

**ENTITY** 2019 Audit Programs

June 30, 2019

**COMMUNITY COLLEGE - NJTP**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p><b>Audit Objectives:</b></p> <p><b>A. Notes receivable and tax revenue are valid and complete and obligations owed to the Community College are properly recorded at the correct amount. Certificates payable is authorized and recorded in the proper fund. Recorded expenditures are for NJTP contractual obligations. (1,2,3,4,5)</b></p> <p><b>B. Revenue and expenditures in the fiscal year have all been identified. All indebtedness of the Community College is identified, recorded and disclosed and notes receivables include all amounts owed. (3,6,11)</b></p> <p><b>C. The Community College has complied with provisions of indentures and agreements related to debt, including provisions on the use of proceeds, and has satisfied the relevant legal requirements to receive all revenues recorded. Expenditures are authorized and in accordance with applicable regulations or requirements.</b></p> <p><b>D. Disbursements or expenditures (including principal and interest payable) and revenues are recorded at the correct amount, fund and period. (7,8,9)</b></p> <p><b>E. Expenditures, revenue, debt and notes receivable are properly classified by fund type in the financial statements and related disclosures are adequate. (10,11,12,13)</b></p>					
<p><b>Audit procedures:</b></p> <p><b>A. Long-term receivables – NJTP (Chapter 260E of the Code of Iowa) only:</b></p> <p>1. Obtain or prepare a schedule, by project, documenting the calculation and balance of the long-term receivables.</p> <p>a. Verify the beginning balances agree with the prior year ending audited balances by project.</p> <p>b. Trace the accrual basis expenditures and cash basis revenue used in the calculation to the Community College’s ledgers. (Note: These amounts should not include the proceeds from or retirement of certificates.)</p>	A,B,C,D				



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<p>3) Recalculate the amount of credit using the gross wages reported by the employer to the Community College to determine the credit was applied at one and one-half percent of gross wages.</p> <p>4) Determine employers remitted the credit quarterly or as needed in compliance with administrative rules of the Department of Revenue.</p>	D				
<p>c. Determine if a standby property tax levy was used during the fiscal year.</p> <p>1) Review the appropriate Board resolutions authorizing the levy of the standby property tax.</p> <p>2) Document procedures followed by the Community College to identify a need for the standby property tax levy. <b>(Note:</b> should only be used if all other sources are insufficient). No reserves should be built up in the fund in anticipation of a possible default.</p> <p>3) Confirm the amount of standby property tax with the appropriate County official(s) (in conjunction with item 2.c above)</p>	C				
<p>d. Compare the cumulative amounts received from incremental property tax and withholdings with the amount of certificates issued to determine taxes collected did not exceed the amount necessary to retire the certificates plus interest.</p>	A,B,C				
<p>e. Determine whether the Community College monitors the funds being received in order to ensure they are sufficient to make the required annual payments.</p>					
<p>f. Determine amounts received from the incremental property tax, new jobs credit from withholding and standby property tax levy were recorded in a special account as required by Chapters 260E.4, 260E.5(2) and 260E.6(4) of the Code of Iowa, respectively.</p>					

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<p>g. Determine any payments made from the special account derived from a standby property tax levy are repaid from the first available payments received for program costs which are not required for the payment of or interest on certificates due.</p> <p>h. Determine funds placed in the special account, as described in item "f" above, were expended for the payment of principal and interest on certificates issued.</p> <p>C. Expenditures</p> <ol style="list-style-type: none"> <li>1. Select a number of project expenditures for testing the following:               <ol style="list-style-type: none"> <li>a. Supported by invoice or certification from employer.</li> <li>b. Invoice was mathematically accurate.</li> <li>c. Costs were for the period of the project.</li> <li>d. Charged to the proper project.</li> <li>e. Charged to the proper classification.</li> <li>f. Allowable project costs.</li> <li>g. Compliance with the terms and conditions of the project agreement.</li> </ol> </li> <li>2. Determine no costs except legal fees and reasonable administrative costs were charged to the project prior to the date of the preliminary or notice of preliminary agreement.</li> <li>3. Determine the only direct costs incurred by the Community College were for legal fees, underwriting fees and teacher salaries paid by the Community College for teaching NJTP courses.</li> <li>4. Recalculate administrative costs to determine the total did not exceed the rate allowed.</li> <li>5. Review the Community College's allocation plan for recognizing administrative costs and determine reasonableness.</li> <li>6. Document the system the Community College has established to monitor the employer's compliance with the terms and conditions of the project agreement and applicable law.</li> </ol>	<p>A,C,D</p>				

