

**COMMUNITY COLLEGE** 2018 Audit Programs

June 30, 2018

**COMPLETION OF AUDIT**

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

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| <p>4. Scan records subsequent to period under audit for significant unusual receipts, payments and non-standard entries.</p> <p>C. Determine if footnote disclosure is needed and obtain documentation for the following items. (For entities with unusual types of activities, consider reviewing the AICPA Disclosure Checklist.)</p> <ol style="list-style-type: none"> <li>1. Lease commitments (capital/operating).</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 College, moral obligations and no-commitment debt).</li> <li>9. Health insurance trust.</li> <li>10. Relationships with organizations other than component units: <ol style="list-style-type: none"> <li>a. Related organizations.</li> <li>b. Joint ventures.</li> <li>c. Jointly governed organizations.</li> <li>d. Component units and related organizations with joint venture characteristics.</li> <li>e. Pools.</li> <li>f. Undivided interests.</li> <li>g. Cost-sharing arrangements.</li> </ol> </li> <li>11. Reportable segment(s) (any activity or grouping of activities for which revenue-backed debt is outstanding, specific revenue streams backing debt can be identified and there are identifiable assets, liabilities, revenues and expenses required to be accounted for separately) GASB 35.</li> <li>12. Accumulated depreciation / current year depreciation expense.</li> </ol> | C,F         |                |                |            |                |



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| <p>d. Obtain an understanding of management's reasons for not making corrections of known or likely misstatements and take into account when evaluating if the misstatement is material.</p> <p>F. 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 College'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.</p> <p>G. 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)</p> <p>1. Indicators of material weaknesses in internal control include the following (AU-C 265.09-.10):</p> <p>a. Identification of fraud, whether or not material, on the part of senior management.</p> <p>b. Restatement of previously issued financial statements to reflect the correction of a material misstatement due to fraud or error.</p> <p>c. Identification by the auditor of a material misstatement in the financial statements under audit in circumstances which indicate the misstatement would not have been detected by the entity's internal control.</p> <p>d. Ineffective oversight of the College's financial reporting and internal control by those charged with governance.</p> <p>H. Perform the following procedures related to supplementary information (SI) as required by AU-C 725.05 and AU-C 725.07:</p> <p>1. Determine all of the following conditions are met when determining the SI presented is fairly stated, in all material respects, in relation to the financial statements as a whole:</p> | <p>D</p> <p>E</p> |                |                |            |                |

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| <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 College's audited financial statements or such audited financial statements will be made readily available by the College.</li> </ul> <p>2. The following procedures should be performed using the same materiality level used in the audit of the financial statements:</p> <ul style="list-style-type: none"> <li>a. Inquire of management about the purpose of the SI and the criteria used by management to prepare the SI.</li> <li>b. Determine whether the form and content of the SI complies with the applicable criteria.</li> <li>c. Obtain an understanding about the methods of preparing the SI and determine whether the methods have changed from those used in the prior year and the reasons for any such changes.</li> <li>d. Compare and reconcile the SI to the underlying accounting and other records used in the preparing the financial statements.</li> <li>e. Inquire of management about any significant assumptions or interpretations underlying the measurement or presentation of the SI.</li> <li>f. Evaluate the appropriateness and completeness of the SI considering the results of the procedures performed and the other knowledge obtained during the audit of the financial statements.</li> </ul> <p>I. Perform the following limited procedures to Required Supplementary Information (RSI), as required by AU-C 730.05:</p> |             |                |                |            |                |

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| <ol style="list-style-type: none"> <li>1. Inquire of management about the methods used in preparing the information, including:               <ol style="list-style-type: none"> <li>a. Whether RSI has been measured and presented in accordance with prescribed guidelines.</li> <li>b. Whether methods of measurement of presentation changed from those used in the prior year and the reasons for any such changes.</li> <li>c. Whether there are any significant assumptions or interpretations underlying the measurement or presentation of the information.</li> </ol> </li> <li>2. Compare the information for consistency with management's responses to the foregoing inquiries, the basic financial statements and other knowledge obtained during the audit of the basic financial statements.</li> </ol> <p>J. Determine information presented as other information in the statistical section of a Comprehensive Annual Financial Report (CAFR) complies with GASB 44 requirements.</p> <p>K. Review the reasonableness of the Management's Discussion and Analysis, which is limited to the following required elements: (GASB 34 par. 11)</p> <ol style="list-style-type: none"> <li>1. A brief discussion of the basic financial statements, including the relationships of the statements to each other and the significant differences in the information they provide.</li> <li>2. Condensed financial information derived from entity wide financial statements comparing the current year to the prior year.</li> <li>3. An analysis of the College's overall financial position and results of operations to assist users in assessing whether financial position has improved or deteriorated as a result of the year's operations.</li> <li>4. An analysis of balances and transactions of individual funds. The analysis should address the reasons for significant changes in fund balances or fund net position and whether restriction, commitments or other limitations significantly affect the availability of resources for future use.</li> </ol> |             |                |                |            |                |

