

AFR and Audit Forms Auditor Conference Spring 2019

Annual Financial Report



INDIANA
Gateway for government units



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The Indiana Gateway for Government Units provides a central commons for local units to submit their financial forms to the State of Indiana.

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AFR Preparation



- Year-End Closing
- Supplemental AFR's
- Upload and Manual adjustments

System Functions		Status
<u>Upload Files</u>	Uploading is an option for those government units with vendors and who choose to populate a portion of their report by uploading files.	Not Uploaded
<u>Annual Report Outputs</u>	Reports may be viewed as PDFs or Excel spreadsheets.	Available
<u>Financial Statement/SEFA</u>	Download Financial Statements and SEFA in Excel.	Available
<u>Review Submission</u>	Review any submission errors or warnings.	Available
<u>Submit Annual Report</u>	Submit the annual report to SBOA.	Not Submitted

Supplemental AFR's



Supplemental Annual Financial Report

RETURN THE COMPLETED FORM TO THE OFFICIAL OF THE GOVERNMENTAL UNIT BY JANUARY 20TH.

Name of Governmental Unit:	Contact Person:
Office Name:	Phone Number:
Year:	E-mail Address:

List all accounts/funds managed by this office

Fund Name	Beg. Investment Balance	Ending Investment Balance	Beginning Cash Balance	Other Receipts	Other Disbursements	Ending Cash Balance	New Fund

Certification: This is to certify that the data contained in this report is accurate and agrees with the financial records, to the best of my knowledge and belief.

Signature of Dept Official:	Title:
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AFR Review



- Considerations:
 - Who will do the review
 - How will review be documented
 - What procedures will be followed
 - Source Documents
 - How will corrections be processed

Questions on AFR

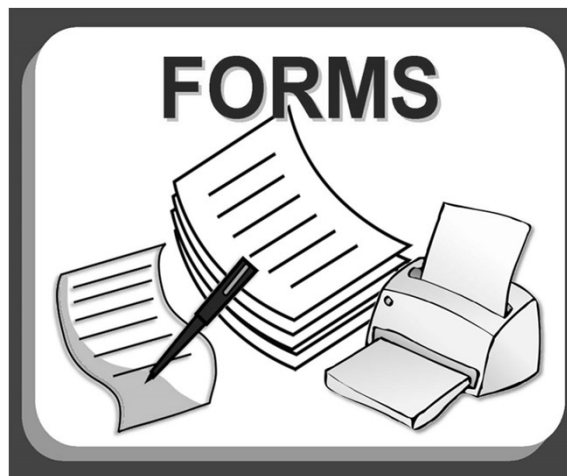


Risk Assessment



- Performed at beginning of audit
 - Updated throughout the audit
- Helps to determine focus of audit
- Helps to determine extent of testing

SBOA Forms Sent Prior to Audit



SBOA Forms Sent Prior to Audit



Form 7 – Understanding Internal Controls



00160 Form 7 UNDERSTANDING THE DESIGN AND IMPLEMENTATION OF INTERNAL CONTROLS – EMERGENCY LEVEL Page 1 of 10

FORM 7 – TO BE COMPLETED BY UNIT OFFICIAL

Questionnaire completed by:

Name	Title	Unit

CONTROL ENVIRONMENT

1. Communication and enforcement of integrity and ethical values:

- What action is taken to address departures from approved policies or unacceptable conduct that might create errors on the accounting records?
- If fraud is alleged, what does management or the governing body (board) do to investigate the allegation, take appropriate and consistent actions against violators, and assess how relevant controls could be improved?

2. Commitment to competence:


- What background, education, and experience do accounting personnel have that assist them with their duties?
- What training do employees receive to help them maintain their accounting and financial reporting competencies?

3. Participation of those charged with governance (board):

- How does the governing body (board) oversee the activities of management that are related to financial reporting (what oversight does the board give in the accounting records?)

(01/18) Form 7

UNDERSTANDING THE DESIGN AND IMPLEMENTATION OF
INTERNAL CONTROLS – ENTITY LEVEL
Page 1 of 10



PART I – TO BE COMPLETED BY UNIT OFFICIAL

Questionnaire completed by:

Name	Title	Date

CONTROL ENVIRONMENT

1. Communication and enforcement of integrity and ethical values:


a. What action is taken to address departures from approved policies or unacceptable conduct that might create errors on the accounting records?

b. If fraud is alleged, what does management or the governing body (board) do to investigate the allegation, take appropriate and consistent actions against violators, and assess how relevant controls could be improved?

