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Exhibit A

AGREED-UPON PROCEDURES GUIDE FOR SMALL ENTITIES

The following procedures should be performed for a standard agreed-upon procedures engagement:

1. We reviewed the minutes of the meetings of the governing body to determine if the minutes are adequately prepared and approved for the [entity].

The Board minutes of the entity should be completed in a timely manner. Generally, a timely manner would mean the minutes of a monthly meeting should be completed and ready for approval at the next monthly Board meeting. The minutes should include the results of actions taken, including the votes made, and signed by the preparer and the Board chair/president.

The primary purpose of the procedure is to determine if the Board is properly documenting its official actions. Although a review of the entire year's minutes may not be necessary to make that determination, the audit practitioner may obtain information that could have an impact on the other procedures performed from a complete review of the entity's minutes. The audit practitioner should document actions that have an impact on the agreed-upon procedures.

2. We inquired of [entity]'s management about whether they have assessed whether internal controls are adequate enough to prevent or detect errors or fraud or that internal controls are in place to mitigate the risk. We have reviewed documentation of that risk assessment.

An adequate system of internal controls is likely not possible for most small entities. The small staff and lack of training in internal control pose significant challenges to maintaining adequate controls. However, the fact that an entity has considered what controls could be maintained and how to attempt to mitigate significant deficiencies provides some reassurance about the control environment.

The purpose of this procedure is to determine whether the entity has given consideration to maintaining internal controls.

3. We reviewed procedures and records used to account for the receipts and disbursements of funds. We determined such procedures and records appear adequate for reporting the receipt and disbursement activities of the [entity].

Most transactions of a small entity involve either the receipt or payment of money. Therefore, it is important good records are maintained for receipts and disbursements. The procedures for maintaining those records should be adequate enough to provide reliable information.

The records should include a reference number, date, source or payee, purpose or description, amount, and account code.

4. We reviewed bank account reconciliations to determine that they are being performed in a timely manner and that all bank and investment statements for the fiscal year are complete and on-hand. We also reviewed the monthly bank reconciliations for each month during 201X to determine whether they had been reviewed and signed off on by a Board member.

In a small environment, bank reconciliations provide one of the most significant internal control activities. Since the main asset of most of these entities is cash, and most of the entity's activity is recorded in financial institution accounts, a relatively simple procedure like the bank reconciliation is an essential control for determining whether errors or fraud have occurred.

The review for signoff by a Board member is done in situations where segregation of duties is not adequate and, thus, supervision of bank activity becomes a key mitigating internal control. Scanning the entire year's reconciliation is done to ensure that the control is in place throughout the year.

5. We mathematically recomputed two bank reconciliations and compared the resultant cash balances per book to the respective general ledger account balances.

The purpose of this procedure is to determine if the reconciliations are being accurately completed. The reconciliations should be mathematically correct and traced between the entity's records and the bank statements.

6. We selected a sample of cash disbursements and tested at least X transactions for the following attributes: (a) determined that the amount recorded as disbursed agrees to adequate supporting documentation; and (b) verified that the amount, payee, date, and description agrees to the vendor's invoice, purchase order, contract, and canceled check, as appropriate.

The purpose of the procedure is to identify whether the sampled items are properly recorded and have a valid purpose. The goal is to trace the recorded transaction to supporting documentation and the imaged canceled check.

*For selecting a sample, we recommend using the guidance within the AICPA's **Audit and Accounting Guide: Government Auditing Standards and Circular A-133 Audits**, Chapter 11 - Audit Sampling Considerations of Circular A-133 Compliance Audits. While the guidance is directed towards compliance auditing, it provides a useful guide for small populations:*

Small Population Sample Size Table	
Frequency and Population Size	Sample Size
Quarterly (4)	2
Monthly (12)	2—4
Semimonthly (24)	3—8
Weekly (52)	5—9
between 52 and 250	10 percent of the population*

**A rule of thumb some auditors follow, but the sample size is subject to professional judgment.*

7. We agreed total collections reflected in the receipts journal to cash deposits shown on the bank statement for one month.

