provide reasonable assurance that subrecipients used federal funds for authorized purposes and complied with laws and regulations, provisions of contracts and conditions of the subaward.</p> <p>4. Determine if the Hospital verifies the subrecipient met the requirement to have an audit performed in accordance with the Uniform Guidance, if applicable and requires subrecipients to take appropriate and timely corrective action on deficiencies identified in audit findings.</p> <p>N. SPECIAL TESTS AND PROVISIONS:</p> <p>1. Review the laws, regulations and provisions of grant and contract agreements to identify special tests and provisions.</p> <p>2. Develop procedures to test these requirements.</p>					



**HOSPITAL** 2018 Audit Programs

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**SINGLE AUDIT**  
**MISCELLANEOUS**

<b>PROCEDURE</b>	<b>OBJ.</b>	<b>DONE BY</b>	<b>W/P REF</b>	<b>N/A</b>	<b>REMARKS</b>
<b>MISCELLANEOUS PROVISIONS:</b>					
<p>A. If the Hospital is a pass-through agency of federal funds, ensure the appropriate receipts/revenues and disbursements/ expenditures are recognized in compliance with GASB 24.</p> <p>B. Prepare the Data Collection Form. (The federal programs listed in Part II should be in the same order as the Schedule of Expenditures of Federal Awards and any program with ARRA funds should be listed on a separate line and include the prefix "ARRA - " in the federal grant program name.)</p> <p>C. Obtain Corrective Action Plan for Federal Audit Findings from the Hospital (prepared on Hospital letterhead) and review for propriety.</p> <p>D. Obtain Summary Schedule of Prior Federal Audit Findings from the Hospital (prepared on Hospital letterhead) and review for propriety.</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>					
<u>ALTERNATE/ADDITIONAL PROCEDURES:</u>					
<u>CONCLUSION:</u>					
<p>We have performed procedures sufficient to achieve the audit objectives for Single Audit requirements and the results of these procedures are adequately documented in the accompanying workpapers.</p>					
Incharge _____		Date _____			
Manager _____		Date _____			
Independent Reviewer _____		Date _____			

**HOSPITAL** 2018 Audit Programs

June 30, 2018

**COMPLETION OF AUDIT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<b>Audit Objectives and Related Assertions:</b>					
<b>A. Written representations have been obtained from responsible officials.</b>					
<b>B. Misstatements discovered during the audit have been evaluated.</b>					
<b>C. Financial statements are fairly presented and disclosures are adequate. (10,11,12,13)</b>					
<b>D. The effect on the auditor's report of GAAP departures, scope limitations, uncertainties, other auditors or other matters has been evaluated.</b>					
<b>E. Significant deficiencies and material weaknesses have been summarized and communicated to the appropriate parties.</b>					
<b>F. Significant commitments, contingencies and subsequent events that may require disclosure have been identified. (10,11,12,13)</b>					
<b>Audit Procedures:</b>					
A. Inquire as to whether all funds have been brought to our attention.	F				
B. Review ending account balances for material deficits and include comment, if appropriate, in the audit report. Document the Hospital's plans to eliminate deficits, if any.					
C. In connection with litigation and claims, perform the following procedures:	F				
1. Inquire of and discuss with management as to the policies and procedures adopted for identifying, evaluating and accounting for litigation, claims and assessments.					
2. Obtain from Hospital officials a description and evaluation of litigation, claims and assessments.					
3. Obtain assurance from management they have disclosed all unasserted claims they have been advised by their lawyers are probable of assertion and must be disclosed in accordance with GASB Codification, Section C50.100-118.					
4. Evaluate any unasserted claims as a result of uninsured losses on the basis of:					
a. Prior estimates of prior loss experience.					
b. Analyses of frequency of past claims.					

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**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>
<ul style="list-style-type: none"> <li>c. Actuarial considerations.</li> <li>d. Experience of similar institutions, if known.</li> <li>5. Examine documents in the Hospital's possession concerning the above matters.</li> <li>6. Consider whether any other matters in addition to the above were disclosed during the course of the audit.</li> <li>7. Examine invoices for legal services to identify matters which may require additional audit procedures. Investigate and document purpose of the services.</li> <li>8. Send attorney's letter to the Hospital's attorney and other lawyers consulted on significant matters during the period.</li> <li>D. Inquiry of Hospital officials about the existence of material subsequent transactions or events and significant matters unresolved at year end.</li> <li>E. Scan records subsequent to the period under audit for significant unusual receipts, payments and non-standard entries.</li> <li>F. Complete review of minutes through the end of field work for subsequent events.</li> <li>G. Determine if footnote disclosure is needed and obtain documentation for the following items. (For hospitals with unusual types of activities, consider reviewing the AICPA Disclosure Checklist.)               <ul 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.</li> <li>8. Other commitments and contingencies (including outstanding indebtedness of others guaranteed by the Hospital, moral obligations and no-commitment debt).</li> <li>9. Health insurance trust.</li> </ul> </li> </ul>	<p>F</p> <p>F</p> <p>F</p> <p>C</p>				

