

# INDIANA STATE BOARD OF ACCOUNTS



## Audits in a Virtual World

Soil & Water Conservation Districts  
December 2020

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### REQUIRED AUDIT ENGAGEMENTS

#### **Indiana Code 5-11-1-9**

- Requires the State Examiner to examine all accounts and all financial affairs of every public entity.

#### **Federal Grant Agreements**

- Rare for Soil & Water Conservation Districts
- Federal grant agreements commonly call for an annual audit.

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## TYPE OF ENGAGEMENTS

**Audits**  
**Reviews**  
**Compliance Reports**  
**Special Investigations**



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## ENGAGEMENT GOALS

### Reviews

- Conducted in accordance with Statements on Standards for Accounting and Review Services
- Provide conclusion as to whether material modifications are made to financial data

### Compliance

- To determine compliance with statutory requirements and accounting guidelines

### Special Investigation

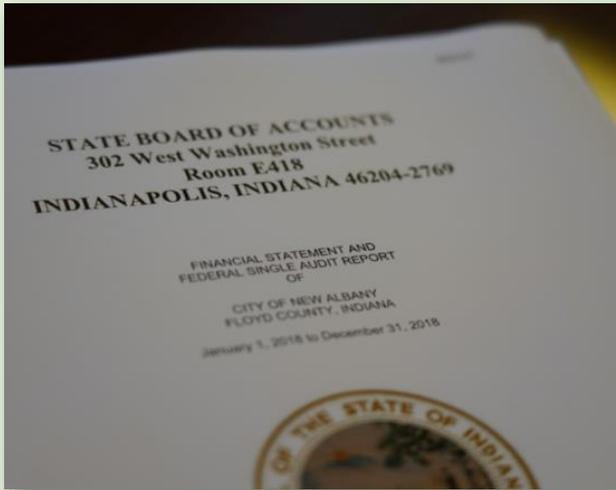
- Determine if fraud is present

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## FINAL REPORTS



- **Review Report**
- **Compliance Report**
- **Management Letter**

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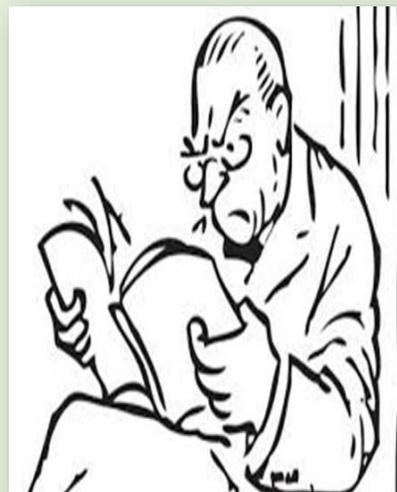
## FINAL FORMS

### **Review & Compliance Reports**

- Provide management and citizens with significant noncompliance of State requirements

### **Management Letters**

- Provide (only) management with less than significant noncompliance matters



8rewhoundfriends.com

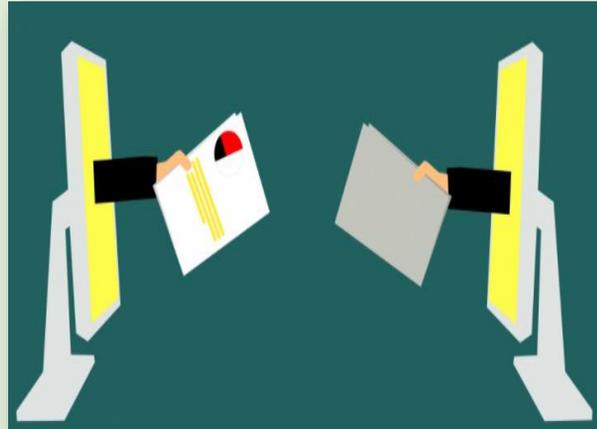
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### REMOTE/VIRTUAL ENGAGEMENTS

- Electronic Communication
- COVID-19 Protocol
- Forms Prior to Audit
- Direct Request Emails
- Monthly and Annual Uploads
- Computer Webcam / microphone or telephone



Publicdomainpictures.net

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### ENTRANCE CONFERENCE



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## ENTRANCE CONFERENCE

### Who is invited?

- Those charged with governance – Board President
- Management – Executive Director, Fiscal Officer / Bookkeeper

### What is discussed?

- Introduction to the Field Examiners that will be working on the audit
- General overview of:

*Audit Objectives*

*Management Responsibilities*

*Audit Procedures (general, internal control, compliance)*

*Informing Management of general records that will be requested*

*Start date & expected issuance date*

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## ENTRANCE CONFERENCE

### Continuing Expectations

- Provide and inform attendees with a method to allow for continued communication throughout the audit process

### Field Examiners will:

- Explain the objectives of the engagement
- Explain what responsibilities management has
- Inform management of audit fees
- Answer any questions regarding the audit process

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(04/20) Form 146revReg

ENTRANCE CONFERENCE  
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Pursuant to statutory authority, the below named Field Examiners have been assigned to perform a review of the Caldwell County Soil and Water Conservation District (District). The scheduled review period is from January 1, 2019 to December 31, 2019 although circumstances may arise which would cause the review to be extended.

