AFR and Audit Forms
Auditor Conference
Spring 2019

Annual Financial Report

Gateway INDIANA for government units

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

This site works best in Firefox and Chrome. Internet Explorer is not a supported browser.
AFR Preparation

• Year-End Closing
• Supplemental AFR’s
• Upload and Manual adjustments

System Functions

<table>
<thead>
<tr>
<th>Function</th>
<th>Description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upload Files</td>
<td>Uploading is an option for those government units with vendors and who choose to populate a portion of their report by uploading files.</td>
<td>Not Uploaded</td>
</tr>
<tr>
<td>Annual Report Options</td>
<td>Reports may be viewed as PDFs or Excel spreadsheet.</td>
<td>Available</td>
</tr>
<tr>
<td>Financial Statements/SEFA</td>
<td>Download Financial Statements and SEFA in Excel.</td>
<td>Available</td>
</tr>
<tr>
<td>Error Submission</td>
<td>Review any submission errors or warnings.</td>
<td>Available</td>
</tr>
<tr>
<td>Submit Annual Report</td>
<td>Submit the annual report to SBOA.</td>
<td>Not Submitted</td>
</tr>
</tbody>
</table>

Supplemental AFR’s

RETURN THE COMPLETED FORM TO THE OFFICIAL OF THE GOVERNMENTAL UNIT BY JANUARY 30TH.

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

List all accounts/funds managed by this office:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Beg. Investment Balance</th>
<th>End. Investment Balance</th>
<th>Beginning Cash Balance</th>
<th>Other Receipts</th>
<th>Other Disbursements</th>
<th>Ending Cash Balance</th>
<th>New Fund</th>
</tr>
</thead>
</table>

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 & Title: ____________________________

Indiana State Board of Accounts
2019
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
Form 7 – Understanding Internal Controls
PART I – TO BE COMPLETED BY UNIT OFFICIAL

Questionnaire completed by:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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?

   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.

   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.
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 reconciliations 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?

   
<table>
<thead>
<tr>
<th>Condition</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in the operating environment</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>New personnel</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New or revised information systems</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Restructuring or reorganization and resulting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>staff reductions, changes in supervision, or</td>
<td></td>
<td></td>
</tr>
<tr>
<td>segregation of duties</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Changes in laws and regulations</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

   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

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 reconciliations 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

(0017) Form 9 County

UNDERSTANDING THE ENTITY AND ITS ENVIRONMENT

Part I - Questionnaire

Questionnaire completed by:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

General Information

Name of County: ____________________________

County’s address: _________________________

County’s website: _________________________

Primary contact: _________________________

Email address: __________________________

Telephone number: _______________________

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

Part I - Questionnaire

Questionnaire completed by:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Todd Caldwell</td>
<td>Clerk-Treasurer</td>
<td>April 1, 2019</td>
</tr>
</tbody>
</table>

General Information

<table>
<thead>
<tr>
<th>Name of City/Town:</th>
<th>Town of Toddville</th>
</tr>
</thead>
<tbody>
<tr>
<td>City/Town's address:</td>
<td>505 W. Main St., PO Box 2, Toddville, IN 47541</td>
</tr>
<tr>
<td>City/Town's website:</td>
<td>N/A</td>
</tr>
<tr>
<td>Primary contact:</td>
<td>Todd Caldwell</td>
</tr>
<tr>
<td>Email address:</td>
<td><a href="mailto:clerkt@toddville.in.gov">clerkt@toddville.in.gov</a></td>
</tr>
<tr>
<td>Telephone number:</td>
<td>765-123-4567</td>
</tr>
<tr>
<td>Fax number:</td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>First Year Elected / Appointed To Position</th>
<th>Background</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paul Joyce</td>
<td>Council President</td>
<td>1986 CPA</td>
<td></td>
</tr>
<tr>
<td>Michael Bzymski</td>
<td>Council Member</td>
<td>2013 Taxidemmet (runs own business)</td>
<td></td>
</tr>
<tr>
<td>Tammy White</td>
<td>Council Member</td>
<td></td>
<td>Dentist</td>
</tr>
</tbody>
</table>

Indiana State Board of Accounts 2019
Form 9 – Understanding Entity & Environment

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

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.
Recap:

- **Form is for management to acknowledge responsibility of financial statements**
- **Will be sent to you prior to start of audit along with your financial statements compiled from Gateway**
- **Initial each item on the underline next to each sentence; sign the second page**
Form 45 – Understanding Internal Controls

UNDERSTANDING OF CONTROLS FOR SIGNIFICANT AUDIT AREAS

Instructions: The understanding of the unit's process for each significant audit area and component should be noted below. Based upon the understanding gained, answer the question below on whether the unit has proper segregation of duties or not. Additionally, input must be made into the unit regarding their procedures for each audit area. This can be achieved by either printing this tab and giving it to the unit to verify or through inquiry of the official directly by the examiner.

While reviewing the procedures and considering the need to modify them for variances in the unit's actual system, consider the following related to the unit's IT system: (1) Do staff job functions provide adequate segregation of duties? (2) Do logon controls adequately identify the user logging onto the system, and (3) Does user access to system screens/functions match the user's job function? These items should be considered when determining unit controls.

If changes were made to the table on the SAA tab, be sure to modify the below tables to be reflective of the significant audit areas as determined on the SAA tab.
<table>
<thead>
<tr>
<th>Transaction Class:</th>
<th>Receipts</th>
<th>Flow of Information for significant transaction classes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Authorization:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Town Receives: Initiated when ETF monies are received by bank, money turned in by marshal for gun permits, monies turned in for shelter rentals, campsite fees, etc., from park superintendent. Monies are normally received by Jane Jetson, utility clerk, and deposited that day.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utility Receives: 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.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recording and Processing:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Town Receives: 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.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utility Receives: 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 Collection Fund.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reconciling and Reporting:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Todd reconciles the bank statements for Town, Water and Wastewater Utilities monthly. Reconciliations 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.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Form 45 Discussion**

**Cash and Investments**

**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?

**Unit Response**

**Receipts**

**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?

**Unit Response**
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