**HOSPITAL** 2018 Audit Programs

June 30, 2018

**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>10. Relationships with organizations other than component units:</p> <ul 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> </ul> <p>11. Other pertinent information.</p> <p>H. Consider whether the accumulated results of audit procedures and other observations affect the assessment of the risk of material misstatement due to fraud or error made when planning the audit. Document whether there is a need for additional procedures to be performed.</p> <p>I. Summarize and evaluate misstatements noted during the audit, if any.</p> <ul 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) <ul 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> <li>b. the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures and the financial statements as a whole.</li> </ul> </li> <li>2. In communicating misstatements to management, the auditor should: (AU-C 450.07-.10) <ul style="list-style-type: none"> <li>a. Request management examine the entire class of transactions, account balances or disclosures to identify and correct misstatements in cases where the auditor evaluates the amount of likely misstatement from a sample as material.</li> </ul> </li> </ul>	B				

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**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>
<ul style="list-style-type: none"> <li>b. Request management review the assumptions and methods used in developing management's estimate in those cases where the auditor has identified a likely misstatement involving differences in estimates used by management.</li> <li>c. Reevaluate the amount of likely misstatement after management has performed a. and b. above.</li> <li>d. Obtain an understanding of management's reasons for not making corrections of known or likely misstatements and take into account when evaluating if the misstatement is material.</li> </ul>					
<ul style="list-style-type: none"> <li>J. Document the reconciliation of the financial statements to accounting records.</li> </ul>	C				
<ul style="list-style-type: none"> <li>K. Obtain the Hospital's concurrence on proposed adjusting journal entries.</li> </ul>					
<ul style="list-style-type: none"> <li>L. Document whether conditions and events have been identified, either through management's evaluation or through audit procedures performed, that, when considered in the aggregate, indicate there could be substantial doubt about the Hospital's ability to continue as a going concern for a reasonable period of time. If conditions and events exist, perform procedures as documented in SAS 132.</li> </ul>	D				
<ul style="list-style-type: none"> <li>M. Determine and document the type of opinion rendered for each opinion unit and on compliance, if applicable. Document reasons for variances from an unmodified opinion and discuss the reasons with those charged with governance.</li> </ul>	C,D				
<ul style="list-style-type: none"> <li>N. Summarize significant deficiencies and material weaknesses, including those communicated in previous audits which have not yet been remediated and include in written communication to management and those charged with governance no later than 60 days following the report release date. (AU-C 265.11-.13)</li> </ul>	E				
<ul style="list-style-type: none"> <li>1. Indicators of material weaknesses in internal control include the following (AU-C 265.09-.10):                             <ul style="list-style-type: none"> <li>a. Identification of fraud, whether or not material, on the part of senior management.</li> <li>b. Restatement of previously issued financial statements to reflect the correction of a material misstatement due to fraud or error.</li> </ul> </li> </ul>					

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**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>
<ul style="list-style-type: none"> <li>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 Hospital's internal control.</li> <li>d. Ineffective oversight of the Hospital's financial reporting and internal control by those charged with governance.</li> </ul> <p>O. Perform the following procedures related to supplementary information (SI) as required by AU-C 725.05 and AU-C 725.07:</p> <ul style="list-style-type: none"> <li>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:               <ul style="list-style-type: none"> <li>a. The SI was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.</li> <li>b. The SI relates to the same period as the financial statements.</li> <li>c. The financial statements were audited and the auditor served as the principal auditor in that engagement.</li> <li>d. Neither an adverse opinion or disclaimer of opinion was issued on the financial statements.</li> <li>e. The SI will accompany the Hospital's audited financial statements or such audited financial statements will be made readily available by the Hospital.</li> </ul> </li> <li>2. The following procedures should be performed using the same materiality level used in the audit of the financial statements:               <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> </ul> </li> </ul>					

