

AGENCY 2023 Audit Programs

June 30, 2023

DISBURSEMENTS/EXPENDITURES/EXPENSES

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objectives and Related Assertions:					
A. Recorded expenditures and cash disbursements are for goods or services authorized and received. (5)					
B. Expenditures incurred for goods or services have all been identified. (6)					
C. Expenditures for goods or services have been recorded in the correct fiscal year. (8)					
D. Expenditures for goods or services and related disbursements have been recorded correctly as to account, fund, period and amount. (7,9)					
E. Expenditures for goods or services and related liabilities are properly presented by fund and related disclosures are adequate. (10,11,12,13)					
Audit Procedures:					
A. On a test basis (if applicable) foot and crossfoot disbursements journal and trace totals to general ledger.					
B. Substantive Test – Interim Period: Identify the ISIs and select a sample of claims to be tested (document method used to select sample and source from which items were selected). Examine these items for the following attributes:					
1. Expenditure is properly authorized (signature may be on the original voucher only).	A				
2. Expenditure is properly classified.	D				
3. Amount paid agrees with the invoice or the purchase order amount.	A,B,D				
4. Invoice or other documentation was canceled to prevent re-use.					
5. Expenditures are recorded in proper fiscal year.	C				
6. Mathematically accurate.					
7. Evidence of receipt of goods/services prior to year-end are attached or indicated on invoice.	A,C,D				
8. Capital outlay items are included on the capital asset additions listing, as applicable.	A,B,D				

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<p>2. Test travel claims of Board members, administration, supervisors and others with a large amount of travel. Note the following:</p> <ul style="list-style-type: none"> a. Reasonableness and allowability of expense. b. Authorization for out-of-state travel. c. Indication of claim having been audited. d. Coding errors. e. Itemized receipts are required for all meal reimbursements and reimbursements need to follow DAS procedure 210.102 for In-State, Out-of-State, International and Relocation Subsistence travel claims. <p>E. Analyze the Agency's use of procurement cards, if significant:</p> <p>Note: Applicable procedures should also be applied to credit cards.</p> <p>Note: Separate procurement cards are issued for purchasing of goods and services (Pcard) and travel-related expenses (Travel card). However, the same procedures should be applied to both types of cards.</p> <p>Iowa Purchasing Card Program Policy and Procedures Manual is available at https://das.iowa.gov/procurement/agencies/state-iowa-purchasing-card-program/policy-and-procedures</p> <ul style="list-style-type: none"> 1. Determine payment was made to US Bank within 30 days of the statement date. (Purchasing Card Policy and Procedures Manual – Payment Terms and Processing) 2. Determine the Agency reconciled the US Bank Statement to receipts/invoices timely to ensure payment is processed on a timely basis to avoid late fees. (Purchasing Card Policy and Procedures Manual – Agency Reconciliation and Pre-Audit) 3. Select a sample of transactions to be tested and document the method used to select the sample and the source from which items were selected. Examine these items for the following attributes: <ul style="list-style-type: none"> a. Expenditure is properly authorized. b. Expenditure is properly classified by object code, organization and receipt. c. Amount paid from invoice agrees with the vendor's original receipt. 	A,D				

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<p>d. Original receipt includes vendor name, amount, date and itemized description of item(s) purchased and/or service(s) provided. (Purchasing Card Policy and Procedures Manual – Receipts, Documentation and Retention)</p> <p>e. Receipts and invoice are mathematically accurate.</p> <p>f. Single transaction did not exceed the limit established for the card. If the single transaction limit was exceeded, prior approval was received from the Agency Administrator. (Purchasing Card Policy and Procedures Manual – Card Controls)</p> <p>g. The expenditure is not prohibited.</p> <p>1) For Pcards, items prohibited include: cash advances, controlled substances, fuel for personal or state vehicles, interdepartmental expenses, memberships, personal expenses (including meals), real estate leases, travel expenditures, state automobile repairs and weapons/ammunition. (Purchasing Card Policy and Procedures Manual – Prohibited Uses)</p> <p>2) For Travel cards, items prohibited include: meals, in-state hotels, charges for anyone other than the employee, movies, phone calls, gift shop purchases, bar service, room service, laundry, other hotel services, parking, toll charges, fuel, cab fares, in-state registrations with meals and checked baggage fees. (Purchasing Card Policy and Procedures Manual – Card Types: Travel Cards)</p> <p>Note: Travel card expenditures should abide by the State Accounting Policy and Procedures Manual, Iowa Travel Procedure 210.101.</p> <p>h. Sales tax was not paid on the transaction. (Purchasing Card Policy and Procedures Manual – Tax Exempt Status)</p> <p>i. Purchase meets the test of public purpose.</p>					

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<p>4. Determine if the Agency is following procurement guidelines as outlined in the Iowa Administrative Code Section 11, Chapters 117 through 120. See step J. of the "Disbursements/Expenditures/Expenses" audit program. (Purchasing Card Policy and Procedures Manual – Compliance)</p> <p>F. Fee Accounts:</p> <p>1. Determine if the Agency is authorized to expend any funds from its Fee Accounts.</p> <p>2. Examine supporting documentation and determine reason and authorization for refunds issued.</p> <p>3. Foot and cross-foot disbursements journal on a sample basis.</p> <p>G. If applicable, determine the State Vehicle Dispatcher's cash balance and depreciation activity and compare to the Agency's records. Resolve any material variances and record the AJE needed to account for this activity and balance.</p> <p>H. Review significant contracts entered into by the Agency since last audit and obtain copies of those having audit significance for inclusion in the permanent file.</p> <p>1. Inquire as to the existence of new contracts.</p> <p>2. While performing other audit procedures, be alert for new contracts.</p> <p>3. For contracts with payment terms of less than 60 days which include late fees, determine the Agency has documented the financial benefit or incentive which would not otherwise be available from the vendor. (IAC Section 11 Chapter 41.1(2))</p> <p>4. Construction contracts:</p> <p>a. Reconcile original contract to final contract.</p> <p>b. Reconcile total payments to date by scheduling prior year payments, current year payments and payments due and retainage due.</p> <p>c. Determine projects and contracts were approved.</p>	<p>A,D</p> <p>B</p> <p>A,B,D</p>				