Indiana State Board of Accounts 2019

(01/18) Form 7

UNDERSTANDING THE DESIGN AND IMPLEMENTATION OF
INTERNAL CONTROLS – ENTITY LEVEL
Page 1 of 2



PART I – TO BE COMPLETED BY UNIT OFFICIAL

Questionnaire completed by:

Name	Title	Date
Todd Caldwell	Clerk-Treasurer	April 1, 2019

CONTROL ENVIRONMENT

1. Communication and enforcement of integrity and ethical values:

a. What action is taken to address departures from approved policies or unacceptable conduct that might create errors on the accounting records?

Clerk-Treasurer performs all accounting functions for the Town and Jane Jetson, utility clerk, for the Utilities. Records are not reviewed by the board to address departures from approved policies on accounting records.

b. If fraud is alleged, what does management or the governing body (board) do to investigate the allegation, take appropriate and consistent actions against violators, and assess how relevant controls could be improved?

Governing board would contact SBOA immediately to report and have an investigation on the allegation. Employees would be suspended based on proof and evidence of allegation.

Indiana State Board of Accounts 2019



RISK ASSESSMENT PROCESS

1. Financial reporting objectives:

- a. What procedures are in place to ensure that the information reported in the financial statements are correct and reflective of the accounting records?

Clerk-Treasurer performs monthly reconciliements and posts ledgers timely. Board does not review financial statements or annual report before submission by Clerk-Treasurer.

2. Management of financial reporting risks:

- a. Have any of the following conditions occurred?

Have There Been Any:	Yes	No
Changes in the operating environment		X
New personnel		X
New or revised information systems		X
Restructuring or reorganization and resulting staff reductions, changes in supervision, or segregation of duties		X
Changes in laws and regulations		X

- b. If any of the conditions above exists, what effect does it have on the ability to prepare correct financial statements and how have they been addressed?

N/A

Form 7 – Understanding Internal Controls



3. Consideration of fraud risk:

- a. What areas have been identified that may be exposed to fraud risk?

None noted.

- b. How does the entity identify the processes, controls, and other procedures needed to reduce identified fraud risks?

No processes, controls or other procedures needed to reduce identified fraud risks.

INFORMATION AND COMMUNICATION PROCESS

1. What procedures are in place to collect the information needed to complete the financial statements?

Clerk-Treasurer prepares all bank reconciliements and posts all ledgers used to complete the FS. Utility clerk provides year end collection reports to Clerk-Treasurer to aid in compiling of utility collects on FS. Clerk-Treasurer prepares all areas of the financial statements.

Form 7 – Understanding Internal Controls



Recap:

- ✓ Form is for SBOA to gain understanding of your internal controls
- ✓ Will be sent to you prior to start of audit
- ✓ May just need updated from last audit
- ✓ Try to answer each area as completely as possible

Form 9 – Understanding Entity & Environment



UNDERSTANDING THE ENTITY AND ITS ENVIRONMENT
Part 1 - Questionnaire

Questionnaire completed by:

Name	Title	Date

General Information

Name of City/Town	
City/Town's address	
High Street number	
Primary contact	Phone address
Telephone number	Fax number

Structure and Governance

1. The primary activities, programs, and services of the city/town are: (Strike through or delete any that don't apply)

- a. General Government
 1. Planning and Zoning Activities
 2. Providing a judicial system which is primarily responsible for handling traffic violations
 3. Overall administration of the unit
- b. Public Safety
 1. Law Enforcement
 2. Fire Protection
 3. Protective Inspection
 4. Precinct
- c. Street Maintenance
- d. Sanitation Services
- e. Recreation facilities and programs
- f. Urban Redevelopment and Housing
- g. Promotion of Economic Development
- h. Aviation - administration of city/town owned airport
- i. Utility Services:
 1. Water
 2. Wastewater
 3. Electric
 4. Gas

Form 9 – Understanding Entity & Environment



(08/17) Form 9 County

UNDERSTANDING THE ENTITY AND ITS ENVIRONMENT

Part I - Questionnaire

Questionnaire completed by:

Name	Title	Date

General Information

Name of County:			
County's address:			
County's website:			
Primary contact:		Email address:	
Telephone number:		Fax number:	

