

Addendum to Audit Program - Over 70,000 Population

	Initial/Date	Reference
<u>ENGAGEMENT PLANNING AND SUPERVISION</u>		
<u>Additional Audit Procedures</u>		
<p>14. Preliminary Analytics. Perform preliminary analytical procedures on 75% operating fund and 25% county fund.</p>		
<p><i>NOTE: Analytical review is located at B-00a.</i></p>		
<p><i>Quarterly #s on A-17a are linked to ledgers at B-02a p.2.</i></p>		A-17a
15. Overview of Risk Assessment Process		
<p>h) Obtain an understanding of the County Clerk’s internal control - Additional Complete Payroll Questionnaire - Counties Over 70,000 Population</p>		A-18d
<u>CASH</u>		
<u>Additional Audit Procedures</u>		
5. 25% and 75% Accounts		
<p>a) Recap eMARS 2550 reports or obtain totals from report from state. Reconcile totals to recap of 75% disbursements, pay-in vouchers, and payroll vouchers. eMARS 2550 reports can be found on APA server at H:\Fee Officials State Payments\2017 Fee Official State Payments\Over 70000 Counties</p>		D-01 D-00b
<p>b) Obtain recap of 75% disbursements. If a recap does not exist, recap purchase orders. Reconcile total to eMARS 2550 report. Pick sample of purchase orders and trace to recap purchase orders.</p>		B-03a D-04 D-04a
<p>c) Recap pay-in vouchers. Reconcile total to fee account disbursements ledger and eMARS 2550 report. Pick one pay-in voucher and determine 75/25 split is correct.</p>		D-02 B-03 D-02a
<p>d) Recap imprest vouchers. Reconcile to imprest cash account. If necessary, recap cancelled checks from imprest cash account.</p>		D-03
<p>e) Determine Book Balance as of December 31 for 75% account. Determine deposits in transit and outstanding liabilities for 75% account</p>		D-01 D-00b
<p>f) Recap amounts paid to fiscal court from 25% account. Obtain eMARS report from state. Request payments received by fiscal court from county treasurer. Reconcile to pay-in vouchers. Determine if State Treasury complied with requirements of KRS 64.350. 25% payments for the quarter ending in March is due no later than April 15, for the quarter ending in June is due no later than July 15, for the quarter ending in September is due no later than October 15, and for the quarter ending in December is due no later than January 15. If State Treasury did not comply, notify Jim Royse, deputy director of APA, so he can notify appropriate APA state audit manager. This problem will not be included as a finding in the official's exit or report.</p>		D-00c D-07, D-07a D-02 D-07b

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Revenues And Expenditures

Additional Audit Procedures

Over 70,000 replacement for Test of Operating Expenditures, Step 10

10. a. Test Of Operating Expenditures:

Per Step 20 in Engagement Planning and Supervision, if coverage is adequate per Z-11 judgmentally select 10 operating expenditures from the 75% account. If coverage is not adequate, use E-04 to determine sample size. Consider if expanded analytics are necessary for any material operating expenditure accounts.

E-05
Z-11
E-04

From the 75% account disbursements ledger select operating expenditures and test for documentation, allowability, classification, proper amounts, evidence of alteration, endorsement, and possibility of duplicate payment. Include in this test; transactions in material accounts

- * Transactions in material accounts that have not been previously tested.
- * Individually significant dollar items, and unusual items
If the County Clerk uses a credit card, include some of those expenditures. Be sure the County Clerk has copies of back up receipts, not just the statement itself.
- * If there are other expenditures, such as Imprest Cash Fund, Drug Fund, forfeiture account, grants, or DARE, be sure to include some of those expenditures.

Do not include payroll items, as this is addressed in a separate test.

Identify all risks of magnitude which are highly likely and summarize on Risk Assessment Summary at A-23

- a) Agree date, amount, and payee to the eMARS report, authorization for payment, and disbursement ledger.
- b) Agree to paid original bill or invoice (no copies – except if original has to be submitted to Frankfort). Be alert for false documentation. Verify with vendor if in doubt. Give a list to the official and have them bring invoices to auditors.
- c) Verify the County Clerk stamped the date they received invoices from vendors. in the lower left hand corner. The original will be sent to the state and the Clerk should retain a copy for their records.
- d) Determine if invoices or other documents are effectively cancelled to prevent duplicate payments.
- e) Verify authorization for payment has been signed by department head or an authorized agent.
- f) Determine if bids were obtained or required.
- g) Determine compliance with Fiscal Court limitations set by Court Order, the budget, federal and state laws, and administrative code.

E-05

*** Determine if any vehicles were purchased and if the vehicle is titled in the county's name.**

10. b. Credit Cards

Initial/Date	Reference

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Does the Official use credit cards for purchases and travel expenses? If so, obtain a list of vendor payments from Official. Scan for any large amounts. Judgmentally select sample for testing. Auditor should select sample based upon risk and number of transactions.

Initial/Date	Reference
	E-07
	E-07
	D-05 G-03a
	G-03
	Z-04a Z-04b

Suggested Further Procedures to perform in response to Risk Assessment (A-23)
AIC/Manager approval required for these procedures.

1. Examine all credit card expenditures.
2. Examine other areas as necessary.
3. Expand sample.

Over 70,000 replacement for Test of Payroll, step 11:

11. Test of Payroll:

Recap payroll distribution charges reports and compare to eMARS 2550 reports.

- a) Salaries are set by the Fiscal Court and salaries paid are within limitations.
 Note: Employer matching share of social security and retirement is not a fringe benefit but a statutory requirement. These amounts and health insurance cost would normally not be included in the amount of deputy salaries set by the Fiscal Court unless they specifically include in a court order. Health insurance cost is authorized under KRS 61.405. (See compliance checklist)

- b) See Test of Payroll Steps at A-00. When referring to W-2's, use payroll journal/ledgers.**
Test all employees timesheets for one pay period regardless of # employees.

- d) Report Comparison. Perform final analytical procedures on 75% operating fund and 25% county fund.
NOTE: Analytical review is located at B-00a. Current Year #s on Z-04a linked to FS at B-04.