

CHAPTER 1: GENERAL AUDIT PROCEDURES TO BE PERFORMED ANNUALLY

This chapter does not apply to nonprofit organizations EXCEPT FOR **charter schools structured as nonprofit organizations**, which are considered public schools and are, therefore, subject to this chapter, similar to school districts.

A. COMPLIANCE AUDIT PLANNING PROCEDURES

Legal Ref.	Applicable to: *	AUDIT PROCEDURES	Performed by and Date	Workpaper Index
AU-C 935.15 AU-C 315	ALL	1. Obtain an understanding of the entity's internal control over each applicable compliance requirement identified in this Guide. (An example form for completing step 1 is provided in Appendix 1-1, <i>Identification of Applicable Compliance Areas and Risk Assessment.</i>)		
		a. Document the entity's controls (or refer to other permanent file documentation), including the person or department performing the control and how the control is documented by the entity. <i>The auditor should not focus solely on traditional control activities such as review, approval, reconciliation, etc.</i>		
		b. Document the sources of information used and procedures performed to evaluate the design and implementation of controls. <i>AU-C 315.13-.14, .A42-.A70 requires the auditor to obtain an understanding of internal controls by performing procedures in addition to inquiry of the entity's personnel.</i>		
		c. Determine whether controls properly designed and implemented to achieve the control objectives (the auditor is not required to test the <i>effectiveness</i> of internal controls over compliance)? <i>If no, describe the deficiency of design or implementation and report to the government board.</i>		
AU-C 935.16		2. Inquire of management about whether there were findings and recommendations from previous audits, attestation engagements, internal or external monitoring, or other studies that directly relate to the compliance requirements in this Guide and whether the recommendations have been implemented.		
		3. Identify relevant fraud and other risk factors and assess whether the risk factors, individually or in combination, present a risk of material noncompliance with compliance requirements.		

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AU-C 935.13		4. Determine and document (including the basis on which it was determined) a materiality level for each applicable compliance requirement identified in this Guide.		
AU-C 935.17		5. Document the assessed risk of material noncompliance for each applicable compliance requirement identified in this Guide.		

B. BUDGETARY COMPLIANCE

Legal Ref.	Applicable to: *	AUDIT PROCEDURES	Performed by and Date	Workpaper Index
UCA Towns: 10-5-109 Cities: 10-6-118 Districts: 17B-1-614 Counties: 17-36-15 LEAs: 53A-19-102 Interlocal: 11-13-507 & 11-13-514	ALL	<p>1. Determine that a budget was approved before the start of the budget year. (EXCEPTION – When the entity is proposing a property tax increase. See applicable law.)</p> <p>A budget should be prepared for all funds, be in tabular form, and contain the following information:</p> <ul style="list-style-type: none"> Actual revenues and expenditures from the last completed fiscal period. Budget estimates for the current fiscal period. Estimated total revenues and expenditures for the current fiscal period. 		
UCA Towns: 10-5-115 Cities: 10-6-123 Districts: 17B-1-619 Counties: 17-36-21 LEAs: 53A-19-106 Interlocals: 11-13-517	ALL	<p>2. Examine the entity's records and financial reports and determine that the total expenditures by fund did not exceed the amounts appropriated in the final adopted budget. (Note: Although various statutes prohibit entities from exceeding budget on a department level, testwork on the fund level is considered adequate. However, if the auditor notes significant budget overages on a department level, this should be reported).</p>		
UCA Cities: 10-6-147&148 Districts: 17B-1-638 Counties: 17-36-36 LEAs: 53A-19-108 Interlocals:	ALL	<p>3. Determine that appropriate financial reports are prepared monthly or quarterly as required, and reviewed by the governing body. Select one month or one quarterly financial report, as applicable, and determine that it reconciles to the general ledger (revenues/expenditures) in total by fund.</p> <ul style="list-style-type: none"> 1st & 2nd class cities, districts, interlocal entities, and counties should prepare reports at least quarterly. 		

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11-13-537		<ul style="list-style-type: none"> 3rd – 5th class cities and LEA's should prepare reports monthly. Towns and charter schools should, as a good business practice, prepare reports at least quarterly; however, there is no specific requirement related to towns and charter schools in statute. <p>The auditor should consider the size of the entity when determining if the reports provided to the governing board are appropriate. For example, small entities with limited separation of duties may need to provide their board detailed transactions for review and approval, while for larger entities reporting by account or department level may be adequate.</p> <p>The reports should be detailed enough for the governing board to make adequate decisions regarding financial matters and should include all funds unless the fund is inactive (which the auditor should verify). County financial reports should include additional specific information – see UCA 17-36-36.</p>		

CONCLUSION (adequacy of the controls, significant deficiencies/material weaknesses, and management letter comments):	Performed by and Date	Workpaper Index

C. FUND BALANCE

Legal Ref.	Applicable to: *	AUDIT PROCEDURES	Performed by and Date	Workpaper Index
UCA Cities: 10-6-117 Districts: 17B-1-613 LEA's: 53A-19-104 Interlocals: 11-13-513(3)	ALL	1. <u>Deficit Fund Balances</u> Municipalities, Districts, Interlocals, & Counties: For any fund that has a deficit fund balance in the year under audit, determine whether the entity included in the subsequent budget year an appropriation to retire the deficit of an amount equal to or greater than 5% of the total actual revenue of the year under audit for the fund. (Note: Although the laws relating to towns are silent on the matter, the OSA requires the same appropriation procedures for towns as a good business practice.) LEA's (except charter schools) For any deficit district balances in the year under audit, determine whether the district included in the subsequent budget year an appropriation to retire the deficit of an amount equal to or greater than 10% of the total actual tax revenue of the year under audit for the district.		

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UCA 17-36-16	C	2. Counties: Determine that the entity's unrestricted (committed, assigned, and unassigned) general fund balance did not exceed an amount equal to the greater of: <ol style="list-style-type: none"> for a county with a taxable value of \$750 million or more and a population of 100,000 or more, 20% of the total revenues of the general fund for the current fiscal period; or for any other county, 50% of the total revenues of the general fund and the total revenues from property taxes for the current fiscal period. 		
UCA Cities: 10-6-116-(2) Towns: 10-5-113-(2)	M	3. Municipalities: Determine that the entity's unrestricted (committed, assigned, and unassigned) general fund balance did not exceed 25% for cities or 75% for towns of the total revenue of the general fund for the fiscal year under audit.		
UCA Districts: 17B-1-612 Interlocals: 11-13-512(2)	D, IL	4. Special and Local Service Districts and Interlocal Entities: Determine that the maximum unrestricted (committed, assigned, and unassigned) general fund balance does not exceed the greater of: <ul style="list-style-type: none"> 100% of the current year's property tax; or 25% of the total general fund revenues, if the annual general fund budget is greater than \$100,000; or 50% of the total general fund revenues, if the annual general fund budget is equal to or less than \$100,000. 		
UCA 53A-19-103	LEAs, except charter schools	5. School Districts (excluding charter schools): Determine that the undistributed reserve does not exceed 5% of the maintenance and operation expenditure budget for the year under audit. An undistributed reserve consists of funds set aside for unexpected and unspecified contingencies and should be part of the committed fund balances. (Note that for the amount to be classified as committed, the school board must commit the funds by resolution.) The reserve should not be used in negotiation or settlement of contract salaries for district employees.		

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D. JUSTICE COURTS

Information Contacts: Heather Mackenzie-Campbell, Audit Manager, Administrative Office of the Courts, (801) 578-3889
 Diane Williams, Internal Auditor, Administrative Office of the Courts, (801) 578-3985

Legal Ref.	Applicable to: *	AUDIT PROCEDURES	Performed by and Date	Workpaper Index
	M, C	1. Obtain a sufficient understanding of the separation of duties over cash receipting functions at the Justice Court. If authorization, custody of assets, and record keeping duties are not separated (limited staff) and no compensating review is performed by an individual without access to monies collected, complete Procedures 2 through 6 below.		
	M, C	2. Select a sample of cases with a full or partial payment receipted during the audit period and determine that the disposition of the fines, fees, and forfeitures were in compliance with the applicable laws (see Chapter 1 Appendix 2-1, Disposition of Justice Court Fines, Fees, and Forfeitures).		
See Chapter 1 Appendix 1-2	M, C	3. <u>Credits</u> : Select a sample of credits issued (CORIS credit detail report) during the audit period. Verify that each credit was authorized by the bail schedule (as specified in the Uniform Fine/Bail Forfeiture Schedule) or ordered by the judge (as specified in the judicial order or a general court order). In addition, review the documented proof of compliance, e.g. completion of community service, completion of alcohol treatment, proof of valid registration, proof of repair of faulty equipment or other judicially specified reason attached to the citation, stored in the case file or scanning system, or filed with the daily accounting records. Note: The Uniform Fine/Bail Forfeiture Schedule is located at: http://www.utcourts.gov/resources/rules/ucja/append/c_fineba/finebail_schedule.pdf		
See Chapter 1 Appendix 1-2	M, C	4. <u>A/R Adjustments</u> : Select a sample of accounts receivable (a/r) adjustments (CORIS adjustments to a/r) during the audit period. Verify each a/r adjustment was entered to correct a clerical error when setting up the amount or the amount is no longer due (dismissed offense based on proof specified in the Uniform Fine/Bail Forfeiture Schedule or dismissed by judge in a judicial order).		

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See Chapter 1 Appendix 1-2	M, C	<p>5. <u>Dismissed Offenses/Amounts</u>: Select a sample of dismissed offenses that clerks are authorized to dismiss as specified in the Uniform Fine/Bail Forfeiture Schedule (CORIS charge disposition report) during the audit period.</p> <p>Verify that each dismissed offense is appropriate. Review the documented proof provided to the clerk (proof of insurance, proof of drivers license in effect at time of offense, etc. as specified in the bail schedule). The proof of documentation is attached to the citation, stored in the case file or scanning system, or filed with the daily accounting records. Verify that an appropriate reason or explanation was provided in each case.</p> <p>All other dismissed offenses not specified in the Uniform Fine/Bail Forfeiture Schedule and CJA Rule 4-704 must be dismissed by written judicial order. Verify that an appropriate reason or explanation was provided in each case.</p>		
See Chapter 1 Appendix 1-2	M, C	<p>6. <u>Voided Receipts</u>: Select a sample of transaction reversals (CORIS transaction reversals report) during the audit period.</p> <p>Verify that each transaction reversal (void) was initiated by the cashier and approved by a second clerk/employee to compensate for separation of duties weaknesses. Select any reversals initiated and approved by the same clerk/employee with a focus on cash transactions and review for propriety. If a cash receipt, verify the receipt. If a cash payment was received, then voided at a much later time/date, review for propriety.</p>		
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E. UTAH RETIREMENT SYSTEMS

The procedures in this section should be performed if the governmental entity participates in any of the following systems of the Utah Retirement Systems (URS) or if the employer is paying the member contribution or a portion of it into the system:

- Noncontributory Retirement System
- Contributory Retirement System
- Public Safety Retirement System
- Firefighters' Retirement System
- Tier 2 Public Employees Contributory Retirement System
- Tier 2 Public Safety and Firefighters Contributory Retirement System

This testwork is performed to support the annual financial statement audit of URS. **Any errors or noncompliance noted should also be reported to the URS Director of Finance, Kim Kellersburger, at Kim.Kellersberger@urs.org**

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UCA 49-11-801 , also IRS Rev. Rul. 2006-43	ALL	1. For entities participating in a URS Contributory System where the entity is paying any portion of the member (employee) required contribution, determine whether the entity's governing board authorized the payment of that portion through a formal action of the board. (Note: This action could have occurred in previous years.) Ensure that the authorization covers the year under audit. Example: The member/employee contribution rate in the URS Contributory System is 6%, so if an employer is paying 4.5% of the 6% required contribution for its employees, IRS rules require the governing body to approve the payment of the 4.5% through a formal action.		
See Suggested Audit Procedures	ALL	2. Select a sample of newly hired employees from the payroll register and determine that eligible employees were immediately and accurately enrolled in the Utah Retirement Systems unless the employee qualifies to be exempt from retirement coverage. Eligibility rules vary by retirement system: <ul style="list-style-type: none"> • Tier 1 Public Employees Noncontributory Retirement System (Utah code 49-13-201) • Tier 1 Public Employees Contributory Retirement System (Utah code 49-12-201) • Tier 1 Public Safety Noncontributory Retirement System (Utah code 49-15-201) • Tier 1 Public Safety Contributory Retirement System (Utah code 49-14-201) • Tier 1 Firefighters Retirement System (Utah code 49-16-201) • Tier 2 Public Employees Contributory Retirement System (Utah code 49-22-201) • Tier 2 Public Safety and Firefighter Contributory Retirement System (Utah code 49-23-201) 		

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	ALL	3. Select a sample of employees on leave of absence and determine that the employer maintained accurate records relating to leave of absence and notified the retirement office of the beginning and ending dates of leave.		

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DRAFT for Comment

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F. ENTERPRISE FUND TRANSFERS, REIMBURSEMENTS, LOANS, AND SERVICES

Background

The treatment of enterprise fund transfers, reimbursements, loans, and services is subject to the following two provisions: **(1) Utah Code and (2) Accounting standards.** Therefore, requirements not specifically stated in *Utah Code* but required by accounting standards must be followed.

Unlike a private business, which is accounted for as a single entity and has an accounting system designed to measure profitability, governmental accounting systems are designed to measure **accountability**. To measure accountability, a governmental unit is accounted for through several separate funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, segregated for the purpose of carrying on specific activities for attaining certain objectives in accordance with **regulations, restrictions, or limitations**. Therefore, a governmental unit is a combination of several distinctly different fiscal and accounting entities, each having a separate set of accounts and functioning independently. (GASB Codification 1300.101)

An enterprise fund is a separate distinct fiscal entity designed to account for the restricted activity of the fund. The restriction imposed on enterprise fund proceeds is created through an implied agreement with rate payers when the government imposes a fee. The implied agreement is that the government will use the fee for enterprise fund activities and nothing else.

