

Summary of Changes to FY2023 Entity Audit Program

Entity Audit Program (AP – Audit Program)

1. Nonaudit Services

- a. Added “preparing draft financials statements and footnotes from trial balances” to list of nonaudit services since this is always considered a nonaudit service.
- b. Updated form to include additional safeguards applied.

2. Trial Balance

- a. Deleted Step A5 “Mental Health Region”.
- b. Step E – “Reconcile the Entity’s June 30 Annual Financial Report” – minor wording revisions.

3. County – General Ledger

- a. Deleted the following former steps:
 - i. Former step A.3 – “Determine that the fund balance of each fund is separately stated and that the unexpected balance of any special fund is properly accounted for. “
 - ii. Former step A.5 – “Identify the nature of each trust and custodial fund and any restrictions on their use.”
- b. Modified the following steps:
 - i. New Step A3 “ Determine each fund is properly classified by fund type in accordance with GASB Statement No 54, including any new funds added and identify the nature of each fund and any restriction on their use.”
 - ii. New Step A4– “Ascertain reasons for ending deficit account balances, discuss alternatives for corrective action with County officials and if appropriate, per the COI chapter 331.476, include comment in report. Document the County’s plans to eliminate deficits, if any. If there is a negative cash balance, set up and DTOF/DFOF for the County TB with the General Fund.
- c. New Step A10: “If the County is a fiscal agent for a mental health region: Determine if the County has payroll expenditures related to the Mental Health Region, these expenditures are tracked and recorded in a general fund, and reimbursements from the Mental Health Region are recorded in the general fund.

4. Cash

- a. Deleted the following former steps:
 - i. Former Step B.4 – “If a cut off bank statement was not received, obtain bank statement and paid checks for the month immediately following year end and perform these procedures: (steps a-d)”.

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b. Modified the following steps:

- i. Step B.3.h – added “(to circumvent the budgeting process”.

5. Investments

a. Added the following new step:

- i. Step J5 “Stock is not an investment permitted by Article VIII of the Constitution of the State of Iowa and Chapter 12B.10 of the COI, even if donated. Discuss alternatives for corrective action with Entity officials and disclose under the “Deposits and Investments” statutory section. If appropriate, include comment in the report.

6. Receivables

a. Modified Step F as “GASB 65 Pension/OPEB”.

7. Prepaid Expenses

a. Modified the following steps:

- i. Step A – modified to “Obtain and document a schedule of prepaid expenses.”
- ii. Step C – modified to “Determine if there are any significant unrecorded prepaid expenses (such as insurance or software)”.

8. Capital Assets

a. Modified the following steps:

- i. Step C6 – Modified to add “IDOT annual report”.
- ii. Step E – Modified to include “if considered necessary”.
- iii. Step F - Modified to include “if considered necessary”.

b. Added the following new step:

- i. Step K – SBITA and P3.

9. Community College-Capital Assets

a. Added the following new step:

- i. Step L – SBITA and P3.

10. Liabilities

a. Deleted the following steps:

- i. Former Step G.9 – “Determine and document whether a bond or note register is maintained and kept current.”

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- b. Modified the following steps:
 - i. Step A.2.e – added SBITA.
 - ii. Step A.2.f – added Public Private Partnerships (P3).
 - iii. Step B – Modified as “GASB 65 Pension/OPEB”.
 - iv. Step G.9 – Modified as “Reconcile bonds or notes redeemed and bond or note interest paid to the Entity’s books. If it does not reconcile, determine if unrecorded debt exists.”
- c. Added the following new step:
 - i. Step G.7.a – “Bonds issued and redeemed during the year should be included as other financing sources and uses, respectively.”
 - ii. Step I – SBITA and P3.

11. Fund Balance

- a. Deleted the following steps:
 - i. Former Step L – “Determine projects are appropriately accounted for in separate capital projects accounts. Review the accounts for inactive accounts and recommend transfers to close these accounts.”
- b. Modified the following steps:
 - i. Step C – added “including any new funds added. Identify the nature of each fund and any restriction on their use.”

