

Report Example

Independent Accountant's Report on Applying Agreed-Upon Procedures

To Honorable Mayor and Members of Council
Name of Government Entity, Georgia and
Georgia Department of Audits and Accounts

We have performed the procedures included in the Georgia Department of Audits and Accounts' Work Program for Agreed-Upon Procedures as enumerated below, which were agreed to by the Mayor and Members of Council of the **Name of Government Entity** and the Georgia Department of Audits and Accounts, solely to assist you with respect to confirming the information presented in the *Report of Local Government Finances* for the **Name of Government Entity** as of and for the year ended **Fiscal Year End Date**. The City's management is responsible for the financial information presented in the *Report of Local Government Finances*. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants.

The **Name of Government Entity** has acknowledged that the procedures are appropriate to meet the intended purpose of assisting users in understanding the *Report of Local Government Finances* for the **Fiscal Year End Date**. The report may not be suitable for any other purpose. The procedures performed may not address all of the items of interest to a user of this report and may not meet the needs of all users in this report, and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Section 1 – Cash, Investment, and Petty Cash:

1. We obtained and inspected a summary schedule of cash at year end by fund which includes all depositories with which the local government had transactions during the period covered by the agreed-upon procedures, including banks from which temporary investments were purchased.
 - a. We confirmed for individual funds that are required to maintain separate bank accounts that separate bank accounts are maintained.

Practitioner's finding e.g. "No exceptions were noted." OR an explanation of exceptions found.

- b. We confirmed that a separate bank account is maintained for Special Purpose Local Option Sales Tax (SPLOST) proceeds as required by the provisions of O.C.G.A. § 48-8-121.

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

- c. We confirmed that a separate bank account is maintained for Special District Mass Transportation Sales and Use Tax (TSPLOST 2) proceeds as required by the provisions of O.C.G.A. § 48-8-269.5.

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

- d. We performed a proof and reconciliation of cash on deposit with the following banks to the balances in the respective general ledger accounts and obtained confirmation of the related balances from the banks.

	<u>Balance</u>	
	<u>Bank</u>	<u>General Ledger</u>
Bank A	XXX	XXX
Bank B	XXX	XXX
Bank C – regular operating account	XX,XXX	XX,XXX
Bank C – payroll account	XX,XXX	XX,XXX
SPLOST Bank Account	XX,XXX	XX,XXX
TSPLOST Bank Account	XX,XXX	XX,XXX

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

- e. We confirmed opening and closing of accounts with minutes of the governing body.

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

- 2. We confirmed account balance information with financial institutions as of the date of the local government’s fiscal year end for all accounts identified in Step 1 above (including accounts which were closed during the year).

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

- 3. We obtained copies of the year end bank statement for each open account and traced balances and activities to bank account reconciliations.

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

4. We obtained copies of the year end bank account reconciliation for each account and performed the following on reconciliations:
 - a. We traced bank balance on reconciliation to the bank confirmation received from financial institution.

Practitioner's finding e.g. "No exceptions were noted." OR an explanation of exceptions found.

- b. We traced reconciled book balance to the general ledger and trail balance or summary schedule.

Practitioner's finding e.g. "No exceptions were noted." OR an explanation of exceptions found.

- c. We mathematically checked reconciliation and detailed supporting schedules for clerical accuracy.

Practitioner's finding e.g. "No exceptions were noted." OR an explanation of exceptions found.

- d. We compared confirmed balances of savings accounts and certificates of deposit to amounts recorded in the general ledger and determined whether unrecorded items were considered on bank reconciliations.

Practitioner's finding e.g. "No exceptions were noted." OR an explanation of exceptions found.

5. We inspected cash receipts and cash disbursements ledgers for each bank account for a period of five business days before and after the local government's fiscal year end.
 - a. We confirmed interbank transfers, checks, and deposits are recorded in the proper period.

Practitioner's finding e.g. "No exceptions were noted." OR an explanation of exceptions found.

- b. We confirmed transfers between each cash receipts ledger and each cash disbursements ledger were recorded in the same period.

Practitioner's finding e.g. "No exceptions were noted." OR an explanation of exceptions found.

- c. We confirmed transfers not clearing the bank in the same accounting period as they were initiated are properly reflected as reconciling items on bank reconciliation.

Practitioner's finding e.g. "No exceptions were noted." OR an explanation of exceptions found.

6. We performed cash proof procedures on each account in which the local government maintains funds at its fiscal year end for a minimum of two months, including the month in which the local government's fiscal year ends.
 - a. We traced all outstanding checks shown on the proof of cash reconciliation at fiscal year end date to clearing of checks on subsequent bank statements, including last bank statement available during field work.

Practitioner's finding e.g. "No exceptions were noted." OR an explanation of exceptions found.

- b. We inquired about any check of a material amount that has not cleared or has taken an inordinately long period to clear and indicate reason(s).

Practitioner's finding e.g. "No exceptions were noted." OR an explanation of exceptions found.

- c. We traced all deposits in transit at the fiscal year end date to their deposit.