This guide focuses on state compliance issues and generally does not include audit steps regarding appropriate accounting treatment. However, when concerns are raised about the appropriate accounting treatment for certain transactions, the OSA will include the treatment in this guide. The auditor should consider this guidance when conducting their audit.

Accounting Treatment

In order to complete accounting entries for interfund transfers, reimbursements, loans, or services, the amount/value of the goods or services provided to another fund must be determined. The value of the services provided by a utility enterprise fund to another fund should be estimated or calculated at the same rate as other similar customers of the utility. Conversely, the amount of services provided by the general fund to oversee the utility enterprise funds (HR functions, accounting, legal, etc.), should also be based on reasonable estimates/allocations of those costs. Both the costs of the services provided by the utility enterprise fund to other funds as well as the overhead type costs incurred to oversee the utility enterprise fund should be recorded, even if cash was not exchanged between funds.

Nonreciprocal interfund activity is the internal counterpart to nonexchange transactions and includes interfund transfers and interfund reimbursements. (GASB Codification 1800.102)

- **Interfund transfers** – flows of assets (such as cash, goods or services) without equivalent flows of assets in return and without a requirement for repayment. For example, these transfers include water, electricity, or garbage **services provided** by a utility enterprise fund for general government fund activities **without payment of cash or a requirement for payment** by the utility enterprise fund.

General Fund

Utility Expense	\$xx,xxx	
Other Financing Sources Transfer		\$xx,xxx

Enterprise Fund

Other Nonoperating Transfer Out	\$xx,xxx	
Charges for Services		\$xx,xxx

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Interfund transfers also include transfers of cash from a utility enterprise fund to the general fund or other funds for activities unrelated to the utility enterprise fund. Sometimes these transfers are referred to as **subsidy transfers**.

General Fund

Cash	\$xx,xxx	
Other Financing Sources Transfer		\$xx,xxx

Enterprise Fund

Other Non-Operating Transfer Out	\$xx,xxx	
Cash		\$xx,xxx

- **Interfund reimbursements** – repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. For example, the general fund may provide accounting, payroll, or human resource services to an enterprise fund for which the enterprise fund reimburses the general fund. In these instances, **cash is actually transferred between funds or is required to be paid**. Note that for interfund reimbursements, neither fund recognizes revenue.

General Fund

Cash or Due from Other Funds – Enterprise Fund	\$xx,xxx	
Expenditure		\$xx,xxx

Enterprise Fund

Expense	\$xx,xxx	
Cash or Due to Other Funds – General Fund		\$xx,xxx

Reciprocal interfund activity is the internal counterpart to exchange and exchange-like transactions and includes interfund loans and interfund services provided and used (GASB Codification 1800.102.a).

- **Interfund services provided and used** – sales and purchases of goods and services between funds for a price approximating their external exchange value-- **cash is actually transferred between funds or is required to be paid for the services or goods provided**. Interfund services provided and used should be reported as revenues in seller funds and expenditures or expenses in purchaser funds. For example, the enterprise fund may provide water, electricity, or garbage services for city offices or parks accounted for in the general fund.

General Fund

Utility Expense	\$xx,xxx	
Cash or Due to Enterprise fund		\$xx,xxx

Enterprise Fund

Cash or Due from General Fund	\$xx,xxx	
Charges for Services		\$xx,xxx

- **Interfund loans** – amounts provided with a requirement for repayment. Interfund loans should be reported as interfund receivables in lender funds and interfund payables in borrower funds.

Materiality

All accounting standards are subject to the principle of materiality. Therefore, if a government determines that amounts related to financial reporting requirements are not material, then the requirement is not applicable. However, the determination of materiality must be based upon an evaluation/estimate of relevant factors. A simple guess or “gut feeling” is not a sufficient evaluation.

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GASB Codification 1800.102	C, M, D, IL	1. <u>Interfund Services Provided by an Enterprise Fund</u> a. Determine that services provided by the enterprise fund to the general fund or other funds, are charged at the same rate charged to other customers of the fund and that the accounting treatment is proper. b. For services provided by the enterprise fund (water, electricity, etc.) to other funds where cash was not exchanged for payment of those services: i. Determine that the entity used a reasonable calculation or estimation to determine the amount of the services provided. The rates used should be the same rates charged to similar customers of the utility. ii. If the amount was material, determine that the entity properly recorded the amount of the services provided as an interfund transfer.		
UCA Towns: 10-5-107 Cities: 10-6-135 Districts: 17B-1-629 Counties: 17-36-32 Interlocals: 11-13-524 (3)(d)	C, M, D, IL	2. <u>Interfund Transfers From an Enterprise Fund for Purposes Other Than a Reasonable Allocation of Costs – Public Notice and Hearing Requirements</u> a. <i>For counties and districts:</i> Determine whether the entity included the interfund transfers in an original budget or in a subsequent budget amendment approved by the governing body for the fiscal year under audit. If the entity did not, proceed to step b. <i>For municipality interfund transfers, proceed to step b:</i> b. For the applicable entities noted in a. above, determine that the governing body held a public hearing and provided written notice of the: <ul style="list-style-type: none"> • Date, time, and place of hearing. • Purpose of the hearing. • The enterprise fund from which the cash or goods would be transferred. • The fund to which the cash or goods would be transferred. • The amount/value of cash or goods transferred. (When determining the amount/value of cash or goods the enterprise fund is transferring to the general fund the amount should be calculated at the same rate charged to other customers of the utility.) Determine that the notice was: <ul style="list-style-type: none"> • Mailed to each enterprise fund customer. • Distributed at least seven days before the hearing. • A separate notification from the customers' utility bill. 		

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UCA Towns: 10-5-114 Cities: 10-6-117 Districts: 17B-1-638 Counties: 17-36-36 Interlocals: 11-13-524	C, M, D, IL	3. <u>Interfund Reimbursements to the General Fund</u> Determine that: a. The reimbursement amount for services or goods the general fund provided is based on a reasonable methodology. b. The reimbursements of expenditures were included in the original budget of the other fund as an expenditure/expense or in subsequent budget amendments of the other fund.		
UCA Towns: 10-5-120 Cities: 10-6-132 Districts: 17B-1-626 Counties: 17-36-30 Interlocals: 11-13-523	C, M, D, IL	4. <u>Interfund Loans</u> – For enterprise funds loaned to another fund: [Note – not applicable to loans from the general fund to any other fund or short-term advances from a cash and investment pool to individual funds that are repaid by the end of the fiscal year.] a. Determine that the loan was in writing and contained the following terms and conditions: <ul style="list-style-type: none"> • Effective date of the loan. • Name of the fund loaning the money. • Name of the fund receiving the money. • Amount of the loan. • Term of and repayment schedule of the loan (not to exceed 10 years). • Interest rate of the loan (if less than one year, the interest rate cannot be less than the rate offered by the PTIF, if greater than one year the rate cannot be less than the greater of the PTIF rate or the rate of a US Treasury note of a comparable term). • Method of calculating interest applicable to the loan. • Procedures for applying interest and paying interest. b. Determine that the governing body held a public hearing and provided written notice within at least 7 days of the hearing regarding the: <ul style="list-style-type: none"> • Date, time, and place of the hearing, • Purpose of the hearing, and • The proposed terms and conditions of the interfund loan. <i>Notice and hearing requirements outlined in b. above are satisfied if the loan is included in an original or subsequently amended budget.</i> c. Determine that the governing body authorized the loan by ordinance or resolution at a public meeting.		

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G. RESTRICTED TAXES

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	C, M, D, IL	1. Determine type and amount of restricted taxes received by the entity. <ul style="list-style-type: none"> • Sales & Use Taxes: http://tax.utah.gov/sales/localities/annualaudits • Property Taxes: http://propertytax.utah.gov/library/pdf/taxrate_pdfs/2015PropertyTaxRates.pdf <p style="background-color: yellow;">See appendix ??? for a listing of restricted tax types.</p> <p><i>Note: Transient room/Tourism taxes are required by statute to be tested annually. See testwork in Part H. of this chapter of the Guide.</i></p>		
	C, M, D, IL	2. If the total of all restricted taxes (excluding Transient room/tourism taxes) is greater than 5% of total revenues of the entity: <ol style="list-style-type: none"> a. Determine that the various restricted taxes are accounted for in separate restricted accounts. b. Select a representative sample of expenditures made from restricted tax sources and determine whether the expenditures were made only for purposes authorized by law. 		

H. TRANSIENT ROOM TAX AND TOURISM, RECREATION, CULTURE, CONVENTION, AND AIRPORT FACILITIES TAX

UCA 17-31-5.5 states that each county “shall annually engage an independent auditor to perform an audit to verify that transient room tax funds are used only as authorized . . . and to report the findings of the audit to the county legislative body.”

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UCA 59-12-301	C	1. Obtain from the county a schedule detailing the amount of (1) transient		

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<p>and 17-31-5.5(3)</p>		<p>room tax and (2) tourism, recreation, culture, convention, and airport facilities tax collected by the county during the fiscal year. Per statute, the schedule must contain the following categories:</p> <p><u>TRANSIENT ROOM TAX</u></p> <ol style="list-style-type: none"> 1. Establishing and promoting: <ol style="list-style-type: none"> a. Recreation b. Tourism c. Film production d. Conventions 2. Acquiring, leasing, constructing, furnishing, or operating: <ol style="list-style-type: none"> a. Convention meeting rooms b. Exhibit halls c. Visitor information centers d. Museums e. Related facilities 3. Acquiring or leasing land required for or related to: <ol style="list-style-type: none"> a. Convention meeting rooms b. Exhibit halls c. Visitor information centers d. Museums e. Related facilities 4. Mitigation costs 5. Payment of principal, interest, premiums, and reserves on bonds <p><u>TOURISM, RECREATION, CULTURE, CONVENTION, AND AIRPORT FACILITIES TAXES</u></p> <ol style="list-style-type: none"> 1. Financing tourism promotion 2. Development, operation, and maintenance of: <ol style="list-style-type: none"> a. Airport facilities b. Convention facilities c. Cultural facilities d. Recreation facilities e. Tourist facilities 3. Pledges as security for evidence of indebtedness 		
<p>UCA 17-31-5.5</p>	C	<ol style="list-style-type: none"> 2. Determine that the breakdown of expenditures into categories on the schedule prepared by the county was proper and accurate and the schedule agrees to the underlying accounting records. 		
<p>UCA 17-31-2 (1),(2) & (3)</p>	C	<ol style="list-style-type: none"> 3. Select a representative sample of expenditures made from <u>transient room taxes</u> and determine whether the expenditures were made only for purposes and in the proportions authorized by law, as follows: <ol style="list-style-type: none"> a. A county may use up to 100 percent of the tax to establish, finance, and promote recreation, tourism, film production and conventions. 		

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		<p>b. A county may not expend more than 1/3 of the revenues generated by the transient room tax for any combination of the following purposes:</p> <ol style="list-style-type: none"> 1) Acquiring, leasing, constructing, furnishing, maintaining, or operating convention meeting rooms, exhibit halls, visitor information centers, museums, sports and recreation facilities (including practice fields, stadiums, and arenas), and related facilities; and acquiring land, leasing land, or making payments for construction or infrastructure improvements; 2) As required to mitigate the impacts of recreation, tourism, or conventions in counties of the fourth, fifth, or sixth class, to pay for solid waste disposal operations, emergency medical services, search and rescue activities, and law enforcement activities; 3) To make the annual payment of principle, interest, premiums, and necessary reserves for bonds related to the activities listed in 1) and 2) above. <p>(Note: If, on or after October 1, 2006, a county imposes a transit room tax or increases the rate of the tax in accordance with UCA 59-12-301 at a rate that exceeds 3%, the county may expend revenues generated by the portion of the rate that exceeds 3% for any purpose described above and is not subject to any limits on the amount of revenues that may be expended for those purposes.)</p>		
<p>UCA 17-31-5.5 and 59-12-603</p>	<p>C</p>	<p>4. Select a representative sample of expenditures made from <u>tourism, recreation, culture, convention, and airport facilities taxes</u> and determine whether the expenditures were made only for purposes and in the proportions authorized by law, as follows:</p> <ol style="list-style-type: none"> a. For financing tourism promotion b. For the development, operation, and maintenance of: <ol style="list-style-type: none"> 1) an airport facility; 2) a convention facility; 3) a cultural facility; 4) a recreation facility; or 5) a tourist facility. c. A county of the first class shall expend at least \$450,000 of the tax revenues each year to fund a marketing and ticketing system designed to 1) promote tourism in ski areas within the county by persons that do not reside within the state, and 2) combine the sale of ski lift tickets, and accommodations and services. d. To pledge as security for bonds, notes, or other evidences of 		

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Legal Ref.	Applicable to: *	AUDIT PROCEDURES	Performed by and Date	Workpaper Index
		indebtedness incurred to finance an airport facility, a convention facility, a cultural facility, a recreation facility, or a tourist facility.		
UCA 17-31-3	C	5. <u>Transit Room Tax</u> : If the collections exceeded the expenditures during the fiscal year, determine that the remainder was reserved and retained in a separate fund and did not revert to the general fund.		

CONCLUSION (adequacy of the controls, significant deficiencies/material weaknesses, and management letter comments):	Performed by and Date	Workpaper Index

DRAFT for Comment

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I. LOCALLY GENERATED TAXES ALLOCATED TO SCHOOL DISTRICTS

The objective of this testwork is to ensure property tax and related fee revenue are allocated to the appropriate school district fund and expended as allowed by state law.