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**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. 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.</p> <p>d. Compare and reconcile the SI to the underlying accounting and other records used in preparing the financial statements.</p> <p>e. Inquire of management about any significant assumptions or interpretations underlying the measurement or presentation of the SI.</p> <p>f. Evaluate the appropriateness and completeness of the SI considering the results of the procedures performed and other knowledge obtained during the audit of the financial statements.</p> <p>P. Perform the following limited procedures to Required Supplementary Information (RSI), as required by AU-C 730.05:</p> <p>1. Inquire of management about the methods used in preparing the information.</p> <p>a. Whether RSI has been measured and presented in accordance with the prescribed guidelines.</p> <p>b. Whether methods of measurement or presentation changed from those used in the prior year and the reasons for any such changes.</p> <p>c. Whether there are any significant assumptions or interpretations underlying the measurement or presentation of the information.</p> <p>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.</p> <p>Q. Review the reasonableness of Management's Discussion and Analysis, which is limited to the following required elements. (GASB 34 par. 11)</p> <p>1. A brief discussion of the basic financial statements, including the relationships of the statements to each other and the significant differences in the information they provide.</p>					

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**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. Condensed financial information derived from entity- wide financial statements comparing the current year to the prior year.</p> <p>3. An analysis of the Hospital’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 operation.</p> <p>4. An analysis of balances and transactions of individual funds. The analysis should address the reasons for significant changes in fund balances or fund net position and whether restrictions, commitments or other limitations significantly affect the availability of resources for future use.</p> <p>5. An analysis of significant variations between original and final budget amounts and between final budget amounts and actual budget results for the General Fund.</p> <p>6. A description of significant capital assets and long-term debt activity during the year, including commitments made for capital expenditures, changes in credit ratings and debt limitations that may affect the financing of planned facilities or services.</p> <p>7. If applicable, a discussion of the modified approach to report some or all of the infrastructure assets.</p> <p>8. A description of currently known facts, decisions or conditions expected to have a significant effect on financial position or results of operations.</p> <p>R For other information included in the audited financial statements (such as the introductory and statistical sections in CAFR audits) (AU-C 720):</p> <p>1. Read the other information to identify possible material inconsistencies with the audited financial statements or apparent material misstatements of facts and follow the guidance if either is identified.</p> <p>2. Communicate with those charged with governance any procedures performed and the results.</p>					



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**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>
S. Draft 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.	C,E				
T. Send the draft financial statements to the Hospital and obtain the Hospital's approval: 1. Date sent to Hospital _____ 2. Date Hospital approved _____					
U. Perform analytical procedures for overall review of financial statements. Document the following: 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				
V. Determine information presented as other information in the statistical section of a Comprehensive Annual Financial Report (CAFR) complies with GASB 44 requirements.					
W. 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 the possible bias in making current year estimates. If possible bias is identified, evaluate whether the circumstances represent a risk of material misstatement due to fraud. (AU-C 240.32)	C				
X. 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)					
Y. Evaluate and document the business rational for significant unusual transactions. (AU-C 240.32)					
Z. Conduct an exit conference with Hospital officials, including the Audit Committee, if possible. Document communication of: 1. Report findings. 2. Non-report findings.	E				

**HOSPITAL** 2018 Audit Programs

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**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>3. Audit and accounting problems which may affect the audit bill.</p> <p>AA. Obtain written representations signed by the Hospital administrator.</p> <p>1. Modify, as necessary, for related party/business transactions, federal financial assistance representations, litigation, claims and assessments, uncertainties related to third-party revenues, work of a specialist, supplementary information, required supplementary information and/or other items.</p> <p>2. Prepared on the Hospital's letterhead.</p> <p>3. Dated same date as the auditor's reports as determined in AU-C 700.41.</p> <p>BB. 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.</p> <p>CC. Determine and include footnote disclosures, if necessary, for subsequent events occurring between the end of fieldwork and the date of the auditor's report. (May require verbal update of attorney letter, review of subsequent minutes and auditee inquiry.)</p>	A				
<p>DD. Major Federal Program Subsequent Events</p> <p>1. Perform procedures up to the report date to identify subsequent events related to the Hospital's compliance during the period covered by the auditor's report on compliance:</p> <p>a. Inquire of management.</p> <p>b. Review relevant internal audit reports issued during the subsequent period.</p> <p>c. Review other auditors' reports issued during the subsequent period.</p> <p>d. Review grantors and pass through entities reports issued during the subsequent period.</p>	F				







**HOSPITAL** \_\_\_\_\_ 2018 Audit Programs \_\_\_\_\_

June 30, 2018

**SIGNIFICANT FINDINGS  
FROM THE AUDIT**

IN ATTENDANCE:

<u>Hospital</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, AU-C 260.12 through AU-C 260.14).

(A) Accounting Policies

Significant accounting policies used by the Hospital 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 Hospital.