Practitioner's finding e.g. "No exceptions were noted." OR an explanation of exceptions found.

- d. We investigated any delay in crediting of book deposits to bank.

Practitioner's finding e.g. "No exceptions were noted." OR an explanation of exceptions found.

- e. We traced deposits from general ledger to bank statements for all months tested.

Practitioner's finding e.g. "No exceptions were noted." OR an explanation of exceptions found.

- f. We traced checks to disbursements journal and compared dates, numerical sequence, signatures and endorsements.

Practitioner's finding e.g. "No exceptions were noted." OR an explanation of exceptions found.

- g. We mathematically checked cash journal.

Practitioner's finding e.g. "No exceptions were noted." OR an explanation of exceptions found.

- h. We investigated other reconciling items and determined if appropriate.

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

- i. We confirmed and accounted for all voided checks.

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

- 7. We obtained and inspected an analysis of investment activity.
 - a. We mathematically checked the clerical accuracy of the investment activity analysis.

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

- b. We inquired about types of investments permitted by law (State law as referenced in O.C.G.A. § 36-81-4), contract or investment policy of the government unit and confirmed investments maintained by the government are allowable.

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

- c. We inspected the minutes of the Board or Council meetings to confirm the investment policies are consistent with requirements of laws, contracts or stated investment policies of the government entity.

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

- d. We compared the purchases and sales of investments during the period included on the investment activity analysis with the confirmed investment policies to determine whether transactions were authorized.

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

- e. We inspected investments on hand while in the presence of responsible officials of the government entity.

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

- f. We confirmed balances of investments held by other as well as the name in which the investments are held.

Practitioner's finding e.g. "No exceptions were noted." OR an explanation of exceptions found.

- g. We traced investments to the investment activity analysis and general ledger.

Practitioner's finding e.g. "No exceptions were noted." OR an explanation of exceptions found.

- h. We recalculated the gain or loss from the sales of investments using the cost of investment purchases and the proceeds from investment sales obtained from investment activity analysis and general ledger.

Practitioner's finding e.g. "No exceptions were noted." OR an explanation of exceptions found.

- i. We compared amounts reported as income from investments for reasonableness.

Practitioner's finding e.g. "No exceptions were noted." OR an explanation of exceptions found.

- 8. We obtained and inspected a list of all petty cash funds as of the fiscal year end.
 - a. We inquired about the methods for reimbursement of funds.

Practitioner's finding e.g. "No exceptions were noted." OR an explanation of exceptions found.

- b. We inspected documentation of expenditures and confirmed that the purposes agree with the purposes for which the fund was established.

Practitioner's finding e.g. "No exceptions were noted." OR an explanation of exceptions found.

- c. We obtained copies of internal audits performed on the fund and confirmed audits were inspected for exceptions and determined whether corrective actions were planned and taken.

Practitioner's finding e.g. "No exceptions were noted." OR an explanation of exceptions found.

- d. We observed a count of funds in the presence of the custodian.

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

- e. We compared the reconciliations to the control account.

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

- 9. We reconciled petty cash at the beginning of the fiscal year to petty cash at the end of the fiscal year using cash receipts and cash disbursements reported in the entity’s general ledger.

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

Section 2 – Report of Local Government Finances

- 1. We obtained the Report of Local Government Finances (RLGF) for the local government’s fiscal year.
 - a. We confirmed the RLGF was prepared using the standards established for local governments by the Georgia Department of Community Affairs (DCA).

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

- b. We reconciled cash per general ledger at **Previous Fiscal Year End Date** (i.e. June 30, 2019) to cash per general ledger at **Fiscal Year End Date** (i.e. June 30, 2020) as follows:

Cash and Cash Equivalents at Previous Fiscal Year End Date	X,XXX
Total Cash Receipts per <i>Report of Local Government Finances</i>	X,XXX
Total Cash Disbursements per <i>Report of Local Government Finances</i>	<u>X,XXX</u>
Cash and Cash Equivalents at Fiscal Year End Date	X,XXX

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

- c. We confirmed the amount of expenditures reported on the RLGF meets the criteria established in O.C.G.A. § 36-81-7 for submission of annual report of agreed-upon procedures.

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

- d. We inquired about the approval for submission of reports to both the DCA and the DOAA to fulfill the local government’s reporting requirements of O.C.G.A. § 36-81-7 and § 36-81-8.

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

- 2. We obtained the workpaper trial balance for the period covered by the agreed-upon procedures. We performed the following:
 - a. We confirmed the workpaper trial balance is in balance.

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

- b. We compared the workpaper trail balance to the local government’s general ledger and confirmed agreement between the account balance for cash, investments, receipts, and disbursements.

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

- c. We confirmed that the adjusting journal entries at year end have been posted.

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

- 3. We performed the following procedures using the RLGF and workpaper trial balance.
 - a. We traced all accounts on the workpaper trial balance to the RLGF as appropriate.

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

- b. We confirmed proper classifications for all accounts on the workpaper trial balance, according to the instructions for completion of the RLGF.

