

HOW TO PREPARE FOR AN AUDIT

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SERVICES**

TYPES OF SBOA ENGAGEMENTS

- Single Audit (Federal audit, which includes the audit of the financial statements)
 - Required for Townships that exceed the threshold of federal grant expenditures
- Financial Statement Audit
 - Required for Townships that have outstanding debt
 - ~~Examination~~
 - ~~Required for Townships that have outstanding debt~~
- Compliance
 - Required for Townships that do not have outstanding debt, but are assessed at a High level of risk
- Centralized Compliance
 - Required for Townships that do not have outstanding debt, but are assessed at a Moderate or Low level of risk
- Special Investigation
 - Required for Townships in which the SBOA had determined a need to review specific areas for a specific time period

ENTRANCE CONFERENCE

THE ENTRANCE CONFERENCE

- Examiners should explain objective of engagement.
 - Testing for non-compliance, obtaining assurance if applicable...
- Explanation of Management's responsibilities
- Informing management of fees, records to be requested, estimated timeline of engagement...
- Please ask any questions if you are not clear on anything the examiner provides or requires!

TOWNSHIP RECORD REQUEST AND RECEIPT

Name of Governmental Unit: _____

We are conducting an examination of your office for the period ___ through ___. For the period being examined, please bring the following records to ___ Indiana, on ___ at ___, or call us at ___ to make other arrangements. (or For the period being examined, we will pick up the following records on ___ at ___. If this date and time is not convenient, please call us at ___ to make other arrangements.) A review of certain records may be made to the current date. The State Board of Accounts' field examiner and the official or their designee will sign this form for all records received and provided. The records will be returned by _____. If the records are needed beyond this date, you will be notified. If any records are needed while in the custody of SBOA, please contact the field examiner at the email or phone number provided below. Once the examination is complete, you will be required to sign for all records

Date Records Received	Date Records Returned		
Records Requested	Received	Returned	Comments
Township Board Minutes and Board Resolutions - include to current date.			
Resolutions Recommending Salaries - Form 17			
Financial and Appropriation Records (Township Ledger).			
Bank reconciliations, outstanding checklists, bank statements, cancelled checks, etc.			
Register of Investments (Form 350), certificate of deposits, and any other investment records and documents for the period - include to date. Include Annual Investment Reports filed with Board of Finance.			
All debt documents, including notes, bonds, and loan agreements - include to current date. You should also include amortization schedules.			
All supporting documentation for expenses paid, i.e., itemized bills, invoices, mileage claims and contracts.			
Proofs of publications of all legal advertising paid.			
Duplicate receipts.			
Payroll records, including: Employees Service and/or Earnings Records; W-2s; W-3s; 941s; WH-3s; W-4s; 1099s; payroll withholdings remittance forms, communication with IRS or Indiana Department of Revenue.			
Specifications, bids, contracts, etc. in connection with construction or remodeling of buildings, and purchases of equipment and supplies.			
Documentation from the Department of Local Government Finance (DLGF) approving additional appropriations for each year.			
All contracts, e.g., Fire Protection, Cemetery, Ambulance, Mowing, etc.			
Township Assistance records, including applications submitted and the written Township Assistance Standards required by IC 12-20-5-5-1.			
Documentation regarding Federal, State, or Local Grants received			
Documentation from County Auditor regarding tax distributions, including			
Copies of year-end certifications that elected officials did not violate nepotism and contracting laws as required by IC 36-1-20.2-16 (nepotism) and 36-1-21-6 (contracting).			
Official Bond Information - include to current date			
** NOTE TO OFFICIAL: PLEASE DO NOT INCLUDE YOUR CURRENT CHECK BOOK WITH THE RECORDS PROVIDED			

I hereby acknowledge the receipt of the above records as indicated by an X.	I hereby acknowledge that the above records were provided as indicated by an X to SBOA.
Field Examiner - Printed	Official Name - Printed
Field Examiner Signature	Official Signature
Email Address	Email Address
Phone Number	Phone Number
	I hereby acknowledge that the above records were returned as indicated by an X.
	Official Signature

COMPLIANCE PROCEDURES TO EXPECT

- Comparisons of AFR to Township ledger
- Expenditures in excess of appropriations
- Monthly bank reconcilements
- Salaries paid in accordance with contracts
- Payroll remittance to IDOR + IRS
- Proper disbursements with supporting documentation
- Officials properly bonded
- Prior comments resolved

WHAT WE WILL ASK FOR

- Board Minutes (include to current date)
- Resolutions
- Contracts
- Financial Records (ledger)
- Reconcilements
- Register of Investments
- Debt Documents
- Receipts
- Payroll records

SBOA CHECKLIST

- Before an audit starts be sure to have the following things in order:
 1. Monthly bank accounts reconciled.
 2. Make sure all schedules are complete (capital asset listing, investments, inventory etc...).
 3. Supporting documentation for expenses are in an orderly fashion.
 4. Proofs of publication for legal advertising orderly.
 5. Check that employee pay was correct.
 1. Withholding filings (W-2/941/WH3), form 17, and entries in the ledger to paychecks and contracts.
 6. Verify policies are updated.
 7. Come with a list of questions!

TIPS

- During the year track restricted grants, gifts, donations etc...
- Keep internal control documentation and supporting documentation together.
- Respond quickly to inquiries – smaller audit bill.
- Establish an ‘auditor’ file:
 - Could include: regulatory agency correspondence, contracts, lawsuits, reconciliations...

ASK US QUESTIONS!

- HB 1031 – repeat comments have consequences.
 - Make sure to get an idea on how to fix problems before the examiner leaves.
 - If not, contact us at schools.townships@sboa.in.gov
- Implement fixes immediately!
 - 4 year audit cycles – a comment could only pertain to one year, overshadows compliant years.

WHAT NOT TO DO

- Panic!
- Try to hide things – we are here to help!
 - The auditor should be viewed as a resource, not an adversary.
- Be afraid to ask questions.
- Try not to look at an audit as something to complicate your life!
 - An audit is a irreplaceable tool to ensure your finances are in order.

EXIT CONFERENCE

THE EXIT CONFERENCE

- **Draft** report provided and discussed.
- Official given chance to respond to comments (Form 4) – 10 days.
- Official's term, email and physical addresses verified.
- Again, please ask any questions if you are not clear on anything the examiner talks about!

QUESTIONS?