Management has determined that the financial statements will be presented on the basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by IC 5-11-1-6, which is a comprehensive basis of accounting other than generally accepted accounting principles. The State Board of Accounts has determined that is an acceptable basis of accounting.

We will prepare the financial statements of the District, for the period of January 1, 2019 to December 31, 2019, and the related notes to the financial statements, and perform a review engagement with respect to those financial statements.

**Review Objective**

The objective of our engagement is to:

- a. prepare the financial statement(s) in accordance with the basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by IC 5-11-1-6 based on information provided by you, and
- b. obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements in order for the statements to be in accordance with the reporting requirements established by the State Board of Accounts as allowed by IC 5-11-1-6.

We will conduct our review engagement in accordance with *Statements on Standards for Accounting and Review Services (SSARSs)* promulgated by the Accounting and Review Services Committee of the AICPA and comply with the AICPA's *Code of Professional Conduct*, including ethical principles of integrity, objectivity, professional competence, and due care.

A review engagement includes primarily applying analytical procedures to your financial data and making inquiries of management. A review engagement is substantially less in scope than an audit engagement, the objective of which is the expression of an opinion regarding the financial statements as a whole. A review engagement does not contemplate obtaining an understanding of the entity's internal control; assessing fraud risk; testing accounting records; by obtaining sufficient appropriate audit evidence through inspection, observation, confirmation, or other examination of source documents; or other procedures ordinarily performed in an audit engagement. Accordingly, we will not express an opinion regarding the financial statements.

Our engagement cannot be relied upon to identify or disclose any financial statement misstatements, including those caused by error or fraud, or to identify or disclose any wrongdoing within the entity or noncompliance with laws and regulations. However, we will inform the appropriate level of management of any material errors and any evidence or information that comes to our attention during the performance of our review procedures that indicates fraud may have occurred. In addition, we will report to you any evidence or information that comes to our attention during the performance of our review procedures regarding noncompliance with laws and regulations that may have occurred, unless they are clearly inconsequential.

We, in our sole professional judgement, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

**Management Responsibilities**

The engagement to be performed is conducted on the basis that you acknowledge and understand that our role is to prepare financial statements in accordance with the reporting requirements established by the State Board of Accounts as allowed by IC 5-11-1-6 and to obtain limited assurance as a basis for reporting whether any material

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## UPLOADING DOCUMENTS FOR AUDIT

Pivaboy.com



### Weekly contact

- Teams Video Calls
- Telephone Calls
- Emails

### Items to be discussed

- Records or Information needed
- Questions related to audit work
- Progress of the audit
  - Schedule
- Any concerns you may have

### Direct Requests for Uploads

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## UPLOADING DOCUMENTS FOR AUDIT

### Monthly and Annual Engagement Uploads

year: 2019

Use the form below to find and upload documents required for audit support. **Note: This information is for the State Board of Accounts internal use only and will not be made available on the Gateway Public site.**

**File Upload Status:** The current upload status is viewable in the table below. Any objects with a red X need to be uploaded. To view a previous upload, click on the download icon in the table. To delete a previous upload, click on the delete icon for that record in the status table.

**To upload new files:** Select which set of files need to be uploaded using the Select Upload Group dropdown. Next, select the specific file from the Select File Type dropdown on the right. The user will be able to upload files using the Browse and Upload buttons in the Provide File section. In some cases, an option will appear in the Provide File section allowing a user to provide a link instead of uploading a file. To do this, select the Web Link option and paste the link in the text box labeled Provide Link.

**To complete the entry:** Click on the button marked Submit. The status table will be updated. Multiple files may be uploaded for each Upload Group and File Type. If a file needs to be reloaded, the user should delete that file from the status table first.

**Select Upload Group**

**Select File Type**

**Provide File**

Please upload the requested audit files.

