

AGENCY 2023 Audit Programs

June 30, 2023

INVESTMENTS

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objectives and Related Assertions:					
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 Agency's investments. (1,2,3)					
B. Investments are of types authorized by law and the investment policy of the Agency. (2)					
C. Investment values, income, gains or losses are stated correctly and allocated properly to funds. (4,7,9)					
D. Investments are properly described and classified in the Statement of Net Position and related disclosures, including restrictions and commitments, are adequate. (10,11,12,13).					
E. Agency has complied with applicable laws and regulations.					
Audit Procedures:					
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.					
1. Test mathematical accuracy and trace end of year balances to books.	A,C				
2. Determine all investments were recorded.	A				
3. Examine and list investment documents on hand and trace to investment records.	A,C				
4. For investments held by the Agency at the end of the year not able to be inspected because they were sold prior to the audit, vouch sale to supporting documents and trace proceeds to bank deposit. Examination of safekeeping receipts is not sufficient.	A				
5. Determine if the Agency has adopted a written investment policy which complies with the provisions of Chapter 12B.10B of the Code of Iowa.	B				
6. Determine investment transactions complied with the written investment policy.					
7. Determine all investments are authorized and comply with statutory provisions of Chapter 12B.10 of the Code of Iowa, as applicable.	B				

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8. If applicable, determine if the Agency has an appropriate public funds custodial agreement as prescribed in Chapter 12B.10C of the Code of Iowa and the Treasurer of State's administrative rules.	E				
9. Determine the underlying collateral of repurchase agreements consists of authorized investments and the Agency has taken delivery of the collateral either directly or through an authorized custodian as provided in Chapter 12B.10(4)(a)(5) of the Code of Iowa.	A,B				
B. Confirm investments at the end of the year.	A,C				
C. Related Income:	C,E				
1. Determine all investment income was received and recorded in the proper fund.					
2. Recalculate interest on a test basis.					
3. Compute accrued interest receivable at June 30, if significant.					
4. Test interest rates to determine whether rates are in accordance with statutory rates established by the State Rate Setting Committee.					
D. Determine propriety of any investments pledged as debt collateral or otherwise restricted.	B,D				
E. Determine investments are reported at fair value and the change in fair value is recorded as net increase (decrease) in the fair value of investments (can be reclassified as interest revenue for CAFR purposes) in accordance with GASB 31 and GASB 72, except as follows:	C				
1. Investments in non-participating investment contracts (non-negotiable), such as non-negotiable certificates of deposit, should be reported using a cost-based measure.					
2. Investments in money market investments and participating investment contracts having a remaining maturity at the time of purchase of one year or less may be reported at amortized cost.					
3. For Agencies acting as an external investment pool for other governmental entities, follow applicable requirements of GASB 31.					

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<p>4. 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).</p> <p>5. If estimates used to measure fair value meet the criteria of SOP 94-6 (reasonably possible the estimate of the effect on the financial statements at the date of the financial statements will change in the near term <u>and</u> the effect of the change would be material), determine disclosures regarding the estimate are made.</p> <p>F. Determine the proper application of the fair value hierarchy input level for each investment in accordance with GASB 72 as follows.</p> <p>1. Level 1 inputs – quoted prices in active markets for identical assets.</p> <p>2. 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.</p> <p>3. Level 3 inputs – significant unobservable inputs using the best information available.</p> <p>G. If the Agency uses pricing services or brokers to obtain fair value measurements, determine the Agency has determined those prices have been developed in accordance with GASB 72.</p> <p>H. Determine if the Agency invests funds on behalf of other governmental entities which are not part of the Agency's financial reporting entity. If such funds are pooled and invested with the Agency's funds (external investment pool) or if the funds are invested in specific investments acquired for the other governmental entities (individual investment account), the amount of funds held should be reported in one or more separate investment trust funds (a fiduciary fund) in accordance with GASB 31.</p> <p>I. Determine appropriate disclosures are made in accordance with GASB 31.</p>	C				
	C				
	D				

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J. 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.	C,D				
K. Document investment information for footnote disclosure in accordance with GASB 40, as follows:	D				
1. Investments on hand at year-end should be listed by type and include maturities and the appropriate disclosures for the applicable risks.					
a. Credit risk.					
b. Custodial credit risk.					
c. Concentration of credit risk.					
d. Interest rate risk.					
e. Foreign currency risk.					
L. If the Agency has transferred financial assets or entered into a servicing contract for assets or liabilities, determine the appropriate disclosures and assets or liabilities are recorded in accordance with GASB 48.	D				
M. If the Agency has investments in derivatives, determine appropriate reporting and disclosures are made in accordance with GASB 72 and GASB 53, as amended by GASB 64. Determine if any LIBOR rates have been modified in accordance with GASB 93 and calculate any amendment. If the Agency has derivatives, it is likely a questionable investment, and accordingly, a statutory comment will be required. Common types of derivative instruments used by governments include interest rate and commodity swaps, interest rate locks, options (caps, floors and collars), swaptions, forward contracts and futures contracts.	D				
N. 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.					
O. Determine whether investments are properly classified and related disclosures are adequate.	D				

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ALTERNATE/ADDITIONAL PROCEDURES:CONCLUSION:

We have performed procedures sufficient to achieve the audit objectives for investments and the results of these procedures are adequately documented in the accompanying workpapers.