

**This guide is provided in accordance with Chapter 11.6(7) of the Code of Iowa. Use of this guide in your practice requires a proper implementation of professional standards. This guide is not a substitute for an understanding of the applicable professional standards. While this guide has been reviewed internally by CPAs within the Auditor of State's Office and is subject to outside peer review every three years, the guide has not undergone an external Quality Control Material Review or Examination.**

## 2023 Compliance Guides

### CITY COMPLIANCE GUIDE

Purpose: To select compliance items to be tested and/or document testing.

Source: Workpapers as referenced.

Scope: Compliance items tested each year are based on risk assessment.

Conclusion: Compliance selection and/or testing is documented per Compliance Guide and workpapers.

	FY23	FY24	FY25
Incharge			
Manager			
Independent Reviewer			

2023 Compliance Guides **CITY COMPLIANCE GUIDE****Code Compliance Risk Assessment**

	FY23		FY24		FY25	
<b>Compliance Area</b>	<b>Risk Factors **</b>	<b>Risk of Non-Compliance*</b>	<b>Risk Factors **</b>	<b>Risk of Non-Compliance*</b>	<b>Risk Factors **</b>	<b>Risk of Non-Compliance*</b>
Audit Planning						
Cash						
Investments						
Capital Assets						
Long-Term Debt						
Fund Balance/Net Position						
Tax Increment Financing						
Receipts/Revenues						
Disbursements/Expenditures						
Payroll						
Transfers						
Budgets						
Insurance						
<b>** Compliance Risk Factors:</b> (Include the applicable risk above.)						
1.	Relatively simple compliance issues.	8.	New or amended compliance requirement.			
2.	Personnel responsible for compliance are competent and experienced.	9.	New or poorly trained personnel.			
3.	No comments regarding non-compliance noted in the prior year.	10.	Complexity of compliance issues likely to result in non-compliance.			
4.		11.	Report comment regarding non-compliance noted in the prior year.			
5.		12.	Non-report comment regarding non-compliance noted in the prior year.			
6.		13.				
7.		14.				
<b>* Risk of Non-Compliance:</b>						
H	High					
M	Moderate					
L	Low					

2023 Compliance Guides **CITY COMPLIANCE GUIDE****Code Compliance Risk Assessment**

This compliance guide was developed to implement a risk-based approach to testing compliance requirements. In implementing a risk-based approach, compliance requirements will be selected to test based on the compliance risk assessment. To document the auditor's consideration of risk, a code compliance risk assessment form has been included in this guide.

Each compliance requirement in this guide has been placed into one of four categories. The categories are based on significance of the compliance requirements. The table below provides a description of each category.

<b>Category</b>	<b>Description</b>
<b>Items which must be tested</b> – required comments or public expectation of oversight.	
1	Test and document annually. (required statutory report comments)
2	Test on a rotating basis, at least every three years, based on risk assessment. Workpaper documentation required.
<b>Inquiry with limited observation and documentation:</b>	
3	Inquire about compliance only if considered necessary based on risk assessment. Document the City's response to inquiry and observation in remarks column. (If auditor becomes aware of non-compliance, it should be addressed).
<b>Addendum:</b>	
4	Items which are not considered to be significant – test if considered necessary based on risk assessment and specific audit situation (if auditor becomes aware of non-compliance in one of these areas, it should be addressed). If procedures are performed, include workpaper documentation, as necessary.

**Procedures**

- 1) Review prior year comments and enter "22" in the "Non-Compliance Noted/FY" column for each compliance requirement that had a comment.
- 2) Based on the risk of non-compliance set for each compliance area, indicate which procedures will be performed during the current year's audit with a tick mark in the "Selected" column. Keep in mind the audit approach to compliance may need to be revised based on information obtained during the course of the audit. If you are aware a compliance requirement does not apply, indicate "N/A" in the "Selected" column.
- 3) Perform compliance procedures as selected.
- 4) Enter "23" in the "Non-Compliance Noted/FY" column for each compliance requirement that had a comment.
- 5) Guide should be filed in the workpapers and utilized for multiple years.

2023 Compliance Guides **CITY COMPLIANCE GUIDE**

**Code Compliance Risk Assessment**

**2023 Revisions**

- 1) Current year new or revised procedures have been noted as **(23)**.
- 2) The following procedures were deleted from the prior year guide:
  - Receipts – moved step to determine sales tax revenue received pursuant to Chapter 418.13 was deposited in the City’s flood project fund to the Addendum.
  - Receipts – deleted step to determine I-Jobs funds received were expended in accordance with the applicable agreement and the City complied with any applicable reporting requirements.
  - Receipts – moved step to determine sales and hotel/motel taxes received were deposited into a separate fund for the reinvestment projects pursuant to Chapter 15J.7 to the Addendum.
  - Disbursements – deleted step to determine Community Disaster Grant funds were disbursed in accordance with IAC Section 605.
  - Disbursements – moved step to determine Flood Mitigation Program funds were disbursed in accordance with Chapter 418 to the Addendum.
  - Disbursements – moved step to determine Reinvestment Project funds were disbursed in accordance with the proposed project plans and Chapter 15J.7 to the Addendum.
- 3) Disbursements – Updated the bid thresholds.
- 4) The following procedures were added:
  - Cash – moved the step for electronically check retention from the disbursement section.
  - Long Term Debt – added detailed steps a-e listing information from the related code sections.
- 5) In addition to this updated City Compliance Guide, we have made available a 2023 City Compliance Guide Supplement which details changes made to the prior year City Compliance Guide. The Supplement may be used to update the prior year Compliance Guide in lieu of completing a new guide each year.