**(Community Based Correctional Facility AUP – Per AT 201 & GAGAS, ~~December2015~~ March 2016 [[1]](#footnote-1)) [[2]](#footnote-2) [[3]](#footnote-3)**

**INDEPENDENT ACCOUNTANTS’ REPORT ON APPLYING AGREED-UPON PROCEDURES**

Facility Governing Board

**[Name of]** Community Based Correctional Facility

**[Name of]** County

**[Address]**

We have performed the procedures enumerated below, with which the Facility Governing Board and the management of ***[Name of]*** Community Based Correctional Facility (the Center) and the Auditor of State agreed, solely to assist the Board in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended June 30,, ***20XX+1*** and ***20XX***, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management and the Board are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants’ attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States’ *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding $10.

**Cash *[and Investments,*** *if applicable****]* [[4]](#footnote-4)**

1. We tested the mathematical accuracy of the June 30, 20XX+1 and December 31, 20XX bank reconciliations. We found no exceptions.
2. We agreed the July 1, 20XX beginning fund balances recorded in the Fund Ledger Report[[5]](#footnote-5) to the June 30, 20XX-1 balances in the prior year **audited statements** *[or documentation in the prior year Agreed-Upon Procedures working papers]*. We found no exceptions. We also agreed the July 1, 20XX+1 beginning fund balances recorded in the Fund Ledger Report to the June 30, 20XX balances in the Fund Ledger Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the June 30, 20XX+1 and 20XX fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the June 30, 20XX+1 bankaccount balance**(s)** with the Center’s financial institution**(s)**. We found no exceptions. ***OR*** **We observed the year-end bank balance(s) on the financial institution’s website. The balance(s) agreed**. We also agreed the confirmed balances to the amounts appearing in the June 30, 20XX+1 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the June 30, 20XX+1 bank reconciliation: *[Delete this step if there were no reconciling debits]*
   1. We traced each debit to the subsequent July and August *[List only the months they cleared]* bank statement(s) *[OR: financial institutions website]*. We found no exceptions.
   2. We traced the amounts and dates to the check register, to determine the debits were dated prior to June 30. We noted no exceptions.
6. We selected five reconciling credits (such as deposits in transit) haphazardly from the June 30, 20XX+1 bank reconciliation: *[Delete this step if there were no reconciling credits]*
   1. We traced each credit to the subsequent July or August *[List only the months they cleared]* bank statement. We found no exceptions.
   2. We agreed the credit amounts to the Receipts Register. Each credit was recorded as a June receipt for the same amount recorded in the reconciliation.
7. We inspected the Fund Status Report to determine whether the Finding(s) for Adjustment identified in the prior audit report *[****OR:*** *agreed-upon procedures report],* due from the X fund, payable to the Y fund,was properly posted to the report. We found no exceptions. *[Delete step if not applicable. If the adjustment was not properly posted, you should reissue the FFA in this AUP.]*
8. We tested interbank account transfers occurring in June of 20XX+1 and 20XX to determine if they were properly recorded in the accounting records and on each bank statement [**or reconciliation**][[6]](#footnote-6). We found no exceptions. *[If there is only one bank account, or if no transfers were noted near year-end, delete this step.]*

**Intergovernmental and Other Confirmable Cash Receipts**

*[Modify these steps as appropriate.]*

1. We selected five receipts from the State Distribution Transaction Lists (DTL) from 20XX+1 and five from 20XX. We also selected five receipts from the County Auditor’s DTLs *<<<insert exact report name* from 20XX+1 and five from 20XX. *[Modify this step as appropriate. For example if no County DTL receipts, delete that sentence.]*
   1. We compared the amount from the above report(s) to the amount recorded in the Receipt Register Report. The amounts agreed.
   2. We determined whether these receipts were allocated to the proper fund(s). We found no exceptions.
   3. We determined whether the receipts were recorded in the proper year. We found no exceptions.
2. *If there are other confirmable receipts exceeding 10% of all funds’ receipts, either confirm them or agree them to documentation supporting the amount received. [Note: This step is intended to test a funding source not already tested. For example, county receipts are already tested in steps 1, 2, & 3, and state receipts are already tested in step 3.] Example:* We confirmed the amounts paid from the XXX[[7]](#footnote-7) Municipality to the Center during 20XX with the XXX Municipality. We found no exceptions.
   1. We determined whether these receipts were allocated to the proper fund(s). We found no exceptions.
   2. We determined whether the receipts were recorded in the proper year. We found no exceptions.

***Omit this step unless over-the-counter receipts exceed 10% of all funds’ receipts.***

**Over-The-Counter Cash Receipts**

We haphazardly selected 10 over-the-counter cash receipts from the year ended June 30, 20XX+1 and 10 over-the-counter cash receipts from the year ended 20XX recorded in the duplicate cash receipts book and determined whether the:

* 1. Receipt amount agreed to the amount recorded in the Receipt Register Report. The amounts agreed.
  2. Amount charged complied with rates in force during the period. We found no exceptions. *[If applicable.]*
  3. Receipt was posted to the proper fund(s), and was recorded in the proper year. We found no exceptions. [We found one receipt of $100 for a xxx recorded in the Y fund that should have been recorded in the Z fund. We brought this to management’s attention. They corrected the fund Y and Z fund balances for this item. However, because we did not test all receipts, our report provides no assurance regarding whether or not other similar errors occurred.]

