**CPA Modified**

**Audit Program for Compliance**

Governmental Unit:[Client Name] Balance Sheet Date: 09/30/19

| **Audit Procedures for Consideration** | N/APerformed byand Date | WorkpaperIndex |
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|  | BASIC PROCEDURES |  |  |
|  | Budget |  |  |
|  | 1. Review the minutes of the meeting of the Board of Supervisors adopting budgets and those adopting amendments, and determine whether the budgetary process was performed in accordance with legal requirements, including those that require public notifications and hearings.
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|  | * 1. Determine that all necessary public hearings and notices are followed in regard to a proposed tax increase and are followed in conjunction with the county's intention to fix its budget for the coming year. (Sections 27-39-203)
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|  | * 1. Determine that the budget was published at least once no later than September 30th. (Section 19-11-7)(Budget Form P)
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|  | * 1. Determine that the budget was prepared and amended upon proper forms (Section 19-11-9) and entered in detail in the minutes (Section 19-11-11). (Note: Forms R and D.)
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|  | * 1. Obtain a copy of the original budget and the final, amended budget. The final amended budget should be recorded in the board minutes on the budget forms by October 31, immediately following the close of the fiscal year.

**AUDITOR NOTE:** We can accept the budget on computer forms if the same information is available. |  |  |
|  | * 1. Determine if expenditures were kept within the approved budget. (Section19-11-17)
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|  | * 1. Draft appropriate findings for noncompliance with applicable budget laws.
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|  | * 1. Evaluate whether expenditures in excess of appropriations in individual funds (1) are a material violation of legal requirements and (2) are appropriately disclosed.
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|  | Related-party Transactions |  |  |
|  | **AUDITOR NOTE:** Related party considerations can be extremely important in a governmental engagement because of the adverse public reaction to publicity concerning transactions that relate to county personnel, especially with public officials. The ethics statutes in Sections 25-4-101 through 25-4-117, give examples of and impose penalties on specific illegal related parties and related transactions. Read the statutes if you are unfamiliar generally with those parties and related party transactions that involve conflicts of interest. Two examples of illegal related party transactions are buying road supplies from a Board of Supervisors' company and leasing time on a county computer to a business owned by a county official. |  |  |
|  | 1. Perform a review for related-party transactions.
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|  | * 1. At the start of the audit, communicate to the staff the names of known related-parties and related-party transactions noted when completing “Understanding the Entity and Its Environment.”
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|  | * 1. Review the documents in the permanent file, regulatory filings, and current- year minutes for possible related-parties and related-party transactions.
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|  | * 1. Summarize related-party transactions found when applying audit procedures to specific accounts (for example, review of confirmation responses relating to compensating balances or guarantees for related- parties, and review of large, unusual, or nonrecurring transactions).
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|  | * 1. Summarize related-party transactions noted during the review of subsequent events, including consideration of whether large or unusual transactions identified in the review of subsequent transactions involved related-parties.
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|  | * 1. Inquire of management about the existence of related-party transactions. Obtain the completed “Related Party Questionnaire” from all appropriate county officials and employees.
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|  | * 1. In conjunction with other audit procedures performed, review the nature and extent of business conducted with major customers, vendors, borrowers, and lenders for indications of undisclosed related-party relationships.
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|  | * 1. Review invoices from law firms that have performed services for the governmental unit for the existence of related-party relationships.
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|  | * 1. Consider whether related-party transactions are occurring but not being recognized in the accounting records.
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|  | * 1. Obtain an understanding of the business purpose of significant related-party transactions. Consider whether transactions have been reviewed and approved at an appropriate level, such as by management or the governing body or audit committee, if the government has one.
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|  | * 1. If procedures performed reveal the existence of previously undisclosed related-parties or related-party transactions, consider the effect on your risk assessment, including fraud risks, and the need to perform additional procedures.
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|  | * 1. Consider whether the accounting for related-party transactions is appropriate. Summarize in the workpapers information about significant related-party transactions for disclosure in notes to the schedule of expenditures of federal awards or notes to the financial statements.
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|  | * 1. Obtain written representations from management regarding the completeness of recorded transactions and the proper accounting and disclosure of related-party transactions.
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|  | **AUDITOR NOTE:** The county may have issued certificates of participation, which involve related party transactions. (Consult your supervisor before proceeding if you have these certificates). |  |  |
|  | **Investments and Derivatives** |  |  |
|  | 1. Ascertain whether investments held at year end and during the period covered by the financial statements are in compliance with legal and contractual requirements (Sections 19-9-29 and 91-13-8) as well as the investment policy of the governmental unit.
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|  | 1. Determine that interest derived from investing special purpose funds, which are outside the function of general county government, is paid into the special purpose fund. (Section 19-9-29)
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|  | **Debt and Debt Service** |  |  |
|  | 1. Inquire about provisions of the charter, ordinances, or statutes related to authority to borrow, and perform the following procedures:
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|  | * 1. Review legislative minutes for authorization to issue debt and, if applicable, records of voter referendums approving issuance.
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|  | * 1. Confirm by written communication the cash balance on general obligation bonds paid off during the fiscal year with bond and interest paying agents or trustees. Compare against report required by Section 31-17-57.
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|  | * 1. For legal requirements, ensure that:
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|  | * + 1. Proceeds of any new general long-term debt have been utilized for purposes for which the issue was authorized. (Section 19-9-1 through 21)
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|  | * + 1. The county stayed within the limitation of indebtedness. (Section 19-9-5)

**AUDITOR NOTE:** MDA Capital Improvements Loans are not subject to the debt limitation per Section 57-1-303. |  |  |
|  | * + 1. The tax levy was sufficient to provide for the payment of the principal of and interest on applicable long-term debt. (Section 19-9-9)
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|  | * + 1. Any balance remaining after the purpose for which bonds were issued has been transferred to the applicable bond and interest fund. (Section 19-9-23)
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|  | * + 1. The Board of Supervisors advertised for bids when selling bonds or issuing notes. (Section 19-9-17)
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|  | * + 1. Ensure that the county is not paying more than $2,000 per year per employee in premiums/contributions to the self-insurance pool.
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|  | * + 1. Ensure that the self insurance plan has been certified by the Mississippi Department of Insurance as being actuarially sound.
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|  | * 1. Ensure that any county providing insurance under this section does not waive, but expressly reserves, its sovereign immunity under the laws of the State of Mississippi; and all plans and agreements executed by the county providing insurance or other coverage under this section contains a provision expressly limiting liability for the payment of all benefits for single or multiple claims to the extent of the insurance carried or to the extent of funds available under the self-insurance fund.
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