TYPES AND ALLOCATION OF TAX LEVIES:

Districts can levy taxes based on different available tax rates. All districts must levy the basic rate in order to qualify for receipt of the state contribution toward the basic program. Receipts of property taxes should be allocated to each assigned district fund based on current-year property tax rates.

Available Tax Levy	Required vs. Optional	Ceiling Rate	District Fund to Which Funds s/b Allocated	Allowable Expenditures	Utah Code Reference
Basic – the local-state shared portion	Required	0.001535 (Minimum)	General Fund	Unrestricted – To be used for each district’s operation and maintenance of schools.	53A-17a-135 ; 59-2-902 , 905 , 906 & 924
Voted Local – State and local funds received by a district under the Voted Local Program	Optional	0.002	General Fund	Unrestricted – May be budgeted and expended with the general fund as authorized by the local school board.	53A-17a-133 ; 59-2-904
Board Local – State and local funds received by a district under the Board Local Program	Optional	.0004, 0.0018, 0.0025	General Fund	Unrestricted – May be budgeted and expended with the general fund as authorized by the local school board.	53A-17a-134 & 164 ; 59-2-904
Capital Local	Optional (except for school districts in a first-class county who must impose a Capital Local levy of at least .0006)	0.003	Capital Projects Fund	Restricted – Used for capital outlay and debt service. A portion of this levy may be used for Capital Operation and Maintenance. Subject to enrollment (0.0024 < 2,500, or 0.0002 > 2,500 enrolled).	53A-16-113 & 53A-16-107
Debt Service	Required if General Obligation Bonds outstanding	Voter approval	Debt Service Fund	Levied by the district in order to issue and sell general obligation bonds used to finance its building program. The tax levy must derive at least its General Obligation bond principal and interest debt payment annually less debt service fund balance.	11-14-310 ; 53A-17a-145
Judgment Recovery	Optional	Varies by Judgment	Each fund based on related levies	These revenues are to fund a property tax judgment (plus interest) against the district as a result of a successful appeal of over-collection of property tax.	59-2-918.5 , 924(3)(f) , 1328 & 1330

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Legal Ref.	Applicable to: *	AUDIT PROCEDURES	Performed by and Date	Workpaper Index
See table above	LEAs, except charter schools	<p>1. ALLOWABILITY –</p> <p>a. Basic, Voted Local, and Board Local – Verify that these funds were used for the purposes authorized by the school board for any educational program in the general fund. Note: Portions of these levies may be used for matching requirements for the State Reading Improvement and State Guarantee on Transportation Levy programs (see testwork in Chapter 4, Section A).</p>		
See table above	LEAs, except charter schools	<p>b. Debt Service – Verify that these funds have been used only to pay general obligation debt service principal and interest along with paying agent fees and refunding costs. If the proceeds of this levy exceeded the expenses of this fund, ensure the excess remains in the fund and is available for future debt service.</p> <p>Determine that no amounts from this levy were transferred <u>except</u> to the capital projects fund and <u>only if</u> the general obligation bond debt was fully retired during the year.</p>		
See table above	LEAs, except charter schools	<p>c. Capital Local – Verify these funds were used only for capital outlay (defined as items that are capital in nature such as land, buildings, improvements, equipment, and other capital assets) and debt service and maintenance projects, with exceptions as noted below.</p> <p>In the 2011 General Legislative Session, the law was changed to allow a local school board with an enrollment of 2,500 or more to utilize the proceeds of a maximum of 0.0002 per dollar of taxable value of the local school board’s annual capital outlay levy for the maintenance of school facilities in the district.</p> <p><u>Maintenance of Effort</u>: A district that uses the .0002 tax rate option shall 1) maintain the same level of expenditure for maintenance in the current year as it did in the preceding year, plus the annual average percentage increase applied to the general fund budget for the current year, and 2) identify the expenditure of capital outlay funds for the expansion of a maintenance program by a project number to ensure that the funds are expended in the manner intended in accordance with UCA 53A-16-107(2).</p> <p>A local school board of a district with an enrollment of fewer than 2,500 students may use the proceeds of the local school board’s capital outlay for expenditures made within the accounting function classification 2600, Operation and Maintenance of Plant Services, of the Financial Accounting for Local and State School Systems guidelines developed by the National Center for Education Statistics, excluding expenditures for mobile phone service and</p>		

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Legal Ref.	Applicable to: *	AUDIT PROCEDURES	Performed by and Date	Workpaper Index
		vehicle operation and maintenance. In either case, the local school board shall notify the public of the local school board's use of the capital outlay levy proceeds for general fund purposes prior to the board's budget hearing and at a budget hearing.		
See table above	LEAs, except charter schools	d. Judgment Recovery – Determine that these revenues were used only to fund property tax judgments (plus interest) against the district that were the result of successful appeals of over-collection of property tax.		
	LEAs, except charter schools	e. Other Matters – Prior to fiscal year 2012-13, thirteen property tax rates were available to districts. Determine that any unspent property tax revenue remaining from these levies at June 30, 2015 was used for the original purpose for which the revenue was collected.		

CONCLUSION (adequacy of the controls, significant deficiencies/material weaknesses, and management letter comments):	Performed by and Date	Workpaper Index

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CHAPTER 2: GENERAL AUDIT PROCEDURES TO BE PERFORMED AT LEAST EVERY THIRD YEAR

This chapter of the *State Compliance Audit Guide* identifies compliance testwork that auditors can generally rotate. (Not all of the compliance requirements apply to all entity types.) Auditors should divide the applicable requirements approximately in third and test a third of them with each audit, budgeting a similar amount of tests for each audit cycle unless the risk of noncompliance warrants testing of these requirements every year.

Auditors should not rotate/omit a specific compliance test if the prior audit identified noncompliance or if evidence supports an elevated risk of noncompliance for the current audit.

This chapter does not apply to nonprofit organizations EXCEPT FOR **charter schools structured as nonprofit organizations**, which are considered public schools and are, therefore, subject to this chapter, similar to school districts.

A. CASH MANAGEMENT

Information Contact: Ann Pedroza, 801-538-1883, Secretary to the Utah Money Management Council

Legal Ref.	Applicable to: *	AUDIT PROCEDURES	Performed by and Date	Workpaper Index
UCA 51-7-15-(3)	ALL	1. Entities are required to file a written report with the Money Management Council (Council) on or before January 31 and July 31 of each year. This report, entitled the "Deposit and Investment Report Form," provided by the Council (see http://utah.gov/treasurer/documents/utah-state-treasurer-deposit-investment.pdf), contains information about the deposits and investments of that entity during the preceding six months ending December 31 and June 30, respectively. The Council uses this form to determine if the entity is in compliance with the Money Management Act. Review the entity's fiscal year-end report and determine that the report agrees to financial institution statement year-end closing balances ('bank' balances NOT 'book' balances) and includes all accounts (both deposit and investment) held by the entity.		

CONCLUSION (adequacy of the controls, significant deficiencies/material weaknesses, and management letter comments):	Performed by and Date	Workpaper Index

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B. STATEMENT OF TAXES CHARGED, COLLECTED AND DISBURSED – CURRENT AND PRIOR YEARS

Information Contact: Jennifer Condie, Assistant Division Director, Property Taxes, Tax Commission, (801) 297-3636

Legal Ref.	Applicable to: *	AUDIT PROCEDURES	Performed by and Date	Workpaper Index
UCA 59-2-913	C	1. Determine if the Statement of Taxes Charged, Collected, and Disbursed - Current and Prior Years (also called the Treasurer's Settlement Statement) that was submitted to the Tax Commission as form PT-750, agrees to applicable county records and is complete.		

CONCLUSION (adequacy of the controls, significant deficiencies/material weaknesses, and management letter comments):	Performed by and Date	Workpaper Index

C. IMPACT FEES

When considering materiality for the auditor's testing of the impact fee schedule, a potential user may include those who pay the impact fee. Those who pay the impact fee may be concerned about amounts typically considered immaterial in comparison to total impact fees or the total project. Due to audit efficiency considerations, the OSA does not expect the auditor to test the impact fee schedule to the level of materiality of each individual who pays the impact fee.

Legal Ref.	Applicable to: *	AUDIT PROCEDURES	Performed by and Date	Workpaper Index
UCA 11-36A-601	C, M, D, IL	1. Determine that the entity prepared a schedule identifying impact fee funds and that: <ul style="list-style-type: none"> a. The schedule detailed the year in which they were received, the project from which the funds were collected, the capital projects for which the funds are budgeted, and the projected schedule for expenditure. b. Disbursements reported on the schedule agree to the entity's accounting records. c. Receipts reported on the schedule are reasonable. 		
UCA 11-36A-602 (1)	C, M, D, IL	2. Determine that impact fee proceeds disbursed in the current year were used only for public facilities identified in the capital facilities plan and for the specific public facility type for which the fee was collected.		
UCA 11-36A-602 (2)	C, M, D, IL	3. Determine that the impact fee proceeds were used in a timely manner and that reasons for holding fees longer than six years were appropriate and documented.		
UCA 11-36A-603	C, M, D, IL	4. Determine that the entity has appropriately refunded any unused impact fees.		

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Legal Ref.	Applicable to: *	AUDIT PROCEDURES	Performed by and Date	Workpaper Index
UCA 11-36A-601(5)(d)	C, M, D, IL	5. Determine that the entity submitted the impact fee schedule to the State Auditor. See reporting.auditor.utah.gov, option #8.		

CONCLUSION (adequacy of the controls, significant deficiencies/material weaknesses, and management letter comments):	Performed by and Date	Workpaper Index

D. SCHOOL FEES

The objective of these procedures is to ensure that fees are not being charged in the public school system for kindergarten through sixth grade students for activities occurring during the regular school day. Secondary schools (grades 7-12) may impose fees if authorized by the Legislature and local boards consistent with local board policies and state law and used in a manner consistent with their original design.

Legal Ref.	Applicable to:	AUDIT PROCEDURES	Performed by and Date	Workpaper Index
R277-407	LEA	1. For schools selected for testwork for the LEA's agreed-upon procedures for aggregate student membership (see the <i>Guide for Agreed-Upon Procedures Engagements for Local Education Agencies and Community-Based Organizations</i> , issued by the Office of the Utah State Auditor), review such items as the registration packet, board minutes, LEA's webpage, parental letters, fee schedule, donation requests, and accounting records, etc. to gain an understanding of fees or charges for individual students and assess an appropriate risk level.		
R277-407	LEA	2. Select a representative sample of fees/charges collected, focusing on months during the beginning of a school year when fees are more likely to be collected. Determine whether the fees collected complied with the following:		
R277-407 and UCA 53A-12-102 (1-2)	LEA	a. Fees for Regular School Day Activities: <u>Elementary Schools</u> – The school did not charge school fees of any kind for activities that took place during the regular school day, including materials, textbooks, supplies, snacks, drinks, or for any class or activity, including assemblies and field trips. Additionally, students were not required to bring items from home, unless the student was replacing supplies provided by the school which were lost, wasted, or damaged by the student through careless or irresponsible behavior.		

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Legal Ref.	Applicable to:	AUDIT PROCEDURES	Performed by and Date	Workpaper Index
		<p><u>Secondary Schools</u> – Fees charged for secondary school activities were 1) approved by the local school board in a public meeting and were allowable by statute, 2) listed on the fee schedule, and 3) subject to waiver compliant with R277-407-6. NOTE: Textbook fees may be charged in grades 7–12 and students may be required to provide their own student supplies subject to the provisions of R277-407-6.</p>		
R277-407	LEA	<p>b. Fees for Activities Occurring Outside of Regular School Day – Participation was voluntary and the fee was 1) approved by the local school board in a public meeting, 2) listed on the fee schedule, and 3) subject to waiver compliant with R277-407-6.</p>		
R277-407	LEA	<p>c. Donations or Contributions – Donations or contributions were solicited and accepted in accordance with LEA policies and IRS regulations, and all requests clearly stated that donations and contributions were voluntary.</p> <p>NOTE: A donation is considered a fee if a student is required to make a donation in order to participate in an activity.</p>		

CONCLUSION (adequacy of the controls, significant deficiencies/material weaknesses, and management letter comments):	Performed by and Date	Workpaper Index

E. GOVERNMENT RECORDS ACCESS MANAGEMENT ACT (GRAMA)

Legal Ref.	Applicable to: *	AUDIT PROCEDURES	Performed by and Date	Workpaper Index
UCA 63A-12-103	ALL	1. Verify that the entity has a written policy defining how to respond to a GRAMA request.		
UCA 63G-2-203(2)(c)	ALL	2. If fees are charged for GRAMA requests, verify that the entity has adopted a uniform fee schedule and that the schedule was formally approved by the entity's governing board.		
UCA 63G-2-103-(25)	ALL	3. Determine whether the entity has appointed a records officer to work with State Archives.		

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Legal Ref.	Applicable to: *	AUDIT PROCEDURES	Performed by and Date	Workpaper Index
UCA 63G-2-108	ALL	4. Through inquiry with entity officials, and observation of certificates or other relevant evidence, determine whether the records officer has completed the annual online training course provided by State Archives on the requirements of GRAMA.		

CONCLUSION (adequacy of the controls, significant deficiencies/material weaknesses, and management letter comments):	Performed by and Date	Workpaper Index

F. CONFLICTS OF INTEREST

Legal Ref.	Applicable to: *	AUDIT PROCEDURES	Performed by and Date	Workpaper Index
UCA 67-16-7 Charter Schools: 53A-1a-518	ALL	1. Determine that the entity has a written policy and procedure to disclose conflicts of interest and that it has been effectively communicated to public officers and employees of the entity.		
UCA 67-16-7 & 67-16-4 Cities/Towns: 10-3-1304 Counties: 17-16a-4 Charter Schools: 53A-1a-518	ALL	2. Inquire of those charged with governance and management whether they are aware of any conflicts of interest. If conflicts of interest are identified, ensure documentation disclosing the conflict was maintained. NOTE: A public officer or employee may not: 1) Use or attempt to use their official position to further substantially their personal economic interest or secure special privileges or exemptions for themselves or others; 2) Accept employment or engage in a business or professional activity that might impair their independence of judgment or interfere with the ethical performance of their public duties.		