Upload file (xls, xlsx, doc, docx, jpg, pdf, gif, tif, png)

 No file chosen

Status	2019 Required Uploads	Upload Date	Uploaded By	Download	Delete
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## UPLOADING DOCUMENTS FOR AUDIT

You can see what files you've uploaded under "direct requests"

Direct Request					
✓	<b>Audit Request</b>				
	DelegationForm	3/17/2020 2:41:57 PM	akarl@sboa.in.gov	↓	✖
✓	<b>GAAP FILES</b>				
	DelegationForm	3/17/2020 2:42:34 PM	akarl@sboa.in.gov	↓	✖
✓	<b>Audit Request</b>				
	007_UnderstandingIC_2001	3/19/2020 2:20:09 PM	akarl@sboa.in.gov	↓	✖
✓	<b>GAAP FILES</b>				
	009_UnitEnvironmentCounty_2001	3/19/2020 2:20:47 PM	akarl@sboa.in.gov	↓	✖
✓	<b>Audit Request</b>				
	16-INF-02	8/21/2020 6:36:16 AM	sgordon@sboa.in.gov	↓	✖

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## UPLOADING DOCUMENTS FOR AUDIT

### *“How do I know a request has been made?”*

- ✓ Email from [no-reply-gateway@sboa.in.gov](mailto:no-reply-gateway@sboa.in.gov)
- ✓ Request for specific file or item with detailed description
- ✓ Instructions on how to upload through ‘Monthly & Annual Engagement Uploads’

### *“What do I do?”*

- ✓ Acknowledge request
- ✓ Provide time-frame
- ✓ Email field examiner when item has been uploaded

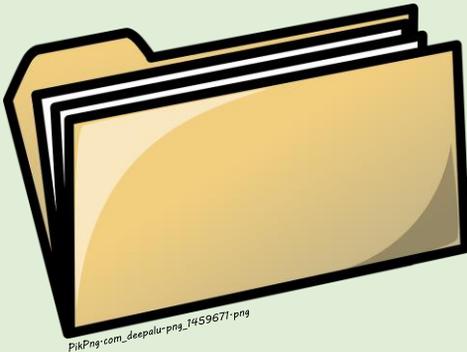


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## WHAT DOCUMENTS ARE NORMALLY REQUESTED?



- **Written policies and procedures** (Internal Controls, etc.)
- **Meeting Minutes** (include to current date)
- **Contracts**
- **Financial Records** (ledger)
- **Bank Reconcilements & Bank Statements**
- **Capital Assets Schedule**
- **Receipts**
- **Accounts Payable Vouchers w/supporting documentation**

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## WHAT ARE THE AUDITORS LOOKING FOR?

### Understanding of Internal Controls

### Prior Period Follow Up

- Audit Results and Comments
- Management Letter Comments
- Verbal Comments
- Significant or Unusual subsequent events

### Financial Statement Information

### Receipts

### Disbursements

### Compliance

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## HOW CAN I PREPARE FOR AN AUDIT?

- ❖ **File AFR, 100R, Monthly and Annual Uploads on time**
- ❖ **Document Internal Control Procedures and Evidence of Procedures**
- ❖ **Maintain a file of all policies (credit cards, etc.)**
- ❖ **Reconcile bank accounts monthly**
- ❖ **Post records timely**
- ❖ **File supporting documentation for expenses in an orderly fashion**
- ❖ **Issue receipts and deposit money on a timely basis**
- ❖ **Keep explanations for unusual items**
- ❖ **Keep a list of questions or items you want to tell the field examiner**
- ❖ **Call Todd and Susan!**

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## EXIT CONFERENCE

(05/20) Form 4 FS Audit and Other Engagements

**EXIT CONFERENCE**

Unit Examined: \_\_\_\_\_  
 Period Examined: \_\_\_\_\_  
 Date of Conference: \_\_\_\_\_  
 Office or Department (if applicable): \_\_\_\_\_

This exit conference is being held in accordance with 5-11-5-1 and except as provided in subsections (b), (d), and (e), it is unlawful for any person, before a report is made public, to make any disclosure of the result of any examination of any public account.

In accordance with Indiana Code 5-11-5-1, the Officer or the Chief Executive Officer of the unit examined is given the opportunity to respond to the results and comments contained in the report. Your response, if any, will be bound in and become a part of our report. We ask that you initial the option selected below, sign, and date this form. Your signature is not deemed to be a concurrence with our results and comments but merely acknowledges that you understand that you have a right to respond to the report. Please note that the report is a draft prepared by the Field Examiners and is subject to editing by department directors and board members.

Initial  
Below

**Acknowledgement of Decision for Official Response**

OPTION NO. 1: We do not wish to make an official response to the report.