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 Hospital 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 the audit.

Exceptions:

**HOSPITAL** 2018 Audit Programs

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

June 30, 2018

(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 Hospital'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 the 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 Hospital'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:

**HOSPITAL** \_\_\_\_\_ 2018 Audit Programs \_\_\_\_\_

June 30, 2018

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

(I) Significant Issues

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

List any significant issues:

(J) Comments

We have provided our written comments and recommendations regarding the Hospital'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





**HOSPITAL** \_\_\_\_\_ 2018 Audit Programs \_\_\_\_\_

**ITEMS FOR COMMENT-**  
**INTERNAL CONTROL**

June 30, 2018

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

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 that affect 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.







**HOSPITAL** 2018 Audit Programs

June 30, 2018

**OPINION, DISCLOSURE AND  
OTHER REPORT INFORMATION**

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

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

- Governmental Activities U Q D A
- Business Type Activities U Q D A
- Additional Major Fund - U Q D A
- Additional Major Fund - U Q D A
- Additional Major Fund - U Q D A
- Aggregate Remaining Fund Information U Q D A
- Aggregate Discretely Presented Component Units U Q D A

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

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

- MD&A  Budgetary Comparison  Total OPEB Liability and Related Ratios
- Proportionate Share of Net Pension Liability  Contributions Schedule
- Other \_\_\_\_\_

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

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

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

Years:

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

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

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







**HOSPITAL** 2018 Audit Programs

June 30, 2018

**OPINION, DISCLOSURE AND  
OTHER REPORT INFORMATION**

	Major Program (CFDA #):				Major Program (CFDA #):			
	Requirement Tested	Findings reported in Part III of SFQC	Type of finding reported in Part III	Type of Opinion	Requirement Tested	Findings reported in Part III of SFQC	Type of finding reported in Part III	Type of Opinion
Compliance requirements:								
A. Activities Allowed or Unallowed	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A
B. Allowable Costs/Cost Principles	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A
C. Cash Management	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A
D. Reserved	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A
E. Eligibility	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A
F. Equipment and Real Property	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A
G. Matching, Level of Effort, Earmarking	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A
H. Period of Performance	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A
I. Procurement, Suspension and Debarment	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A
J. Program Income	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A
K. Reserved	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A
L. Reporting	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A
M. Subrecipient Monitoring	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A
N. Special Tests and Provisions	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A	Y N/A	Y N/A	MNC, QC, SD, MW, NONE	U, Q, D, A
U = Unmodified	MNC = Material noncompliance		Y = Yes					
Q = Qualified	QC = Questioned Cost > \$25,000		N/A = Not applicable					
D = Disclaimer	SD = Significant Deficiency		NONE = None required to be reported					
A = Adverse	MW = Material Weaknesses							

**HOSPITAL** 2018 Audit Programs

June 30, 2018

**OPINION, DISCLOSURE AND  
OTHER REPORT INFORMATION**

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

U = Unmodified    MNC = Material noncompliance  
 Q = Qualified    QC = Questioned Cost > \$25,000  
 D = Disclaimer    SD = Significant Deficiency  
 A = Adverse    MW = Material Weaknesses

Y = Yes  
 N/A = Not applicable  
 NONE = None required to be reported









**HOSPITAL** 2018 Audit Programs

June 30, 2018

**INCHARGE REVIEW QUESTIONNAIRE**

<b>QUESTION</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
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 requirements?			
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 opinions we are expressing on the financial statements?			
6. Are you satisfied with the results of the limited procedures performed for required supplementary information (RSI), supplementary information and other information, if applicable?			
7. Are you satisfied there is not substantial doubt about the Hospital'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 for instances of non-compliance required to be reported under Government Auditing Standards?			
9. Are you satisfied we have a reasonable basis for expressing an opinion on the Hospital's compliance with the listed requirements applicable to major Federal programs?			
10. Are you satisfied we have obtained an adequate understanding of the design of internal controls, determined whether these controls have been implemented and assessed control risk?			
11. Are you satisfied we have reduced the detection risk to a reasonable level?			
12. Have all applicable items on the audit planning, questionnaires and audit program been completed and workpapers properly indexed and signed or initialed by those doing the work?			
13. Have all significant unusual or unexpected balances or relationships noted during planning or the course of the audit been adequately investigated and documented?			
14. Has the work of all assistants been thoroughly reviewed?			