CONCLUSION (adequacy of the controls, significant deficiencies/material weaknesses, and management letter comments):	Performed by and Date	Workpaper Index

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G. NEPOTISM

Legal Ref.	Applicable to:	AUDIT PROCEDURES	Performed by and Date	Workpaper Index
UCA 52-3 Charter Schools: 53A-1a-518	ALL	1. Determine that the entity has a written policy and procedure established to disclose nepotism and that it has been effectively communicated to public officers and employees of the entity.		
UCA 52-3-1 Charter Schools: 53A-1a-518	ALL	2. Determine if the entity is complying with State nepotism and hiring laws by inquiring and observing (such as scanning the entity's payroll or personnel records) whether there are any relatives working together or in a direct line of authority at the entity.		
CONCLUSION (adequacy of the controls, significant deficiencies/material weaknesses, and management letter comments):			Performed by and Date	Workpaper Index

H. OPEN AND PUBLIC MEETINGS ACT

Legal Ref.	Applicable to:	AUDIT PROCEDURES	Performed by and Date	Workpaper Index
UCA 52-4-104	ALL (except charter schools organized as non-profits)	1. Through inquiry with officials of the entity and observation of meeting agendas, certificates or other relevant evidence, determine that the presiding officer of a governing body ensured that members of the governing body were provided with annual training on the requirements of open and public meetings.		
		2. Select and obtain the agenda and meeting minutes for two public meetings held during the year under audit and perform the following:		
UCA 52-4-202 (1)&(3)		a. Determine that the entity gave proper notice of the meeting: 1) not less than 24 hours notice of each meeting, and 2) posting the notice at the principal office, on the Utah Public Notice Website and in at least one newspaper. (See exception in 52-4-202(3)(b)&(c).)		
UCA 52-4-202 (6)(c)	ALL (except charter schools organized as non-profits)	b. Determine that the public body did not take any final actions on a topic in the meeting unless the topic was listed under an agenda item.		

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Legal Ref.	Applicable to:	AUDIT PROCEDURES	Performed by and Date	Workpaper Index
UCA 52-4-203(4)(e)	C, M, and LEAs excluding charter schools organized as non-profits)	c. Determine that within three days of the meetings being approved, the minutes were posted to the Utah Public Notice Website. (Exceptions: 5 th class cities and towns are encouraged but not required to comply until January 2015).		
UCA 52-4-204(2)-(4)	ALL (except charter schools organized as non-profits)	d. If a portion of the meeting was closed to the public, determine that 1) the reason for holding the closed meeting was documented in the meeting minutes before the meeting was closed, 2) the reason for closing the meeting was permitted under UCA 52-4-205, and 3) an audio recording of the closed meeting was maintained.		
UCA Towns: 10-5-106 thru 108 Cities: 10-6-110 , 113 , 135 Districts: 17B-1-605 thru 607 , 609 Counties: 17-36-9 , 10.1 , 12 LEAs: 53A-19-101 thru 102 Interlocals: 11-13-509	ALL (except charter schools)	3. Ensure that the entity provided the required notice for its original and final budget adoption hearing by reviewing the certified copy of the notice. a. Municipalities, counties, and districts are required to provide a 7-day notice. b. LEAs are required to provide a 10-day notice. (NOTE: Per UCA 53A-1a-511(4)(f) , charter schools are exempt from any notice requirements)		
		4. Determine if the governing board regularly holds "work meetings" before its regularly scheduled board meetings. If so, select a sample of meetings and determine that notice and minutes requirements were met if a quorum was present.		
		5. Report any noncompliance with the Open and Public Meetings Act directly to the Office of the Utah State Auditor at stateauditor@utah.gov .		

CONCLUSION (adequacy of the controls, significant deficiencies/material weaknesses, and management letter comments):	Performed by and Date	Workpaper Index

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I. SPECIAL AND LOCAL SERVICE DISTRICT BOARD MEMBERS

Legal Ref.	Applicable to:	AUDIT PROCEDURES	Performed by and Date	Workpaper Index
UCA 17B-1-311	D	1. Through inquiry of management and scanning payroll or personnel records, determine that no member of the board is also an employee of the district at the same time.		
UCA 17B-1-312	D	2. Through inquiry with officials of the entity and observation of certificates or other relevant evidence, determine that each member of a board of trustees of a district, within one year after taking office, completed training developed by the Office of the Utah State Auditor in cooperation with the Utah Association of Special Districts.		

CONCLUSION (adequacy of the controls, significant deficiencies/material weaknesses, and management letter comments):	Performed by and Date	Workpaper Index

DRAFT for Comment

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CHAPTER 3: AUDIT PROCEDURES FOR STATE GRANTS, CONTRACTS, AND LOANS

This chapter of the *State Compliance Audit Guide (Guide)* identifies compliance testwork relating to State Grant Programs, State Contracts, and State Loans expended by nonprofit organizations, local governments, and LEAs (except for the LEA Minimum School Program which is included in Chapter 4 testwork). **This chapter does not apply if the entity under audit expended less than \$500,000 from State sources.** This section provides a source of information for auditors to understand and document the State programs' objectives, procedures, and compliance requirements relevant to the audit, as well as audit objectives and suggested audit procedures for determining compliance with these requirements.

Section A of this Chapter outlines the general suggested audit procedures that assist the auditor in identifying, selecting and testing State grants, contracts or loan issuances. Section B of this Chapter identifies specific suggested audit procedures for common major grants. In future years, as more common major grants are identified, guidance will be added to this *Guide*. The Minimum School Program (funding from the State of Utah Office of Education to LEAs) is classified as a major program; audit procedures for this program are provided in Chapter 4 of this *Guide*.

PROCUREMENT CONTRACTS are not subject to this Chapter and should be **excluded** on the Schedule of State Expenditures. A procurement contract occurs when the principal purpose of the contract is for the State to acquire property or services for the direct use of the State, **but not to carry out a program for a public purpose.** Further, the recipient/vendor provides similar goods or services to other different purchasers.

PASS THROUGH GRANTS: Grants that are received by the entity but then passed through to other entities for expenditure (pass through grants) should be **excluded** on the entity's Schedule of Expenditures of State Awards and **excluded from this testwork.** Instead the entity that actually incurred the expenditure should report the expenditure on their Schedule of Expenditures of State Awards. Including pass through information on the schedule is not considered necessary since the objective of this testwork is to first, determine which local government entities are spending State funds and second, design a compliance supplement for those grants.

STATE MATCHING FUNDS FOR FEDERAL GRANTS: In many instances local governments and nonprofit organizations receive state money in the form of matching funds for federal grants. In many cases the state agency providing the funds does not specify a breakdown between the usage of state and federal funds. Auditors are not required to test state matching funds of federal grants for state compliance issues. It is assumed that these funds will be audited for compliance as part of the federal grant when required by and in accordance with the Single Audit Act and OMB Circular A-133.

IN DETERMINING HOW THE GOVERNMENT ENSURES COMPLIANCE, CONSIDER THE FOLLOWING:

- Accounting system capable of recording appropriations and budgets and comparing them to actual results
- Reconciling appropriation or budget totals to totals recorded in the accounting system
- Policies and Procedures Manuals
- Knowledge and Training of personnel
- Legislative and Management Monitoring
- Management's identification of changes in laws and regulations
- Management's communication of changes in laws and regulations to employees

A. GENERAL COMPLIANCE REQUIREMENTS

AUDIT PROCEDURES	Performed by and Date	Workpaper Index
<p>1. Have the client prepare a Schedule of Expenditures of State Awards (SESA) for the period that identifies all expenditures funded by State sources of revenue; including new loans issued using State funds. The schedule should list (1) the State agency, (2) the name of the grant, contract or loan funding source, (3) total expended, and (4) the year the grant, contract, or loan funds were subject to audit by this <i>Guide</i>. This schedule should be uploaded to OSA at http://reporting.auditor.utah.gov/ as part of the audit report submission.</p> <p>Determine that the schedule is complete and accurate by agreeing the total and a sample of line items to the entity's accounting records. An example of this schedule can be found in Appendix 3-1 of this chapter.</p> <p>NOTE: The auditor is required to issue an in relation to opinion on the SESA. See report examples in Chapter 5 of this Guide.</p>		
<p>2. Determine and document which grants, contracts or new loan issues are considered Type A or Type B and "non-low risk." Programs with expenditures greater than \$500,000 are considered Type A. Programs with expenditures greater than \$100,000 and less than \$500,000 are considered Type B. A program is considered "non-low risk" if it has not been audited as a major state program in at least one of the three most recent audit periods OR if in the most recent audit it had reportable audit findings. See Appendix 3-2 of this chapter for a Decision Tree regarding major grant determination.</p>		
<p>3. Determine and document which grants, contracts, or new loan issuances to test as major programs.</p> <ol style="list-style-type: none"> All "non-low risk" Type A programs must be tested as major programs. Select one "non-low risk" Type B program to test as a major program for each Type A program that will not be tested as a major program. If expenditures for all major programs tested are less than 20% of the entity's total state grants, contracts or new loans expended then select additional "non-low risk" programs to test as major programs until this threshold is met. If there are no more "non-low risk" programs then meeting the 20% minimum threshold is not required. <p>See Appendix 3-2 of this chapter for a Decision Tree regarding how to determine the number of major grants to test.</p> <p>All programs selected for testwork are considered 'major' for reporting purposes and should be individually listed in the auditor's report.</p>		
<p>4. Determine the program objectives, program procedures, and compliance requirements for each program being tested by:</p> <ul style="list-style-type: none"> Reviewing the contract and grant agreements and referenced laws and regulations applicable to the program. Discussing the program with the State awarding agency. 		
<p>5. Determine and document which compliance requirements could have a direct and material effect on the program.</p> <p>NOTE: In assessing materiality, the auditor should consider that materiality is based on qualitative as well as quantitative aspects. Examples of characteristics indicative of</p>		

AUDIT PROCEDURES	Performed by and Date	Workpaper Index
<p>compliance requirements that could have a direct and material effect on a major program include:</p> <ul style="list-style-type: none"> • Noncompliance could likely result in questioned costs. • The requirement affects a large part of the State program (e.g., a material amount of program dollars). • Noncompliance could cause the State agency to take action, such as seeking reimbursement of all or a part of the award and suspending the recipient's or subrecipient's participation in the program. <p>Possible compliance requirements are listed in a., b., and c. below. Add additional steps for any other significant requirements.</p>		
<p>a. Services and Costs Allowed or Disallowed – Review the program requirements, State awarding documents, and the entity's procurement policies to determine what constitutes allowable or disallowable services and costs.</p>		
<p>b. Eligibility – applies to most State programs which make subawards or provide benefits to individuals or groups of individuals. For programs with eligibility requirements, review the program laws, regulations, and provisions of contract or grant agreements to determine the specific eligibility requirements, including eligibility involving not only individuals but also groups of individuals, geographical areas, or subrecipients, if applicable. Additionally, consider whether continuing, as well as initial, eligibility requirements apply.</p>		
<p>c. Financial Reporting – Determine the financial reports which the entity was required to submit for State programs. The auditor should be aware that reporting may include electronic submissions for which there may be no physical document.</p>		
<p>6. Document the control procedures over each of the significant compliance requirements documented in 5 above.</p>		
<p>7. Determine and document which of the compliance requirements are susceptible to testing by the auditor.</p> <p>NOTE: The requirements should be evaluated against objective criteria, and the auditor should have a sufficient basis for recognizing noncompliance.</p> <p>Auditors are not expected to test compliance requirements if the State awarding agency otherwise verifies compliance. This would apply only if the State awarding agency performs a detailed review of individual transactions at the local government level. The auditor must still identify the compliance requirement and document the review procedures of the State awarding agency specifying how those procedures adequately verify compliance.</p>		
<p>8. Determine whether the entity complied with each of the requirements being tested.</p> <p>NOTE: Example procedures for determining compliance are listed below. Add additional steps for other requirements being tested.</p>		
<p>a. Services and Costs Allowed or Disallowed – Determine whether funds received under State awards were expended only for allowable activities and costs by</p>		

AUDIT PROCEDURES	Performed by and Date	Workpaper Index
selecting a sample of transactions and performing procedures to verify that the transaction was for an allowable activity.		
b. Eligibility – Select a sample of individuals, groups, or subrecipients receiving benefits and perform tests to determine whether only eligible individuals or groups of individuals participated in the program, subawards (if any) were made only to eligible subrecipients, and amounts provided to or on behalf of eligible participants were calculated in accordance with program requirements.		
c. Reporting – Select a sample of reports and determine whether the reports included all activity of the reporting period, were supported by applicable accounting records, and were fairly presented in accordance with program requirements.		

CONCLUSION (adequacy of the controls, significant deficiencies/material weaknesses, and management letter comments):	Performed by and Date	Workpaper Index

DRAFT for Comment

B. B&C ROAD FUNDS

INFORMATION CONTACT: UDOT - Local Government Programs Engineer, Chris Potter, 801-633-6255
 Jeff Ericson, 801-965-4352

PROGRAM OBJECTIVES:

To provide funding as a means for assisting counties and incorporated municipalities with the construction and maintenance of county roads and city and town streets throughout the State.

Testwork here related to B&C Road funding is only to be performed if identified as a major grant in step A.2. above.

