Arkansas Conservation District Directors Training Manual

# **Agreed Upon Procedures in lieu of Annual Audits**

As defined in the rules governing conservation districts and outlined below, districts no longer are required to have an audit by a certified public accountant. However, each district will have agreed upon procedures conducted by a certified public accountant. The commission will contract with CPAs across the state to conduct these procedures.

#### Section 219.4 Annual Review Of Financial Records.

A. Districts which receive federal funds of \$25,000.00 or more, or districts whose annual receipts are \$25,000.00 or more, shall employ a Certified Public Accountant to perform agreed-upon procedures established by the Commission

Guidelines for Conducting Agreed-Upon Procedures For Arkansas Soil & Water Conservation Districts

## Agreed-Upon Procedures

#### **Cash and Investments**

- A. Perform a proof of cash for the year and reconcile year-end bank balances to book balance.
- B. Confirm with depository institutions the cash on deposit and investments.
- C. Agree the proof of cash ending balances to the book balances within 5% or \$500, whichever is greater.

#### Receipts

- A. Agree the deposits per the proof of cash for the year with the deposits per the journal within 5% or \$500, whichever is greater.
- B. Agree 25 cash receipts to validated deposit.

#### **Disbursements**

- A. Agree the disbursements per the proof of cash for the year with the disbursements per the journal within 5% or \$500, whichever is greater.
- B. Analyze all property, plant and equipment disbursements.
- C. Analyze all payroll and travel disbursements.
- D. Validate employee pay rates.
- E. Analyze all credit card disbursements.
- F. Select twenty-five (25) disbursements and determine if they were adequately documented.

## **Property, Plant and Equipment**

A. Determine that additions and disposals were properly accounted for in the records. (Materiality level - 5% of total equipment or \$500, whichever is greater.)

### Long-Term Debt (if applicable)

- A. Schedule long-term debt and verify changes in all balances for the year.
- B. Confirm loans, bonds, notes and contracts payable with lender/trustee/contractor.

### Proof of Match (form attached)

A. Select ten (10) match receipts and compare to supporting documentation

#### Inventory

- A. Review inventory listing of district owned equipment for date of purchase and serial number of each item.
- B. Select three (3) items to locate and validate existence and serial number.