OPTION NO. 2: We wish to file an official response to the results and comments in the form of a letter to be bound in the report. We understand that the letter itself will be made part of the report and any attachment or exhibit that is included and referred to in our response may not be but will be held on file with SBOA and will be made available to the public upon request. We also understand that if such response is not received by the State Board of Accounts within ten (10) days of this date, the State Board of Accounts cannot guarantee that the response will be included in the report. Any response received after the 10 day period, although there is no guarantee, may still be included in the report, if the report has not been filed at the time the response is received. The SBOA will provide an Official Response Template to complete and return either by letter or electronically. Letters should be clearly marked "OFFICIAL RESPONSE" and sent to State Board of Accounts, 302 West Washington Street, Room E 418, Indianapolis, Indiana 46204-2765. If submitted electronically, the response should be in a PDF format. Electronic responses should be sent to officialresponse@sboa.in.gov.

Initial  
Below

**Acknowledgement of Understanding of Requirements Concerning Repeat Findings**

We understand that for the following result and comments an SBOA corrective action plan (CAP) must be completed and submitted on the SBOA website (<http://www.in.gov/sboa/5207.htm>). We acknowledge that we have been provided guidelines, instructions, and a CAP template. We also understand that we must either submit the CAP or send an email to CAP@sboa.in.gov acknowledging that we are working on the CAP by: \_\_\_\_\_

Title of repeat result and comment(s): \_\_\_\_\_

Initial  
Below

**Acknowledgement of Timeline on the Report Release Date**

We understand that the earliest date our report will be issued is: \_\_\_\_\_, unless waived by the state examiner.

We have had an opportunity to review and discuss the contents of the report with the Field Examiner(s) and have initialed applicable options above relating to comments contained in the Supplemental Compliance Report.

Officials Invited to Exit                      Officials Attending Exit

Signed: \_\_\_\_\_                      \_\_\_\_\_  
 Title: \_\_\_\_\_                      \_\_\_\_\_  
 Signed: \_\_\_\_\_                      \_\_\_\_\_  
 Title: \_\_\_\_\_                      \_\_\_\_\_  
 Signed: \_\_\_\_\_                      \_\_\_\_\_  
 Title: \_\_\_\_\_                      \_\_\_\_\_

NOTE TO EXAMINERS: FILE THIS FORM WITH THE WORKING PAPERS. YOU MAY NEED TO PRINT MORE THAN ONE FORM IF MULTIPLE DEPARTMENTS/OFFICES APPEAR IN THE REPORT OR A SUPPLEMENTAL REPORT. A SIGNED COPY SHOULD BE PROVIDED TO OFFICIALS.

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## COMMUNICATION OF ENGAGEMENT RESULTS

### Exit Conference

- Conclusion of engagement
- Review report(s), including draft comments
- Board and Management invited
- Official Response discussed (OR); ORs are included in the report.
- Engagement results **CONFIDENTIAL** until report is filed by the State Examiner

### Comments can include:

- ✓ Results and Comments
- ✓ Management Letters
- ✓ Verbal Comments

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## SAMPLE RESULT & COMMENT

### LATE SUBMISSION OF ANNUAL FINANCIAL REPORT

#### Condition and Context

The District's Annual Financial Reports for 2017, 2018, and 2019 were not filed electronically until March 5, 2018, March 11, 2019, and June 22, 2020, respectively, which was 4, 10, and 114 days past the due date.

#### Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

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## RESULTS & COMMENTS - REPEATS

**IC 5-11-5-1.5** – effective July 1, 2017, report findings of noncompliance that were also a written comment in the prior report require a written corrective action plan.

*Make sure to get an idea on how to fix problems before the field examiner leaves.*

- ✓ **File Correction Action Plan (CAP) using the SBOA Template**
- ✓ **Implement corrections immediately**

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**AUDIT COSTS**

Flat Rate per IC 5-11-4-3(d) = \$175/day

Technology Fee per IC 5-11-4-3(f) = \$40/day

Processing Fee per IC 5-11-4-3(f) = \$350

**Review engagement ~ 7 days**

**REVIEW:**

7 Day Budget	\$	1,225
Tech Fee		280
Processing		<u>350</u>
Estimated Cost	\$	<u><u>1,855</u></u>



**AUDIT COSTS**

Flat Rate per IC 5-11-4-3(d) = \$175/day

Technology Fee per IC 5-11-4-3(f) = \$40/day

Processing Fee per IC 5-11-4-3(f) = \$350

**Review engagement ~ 7 days**

**Keys to minimize time billed toward engagement:**

- Organized Records
- Uploading of the required documents
- Availability/Responsiveness to questions from SBOA

**REVIEW:**

7 Day Budget	\$	1,225
Tech Fee		280
Processing		<u>350</u>
Estimated Cost	\$	<u><u>1,855</u></u>



## QUESTIONS



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