Document below the control procedures which address the compliance requirements:	Performed by and Date	Workpaper Index

Legal Ref.	Applicable to:	AUDIT PROCEDURES	Performed by and Date	Workpaper Index
	C, M	1. Confirm the amount of B&C road funds received by the entity with the Utah Department of Transportation's website at: http://www.udot.utah.gov/main/f?p=100:pg:0:::1:T,V:134 .		
	C, M	2. Determine whether current year allowable B&C road fund expenditures exceeded available B&C revenue (available revenue = current year revenue + prior year's fund balances). If allowable expenditures do not exceed available revenue, verify that remaining balances are properly recorded as restricted funds in the general ledger.		
UCA 72-3-103-104 UCA 72-8-104 UCA 72-2-202	C, M	3. Select a sample of B&C road fund disbursements and determine whether the costs were allowable. Permissible Uses Include, but are not limited to: <ol style="list-style-type: none"> a. All construction and maintenance on eligible Class B & C roads. b. Sidewalks, curb and gutter (on all eligible roads and state highways), safety features, traffic signals, traffic signs, and bicycle paths (in B&C Roads). c. Investments for interest purposes (interest to be kept in the fund). d. Equipment purchases or equipment leases and rentals. e. Engineering and administration. f. Future reimbursement of other funds for large construction projects. g. Rights of way acquisition, fencing, and cattle guards. 		

* C=County; M=Municipality (City/Town); D=Special Service or Local Districts; LEA=Local Education Agency

Legal Ref.	Applicable to:	AUDIT PROCEDURES	Performed by and Date	Workpaper Index
72-2-110 72-2-110 More information about fund uses can also be found in the <i>Governing of Class B&C Road Fund Guide</i> , issued by the Utah Department of Transportation, 2011 Edition, Section IV UDOT Guide Found Here		h. Matching federal funds. i. Equipment purchased with B and C funds may be leased from the road department to another department or agency using the rental rate established by the Federal Emergency Management Agency (FEMA) schedule of equipment rates. j. Construction of road maintenance buildings, storage sheds, and yards. Multiple use facilities may be constructed by mixing funds on a proportional basis. k. Litigation of RS-2477 issues (see 2009 regulations and HB 278). (B&C roads are defined in UCA 72-3-103 and 104; maintenance and construction are defined in UCA 72-6-109.) Non-Permissible Uses Include: a. Non-road uses b. Police Costs c. To pay for rental on equipment which was previously purchased with B&C road funds d. Alleys e. Roads or streets with locked gates or restrictive signing will not be included as eligible roads. (UCA 72-7-106)		
UCA 72-2-108	C, M	4. If B&C funds are used to pay for bonds, select a sample of related bonds and determine that the bond proceeds were used for allowable costs.		
UCA 72-6-108, 109	C, M	5. Review project files to verify that the appropriate documents (plans, specifications, and estimates) were prepared prior to the construction of any improvement project on a Class B or C road having an estimated cost exceeding \$167,990 in 2013 + 3% per year increase for labor, equipment, and materials.		
UCA 72-6-110	C, M	6. Review the entity's files to determine that all construction work was prepared and performed under the direction of a registered professional engineer, and that the engineer has provided the required certification to the governing officials.		
UCA 72-6-108	C, M	7. Review selected files to determine that projects in excess of \$167,990 in 2013 + 3% per year increase for labor, equipment, and materials were performed under contract let to the lowest responsible bidder. Whenever the estimated cost of the construction exceeded the sum of \$167,990 for labor, equipment, and materials, determine that the project was not divided as to permit the construction in several parts, except by contract.		

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Legal Ref.	Applicable to:	AUDIT PROCEDURES	Performed by and Date	Workpaper Index
UCA 72-6-109	C, M	8. Review the supporting documents for projects estimated to cost more than \$167,990 in 2013 + 3% per year increase for each subsequent year where the work was performed by force account. Determine that proper procedures were followed. Equipment costs are to be determined using the Federal Emergency Management Agency schedule of equipment rates which can be found at http://www.fema.gov/schedule-equipment-rates .		
UCA 72-6-108 Specific Requirements UCA 63G-6a-406 and 1402	C, M	9. Review the entity's project files to verify that the advertising requirements were followed. NOTE: The advertisement for bids on B&C roads shall be published in a newspaper of general circulation in the county in which such work is to be performed at least once a week for three consecutive weeks, or if there is no such newspaper, then after posting such notice for at least twenty days in at least five public places in the county. Sealed bids shall be received by the governing officials and opened at the time and place designated in the advertisement, and the contract awarded (provided that the governing officials shall have the right to reject any and all bids and provided that the person, firm, or corporation to whom any such contract is awarded) shall be subject to all provisions of the Utah Procurement Code (UCA 63G-6a).		
UCA 72-6-108(6)	C, M	10. Review contractor payments and verify that any withholdings from the payments have been deposited in an interest bearing account and that the interest accrues to the benefit of the contractors.		
Governing of Class B&C Road Fund Guide Found Here	C, M	11. If the local authority is allowing its Class B and C road funds to accumulate until such time as sufficient funds are available for more extensive road projects, verify that the funds have been invested in government offerings or time certificates of deposit for interest earning purposes and that the interest has been credited to the entity's B&C road fund account.		
UCA 17-16-18	C	12. Verify that Class B road funds are not being used to reimburse the General Fund for the cost of county officers during the current year or for previous years.		

CONCLUSION (adequacy of the controls, significant deficiencies/material weaknesses, and management letter comments):	Performed by and Date	Workpaper Index

* C=County; M=Municipality (City/Town); D=Special Service or Local Districts; LEA=Local Education Agency

C. SCHOOL BUILDING PROGRAM

The objective of the School Building Program is to provide financial assistance to school districts for the purpose of capital outlay, debt service, construction, and renovation (UCA 53A-21-102(1) and 401(1)(a)).

Legal Ref.	Applicable to: *	AUDIT PROCEDURES	Performed by and Date	Workpaper Index
UCA 53A-21-102 and 401	LEA	1. School Districts – Ensure the school district used the money provided to them from the School Building Revolving Account under the Capital Outlay – Foundation Program and Enrollment Growth Program only for school district capital outlay, debt service, construction and renovation purposes.		

CONCLUSION (adequacy of the controls, significant deficiencies/material weaknesses, and management letter comments):	Performed by and Date	Workpaper Index

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D. DRIVER EDUCATION PROGRAM

The objectives of the Driver Education Program in Utah are to provide funds to LEAs with qualifying driver education training programs to help cover the actual cost of providing driver education training and to develop student knowledge, attitudes, habits and skills necessary for the safe operation of motor vehicles, including a proper acceptance of personal responsibility in traffic and a true appreciation of the causes, seriousness and consequences of traffic accidents.

Contact: Linda Mayne, Specialist, Program Approval/Driver Education, Utah State Office of Education, 801-538-7734

Document below the control procedures which address the compliance requirements:	Performed by and Date	Workpaper Index

Legal Ref.	AUDIT PROCEDURES	Performed by and Date	Workpaper Index
	<p>1. HIGH SCHOOL STUDENT DRIVER EDUCATION PROGRAMS –</p> <p>a. Ensure that reimbursements claimed by the LEA from the USOE did not exceed the following:</p> <ul style="list-style-type: none"> • \$100 per student who has completed the classroom and behind-the-wheel portions of driver education during the school year. • \$30 per student who has only completed the classroom portion in the school or through the local on-line school during the school year; or • \$70 per student who has only completed the behind-the-wheel and observation portion in the school during the school year. <p>A student who completes the course and does not pass, may retake the course a second time. The program may then receive an additional \$100 reimbursement for the repeat student.</p>		
	b. Review student fees to ensure that the fees are reasonably associated with the costs of driver education that are not otherwise covered by the reimbursements and allocations from USOE.		
	c. Ensure fees are properly handled and recorded.		
	d. Ensure the LEA has not subsidized its driver education program from any sources other than USOE reimbursements and student fees.		
	e. Determine if the LEA has policies which allow private school students to participate in driver education classes under the same terms and conditions as applied to students in public schools.		
R277-746	f. Determine if the LEA has policies and procedures to ensure that students receive a minimum of 6 hours of required behind-the-wheel driving experience in a dual-control automobile under the direction and supervision of a qualified instructor, three hours of which may be fulfilled		

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Legal Ref.	AUDIT PROCEDURES	Performed by and Date	Workpaper Index
	by use of driving ranges and simulators, with a limitation of one hour for simulators that are not fully interactive.		
	<p>2. ELIGIBILITY (Student and Adult programs) –</p> <p>a. Determine if the LEA has policies and procedures to ensure that reimbursement for costs is claimed only for those persons who meet the following eligibility standards:</p> <ul style="list-style-type: none"> • Students must be enrolled in grades 10 through 12, must be at least 15 years of age before beginning behind-the-wheel instruction. 		
	<p>b. On a test basis, determine if costs claimed for reimbursement were for persons meeting the above eligibility requirements.</p>		
	<p>3. REPORTING – Determine if the information contained in the Driver Education Report (completed by the LEA as part of the year-end Web survey) is accurate. Ensure that the amounts reported agree to the LEA's aggregate and individual student records.</p>		
	<p>4. SPECIAL TEST – Examine the LEA's records to determine if the LEA has properly retained records of its driver education program for five years.</p>		

CONCLUSION (adequacy of the controls, significant deficiencies/material weaknesses, and management letter comments):	Performed by and Date	Workpaper Index

* C=County; M=Municipality (City/Town); D=Special Service or Local Districts; LEA=Local Education Agency

CHAPTER 4: AUDIT PROCEDURES FOR MINIMUM SCHOOL PROGRAM (MSP) FUNDS RECEIVED THROUGH THE UTAH OFFICE OF EDUCATION (Local Education Agencies)

This part of the *State Compliance Audit Guide* identifies compliance testwork relating to State funds received from the Utah State Office of Education (USOE). This section provides a source of information for auditors to understand and document the USOE programs' objectives, procedures, and compliance requirements relevant to the audit, as well as audit objectives and suggested audit procedures for determining compliance with these requirements. In the following text, "LEA" means Local Education Agency and refers to school districts and charter schools, including charter schools organized as nonprofits.

This Chapter discusses funding allocated by the USOE to LEAs for the following programs:

1. Minimum School Program (MSP)
2. Driver Education

IN DETERMINING HOW THE LEA ENSURES COMPLIANCE, CONSIDER THE FOLLOWING:

- Accounting system capable of recording appropriations or budgets and comparing them to actual results
- Reconciling appropriation or budget totals to totals recorded in the accounting system
- Policies and Procedures Manuals
- Knowledge and Training of personnel
- Legislative and Management Monitoring
- Management's identification of changes in laws and regulations
- Management's communication of changes in laws and regulations to employees

A. MINIMUM SCHOOL PROGRAM (MSP) PROCEDURES (Report as a "Major Program" in the Compliance Report)

The objective of the Minimum School Program (MSP) is to provide reasonably equal educational opportunities for all children in the State of Utah regardless of where they live or their economic status. This *Guide* applies to school year 2013-2014.

MSP funds are allocated to LEAs by the School Finance Section of the USOE based on formulas provided by the Minimum School Finance Act and State Board of Education administrative rules. The largest share of funds use allocations based on average daily membership and fall enrollment. Some allocations are based on fixed or competitive grant applications.

The MSP provides funding for most educational activities. Abbreviated descriptions are listed below for the programs in which LEAs most commonly participated. Full descriptions for these programs can be found at the following website:

<http://www.schools.utah.gov/finance/Minimum-School-Program/MSP-Descriptions.aspx>

Classification of MSP Programs:

For state compliance audit purposes, the school programs within the MSP can be divided into two groups: general and restricted.

“General” school programs have few specific compliance requirements and are intended for general educational purposes. General school programs include the following programs within the MSP:

- Kindergarten – To support educational services for students in kindergarten.
- Grades 1-12 – To support educational services for students in grades 1 through 12.
- Foreign Exchange Students – To support the educational services for students enrolled under an interstate compact or a student receiving services under the Compact on Placement of Children.
- Necessarily Existent Small Schools – To assist small schools that are located in remote areas and are therefore expensive to operate.
- Professional Staff – To support LEAs in recruiting and retaining highly educated and experienced educators for instructional, administrative, and other types of professional employment in public schools.
- Administrative Costs – To support LEAs – especially LEAs with small enrollments – in maintaining administrative resources.
- Flexible Allocation – WPU Distribution – New in 2011, the legislature appropriated a flexible source of funding for LEAs to assist in managing budget reductions. Currently these funds are not designated for a specific purpose.
- Charter School Local Replacement – This program provides revenue to charter schools for general education and capital facility needs. The school district (a taxing entity) where a charter student resides contributes some of its revenue to the charter school (a non-taxing entity) where the charter student attends. The state will supplement this program to ensure that a charter school receives an average amount per student.
- Charter School Administrative Costs – To support charter schools in maintaining administrative resources.
- Local Levy Programs – The funds received for these programs are based on specific levy formulas. Voted and Board Local Levy proceeds are to be expended for general fund (maintenance and operation) purposes only.

“Restricted” special population, other MSP, and one time programs are those programs or grants within the MSP that are to be used for those specific purposes or populations as outlined in Utah statute or Board Administrative Rules. **These programs are to be evaluated for risk and tested for compliance on a rotating basis.** Restricted school programs include the following school programs within the MSP:

- Special Education – Add-on – To provide additional educational services for regular students with disabilities as required by federal law.
- Special Education – Self Contained – To compensate for the higher cost of providing more extensive educational services to students who are in a self contained setting (enrolled in special education for 180 minutes or more each day). Unlike resource students, self contained students do not generate a “regular” WPU.
- Special Education – Preschool – To provide preschool educational services for children with disabilities from ages 3 through 5 as required by federal law.
- Special Education – Extended Year for Severely Disabled – To provide a longer school year for those students with disabilities whose regression over school breaks is so severe that an inordinate amount of time is necessary to recoup previous learning.
- Special Education – State Programs – To support LEAs in serving special education students whose extensive needs cost the LEA more than \$15,000 per student.