Structure and Governance



1. The primary activities, programs, and services of the County are: (Strike through or delete any that don't apply.)
 - a. General Government
 1. Levy and collection of property taxes, including the distribution of taxes to other taxing units
 2. Providing a judicial system consisting of civil and criminal courts
 3. Conducting elections and registration of voters
 4. Recording of official documents
 5. Planning
 6. Overall administration of the unit
 - b. Public Safety
 1. Law enforcement
 2. Probation
 3. Protective inspection
 4. Civil defense
 - c. Road and bridge maintenance and construction
 - d. Sanitation services
 - e. Health programs
 - f. Aviation – administration of county owned airport
 - g. —

(08/17) Form 9 City-Town

TOWN OF TODDVILLE
UNDERSTANDING THE ENTITY AND ITS ENVIRONMENT
 January 1, 2017 to December 31, 2018



Part I - Questionnaire

Questionnaire completed by:

Name	Title	Date
Todd Caldwell	Clerk-Treasurer	April 1, 2019

General Information

Name of City/Town:	Town of Toddville		
City/Town's address:	505 W. Main St., PO Box 2, Toddville, IN 47541		
City/Town's website:	N/A		
Primary contact:	Todd Caldwell	Email address:	clerk@toddville.in.gov
Telephone number:	765-123-4567	Fax number:	

Indiana State Board of Accounts

2019

Structure and Governance

1. The primary activities, programs, and services of the city/town are: (Strike through or delete any that don't apply.)
 - a. General Government
 - ~~1. Planning and Zoning Activities~~
 - ~~2. Providing a judicial system which is primarily responsible for handling traffic violations~~
 3. Overall administration of the unit
 - b. Public Safety
 1. Law Enforcement
 2. Fire Protection
 - ~~3. Protective Inspection~~
 - ~~4. Probation~~
 - c. Street Maintenance
 - d. Sanitation Services
 - e. Recreation facilities and programs
 - ~~f. Urban Redevelopment and Housing~~
 - g. Promotion of Economic Development
 - ~~h. Aviation - administration of city/town-owned airport~~
 - i. Utility Services:



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Department	New or Major Accounting Items? (Yes or No)	Received Federal Money? (Yes or No)	Money Collection Point? (Yes or No)	Indicated Problems or Concerns? (Yes or No)	SBOA Use Only Prior Period Findings? (Yes or No)
Police Pension Fund					
Firefighters' Pension Fund					
Park and/or Recreation Department	No	No	No	No	
Building Department					
Transportation Department					
Police Department	No	No	No	No	
City and Town Courts					
Barrett Law Improvement Funds					
General Improvement Funds	No	No	No	No	
Cemetery					
Department of Public Sanitation					
Department of Redevelopment					
Emergency Medical Service					
Department of Aviation					

Items Identified:

2. List the members of the governing body; for example city/town council members:

Name	Title	First Year Elected / Appointed To Position	Background
Paul Joyce	Council President	1988	CPA
Michael Bozymski	Council Member	2013	Taxidermist (runs own business)
Tammy White	Council Member		Dentist

Indiana State Board of Accounts

2019

(08/17) Form 9 City-Town

TOWN OF TODDVILLE
UNDERSTANDING THE ENTITY AND ITS ENVIRONMENT
 January 1, 2017 to December 31, 2018

3. List the principal members of the executive branch of the city/town: (mayor, city manager, clerk-treasurer, etc.) Designate the principal audit contact.

Name	Title	Phone Number	E-Mail
	Mayor		
Todd Caldwell	Clerk-Treasurer	765-123-4567	clerk@toddville.in.gov
Same	Main Bookkeeper		
Same	Payroll Clerk		
Same	Claims Processing Clerk		
Susan Gordon	Park Director	765-123-4567	pardd@toddville.in.gov
Ricci Hoffer	Wastewater Superintendent	765-123-4567	sewer@toddville.in.gov
Lori Rogers	Street Commissioner	765-123-4567	roads@toddville.in.gov
N/A	Police Chief (Pension Information)		
N/A	Fire Chief (Pension Information)		
Chase Lenon	Water Superintendent	765-123-4567	water@toddville.in.gov
N/A	Electric Superintendent	765-123-4567	

4. Describe the relative division of authority and responsibilities between the governing body and responsible officials. (Tailor to fit your unit of government.)

a. City/Town Council – Powers and Duties [IC 36-4/IC 36-5]

1. Enact ordinances
2. Adopt the annual budget
3. Fix salaries of elected officials
4. Impose tax levy
5. Establish fees
6. —

Indiana State Board of Accounts

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Form 9 – Understanding Entity & Environment