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

- c. We confirmed amounts recorded on the RLGf with the amounts reported on the workpaper trial balance.

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

- d. We recalculated totals and compared for accuracy.

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

- e. We recalculated amounts reported on supporting schedules and compared totals to the appropriate reference on the RLGf.

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

Section 3 – Compliance with State Laws and Regulations¹

- 1. We obtained the minutes of Board or Council meetings and inspected for compliance with open meetings requirements of O.C.G.A. § 50-14-1.
 - a. We confirmed that meetings were open to the public if there was a gathering of a quorum of the members of the governing body and any official business, policy or public matter of the entity was formulated, presented, discussed or voted upon.

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

- b. We inspected documentation of the Board or Council meetings to confirm the stated requirements for open public meetings. *Note: The requirements include notice, public access, agenda, summary and minutes.*

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

¹ Note: An authoritative source for state laws and regulations for Georgia local governments is the *Compliance Auditing in Georgia Counties and Municipalities: A Practical Guide to State Laws for Auditors and Local Government Officials*. This publication is updated annually and is available for free download, thanks to the Georgia Department of Audits and Accounts.

<https://cviog.uga.edu/publications/compliance-auditing-publication.html>

- c. We confirmed that notices for regular meetings were posted at least one week in advance in a place available to the public and on the government’s website, if applicable. *Note: Notices should include time, place and dates of regular meetings.*

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

- d. We confirmed that notices for meetings other than regular scheduled were posted at least 24 hours in advance – notices may be written or oral.

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

- e. We confirmed that an agenda was available and included all matters expected to come before each agency or committee meeting.

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

- f. We confirmed that a written summary, including subjects acted on and member present, was prepared for each meeting and was available for public inspection within two business days of the adjournment of meeting.

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

- g. We confirmed that minutes of regular meetings are recorded promptly and open to public inspection once approved as official, no later than immediately following the next regular meeting.

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

- h. We confirmed that minutes of regular meetings contain at a minimum: names of members present, description of each motion or proposal, identity of persons making and seconding motions or proposals and record of all votes including names of persons voting for or against (or abstaining).

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

- i. We confirmed that minutes of executive sessions are recorded but not open to the public.

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

2. We inspected documentation of open records requests and responses to confirm compliance with the provisions of O.C.G.A. § 50-18-70.

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

3. We obtained the minutes of the Board or Council and inspected the policies of budget preparation, budget proposal and adoption for compliance with provisions of O.C.G.A. § 36-81-3 and O.C.G.A. § 36-81-5.
 - a. We confirmed that the proposed budget was submitted to the governing authority and placed on file for public inspection. (O.C.G.A. § 36-81-5)

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

- b. We confirmed that the budget was adopted at a properly advertised public meeting as required by O.C.G.A. § 36-81-6.

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

- c. We confirmed the adoption by ordinance or resolution of an annual balanced budget for the general fund, each special revenue fund and each debt service fund in use by the local government as required by O.C.G.A. § 36-81-3 as well as the adoption of project-length balanced budget for each capital projects fund.

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

- d. We confirmed the legal level of control is expenditures for each department, for each fund, for which a budget is required, at a minimum. (O.C.G.A. § 36-81-2 and O.C.G.A. § 36-81-5) *Note: The legal level of control is the lowest level of budgetary detail at which a local government’s management or budget office may not reassign resources without approval of the government authority.*

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

- e. We confirmed budget amendments during the fiscal year were adopted by ordinance or resolution of the governing authority. (O.C.G.A. § 36-81-3)

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

- f. We inspected the budget document to determine if it provides for the appropriate budget period, a statement of the amount budgeted for anticipated revenues by source and the amount budgeted for expenditures at the legal level of control (O.C.G.A. § 36-81-5)

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

4. We confirmed the adoption and use of the Uniform Chart of Accounts for Local Governments in Georgia in the local government’s accounting records, audited financial statements and reports to state agencies as required by provisions of O.C.G.A. § 36-81-3.

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

5. We confirmed the submission of the annual report of local government finances (RLGF) to the Department of Community Affairs as required by provisions of O.C.G.A. § 36-81-8 (b) (1) (A).

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

6. We inquired whether the local government levies hotel/motel tax in accordance with the provisions of O.C.G.A. § 48-15-31. If levied, we then confirmed submission of the hotel/motel tax report to the Department of Community Affairs as required by O.C.G.A. § 36-81-8 (B).

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

7. We confirmed the submission of annual agreed-upon procedures report and copy of RLGF to the Department of Audits and Accounts as required by provisions of O.C.G.A. § 36-81-7 (a) (3).

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

8. We confirmed the submission of the Annual Immigration Compliance Report as required by the provisions O.C.G.A. § 50-36-4.

Practitioner’s finding e.g. “No exceptions were noted.” OR an explanation of exceptions found.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the *Report of Local Government Finances*. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Mayor and Members of Council of the **Name of Government Entity** and the Georgia Department of Audits and Accounts and is not intended to be and should not be used by anyone other than these specified parties.

[*Signature*]

[*Date*]