- Special Education – State Programs – Stipends Extended Year – To provide *stipends* to special educators for additional days of work pursuant to the requirements of *Utah Code* Section 53A-17a-158.
- Career and Technical Education (CTE) – Add-On – To compensate for the higher cost of state approved CTE courses provided either directly by LEAs or through external providers on contract to LEAs.
- Class Size Reduction – To reduce the size of classes or maintain smaller classes in kindergarten and grades K through 8.
- Pupil Transportation / Guarantee on Transportation Levy – To support LEAs for the transportation of students to and from school, including the training of LEA transportation personnel and replacement of school buses.
- **Special Populations** – The funds for these programs are distributed based on approved RFPs or formulas and must be spent within the respective special populations. Special populations programs include: Enhancement for At-Risk Students, Gang Prevention, Enhancement for Accelerated Students (Gifted and Talented, Advanced Placement, and International Baccalaureate), Youth-in-Custody, Adult Education, Concurrent Enrollment, and Title I Schools in Improvement Paraeducators.
- **Other Minimum School Programs** – The funds distributed for these programs are mostly unrestricted or can be used for educational purposes related to programs such as School LAND Trust, Reading Improvement, Educator Salary Adjustments, Library Books and Electronic Resources, School Nurses, Critical Languages and Dual Immersion, USTAR Centers, and Early Intervention, etc.
- **One-Time Programs** – These funds are to finance programs such as Classroom Supplies and Materials, Beverley Taylor Sorenson Elementary Arts Learning, and Statewide Computer Adaptive Testing.

This manual does not detail all audit procedures necessary to test for compliance. We have included in this *Guide* detailed steps for those procedures we feel are most significant. Other procedures in this guide are broad in nature and may require the auditor to determine the applicable program requirements and the appropriate audit procedures to test for compliance with those requirements.

Information contact: Cathy Dudley, USOE School Finance Division, 801-538-7667
 Von Hortin, USOE Audit Division, 801-538-7670

Document below the control procedures which address each of the MSP compliance requirements tested below:	Performed by and Date	Workpaper Index

Legal Ref.	AUDIT PROCEDURES	Performed by and Date	Workpaper Index
UCA 53A	<p>1. Minimum School Program (MSP) Schedule – Complete the MSP Schedule in the format provided in Chapter 4, Appendix 4-1 of this <i>Guide</i>. This schedule identifies the classification (general vs. restricted) of school programs within the MSP, significant restricted programs selected for testing by the independent auditor in the current and prior two years, and the percent of restricted school programs tested. This schedule will be used in identifying and documenting the programs selected for testwork.</p> <p>(NOTE: This schedule is also required to be submitted to the USOE by November 30, in the Excel format outlined in Appendix 4-1).</p>		

Legal Ref.	AUDIT PROCEDURES	Performed by and Date	Workpaper Index
	<p>2. For each program (general and restricted) selected for testwork, trace the flow of funding for each individual program to the final disposition as follows:</p> <p>a. Trace the LEA's reconciliation of program activities from reports prepared by the USOE (monthly allotments, recipient reports, and LEA summary reports) to the LEA's records and reports (general ledger, program revenue and expenditure reports, claims for reimbursement, financial statements, Annual Program Report, and Annual Financial Report).</p>		
	<p>b. Verify that program balances agree with prior-year and current-year ending balances on reports prepared by the LEA. (For each program, the LEA's reconciliation should include beginning receivable or unspent program balance, receipts, expenditures, adjustments, and ending receivable or unspent program balance.) The Illustrative State and Federal Revenue Reconciliation worksheet could be used. (See Appendix 4-2)</p>		
	<p>3. General School Programs –</p> <p>a. Document the LEA's internal control over compliance with the applicable requirements of the general school programs, including, but not limited to allowable activities, allowable costs, equipment management, procurement, and reporting.</p> <p>b. Select samples of costs charged to these general school programs and test for compliance or document your consideration of how audit procedures performed in other areas support an opinion on whether the LEA complied in all material respects with the applicable compliance requirements of the MSP.</p> <p>NOTE: The auditor is reminded that he or she should consider the LEA's internal control over compliance and obtain sufficient appropriate audit evidence to form an opinion and report on whether the LEA complied in all material respects with the applicable compliance requirements of the MSP. The auditor should also consider indications of abuse.</p>		
<p>UCA 53A-1a-513 (4)(e)</p>	<p>4. Charter School Local Replacement Funds – Verify that at least 10% of this program is used for facilities-related costs. (Note: the remaining 90% is unrestricted for general education expenditures.)</p>		
<p>UCA 53A-17a-153 and Admin Rule R277-110</p>	<p>5. Educator Salary Adjustments Funds – These funds are appropriated by the Utah Legislature to give an on-going salary adjustment to each qualifying educator (\$4,200) and school administrator (\$2,500) employed by the LEA.</p> <p>a. Select a sample of persons whose salary has been charged to this program and verify that these employees are currently employed in a qualifying position and that they have received a satisfactory rating or above on their most recent evaluation.</p> <p>b. Review the amount of the adjustment paid to the persons sampled. Also, review employer-paid benefits charged to the programs for allowability.</p> <p>NOTE: A qualifying educator means a person employed by an LEA who holds a license and a position as a classroom teacher, speech pathologist, librarian or media specialist, preschool teacher, mentor teacher, teacher specialist or</p>		

Legal Ref.	AUDIT PROCEDURES	Performed by and Date	Workpaper Index
	<p>teacher leader, guidance counselor, audiologist, psychologist, or social worker. A qualifying school administrator means persons employed by the LEA who are "licensed educators, which hold an Administrative/Supervisory area of concentration, who serve as formal leaders at each school site. Duties include items such as school safety, budget, building operations and maintenance, teacher quality, student achievement, parent and community relations, core instruction, and extracurricular activities. Principals, assistant principals and administrative interns are included in this definition" (see CACTUS Educator Categories – 4/26/2010 at the following site: http://www.schools.utah.gov/CURR/main/Course-Codes-and-Approval/CACTUSEducatorCategories.aspx).</p> <p>Salary adjustments are to be the same for each full-time qualifying position; a person who is not in a full-time qualifying position receives a partial salary adjustment based on the number of hours the person works in a qualifying position. Educator salary adjustments can include costs for the following employer-paid benefits: retirement, worker's compensation, Social Security, and Medicare.</p>		
	<p>6. Determine Which Restricted Programs to Test:</p> <ol style="list-style-type: none"> 1) <i>Significant restricted programs</i> (those programs with expenditures totaling 3% or more of the calculated total) must be selected at least once every three years. If a significant restricted program is new to the LEA in the current year, it should be selected in the current year because it was not selected in one of the prior two years. Also, a program that reaches the 3% threshold for the first time and has not been selected in one of the prior two years must be selected in the current year. If the LEA reaches the \$500,000 threshold, then each significant restricted program is to be selected once during a 3-year period. 2) Restricted programs designated as high risk by the USOE or for which there were audit findings in either of the preceding two years must be selected in the current year. 3) A <i>cluster of programs</i> is a grouping of closely related restricted programs that share common compliance requirements. Two clusters (Special Education and Enhancement for Accelerated Students) have been identified. A cluster of restricted programs should be treated as one program when determining which programs to select. <p>The combined amount of restricted program expenditures selected for testwork must be equal to or greater than 25% of the total of all restricted programs for MSP. Therefore, additional programs may need to be selected to meet the required percentage of coverage. These additional programs are selected by the auditor, using professional judgment and considering risks of noncompliance.</p>		
	<p>7. Identify compliance requirements for restricted school programs selected for testwork by consulting applicable state laws and rules and contacting state program administrators. Determine any necessary audit procedures which need to be performed in addition to those listed below.</p>		

Legal Ref.	AUDIT PROCEDURES	Performed by and Date	Workpaper Index
	<p>8. Document control procedures over each compliance requirement identified in Procedure 7 above.</p>		
	<p>9. For Each Restricted School Program Selected for Testing – verify that funds were expended appropriately by performing the following steps:</p> <p>a. Identify the allowable activities and costs for each selected program.</p> <p>b. Select samples of expenditures from each selected program, ensuring that the population from which the sample is selected includes all program expenditures (including payroll and non-payroll transactions and adjustments, as well as those qualifying for matching and level of effort), and perform procedures and tests to verify that transactions were properly classified and accumulated into the activity totals and that activities and costs were allowable per the following criteria:</p> <ul style="list-style-type: none"> • are reasonable and necessary; • were allocated in accordance with relative benefits received; • are given consistent treatment; • conform to any limitations established by state laws or administrative rules; • are supported with appropriate documentation; • represent charges for actual costs, not budgeted or projected amounts; • are net of all applicable credits; • and are calculated in conformity with generally accepted accounting principles. <p>(See OMB Circular A-87 for governments or OMB Circular A-122 for nonprofit organizations for guidance on cost principles.)</p> <p>c. Perform procedures and tests to verify that indirect cost rates were applied in accordance with approved rate limitations and guidelines.</p> <p>d. Determine and document requirements for matching, level of effort, and earmarking:</p> <ul style="list-style-type: none"> • Verify that the required matching contributions or level of effort were met. • Verify that matching contributions were from allowable sources. • Verify that earmarking requirements were met. • Verify that amounts used in computations were derived from the books and records from which the audited financial statements and program reports were prepared. <p>NOTE: <i>Matching</i> includes requirements to provide unrestricted contributions of a specified amount or percentage to match state program funding. <i>Matching</i> usually is in the form of allowable costs incurred. <i>Level of effort</i> or maintenance of effort (MOE) includes requirements for (a) a specified level of service to be provided from period to period, (b) a specified level of expenditures from unrestricted sources for specified activities to be maintained from period to period, and (c) state funds to supplement and not supplant non-state funding of services. <i>Earmarking</i> includes requirements that specify the minimum and/or maximum amount or percentage of the program’s funding that must/may be used for specified activities.</p>		

Legal Ref.	AUDIT PROCEDURES	Performed by and Date	Workpaper Index
	<p>State-funded programs with MOE requirements are the State Special Education Programs, and the Career and Technical Education, Reading Improvement, and Transportation programs.</p>		
	<p>COMMON RESTRICTED SCHOOL PROGRAMS THAT MAY BE SELECTED FOR TESTWORK:</p>		
	<p>10. Special Education Cluster –</p> <p>a. Verify that special education programs were only used to provide additional or <i>special</i> services to students with disabilities. For example, students participating in the state special education add-on program qualify for one WPU of regular classroom funding and one additional WPU for state special education add-on funding. Accordingly, costs charged to special education programs are for services performed in addition or supplementary to regular services that are provided in the regular classroom, such as aids, program modifications, and support that are provided in conjunction with regular classroom instruction. Costs can also be for special classes, resource room or itinerant instruction, related supplies, testing, specialists, and direct supervision of special education services.</p>		
	<p>b. Obtain either class rolls or inquiry access to the student information system (SIS) and verify that students enrolled in special education programs have been included in the December 1 count of students used to drive the special education funding. An alternative step would be to review the criteria used by the LEA to identify students as having disabilities to qualify them for inclusion in the December 1 count.</p> <p>NOTE: The funding is determined by the level of service required by the student and that the LEA may not inflate the level of service required in order to generate additional funds. Programmatic compliance reviews are conducted to ensure students receive only the level of service (and therefore funding) that is required to implement their Individualized Educational Plan.</p>		
	<p>c. Select a sample of costs charged to state special education programs and test for allowability. Funds may be spent only for direct costs. Indirect costs are not allowable. Allowable and unallowable direct costs for approved programs for students with disabilities are published in the USOE Special Education Rules (Rules), beginning on page 191, located at http://www.schools.utah.gov/sars/DOCS/law/utspedrules010614.aspx Ensure that costs for regular classroom instruction have not been included with or allocated to state special education programs.</p> <p>NOTE: Although a regular education teacher of a student with a disability is a member of the individualized education program (IEP) team and participates in the development of the IEP of the student or reviews the IEP of the student that participates in the general education classroom, none of the regular education teacher's personnel costs can be allocated to a special education program. Note that special education services and aids that provide incidental benefit to nondisabled children may be allowable. The costs of special education and related services, and supplementary aids and services, provided in a regular class or other education-related setting to a student with a disability in accordance with the IEP of the student are</p>		

Legal Ref.	AUDIT PROCEDURES	Performed by and Date	Workpaper Index										
	allowable, even if one or more nondisabled students benefit from these services.												
	d. Ensure the special education maintenance of effort requirements were met. The LEA is to ensure that current year expenditures in its state special education programs are equal to or greater than the level of those expenditures of the preceding year. Certain exceptions apply. See the Rules, pages 184-185, regarding maintenance of effort. Special education maintenance of effort is the amount of unrestricted local or state sources that must be added to the program each year.												
	<p>11. Transportation – Select a sample of expenditures charged to the student transportation program and test the sampled items for allowability (see also UCA 53A-17a-127).</p> <p>a. Compare total costs recorded for student transportation as reported on the AFR for function 2700 with the APR for the transportation program.</p> <p>State Guarantee on Transportation Levy: To fully participate in the State Guarantee on Transportation Levy program, the district must expend an amount of revenue equal to at least .000200 per dollar of taxable value of the district’s board local levy for eligible transportation costs (transporting students and replacement of school buses).</p> <p>NOTE: Only costs for transporting students are allowable. Transportation and maintenance costs for administrative or other purposes should not be charged to these funding sources.</p>												
	<p>b. Matching Requirements for Transportation Levy Programs – If the district is participating in the Guarantee on Transportation Levy programs, verify that the specified match is added to the state program as required. The amount of the match is determined as follows:</p> <p>Matching rate divided by total tax rate multiplied by property tax revenues (i.e. collections of current property taxes, tax sales and redemptions, and fees in lieu of taxes and other tax-related items) collected from April 1 of the preceding year to March 31 of the current year.</p> <p>For example, if the district’s total tax rate is .006000 and property tax collections for the period total \$18 million, then the matching requirements would be as follows:</p> <table data-bbox="370 1623 1170 1724"> <thead> <tr> <th><u>State Program</u></th> <th><u>Matching Rate</u></th> <th><u>Total Rate</u></th> <th><u>Property Tax Collections</u></th> <th><u>Required Match</u></th> </tr> </thead> <tbody> <tr> <td>Guarantee on Transportation Levy Program</td> <td>0.000200</td> <td>/ 0.006000</td> <td>X \$18,000,000</td> <td>= \$600,000</td> </tr> </tbody> </table>	<u>State Program</u>	<u>Matching Rate</u>	<u>Total Rate</u>	<u>Property Tax Collections</u>	<u>Required Match</u>	Guarantee on Transportation Levy Program	0.000200	/ 0.006000	X \$18,000,000	= \$600,000		
<u>State Program</u>	<u>Matching Rate</u>	<u>Total Rate</u>	<u>Property Tax Collections</u>	<u>Required Match</u>									
Guarantee on Transportation Levy Program	0.000200	/ 0.006000	X \$18,000,000	= \$600,000									