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<p>7. Select a number of NJTP projects and review evidence to determine the Community College adequately monitored the projects. Inadequate monitoring by the Community College may indicate the necessity of site visits by the auditor and/or comment.</p> <p>8. Determine recorded costs were budgeted and the total budget was not exceeded.</p> <p>9. If the budget was exceeded, determine whether the Community College collected the balance from the company or how it absorbed the excess costs.</p> <p>D. Bonds/Certificates Payable</p> <p>1. Review the debt instrument for compliance with terms and conditions:</p> <p style="padding-left: 20px;">a. Review the resolution for issuance of new debt.</p> <p style="padding-left: 20px;">b. Test premiums or discounts and accrued interest on bonds or certificates sold to determine compliance with the provisions of Chapters 75 and 260E.6(1) of the Code of Iowa.</p> <p style="padding-left: 20px;">c. Determine proceeds from new debt issued were properly recorded and trace proceeds to the bank statement.</p> <p style="padding-left: 20px;">d. If proceeds from new debt are not immediately needed, determine whether they were invested and if the interest earned was credited to the project fund or used to reduce the debt in accordance with Chapter 12C.9(2) of the Code of Iowa.</p> <p style="padding-left: 20px;">e. Determine the Community College published a notice of intention to issue certificates stating the purpose, amount and project(s) as required by Chapter 260E.6(5) of the Code of Iowa.</p> <p style="padding-left: 20px;">f. Determine compliance with sinking fund requirements (should be shown in retirement of indebtedness subfund).</p> <p style="padding-left: 20px;">g. Determine proceeds were used for the intended purpose.</p>					
	A,B,C				
	C				
	A,C				
	C				
	C,D				
	C				

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<ul style="list-style-type: none"> <li>h. Determine bonds or certificates payable were retired from appropriate revenue sources as provided by Chapters 260C.22, 260E and 260F of the Code of Iowa.</li> <li>i. Determine premiums/discounts and issue costs are properly recorded and amortized, if applicable.</li> <li>j. Determine issue costs do not exceed 2% for tax exempt bonds/certificates.</li> </ul> <p>2. Confirm principal amount, maturity date, interest rate, collateral and security.</p> <p>3. Obtain or prepare a schedule reconciling and analyzing changes in the account balance(s) during the year and test the changes. Investigate any discrepancies.</p>	<p>D</p> <p>A,B,C</p> <p>B,D</p>				
<p>E. High Technology Apprenticeship Program (Iowa Code Chapter 260F)</p> <ul style="list-style-type: none"> <li>1. Determine if the Community College administered a high technology apprenticeship program. <ul style="list-style-type: none"> <li>a. Document the amount received from the Iowa Economic Development Authority (IEDA).</li> <li>b. Determine the Community College funded the program up to the amount distributed to the Community College by IEDA.</li> </ul> </li> <li>2. Matching requirements <ul style="list-style-type: none"> <li>a. Determine if the Community College received matching funds from businesses, Community College consortiums or a business network.</li> <li>b. If the request for an apprenticeship was less than \$5,000, determine matching funds were in the form of in-kind match.</li> <li>c. If the project request is \$5,000 or more, determine if the business, Community College consortium or business network provided the required cash to pay at least 25% of the total project cost, including training and administration.</li> </ul> </li> </ul>					

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<p>3. Determine if the Community College entered into a contract with the business or apprenticeship sponsor. This contract must be entered into within 90 days of the Community College being notified of the approval of the apprenticeship project by IEDA.</p> <p>4. Determine if the apprenticeship sponsor prepared a Final Performance report at the completion of training. This is a condition of the loan being forgiven. Each participant in the program must submit the report.</p> <p>5. Verify the accuracy of the report.</p>					
<p>F. Miscellaneous</p> <p>1. Review NJTP annual report submitted to the Department of Revenue for accuracy and completeness.</p> <p>2. Determine the Community College reported the amount of withholding paid by the business to the Community College during the final 12 months of withholding payments to the Department of Revenue (Chapter 260E.5(5) of the Code of Iowa).</p> <p>3. Determine the Community College identified all businesses which were part of a multiple issue certificate under Chapter 260E and which have met their repayment obligation.</p> <p>4. Determine the Community College has complied with other reporting and filing requirements for NJTP in accordance with the Code of Iowa and Administrative Rules.</p>					
<p>G. Determine if risk of material misstatement due to fraud or error has changed based on results of substantive tests performed. If so, perform appropriate procedures.</p>					
<p>H. Determine whether NJTP activity has been properly classified and disclosures are adequate.</p>	E				