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<p>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.</p> <p>e. Prepare appropriate footnote disclosure for inclusion in audit report.</p> <p>f. For public improvements with estimated total cost in excess of 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 (\$196,000 effective January 1, 2023), determine competitive bid and public hearing procedures specified in Chapter 26 of the Code of Iowa were followed.</p> <p>1) Determine the Agency 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.</p> <p>2) Determine the Agency 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.</p> <p>3) Determine the Agency 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.</p> <p>4) Determine the Agency awarded the contract for the public improvement to the lowest responsive, responsible bidder as required by Chapter 26.9 of the Code of Iowa.</p>	E				

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<p>5) For public improvement projects requiring competitive bids, determine the Agency complied with the requirement to not restrict potential bidders to any predetermined class of bidder, as required by Chapter 26.16 of the Code of Iowa.</p> <p>g. Determine the Agency 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 thresholds amount established by the bid threshold committee per Chapter 314.1B of the Code of Iowa. (effective January 1, 2023: \$81,000 for an area with a population of less than 50,000 and \$109,000 for an area with a population of 50,000 or more)</p> <p>1) For work performed by Agency employees, other than repair or maintenance work, determine the Agency 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 Agency 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>h. Determine any enhancement payments made for early completion of the project did not exceed 10 percent of the value of the contract in accordance with Chapter 26.9 of the Code of Iowa.</p> <p>i. Determine the Agency applied for and received sales tax refunds on completed projects, unless an exemption certificate was issued by the Agency for the contractor per Chapter 423.3(80)(b) of the Code of Iowa.</p> <p>j. For public improvement projects, determine the Agency complied with requirements for the early release of retained funds in accordance with Chapter 26.13 of the Code of Iowa.</p>					

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<p>I. Procurement of Goods and Services</p> <ol style="list-style-type: none"> 1. Document the Agency's procedures for purchasing and determine if they are in accordance with Iowa Administrative Code (IAC Section 11 Chapters 117-119). 2. Review and document the Agency's internal controls over contractual compliance. 3. Determine if purchase/contract guidelines, as documented in the Iowa Administrative Code, were followed by selecting vendors/contracts or payments for testing. Obtain a vendor listing from the I/3 System on ACL and obtain a contract listing (including goods and services) from the Agency, ensuring completeness of the listing. Select items from either listing. <ol style="list-style-type: none"> a. Determine if the Agency purchased goods or services using an existing master agreement entered into by DAS Procurement Services (IAC Section 11 Chapter 117.4). <ol style="list-style-type: none"> 1) Determine if the Agency complied with the terms and conditions of the agreement. 2) Determine if the agreement was reasonable. b. Determine if the Agency purchased non-master agreement goods up to \$5,000 per transaction in a competitive manner (IAC Section 11 Chapter 117.15). <ol style="list-style-type: none"> 1) Determine if three or more informal quotes were received and documented unless quotes are not reasonably available (circumstances resulting in fewer than three quotes should be documented). 2) Test for compliance requirements as required by IAC Section 11 Chapter 117. c. Determine if the Agency contracted for non-master agreement services in accordance with IAC Section 11 Chapter 118. 					

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<p>1) Determine if formal or informal competition was used if the estimated annual value of the service contract was equal to or greater than \$5,000 or the estimated value of the multiyear service contract in the aggregate, including any renewals, was equal to or greater than \$15,000.</p> <p>2) Determine if formal competition was used when the estimated annual value of the service contract was equal to or greater than \$50,000 or the estimated value of the multiyear service contract in the aggregate, including any renewals, was equal to or greater than \$150,000.</p> <p>3) Test for compliance requirements as required by IAC Section 11 Chapters 118 and 119 and DAS-SAE State Accounting Policy and Procedures Manual 240.102.</p> <p>d. Exemptions from competitive procurement should be justified and properly documented according to IAC. Exemptions include the following: emergency procurement (IAC Section 11 Chapter 117.5(1)/IAC Section 11 Chapter 118.8)), purchases from a Targeted Small Business (TSB) for up to \$25,000 (IAC Section 11 Chapter 117.5(2)), Iowa Prison Industries (IAC Section 11 Chapter 117.5(3)), procurement based on competition managed by other governmental entities (IAC Section 11 Chapter 117.5(4)) and sole source procurement (IAC Section 11 Chapter 117.5(5)/IAC Section 11 Chapter 118.7).</p> <p>4. For service contracts in excess of \$500,000 (individually or a series), determine, on a test basis, if the requirements have been followed, including:</p> <p>a. As a condition of entering into a service contract, the contractor has certified the required information is available for inspection by the Agency and the Legislative Services Agency as required by Chapter 8F.3(1) of the Code of Iowa.</p> <p>b. Prior to entering into a service contract, the Agency determined whether the contractor can reasonably be expected to comply with the contract requirements as required by Chapter 8F.3(3) of the Code of Iowa.</p>					