Legal Ref.	AUDIT PROCEDURES	Performed by and Date	Workpaper Index
R277-733-5	<p>12. Adult Education –</p> <p>a. Ensure that any carryover of unspent State Adult Education program funds is not more than ten percent or \$50,000 (whichever is less) of State Adult Education funds allocated to the LEA for the year; review the revised budget and written USOE approval to carry forward such funds.</p>		
R277-733-9	<p>b. Ensure that tuition and fees charged to a student for Adult Basic Education (ABE), GED preparation, Adult Secondary Education (ASE or AHSC or HSC), or English for Speakers of Other Languages (ESOL) courses do not exceed \$100 annually. Ensure that fees and tuition charges are reasonable and necessary as determined by the LEA board. Ensure that fees collected are used to provide additional adult education and literacy services that the program would otherwise be unable to provide.</p>		
	<p>c. Test program expenditures for allowability (used only for Adult Education programs) and compatibility with the LEA’s annual plan.</p>		
	<p>13. Career and Technical Education (CTE) – Add-On –</p> <p>a. Obtain a copy of the class listings, preferably with either the grade or birthdates, and verify that the student information is correct within the Student Information System.</p>		
	<p>b. Verify that CTE funding was used only for students in grades 9-12. (NOTE: Some LEAs may allow students of lower grades to participate in these classes; however, students from these lower grades may not be counted towards membership for CTE purposes.)</p>		
	<p>c. Ensure the CTE maintenance of effort requirements are met. If students in grades 7-8 are also enrolled in a CTE course, local revenue beyond that required for meeting CTE Maintenance of Effort requirements must be included with local revenue for the program. The amount of local revenues should be equivalent to the CTE funding for students in grades 9-12 on a per student basis. CTE maintenance of effort as calculated by the USOE (see http://www.schools.utah.gov/cte/documents/funding/AllocationMOE13.pdf) must be added to the program. The CTE maintenance of effort can be from unrestricted local or state sources.</p>		
	<p>14. Class Size Reduction –</p> <p>a. Verify that at least fifty percent of the allocation is used to reduce class size in any one or all of grades kindergarten through grade two, unless a waiver has been granted by the State because the average class size of the LEA is less than 18 in grades K-2.</p>		
	<p>b. Select a sample of costs charged to this program and test for allowability (personnel and related benefit costs for qualifying classroom teachers and facility costs for qualifying classroom projects).</p>		
	<p>c. Verify that funding is used to supplement other class size reduction programs.</p>		

Legal Ref.	AUDIT PROCEDURES	Performed by and Date	Workpaper Index
	<p>NOTE: Twenty percent of the funds may be used for capital facilities projects that help reduce class size. If student population increases by five percent or 700 students from the previous school year, the LEA may use up to fifty percent of its funds for classroom construction. This funding is to supplement any other appropriation for class size reduction. Although not required, it is recommended the LEA maintain a list of educators and related benefits paid from this funding.</p>		
	<p>15. Classroom Supplies and Materials – Obtain a listing of the amounts allocated by teacher. Verify that either 1) reimbursements are occurring based upon receipts being turned in or 2) that the LEA is including the amounts paid to teachers in their W-2 wages. (There is a formula which differentiates amounts by teacher based upon elementary or secondary assignment as well as the number of years of teaching experience.)</p>		
<p>R277-713</p>	<p>16. Concurrent Enrollment – Perform the following procedures:</p> <p>a. Ensure reports submitted to USOE agree with supporting documentation.</p>		
<p>R277-713-8(E)</p>	<p>b. Test program expenditures for allowability.</p>		
<p>R277-713-6</p>	<p>c. Review fees and tuition collected for compliance with R277-713-6.</p>		
<p>UCA 53A-17a-167 and R277-489</p>	<p>17. Early Intervention – Review the LEA’s application for this program and ensure that use of allocated funds is consistent with the LEA’s application and with state funding requirements.</p>		
<p>UCA 53A-17a-166 and R277-708</p>	<p>18. Enhancement for At-Risk Students – Select a sample of expenditures charged to the program and test the sampled items for allowability. (Note: Gang Prevention funds are awarded on a grant basis and should be tested separately if the LEA has an award during the current fiscal year.)</p>		
<p>UCA 53A-17a-150</p>	<p>19. Reading Improvement –</p> <p>a. Review the LEA’s State board approved plan and test related expenditures for allowability and compliance with the plan.</p>		
	<p>b. Determine that the LEA allocated to the program a specified amount from unrestricted state and local sources.</p>		
	<p>c. To fully participate in the Guarantee Program of the Reading Improvement program, a district must allocate to the program an amount of unrestricted local resources equal to the amount of revenue that would be generated by a tax rate of .000056. To fully participate in the Low Income Students Program of the Reading Improvement program (see Chapter 4, Section A of this <i>Guide</i> and UCA 53A-17a-150), a district must allocate to the program an amount of unrestricted local resources equal to the amount of revenue that would be generated by a tax rate of .000065.</p>		

Legal Ref.	AUDIT PROCEDURES	Performed by and Date	Workpaper Index																				
	<p>d. Matching Requirements – If the district is participating in the state-supported Reading Improvement program, verify that the specified match is added to the state program as required. The amount of the match is determined as follows:</p> <p>Matching rate divided by total tax rate multiplied by property tax revenues (i.e. collections of current property taxes, tax sales and redemptions, and fees in lieu of taxes and other tax-related items) collected from April 1 of the preceding year to March 31 of the current year.</p> <p>For example, if the district's total tax rate is .006000 and property tax collections for the period total \$18 million, then the matching requirements would be as follows:</p> <table border="0" data-bbox="365 751 1177 909"> <thead> <tr> <th style="text-align: left;"><u>State Program</u></th> <th style="text-align: center;"><u>Matching Rate</u></th> <th style="text-align: center;"><u>Total Rate</u></th> <th style="text-align: center;"><u>Property Tax Collections</u></th> <th style="text-align: center;"><u>Required Match</u></th> </tr> </thead> <tbody> <tr> <td>Reading Improvement:</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Guarantee Program</td> <td style="text-align: center;">0.000056</td> <td style="text-align: center;">/ 0.006000</td> <td style="text-align: center;">X \$18,000,000</td> <td style="text-align: center;">= \$168,000</td> </tr> <tr> <td>Low Income Students Program</td> <td style="text-align: center;">0.000065</td> <td style="text-align: center;">/ 0.006000</td> <td style="text-align: center;">X \$18,000,000</td> <td style="text-align: center;">= \$195,000</td> </tr> </tbody> </table>	<u>State Program</u>	<u>Matching Rate</u>	<u>Total Rate</u>	<u>Property Tax Collections</u>	<u>Required Match</u>	Reading Improvement:					Guarantee Program	0.000056	/ 0.006000	X \$18,000,000	= \$168,000	Low Income Students Program	0.000065	/ 0.006000	X \$18,000,000	= \$195,000		
<u>State Program</u>	<u>Matching Rate</u>	<u>Total Rate</u>	<u>Property Tax Collections</u>	<u>Required Match</u>																			
Reading Improvement:																							
Guarantee Program	0.000056	/ 0.006000	X \$18,000,000	= \$168,000																			
Low Income Students Program	0.000065	/ 0.006000	X \$18,000,000	= \$195,000																			
UCA 53A-16-101.5 (6)	<p>20. School LAND Trust – Board-approved plans can be viewed at http://www.schoollandtrust.org/schools/program-plans.</p> <p>a. Verify that school plans were approved by the local board of education.</p>																						
	<p>b. Test expenditures to see they were made after board approval.</p>																						
R277-477	<p>c. Test expenditures for allowability and compliance with the approved plan and budget categories set forth in the plan. See Administrative Rule R277-477 for specific allowable costs.</p>																						
	<p>21. USTAR Centers (Year-Round Math & Science) –</p> <p>a. Verify that the LEA used USTAR funds only for full-year teacher contracts, part-time teacher contract extensions, or a combination of both, and only for math and science teachers.</p>																						
	<p>b. Test program expenditures for allowability.</p>																						
	<p>c. Review program results and ensure no more than 5% of program expenditures were used for math and science field trips, textbooks, and supplies.</p>																						
	<p>22. Youth-In-Custody – From the LEA's funding application, obtain an understanding of allowable expenditures. Test expenditures for allowability in accordance with that application.</p>																						
	<p>REPORTING REQUIREMENTS RELATED TO MINIMUM SCHOOL PROGRAM – Each LEA is required to submit the following reports to the State Office of Education.</p>																						
R277-419-3(D)	<p>23. Aggregate Membership Agreed-Upon Procedures Report (due September</p>																						

Legal Ref.	AUDIT PROCEDURES	Performed by and Date	Workpaper Index
	15) – Prepared by an independent accountant (see the <i>Guide for Agreed-Upon Procedures Engagements for Local Education Agencies and Community-Based Organizations</i> which can on the Office of the State Auditor’s website at http://auditor.utah.gov/local-government/for-cpas-and-practitioners/).		
	24. Adult Education Agreed-Upon Procedures Report (due September 15) – Prepared by an independent accountant (see the <i>Guide for Agreed-Upon Procedures Engagements for Local Education Agencies and Community-Based Organizations</i> which can be found on the Office of the State Auditor’s website at http://auditor.utah.gov/local-government/for-cpas-and-practitioners/).		
UCA 63A-3-406 and R277-425-3	25. LEA Annual Financial Report (AFR) and Annual Program Report (APR) (due to the USOE by October 1)		
	26. UTREx Update as of October 1 (due October 15) – Tested through agreed-upon procedures noted in procedure 27 below.		
	27. Fall Enrollment Count Agreed-Upon Procedures Report and Transfer Student Documentation Agreed-Upon Procedures Report (due November 1) – prepared by an independent accountant (see the <i>Guide for Agreed-Upon Procedures Engagements for Local Education Agencies</i> which can be found at http://auditor.utah.gov/local-government/for-cpas-and-practitioners/).		
	28. Audited Financial Statements (due to USOE by November 30) – performed by an independent auditor separately from the requirements of this <i>Guide</i> . A certification of the financial statements and the Audited Financial Statements are to be uploaded to the Office of the State Auditor’s Online Reporting System by December 31 (see reporting.auditor.utah.gov).		
CONCLUSION (adequacy of the controls, significant deficiencies/material weaknesses, and management letter comments):		Performed by and Date	Workpaper Index

Appendix 4-1. MINIMUM SCHOOL PROGRAM SCHEDULE

Utah State Office of Education
Minimum School Program (MSP) Schedule
For the Year Ended June 30, 2015

Instructions

This schedule identifies the classification of school programs within the Minimum School Program (MSP), significant restricted programs that were selected by the independent auditor for testing for compliance in the current year and prior two years, and the percent of restricted school programs tested in each of those years.

School programs within the MSP are classified into two groups:

- General
- Restricted

A *cluster of programs* is a grouping of closely related restricted programs that share common compliance requirements. A cluster should be treated as one program.

Include only state-source revenue for school programs within the MSP on the schedule. These programs are listed as Revenue 99 programs on the MSP Monthly Allotment. Non-MSP programs (such as State Liquor Control Tax, State Driver's Education, or other state appropriations) should not be included on this schedule. Also, local matching funds and maintenance of effort requirements (although reported with restricted programs by the LEA) are not be included on this schedule.

The Capital Outlay Foundation and Enrollment Growth Program, although listed within the MSP (Revenue 99) on the Monthly Allotment, are considered separate state programs. These programs should not be included on this schedule.

Program revenue on the schedule should match amounts reported on the APR.

Audit Requirements

The independent auditor of the LEA should use this schedule for planning and documentation of school programs selected for compliance testing. Please refer to guidance provided in Chapter 4 of the *State Compliance Audit Guide*.

General school programs have few compliance requirements or are not structured for specific program testing. Each year, the auditor should consider applying suggested general audit procedures to general school program funds spent by the LEA.

A *significant restricted program* (a restricted program with expenditures totaling 3% or more of total restricted programs) must be selected for testing at least once every three years. Also, a restricted program that has reached the 3% threshold for the first time or has not been selected in one of the prior two years must be selected for testing in the current year. Also, restricted programs designated as high risk by USOE or for which there were reportable audit findings in either of the preceding two years must be selected in the current year for testing. The combined amount of restricted programs selected for testwork must be equal to or greater than 25% of the total of all restricted programs for MSP.

This schedule must be submitted to Von Hortin [Von.Hortin@schools.utah.gov] at the USOE by Nov 30.