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| <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>L. For other information in documents containing audited financial statements (such as the introductory and statistical sections in CAFR audits) (AU-C 720):</p> <p>1. Read the other information to identify possible material inconsistencies with the audited financial statements or apparent material misstatements of facts and follow the guidance if either is identified.</p> <p>2. Communicate with those charged with governance any procedures performed and the results.</p> <p>M. Perform a retrospective review of significant accounting estimates reflected in prior year financial statements and consider whether the underlying assumptions in the prior year indicate a possible bias on the part of management. Consider whether the results of the review provide additional information about possible bias in making current year estimates. If possible bias is identified, evaluate whether the circumstances represent a risk of material misstatement due to fraud. (AU-C 240.32)</p> <p>N. 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)</p> <p>O. Evaluate and document the business rationale for significant unusual transactions. (AU-C 240.32)</p> | C           |                    |                    |            |                |

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| P. Draft audit report, including opinions, financial statements, notes, required supplementary information, supplementary information, other information and other reports. Determine preparation of the draft audit report will not impair independence.  | C,E         |                |                |            |                |
| Q. Send the draft financial statements to the College and obtain the College's approval:<br>1. Date sent to College _____<br>2. Date College approved _____  |             |                |                |            |                |
| R. Determine and document type of opinion rendered for each opinion unit and on compliance, if applicable. Document reasons for variances from unmodified opinion and discuss the reasons with those charged with governance.  | C,D         |                |                |            |                |
| S. Perform analytical procedures for overall review of financial statements. Document the consideration of the following:<br>1. The adequacy of evidence gathered in response to unusual or unexpected balances identified in planning the auditor in the course of the audit.<br>2. Unusual or unexpected balances or relationships that were not previously identified.                            | C<br><br>C  |                |                |            |                |
| T. Conduct an exit conference with the College, including its audit committee if possible.<br>1. Discuss comment and recommendation process.<br>2. Stress preliminary nature of exit pending subsequent in-office work and review.<br>3. Document communication of material, nonmaterial, reportable and non-reportable items.<br>4. Audit and accounting problems affecting the audit bill.         | E           |                |                |            |                |
| U. Obtain written representation letter.<br>1. Modify, as necessary, for related party/business transactions, federal financial assistance program representations, work of a specialist, supplementary information, required supplementary information and/or other items.<br>2. Prepared on the College's letterhead.<br>3. Dated same date as the auditor's reports as determined in AU-C 700.41. | A           |                |                |            |                |



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| <p>V. Complete the budget and time summary, including explanation of significant variances from budget and recommendations for next year.</p> <p>W. Determine the appropriate date of the auditor's reports. In accordance with AU-C 700.41, the auditor's report should not be dated earlier than the date on which the auditor has obtained sufficient evidence to support the opinion. Sufficient evidence includes evidence the audit documentation has been reviewed and the financial statements, including disclosures, have been prepared and management has asserted that it has taken responsibility for the financial statements.</p> <p>X. Determine and include footnote disclosures, if necessary, for subsequent events occurring between end of fieldwork and the date of the auditor's report. (May require verbal update of attorney letter, review of subsequent minutes and auditee inquiry.)</p> <p>Y. Submit the Data Collection Form and reporting package to the Federal Clearinghouse within 30 days after issuance of the audit report.</p> <p>Z. Major Federal Program Subsequent Events</p> <ol style="list-style-type: none"> <li>1. Perform procedures up to the report date to identify subsequent events related to the College's compliance during the period covered by auditor's report on compliance: <ol style="list-style-type: none"> <li>a. Inquire of management.</li> <li>b. Review relevant internal audit reports issued during the subsequent period.</li> <li>c. Review other auditors' reports issued during the subsequent period.</li> <li>d. Review grantors and pass through entities reports issued during the subsequent period.</li> <li>e. Review information about noncompliance obtained through other professional engagements performed for the College.</li> </ol> </li> <li>2. If the auditor becomes aware of noncompliance occurring in the subsequent period of such a nature and significance its disclosure is needed to prevent report users from being misled, discuss the matter(s) with management and those charged with governance and include an explanatory paragraph describing the nature of the noncompliance in the auditor's report.</li> </ol> | F           |                |                |            |                |

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