The purpose of the procedure is to determine, that for the month tested, that the amounts recorded in the receipts journal were deposited in the bank.

8. We confirmed all checking and savings accounts and certificates of deposits on the general ledger as of December 31, 201X, with financial institutions.

Use professional judgment in deciding whether to confirm some or all of the accounts. Confirmations can also be used to identify other accounts using the entity's employer identification number (EIN).

9. We verified with _____ County the amount of property tax receipts distributed to the [entity] for the year ended December 31, 201X.

Procedure is not applicable if no property tax revenues. The audit practitioner also can confirm special assessments collected by the county.

10. We determined that the [entity] had non-routine journal entries, such as adjustments or reclassifications, posted to the general ledger. We reviewed significant items for the following attributes: (a) journal entries appear reasonable and have supporting documentation; and (b) the [entity] has procedures that require journal entries to be reviewed, and there is evidence the reviews are being performed.

Generally, most small entities will not record a large number of journal entries, if any. Therefore, this procedure will not be applicable in a number of cases. The same sample size guidance discussed in step 6 can be used as a guide.

11. We reviewed and determined whether there are sufficient records on hand to document the wages paid to employees. For a sample of two payroll checks for each of five employees, the employee's hours worked per the payroll register

agreed to the employee's time sheet, and the pay rate agreed to the personnel file or approved wage schedule.

Since payroll expenditures can be a large portion of a governmental entity's expenditures, records should be adequate to document who was paid, for what, and how much. For small entities with fewer than 5 employees or non-standard payroll periods, the auditor should adjust the sample size as necessary.

12. We reviewed and determined if quarterly reports on salary withholdings have been filed in a timely manner with the state and federal governments.

The purpose of this procedure is to alert the entity of issues that may exist should the entity not be current or not properly filing withholding and, thus, being subject to potential penalties.

13. We inquired and determined if adequate records are kept for land, buildings, and equipment owned by the [entity].

If the entity has significant capital assets, the audit practitioner should determine if the entity is maintaining acceptable records for those assets.

14. We inquired and determined if the [entity] had outstanding debt and, if appropriate, agreed the scheduled payments to disbursements reflected in the monthly bank statement.

The audit practitioner should review records to determine if accurate debt records are maintained.

Compliance

Our procedures and findings regarding compliance matters are as follows:

1. We determined that the [entity] is current with filing its annual reporting forms to the Office of the State Auditor and that the amounts reported reflect the amounts recorded in the [entity]'s records.

The audit practitioner may be asked to assist in filing the annual reporting form.

2. We completed the following checklists of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions* for the [entity]:

The Minnesota Legal Compliance Audit Guide for Political Subdivisions checklists should be completed for each applicable section. If a section is not applicable to the entity, the reason should be identified.

- (a) Depositories of Public Funds and Public Investments
- (b) Conflicts of Interest

- (c) Public Indebtedness
 - (d) Contracting - Bid Laws
 - (e) Claims and Disbursements
 - (f) Local Government Miscellaneous Provisions
3. We inquired of the [entity] of any instances (regardless of materiality) indicating any fraud, illegal acts, or noncompliance, and whether they have been reported to the Office of the State Auditor.

The purpose of the procedure is to determine if any instances of fraud, illegal acts, or noncompliance have occurred, and whether the entity has fulfilled its reporting requirement under Minn. Stat. § 609.456.

The audit practitioner need not perform procedures beyond those agreed to by the parties involved (for example, the client and specified parties). If, in connection with the application of the agreed-upon procedures, matters come to the audit practitioner's attention by other means that significantly contradict the subject matter, the audit practitioner should include such matters in his or her report.

Deciding whether such matters are important enough to communicate is a matter of professional judgment. It is generally better to err on the side of conservatism and report any matters that are relevant to the subject matter and might be considered significant to the client or specified parties.