08/15 Item 9-1001 UNDERSTANDING THE ENTITY AND ITS ENVIRONMENT
Part I - Questionnaire

Questionnaire completed by:

Name	Title	Date

General Information

Name of Corporation	
Program Name	
Program Number	
Program Title	
Program Director	
Enter address	
Enter phone	

Structure and Governance

1. The primary activities, programs, and services of the city/town are: (Circle through or delete any that don't apply.)

- General Government
 - Planning and Zoning Activities
 - Provision to a local system which is primarily responsible for handling traffic violations
 - Overall administration of the unit
- Public Safety
 - Law Enforcement
 - Fire Protection
 - Protective Inspection
 - Protection
- Street Maintenance
- Sanitation Services
- Recreation facilities and programs
- Urban Redevelopment and Housing
- Protection of Economic Development
- Airport - administration of city/town owned airport
- Utility Services
 - Water
 - Wastewater
 - Electric
 - Gas

Recap:

- ✓ Form is for SBOA to gain understanding of entity (county) and environment
- ✓ Will be sent to you prior to start of audit
- ✓ May just need updated from last audit
- ✓ Try to answer each area as completely as possible

Form 13 – Mgmt Oversight of Non Audit Services



08/15 Item 13 Management Oversight of Nonaudit Services
Period: _____

Name of individual designated by management to oversee nonaudit services: _____

Title of individual: _____

(Review of nonaudit services performed. Management's designee should check each item as it is reviewed.)

Statement of Receipts, Disbursements, Other Financing Sources and Uses, and Cash and Investment Balances:

____ Register cash and investments agree with prior year ending balances for each fund and for the total of all funds.

____ Ending balances are reported correctly for each fund and the total of all funds.

____ Titles of funds are reported correctly for each fund.

Notes to the Financial Statement:

____ Notes to the financial statement as compiled accurately reflect the governmental unit.

Combining Schedule of Receipts, Disbursements, Other Financing Sources and Uses, and Cash and Investment Balances:

____ Register cash and investments agree with prior year ending balances for each fund.

____ Ending balances are reported correctly for each fund.

____ Titles of funds are reported correctly for each fund.

Other Supplementary Schedules (Schedule of Payable and Receivables, Schedule of Liabilities and Debt, Schedule of Cash Assets):

____ All information is correct and presented as management intended.

Schedule of Expenditures of Federal Awards:

____ All federal grants disbursements are included in the schedule of expenditures.

____ Amounts reported for each program is correct.

____ Amounts provided to subrecipients are correct.

____ Total federal awards expended per the schedule are correct.

Notes to the Schedule of Expenditures of Federal Awards:

____ Amounts presented in the schedule of expenditures of federal awards that include loan and loan guarantee business outlaying are identified separately within the notes by program title, federal CFDA number and total amount of federal awards affected.

____ Includes significant accounting policies used in preparing the schedule of expenditures of federal awards.

____ Includes whether or not the 10% de minimis cost rate was used.

All statements, schedules, and notes:


____ Fund names are correct. (Fund names will appear as shown in the report.)

____ Unit name is correct throughout report.

As the management designee, I have reviewed the financial statement, notes to the financial statement, and schedule of expenditures of federal awards for each of the aforementioned items. These items were prepared by use of our books and records. Our books and records adequately support the financial statement, notes to the financial statement, and schedule of expenditures of federal awards prepared, and accordingly, I approve these items as compiled by the State Board of Accounts. I understand that slight modifications such as spelling, grammatical and formatting errors may be corrected during the processing of our report by the State Board of Accounts. I acknowledge that the financial statement, including the notes to the financial statement, and the schedule of expenditures of federal awards are our responsibility. I have determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation.

Name of designee	
Title	
Date	

(02/16) Form 13 Management Oversight of Nonaudit Services
Period:



Name of Individual Designated by Management to oversee nonaudit services:

Title of Individual:

Review of nonaudit services performed:
(Management's designee should check each item as it is reviewed.)

