AFR Preparation

- Year-End Closing
- Posting
- Reconciling
- Supplemental AFR’s

Daily Balance Report

<table>
<thead>
<tr>
<th>Date of Balance</th>
<th>19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payable to State:</td>
<td></td>
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<tr>
<td>Court Costs</td>
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<tr>
<td>State User Fees</td>
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<td>Family Violence Fees</td>
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<td>Highway Work Zone Fees</td>
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<tr>
<td>Payable to County:</td>
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<tr>
<td>Court Costs</td>
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<tr>
<td>Fees and Fines</td>
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<td>Felonies and Misdemeanors</td>
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<td>Support Fees</td>
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<tr>
<td>Marriage Licenses - County Share</td>
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<tr>
<td>Administrative Fees</td>
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<tr>
<td>Documentary Fees</td>
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<tr>
<td>Miscellaneous Fees</td>
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<tr>
<td>Late Surrender Fees</td>
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<tr>
<td>Interest on Investments</td>
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<tr>
<td>Vehicle License (All Ex. Judge)</td>
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<tr>
<td>Overweight Vehicle Fees</td>
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<tr>
<td>County User Fees</td>
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<tr>
<td>Supplemental Public Defender Services Fees</td>
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</tbody>
</table>
Supplemental 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
Risk Assessment

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

Internal Controls

• Addressing Internal Controls is an ongoing process
  • Establish policies (in writing)
  • Modify as needed over time
Internal Controls

Form 45 – Understanding Internal Controls

Indiana State Board of Accounts 2019
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, inquiry must be made of 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 functions? 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.

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**Form 45 – Understanding Internal Controls**

**Indiana State Board of Accounts** 2019
Form 45 Internal Controls

**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 departmental audit
- Briefly describe or update controls in the area provided
Audit Findings

- Internal Controls
- Federal Finding

- Non-Compliance
  - Statute
  - Uniform Compliance Guidelines

Findings

- Determine the Resolution
- Understand the problem
- Take corrective action – often requires establishing or modifying internal controls.
Repeat Findings

• IC 5-11-5-1.5
  • Finding in Report – Take corrective action
    • Level of findings – not all will be reportable
  • Finding is repeated in subsequent Report:
    • Corrective Action Plan filed with SBOA
    • Follow up by SBOA

Corrective Action Plan

• Packet will be given at exit conference
  • Templates
• 10 days to respond
  • Can ask for more time
• Six months to implement
  • Can ask for more time
Corrective Action

• The first step is to fully understand the issue.

• Second step to determine the root cause.

Corrective Action Plan

• Template on website
• Description of the corrective action
• Timeline for implementation
  • Focus on root cause, not on effect.
Corrective Action Plan

• SBOA review and approval
• Report when implementation is complete.
• SBOA follow up
  • Send in documents
  • On site follow up

Questions
RESOURCES

• County Directors
  • Lori Rogers and Ricci Hofherr
  • 317-232-2512

  • Counties@sboa.in.gov
  • www.in.gov/sboa/