[Name of School District]

Year Ended June 30, 2015

Minimum School Program Schedule

Prepared By: [Name of Firm]

Date Prepared:

School Program	2015 Expenditures	Group	3%	Cluster *	Significant Restricted Programs		
					2013	2014	2015
General Programs:							
Kindergarten and Grades 1-12	165,934,132	G					
Administrative Costs	-	G					
Board Local Levy	4,479,872	G					
Charter School Levy Offset	(1,188,233)	G					
Educator Salary Adjustments	15,531,839	G					
Flexible Allocation - WPU Distribution	2,618,471	G					
Foreign Exchange Students	105,154	G					
Necessarily Existent Small Schools	-	G					
Professional Staff	15,931,311	G					
Public Education Online Offset	(5,138)	G					
Voted Local Levy	19,480,107	G					
Restricted Programs:							
<i>Special Education Cluster:</i>							
			Yes				
Special Education - Add-on	18,434,066	R		SpEd	X		
Special Education - Self-contained	4,030,081	R		SpEd	X		
Special Education - Preschool	3,190,511	R		SpEd	X		
Special Education - Extended School Year	111,669	R		SpEd	X		
Special Education - State Programs	408,897	R		SpEd	X		
Special Education - State Programs - Extended School Year	258,945	R		SpEd	X		
<i>Enhancement for Accelerated Students Cluster:</i>							
			--				
Gifted and Talented	283,817	R		Accel			
Advanced Placement	219,922	R		Accel			
International Baccalaureate	-	R		Accel			
Adult Education	317,726	R	--				
Beverly Taylor Sorensen Elementary Arts	99,000	R	--				
Career and Technology Education - Add-on	7,646,218	R	Yes		X		
Class Size Reduction	12,648,513	R	Yes				X
Concurrent Enrollment	459,688	R	--				
Critical Languages and Dual Immersion	138,000	R	--				
Early Intervention	631,067	R	--				
Enhancement for At-Risk Students	1,390,312	R	--				
Enhancement for At-Risk Students - Gang Prevention	-	R	--				
Library Books and Electronic Resources	59,088	R	--				
Matching Funds for School Nurses	100,146	R	--				
Pupil Transportation and Guarantee on Transportation	7,339,512	R	Yes				X
Reading Improvement	1,665,147	R	--				
School LAND Trust	3,085,182	R	Yes		X		
State Capitol Field Trips	-	R	--				
State Computer Adaptive Testing Infrastructure Grants	166,820	R	--				
Teacher Supplies and Materials	497,802	R	--				
Title I Schools Paraeducators	17,647	R	--				
USFR Teacher Salary Supplement	20,000	R	--				
USTAR Centers	250,000	R	--				
Youth In Custody	1,387,879	R	--				
Total Minimum School Program	287,745,170						
General Programs	(222,887,515)						
Restricted Programs	64,857,655				21,605,888	18,364,447	19,988,025
3% of restricted programs	1,945,730						
25% required annual minimum coverage	16,214,414				33.9%	26.2%	30.8%

G General program; general audit procedures considered annually

R Restricted program

Yes Meets 3% rule; significant restricted program

SpEd Special Education cluster

Accel Enhancement for Accelerated Students cluster

X Selected for specific audit procedures in year indicated

* All programs within a cluster should be treated as one program when testing compliance

[Name of Charter School]
 Year Ended June 30, 2015
Minimum School Program Schedule
 Prepared By: [Name of Firm]
 Date Prepared:

School Program	2015 Expenditures	Group	3%	Cluster *	Significant Restricted Programs		
					2013	2014	2015
General Programs:							
Kindergarten and Grades 1-12	1,667,936	G					
Charter School Administrative Costs	48,900	G					
Charter School Local Replacement	836,190	G					
Educator Salary Adjustments	115,653	G					
Flexible Allocation	20,402	G					
Foreign Exchange Students	5,684	G					
Professional Staff	156,125	G					
Public Education Online Offset	-	G					
Restricted Programs:							
<i>Special Education Cluster:</i>							
Special Education - Add-On	55,409	R	Yes	SpEd			X
Special Education - Self Contained	-	R		SpEd			
Special Education - Extended School Year	2,384	R		SpEd			X
Special Education - State Programs	-	R		SpEd			
Special Education - State Programs - Extended School Year	637	R		SpEd			X
<i>Enhancement for Accelerated Students Cluster:</i>							
Gifted and Talented	2,524	R	Yes	Accel		X	
Advanced Placement	5,154	R		Accel		X	
International Baccalaureate	-	R		Accel			
Career and Technology Education - Add-On	74,299	R	Yes			X	
Class Size Reduction	-	R	--				
Concurrent Enrollment	47,579	R	Yes		X		
Critical Languages and Dual Immersion	-	R	--				
Early Intervention	-	R	--				
Enhancement for At-Risk Students	20,495	R	Yes		X		
Gang Prevention	-	R	--				
Library Books and Electronic Resources	484	R	--				
Matching Funds for School Nurses	-	R	--				
Reading Improvement	-	R	--				
State Capitol Field Trips	-	R	--				
School LAND Trust	22,138	R	Yes			X	
State Computer Adaptive Testing Infrastructure Grants	1,235	R	--				
Teacher Supplies and Materials	3,898	R	--				X
USFR Teacher Salary Supplement	1,500	R	--				
USTAR Centers	-	R	--				
Total Minimum School Program	3,088,626						
General Programs	(2,850,890)						
Restricted Programs	<u>237,736</u>				63,454	146,849	62,328
3% of restricted programs	7,132						
25% required annual minimum coverage	59,434				33.4%	50.5%	26.2%

G General program; general audit procedures considered annually
 R Restricted program
 Yes Meets 3% rule; significant restricted program
 SpEd Special Education cluster
 Accel Enhancement for Accelerated Students cluster
 X Selected for specific audit procedures in year indicated

**APPENDIX 4-2
SAMPLE STATE AND FEDERAL REVENUE RECONCILIATION FOR LEAs**

District/Charter: [Insert name of LEA]
CY End: June 30, 2015

Revenue Code	Program Number	Revenue Number	PY Balances		USOE Allotment Memo			Adjustments / Other Receipts	Available	Amount Spent in 2015	CY Balances	
			Receivable 06/30/14	(Unspent) 06/30/14	"Old" PY July	"New" Current CY July	Current CY July YTD				Receivable 06/30/15	(Unspent) 06/30/15
			-	-	+	-	+				-	-
State Programs												
01	5380	3480	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
01	5613	3613	-	-	-	-	-	-	-	-	-	-
01	5618	3718	-	-	-	-	-	-	-	-	-	-
01	5699	3799	-	-	-	-	-	-	-	-	-	-
02	8070	3770	-	-	-	-	-	-	-	-	-	-
03	5609	3709	-	-	-	-	-	-	-	-	-	-
04	5616	3716	-	-	-	-	-	-	-	-	-	-
04	5616	3716	-	-	-	-	-	-	-	-	-	-
80	1609	3209	-	-	-	-	-	-	-	-	-	-
80	5601	3701	-	-	-	-	-	-	-	-	-	-
81	5601	3701	-	-	-	-	-	-	-	-	-	-
97	5816	3816	-	-	-	-	-	-	-	-	-	-
98	5613	3713	-	-	-	-	-	-	-	-	-	-
SA	5672	3772	-	-	-	-	-	-	-	-	-	-
Minimum School Program (sorted by program number):												
99	1205	3105	-	-	-	-	-	-	-	-	-	-
	1205	Special Education - Add-on	-	-	-	-	-	-	-	-	-	-
		Special Education (Maintenance of effort requirement)	-	-	-	-	-	-	-	-	-	-
99	1210	3110	-	-	-	-	-	-	-	-	-	-
		Special Education - Self-contained	-	-	-	-	-	-	-	-	-	-
99	1215	3115	-	-	-	-	-	-	-	-	-	-
		Special Education - Preschool	-	-	-	-	-	-	-	-	-	-
99	1220	3120	-	-	-	-	-	-	-	-	-	-
		Special Education - State Programs - Extended School Year	-	-	-	-	-	-	-	-	-	-
99	1225	3125	-	-	-	-	-	-	-	-	-	-
		Special Education - State Programs	-	-	-	-	-	-	-	-	-	-
99	1609	3209	-	-	-	-	-	-	-	-	-	-
		Adult Education	-	-	-	-	-	-	-	-	-	-
99	5201	3230	-	-	-	-	-	-	-	-	-	-
		Class Size Reduction	-	-	-	-	-	-	-	-	-	-
99	5310	3410	-	-	-	-	-	-	-	-	-	-
		Flexible Allocation - WPU Distribution	-	-	-	-	-	-	-	-	-	-
99	5315	3415	-	-	-	-	-	-	-	-	-	-
		To and From School - Pupil Transportation	-	-	-	-	-	-	-	-	-	-
	5315	Pupil Transportation (Matching requirement)	-	-	-	-	-	-	-	-	-	-
99	5331	3211	-	-	-	-	-	-	-	-	-	-
		Enhancement for Accelerated Students - Gifted and Talented	-	-	-	-	-	-	-	-	-	-
99	5332	3212	-	-	-	-	-	-	-	-	-	-
		Enhancement for Accelerated Students - Advanced Placement	-	-	-	-	-	-	-	-	-	-
99	5333	3213	-	-	-	-	-	-	-	-	-	-
		Concurrent Enrollment	-	-	-	-	-	-	-	-	-	-
99	5336	3336	-	-	-	-	-	-	-	-	-	-
		Enhancement for At-Risk Students	-	-	-	-	-	-	-	-	-	-
99	5340	3221	-	-	-	-	-	-	-	-	-	-
		Youth In Custody	-	-	-	-	-	-	-	-	-	-
99	5368	3468	-	-	-	-	-	-	-	-	-	-
		Matching Funds for School Nurses	-	-	-	-	-	-	-	-	-	-
	5368	School Nurses (Matching requirement)	-	-	-	-	-	-	-	-	-	-
99	5371	3471	-	-	-	-	-	-	-	-	-	-
		Guarantee Transportation Program	-	-	-	-	-	-	-	-	-	-
99	5420	3520	-	-	-	-	-	-	-	-	-	-
		School LAND Trust Program	-	-	-	-	-	-	-	-	-	-
99	5455	3555	-	-	-	-	-	-	-	-	-	-
		Voted Local Levy Program	-	-	-	-	-	-	-	-	-	-
99	5460	3560	-	-	-	-	-	-	-	-	-	-
		Board Local Levy Program	-	-	-	-	-	-	-	-	-	-
99	5470	3470	-	-	-	-	-	-	-	-	-	-
		State Computer Adaptive Testing Infrastructure Grants	-	-	-	-	-	-	-	-	-	-
99	5550	3650	-	-	-	-	-	-	-	-	-	-
		Capital Outlay Foundation Program	-	-	-	-	-	-	-	-	-	-
99	5561	3661	-	-	-	-	-	-	-	-	-	-
		Capital Outlay Enrollment Growth Program	-	-	-	-	-	-	-	-	-	-
99	5608	3708	-	-	-	-	-	-	-	-	-	-
		Enhancement for At-Risk Students - Gang Prevention	-	-	-	-	-	-	-	-	-	-
99	5612	3612	-	-	-	-	-	-	-	-	-	-
		Enhancement for Accelerated Students - International Baccalaureate	-	-	-	-	-	-	-	-	-	-
99	5619	3719	-	-	-	-	-	-	-	-	-	-
		Charter School Local Replacement	-	-	-	-	-	-	-	-	-	-
99	5625	3725	-	-	-	-	-	-	-	-	-	-
		Charter School Administrative Costs	-	-	-	-	-	-	-	-	-	-
99	5635	3635	-	-	-	-	-	-	-	-	-	-
		Critical Languages and Dual Immersion	-	-	-	-	-	-	-	-	-	-
99	5641	3641	-	-	-	-	-	-	-	-	-	-
		Early Intervention	-	-	-	-	-	-	-	-	-	-
99	5685	3785	-	-	-	-	-	-	-	-	-	-
		Title I Schools Paraeducators Program	-	-	-	-	-	-	-	-	-	-
99	5805	3805	-	-	-	-	-	-	-	-	-	-
		K-3 Reading Improvement (Board Local Levy Program - Reading Improvement)	-	-	-	-	-	-	-	-	-	-
	5805	Reading Improvement (Matching requirement)	-	-	-	-	-	-	-	-	-	-
99	5808	3808	-	-	-	-	-	-	-	-	-	-
		State Capitol Field Trips	-	-	-	-	-	-	-	-	-	-
99	5810	3810	-	-	-	-	-	-	-	-	-	-
		Library Books and Electronic Resources	-	-	-	-	-	-	-	-	-	-
99	5868	3868	-	-	-	-	-	-	-	-	-	-
		Teacher Supplies and Materials	-	-	-	-	-	-	-	-	-	-
99	5876	3876	-	-	-	-	-	-	-	-	-	-
		Educator Salary Adjustments	-	-	-	-	-	-	-	-	-	-
99	5878	3878	-	-	-	-	-	-	-	-	-	-
		Special Education - Extended School Year	-	-	-	-	-	-	-	-	-	-
99	5881	3881	-	-	-	-	-	-	-	-	-	-
		USTAR Centers (Year-Round Math and Science)	-	-	-	-	-	-	-	-	-	-
99	5882	3882	-	-	-	-	-	-	-	-	-	-
		Beverly Taylor Sorenson Elementary Arts	-	-	-	-	-	-	-	-	-	-
99	6000	3155	-	-	-	-	-	-	-	-	-	-
		Career and Technical Education - Add-on	-	-	-	-	-	-	-	-	-	-
99	6000	3155	-	-	-	-	-	-	-	-	-	-
		Career and Technical Education (Maintenance of effort requirement)	-	-	-	-	-	-	-	-	-	-
99	VAR	3025	-	-	-	-	-	-	-	-	-	-
		Administrative Costs	-	-	-	-	-	-	-	-	-	-