Statement of Receipts, Disbursements, Other Financing Sources and Uses, and Cash and Investment Balances:

_____ Beginning cash and investments agree with prior year ending balances for each fund and for the total of all funds.

_____ Ending balances are reported correctly for each fund and the total of all funds.

_____ Titles of funds are reported correctly for each fund.

Notes to the Financial Statement:

_____ Notes to the financial statement as compiled accurately reflect the governmental unit.

Combining Schedule of Receipts, Disbursements, Other Financing Sources and Uses, and Cash and Investment Balances:


_____ Beginning cash and investments agree with prior year ending balances for each fund.

_____ Ending balances are reported correctly for each fund.

_____ Titles of funds are reported correctly for each fund.

Indiana State Board of Accounts 2019

Form 13 – Mgmt Oversight of Non Audit Services



Other Supplementary Schedules (Schedule of Payable and Receivables, Schedule of Leases and Debt, Schedule of Capital Assets)

_____ All information is correct and presented as management intended.

Schedule of Expenditures of Federal Awards:

_____ All federal grants disbursed are included in the schedule of expenditures.

_____ Amounts reported for each program is correct.

_____ Amounts provided to subrecipients are correct.


_____ Total federal awards expended per the schedule are correct.

Notes to the Schedule of Expenditures of Federal Awards:

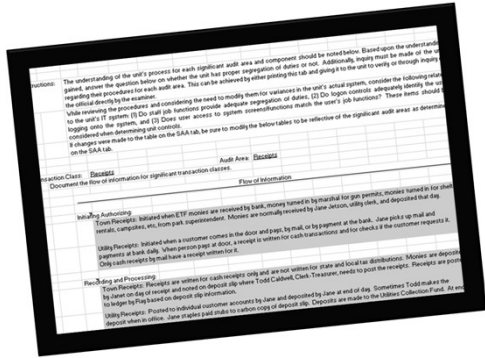
_____ Amounts presented in the schedule of expenditures of federal awards that include loan and loan guarantee balances outstanding are identified separately within the notes by program title, federal CFDA number and total amount of federal awards affected.

Indiana State Board of Accounts 2019

Transaction Class: <u>Receipts</u>	Audit Area: <u>Receipts</u>
Document the flow of information for significant transaction classes.	
Flow of Information	
Initiating Authorizing:	<p>Town Receipts: Initiated when ETF monies are received by bank, money turned in by marshal for gun permits, monies turned in for shelter rentals, campsites, etc, from park superintendent. Monies are normally received by Jane Jetson, utility clerk, and deposited that day.</p> <p>Utility Receipts: Initiated when a customer comes in the door and pays, by mail, or by payment at the bank. Jane picks up mail and payments at bank daily. When person pays at door, a receipt is written for cash transactions and for checks if the customer requests it. Only cash receipts by mail have a receipt written for it.</p>
Recording and Processing:	<p>Town Receipts: Receipts are written for cash receipts only and are not written for state and local tax distributions. Monies are deposited by Janet on day of receipt and noted on deposit slip where Todd Caldwell, Clerk-Treasurer, needs to post the receipts. Receipts are posted to ledger by Ray based on deposit slip information.</p> <p>Utility Receipts: Posted to individual customer accounts by Jane and deposited by Jane at end of day. Sometimes Todd makes the deposit when in office. Jane staples paid stubs to carbon copy of deposit slip. Deposits are made to the Utilities Collection Fund. At end of every month, Jane prints a daily receipt report for the month that totals receipts by each utility and Todd posts ledger in the amounts the report shows and transfers from the Utilities Collections Fund.</p>
Reconciling and Reporting:	<p>Todd reconciles the bank statements for Town, Water and Wastewater Utilities monthly. Reconcilements are not reviewed or approved by the Board at their monthly meeting. Todd posts all ledgers for the Town and Utilities and prepares the Gateway annual report from them. Jane does not review ledgers or report to ensure utility receipts are properly reported. Board does not review ledgers or annual report for accuracy.</p>
Indiana State Board of Accounts	
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Form 45 Discussion		
<u>Cash and Investments</u>		
Considerations: How does the reconciliation process work from start to finish? When the bank statement is received what happens? How often are reconciliations performed? Who prepares the reconciliation? Evidence of preparation? Who reviews/approves the reconciliation? Evidence of review/approval?		
<u>Unit Response</u>		
 <u>Receipts</u>		
Considerations: How does the receipt process work from start to finish? In what ways do you receive money? Who writes receipts? Who posts/records receipts into the accounting system? Who prepares the deposit slip for the bank? Who takes the deposit to the bank? Anyone reconciling daily receipts to the deposit? Evidence of the aforementioned items?		
<u>Unit Response</u>		
Indiana State Board of Accounts		2019

Form 45 – Understanding Internal Controls



Recap:

- ✓ **Form is to indicate controls in certain areas for SBOA evaluation**
- ✓ **Will be sent to you prior to start of audit or a blank questionnaire**
- ✓ **Briefly describe or update controls in the area provided**

Questions on Forms