***Omit this step unless Commissary and Inmate Trust Funds exceed 10% of all funds’ receipts or expenditures.***

**Commissary and Inmate Trust Funds[[8]](#footnote-8)**

1. We inquired of management and scanned the Fund Status Report and to determine if Commissary was established by the Center and that it was maintain within a separate fund. We found that a separate Commissary fund was maintained. **[ORC 307.93 F (2)]**
2. We scanned the accounting ledgers for the Commissary fund to determine if individual inmate accounts were established. We noted separate inmate accounts were maintained.
3. We haphazardly selected 10 Commissary and Inmate Trust Fund over-the-counter cash receipts from the year ended June 30, 20XX+1 and 10 Commissary and Inmate Trust Fund over-the-counter cash receipts from the year ended 20XX recorded in the duplicate cash receipts book and determined whether the:
   1. Receipt amount agreed to the amount recorded in the Receipt Register Report. The amounts agreed.
   2. Receipt was posted to the proper fund(s), was recorded in the proper year, and was posted to the proper inmate account. We found no exceptions.
4. We haphazardly selected 10 Commissary and Inmate Trust Fund disbursements from the year ended June 30, 20XX+1 and 10 Commissary and Inmate Trust Fund disbursements from the year ended 20XX recorded in the Expenditure Report and determined whether the:
   1. Disbursement amount agreed to the amount recorded on the order form completed by the inmate. The amounts agreed.
   2. Disbursement was posted to the proper fund(s), was recorded in the proper year, and was posted to the proper inmate account. We found no exceptions.
5. We scanned the October 20XX+1 and October 20XX monthly statements that were prepared indicating the individual inmate commissary balance and any deposits or purchases that were made during that month. We noted these monthly statements were prepared.

**Debt** *[This AUP was written for Multicounty Correctional Centers that did not have debt. If your entity has debt, contact CFAE for the appropriate steps to add.]*

1. The prior audit [or agreed-upon procedures] documentation disclosed no debt outstanding as of December 31, 20XX-1.
2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 20XX+1 or 20XX or debt payment activity during 20XX+1 or 20XX. We noted no new debt issuances, nor any debt payment activity during 20XX+1 or 20XX.

**Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees[[9]](#footnote-9) from 20XX+1 and one payroll check for five employees from 20XX from the Employee Detail Adjustment Report and:
   1. We compared the hours and pay rate, or salary recorded in the Employee Detail Adjustment Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.[We found one instance where an employee was paid for three hours less than the hours recorded on her timecard. We brought this to management’s attention, and they added this amount to a subsequent payment to this employee. Because we did not test all timecards, our report provides no assurance whether or not other similar errors occurred.]
   2. We recomputed gross and net pay and agreed it to the amount recorded in the payroll register. We found no exceptions. *(This step only applies to manual payroll systems. This step is n/a if the system is automated, such as UAN.)*
   3. We determined whether the fund and account code(s) to which the check was posted were reasonable based on the employees’ duties as documented in the **[employees’ personnel files] [minute record]** *<<<list actual source* [**or as** **required by statute]** *<<if set by statute.* We also determined whether the payment was posted to the proper year. We found no exceptions.
2. For any new employees selected in step 1 we determined whether the following information in the **[employees’ personnel files] [minute record]** *<<<list actual source* was consistent with the information used to compute gross and net pay related to this check: *[Delete this step if no new employees were selected in step 1.]*
   1. Name
   2. Authorized salary or pay rate
   3. Department(s) and fund(s) to which the check should be charged
   4. Retirement system participation and payroll withholding
   5. Federal, State & Local income tax withholding authorization and withholding *[Make sure taxes were withheld if a form was in their file. You do not have to recalculate the amount of federal, state, or local tax to withhold.]*
   6. Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to steps a. – f. above. *[, except the retirement system enrollment form was not maintained for one employee. However, the payroll register did disclose retirement withholdings for this employee. We recommend the Center maintain all documentation to support wages paid and deductions withheld.]* [2016 OCS 2-4]

1. We scanned the last remittance of tax and retirement withholdings for the year ended June 30, 20XX+1 to determine whether remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer’s share where applicable, during the final[[10]](#footnote-10) withholding period of 20XX+1. We noted the following:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Withholding**  **(plus employer share, where applicable)** | **Date Due** | **Date Paid** | **Amount Due[[11]](#footnote-11)** | **Amount Paid** |
| Federal income taxes & Medicare  (and social security, for employees not enrolled in pension system) | January 31, 20XX+2 |  |  |  |
| State income taxes[[12]](#footnote-12) | January 15, 20XX+2 |  |  |  |
| Local income tax[[13]](#footnote-13) | [insert date] |  |  |  |
| OPERS retirement | January 30, 20XX+2 |  |  |  |

*Revise the table above as needed.*

**Example exception:** As noted above, as of the date of this report, the Center has not paid OPERS the amount due as required by Ohio Rev. Code Sections 145.47 and 145.48 by January 31, 20XX+2. The Auditor of State will notify OPERS of this matter. *[See* ***OCS Implementation Guide****, Referring Audit Reports]*

1. We haphazardly selected and recomputed one termination payment (unused vacation, etc.) using the following information, and agreed the computation to the amount paid as recorded in the Employee Detail Adjustment Report:
   1. Accumulated leave records
   2. The employee’s pay rate in effect as of the termination date
   3. The Center’s payout policy.