12. County Receipts

- a. Modified the following steps:
 - i. Step B.1 – Added sentence “If significant, evaluate controls and determine if other tests are necessary.” at beginning of section.
 - ii. Step B.1.d – My County Parks. Modified to include Step 1 – determine if bank reconciliations are performed? And Step 2 – Determine all receipts are recorded in bank account remitted to the County Treasurer at month end?
 - iii. Step C – Deleted Vehicle Registration fees – DOT has steps they have implemented that this is no longer necessary.
 - iv. Former Step D (now Step C). – Modified “Determine if monthly reconciliation of nursing/ambulance service billings and collections are prepared” to include ambulance.
 - v. Step D2 – Modified by adding “Comment accordingly.”

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13. Landfill Receipts

- a. Former Step A.9 – “Determine whether sales tax was collected on the appropriate transactions and remitted to the Iowa Dept of Revenue in accordance with Chapters 423.2 and 423.3 of the COI.” This was moved to Code Compliance Guide (2600.082) as step F5.

14. Disbursements

- a. Modified the following steps:
 - i. Step A.3.b Credit Cards – Removed words “If activity is significant” from “Test selected transactions for propriety and compliance with the policy.”
 - ii. Step A.3.c Credit Cards - Added “Credit card statement is supported by itemized receipts/invoices.”
 - iii. Step A.3.d – Added “Purchase meets test of public purpose and reasonable for entity to purchase.”
 - iv. Step B.1 Disbursements - Modified to add “including ACH payments”.
 - v. Step B.1c - added “County operated case-management and other human services, such as care facility, supported community living and sheltered workshops, are coded to 3420 for Counties.”
- b. Added the following new step:
 - i. Step B.1.m - “If the entity is a County, determine the expenditure is allowable under the Iowa Opioid Allocation, Memorandum of Understanding.”

15. County and Mental Health Region – Disbursements

- a. Deleted the following steps:
 - i. Former Step A “If the Entity is a County, determine if disbursements from the County MHDS Fund are spent according to the Mental Health Region’s approved plan.” (and deleted steps A1-3.)
 - ii. Former Step D6 “The county-operated social service program....may be included in county funds....”
 - iii. Former Step E “Prepare detailed footnote disclosure.”
- b. Modified the following steps:
 - i. Deleted County from the title so now it is just “Mental Health Region – Disbursements.”
 - ii. Former Step D3 removed the words “if reported in the Mental Health Fund and 3420 if reported in the General Fund.”

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- iii. Former Step D4 removed the words “if reported in the Mental Health Fund and 3420 if reported in the General Fund. Expenditures from the General Fund must not be for any services for mentally disabled clients.”

16. Payroll

- a. Deleted the following steps:
 - i. Former Step E – Law enforcement personnel are paid per Fair Labor Standards Act. If there were any issues, should have been identified by FY2023.

17. Insurance

- a. Added following new step:
 - i. Step C “If a single fund is used to account for risk financing activities, determine whether self-insurance is properly recorded in the General Fund or as an Internal Service Fund rather than a Custodial Fund.”

18. Single Audit

- a. Expanded audit program quite a bit – added references to Compliance Guide.
- b. Cash Management, Equipment and Real Property Management, Period of Performance, Procurement and Suspension and Debarment, Program Income, Reporting and Subrecipient Monitor had update procedures to match Compliance Guide.

19. Code Compliance Guide

- a. New step added: Landfills – Step F5 “Determine whether sales tax was collected on the appropriate transactions and remitted to the Iowa Dept of Revenue in accordance with Chapters 423.2 and 423.3 of the COI.” (moved from the Landfill receipts section.)

20. CSLFRF

- a. Added General File, Attestation Risk, Entrance Conference, Audit Program, Completion of Exam and Opinion Sections for this attestation engagement.