**HOSPITAL** 2018 Audit Programs

June 30, 2018

**INCHARGE REVIEW QUESTIONNAIRE**

QUESTION	YES	NO	N/A
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. Have review notes been adequately resolved?			
17. Has there been appropriate communication with the other audit team members throughout the audit regarding information or conditions indicative of risk of material misstatement due to fraud or error?			
18. Have you documented the success and/or failures of procedures performed based on the planned risk assessment in the items for next year section?			
19. Have you discussed with Hospital officials and prepared draft comments or memoranda regarding communication of the following: 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 the financial statements, compliance and internal control?			
20. 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?			
21. Has the news release draft been completed?			
22. Has a list been prepared of all significant pending matters which must be cleared before issuing the report?			
23. Has the Manager been informed of all pending matters?			
24. Have required engagement evaluation reports been completed by the appropriate person(s)?			
25. Are you satisfied all audit work complied with professional standards and office policies?			
26. Have all electronic workpapers been properly synchronized and checked in?			





**HOSPITAL** 2018 Audit Programs

June 30, 2018

**MANAGER REVIEW QUESTIONNAIRE**

QUESTION	YES	NO	N/A
<p>A. General</p> <ol style="list-style-type: none"> <li>1. Have you reviewed the workpapers and do you concur with the conclusions of the incharge?</li> <li>2. Have all exceptions noted on 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 limited 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 was noted indicating 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 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 applicable procedures been performed and signed off?</li> <li>7. Have all review comments been cleared with adequate documentation of disposition?</li> </ol>			

**HOSPITAL** 2018 Audit Programs

June 30, 2018

**MANAGER REVIEW QUESTIONNAIRE**

QUESTION	YES	NO	N/A
8. Have required performance evaluations been completed?			
9. Have all electronic workpapers been properly synchronized and checked in?			
B. Financial Statements and Audit Report			
1. Are the financial statements adequately referenced to footnote disclosures?			
2. Are the dates covered by the financial statements correct?			
3. Are all material facts disclosed which are necessary to make the financial statements not misleading?			
4. Have all material and/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 adequate audit work been performed to support the opinion on the financial statements 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 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?			

**HOSPITAL** 2018 Audit Programs

June 30, 2018

**MANAGER REVIEW QUESTIONNAIRE**

QUESTION	YES	NO	N/A
17. Are you satisfied the audit did not disclose any suspicions of irregularities, 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 Hospital officials and arrangements been made to get responses, if appropriate: <ul style="list-style-type: none"> <li>a. Management suggestions?</li> <li>b. All significant deficiencies and material weaknesses in internal control we observed?</li> <li>c. All immaterial items?</li> <li>d. Non-compliance with any statutory, regulatory or contractual requirements?</li> <li>e. Any instances of fraud or indications that fraud may exist?</li> <li>f. Auditor's Report?</li> </ul>			
19. Have you sent the draft financial statements to Hospital officials and received written approval of the financial statements?			
C. IAR on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards:			
1. Has adequate work been performed to support our statement on instances of non-compliance required to be reported under Government Auditing Standards?			
2. Have appropriate exceptions been noted for items of non-compliance?			
3. Has adequate audit work been performed to support:			
<ul style="list-style-type: none"> <li>a. Our understanding of internal controls?</li> </ul>			
<ul style="list-style-type: none"> <li>b. The determination of whether these controls have been implemented?</li> </ul>			
<ul style="list-style-type: none"> <li>c. Our assessment of control risk?</li> </ul>			
4. Have all significant deficiencies and material weaknesses been disclosed?			

**HOSPITAL** 2018 Audit Programs

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**MANAGER REVIEW QUESTIONNAIRE**

QUESTION	YES	NO	N/A
<p>D. IAR on Compliance for each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance:</p> <ol style="list-style-type: none"> <li>1. Has adequate audit work been performed to support the opinion we are giving on compliance with compliance requirements applicable to major federal programs?</li> <li>2. Have appropriate exceptions been noted for items of non-compliance?</li> <li>3. Has adequate audit work been performed to support:                             <ol style="list-style-type: none"> <li>a. Our understanding of internal controls?</li> <li>b. The determination of whether these controls have been implemented?</li> <li>c. Our assessment of control risk?</li> </ol> </li> <li>4. Have all significant deficiencies and material weaknesses been disclosed?</li> </ol> <p>E. Report Production</p> <ol style="list-style-type: none"> <li>1. Has the report routing sheet been completed?</li> <li>2. Does the draft audit report comply with professional and office reporting standards?</li> <li>3. Has a copy of the completed routing sheet, including the report release date, been filed in the workpapers?</li> </ol>			
<p><u>COMMENTS</u> (required for "No" answers):</p>			
<p>Manager _____ Date _____</p>			
<p>Independent Reviewer _____ Date _____</p>			