The amount paid was consistent with the information recorded in a. through c. above. *[Delete step if there were no termination payments during the AUP period.]*

**Non-Payroll Cash Disbursements**

1. From the Payment Register Detail Report, we re-footed checks recorded as General Fund disbursements for *security of persons and property*, and checks recorded as *public works* in the **X** fund for 20XX+1. We found no exceptions. *[Perform only if this is a manual system. Select one program from two funds to test foot. This step is n/a if the system is automated, such as UAN.]*
2. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended June 30, 20XX+1 and ten from the year ended 20XX and determined whether:
   1. The disbursements were for a proper public purpose. We found no exceptions.
   2. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Payment Register Detail Report and to the names and amounts on the supporting invoices. We found no exceptions.
   3. The payment was posted to a fund consistent with the restricted purpose for which the fund’s cash can be used. We found no exceptions.

**Other Compliance**

1. Ohio Rev. Code Section 117.38 requires entities to file their financial information in the HINKLE system formerly known as the Annual Financial Data Reporting System (AFDRS) within 60 days after the close of the fiscal year. We reviewed AFDRS to verify the Entity filed their financial information within the allotted timeframe for the years ended December 31, 20XX+1 and 20XX. No exceptions noted **OR** financial information was filed on [Date] which was not within the allotted timeframe. **OR** Financial information was not filed. **[2016 OCS 1 – 17]**

*Insert the following paragraph if the Government declines to provide us written representations:*

At the conclusion of our engagement, we requested the **Board** and the **Fiscal Officer** *<< use proper titles* to provide us with written representations regarding their responsibility for:

* Recording transactions and maintaining the accounting records
* For complying with legal requirements we tested as part of our procedures
* Providing us with all reports, records and other documentary evidence supporting the results we described in this report
* Informing us of other matters that may relate to the procedures this report describes.

The **Fiscal Officer** *<< revise as needed* declined to sign this representation letter. You should consider the effect, if any; this matter has on the results this report describes.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Center’s receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express 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 management, those charged with governance the Auditor of State , and others within the Center, and is not intended to be, and should not be used by anyone other than these specified parties.

1. AUP shell was prepared for compliance requirements applicable to Community Based Correctional Facilities formed under Ohio Rev. Code Section 2301.56 [↑](#footnote-ref-1)
2. Please read the document, *AUP Additional Guidance* for additional information, which we updated in September 2015. This document is available at <http://www.ohioauditor.gov/references/agreeduponprocedures.html> on the web.

   ~~the IPA Resources page on the AOS home page, and in our Briefcase for AOS staff.~~ [↑](#footnote-ref-2)
3. You must apply procedures to all receipt and disbursement accounts that exceed 10% of all funds’ receipts/disbursements. If the shell does not include steps for a receipt / disbursement type, contact AOS CFAE for additional steps ***prior to sending the engagement letter.*** [↑](#footnote-ref-3)
4. If Facility uses a fiscal agent to process transactions, please replace the cash & investment section with the cash & Investment procedures in the Solid Waste District AUP shell. [↑](#footnote-ref-4)
5. If the entity using the UAN system had no activity on 1/1/xx, then run the Fund Ledger Report as of the first date they had activity during the year. [↑](#footnote-ref-5)
6. Inter-account transfers should be recorded in the same accounting period on both bank statements; otherwise they should be appropriately reflected on both bank reconciliations. [↑](#footnote-ref-6)
7. Be specific in describing the procedure. If you have multiple funding sources to confirm, copy and paste this step for each funding source separately (i.e. OWDA, OPWC, etc.). [↑](#footnote-ref-7)
8. AOS Bulletin 1997-011 has further guidance on these funds. [↑](#footnote-ref-8)
9. This population consists of both full and part time employees. [↑](#footnote-ref-9)
10. If testing prior to the 4th quarter being due/paid, modify the description and test the 3rd quarter. [↑](#footnote-ref-10)
11. The amount due should equal the amount paid, unless you have an exception noted below the table. [↑](#footnote-ref-11)
12. This date assumes they remit State income taxes monthly. If your entity reports quarterly the due date should be changed to January 31. [↑](#footnote-ref-12)
13. Delete if no local income taxes. Insert additional rows if there is more than one applicable local income tax. [↑](#footnote-ref-13)