ANNUAL TESTS OF INTERNAL CONTROLS
AND RELATED REQUIRED REPORTING FOR
GEORGIA COUNTY EXTENSION OFFICE ACCOUNTS

- The University of Georgia Cooperative Extension requires certain internal control procedures to be performed annually on all county Extension office accounts. Certain reporting (as detailed below) is required to be filed with the District Extension Director following the completion of the procedures.

- The required procedures to be performed are stipulated in the enclosed work programs (see section 3) and consist of various inquiries of county staff and testing procedures of internal control policies.

- The procedures may be performed by a certified public accountant, the county auditing department, or a qualified county administrator/commissioner. The individual must be considered independent to the county Extension office and should not be a relative of any Extension employee in that county office.

  - Procedures that are performed by a Certified Public Accountant (CPA):
    - CPAs offer several levels of service including audit, review, and compilations of financial statements. It is not required for the county Extension office to submit an audited, reviewed, or compiled financial statement.
    - The CPA should follow the standards for an agreed-upon procedures engagement and should issue an “Independent Accountants’ Report on Applying Agreed-Upon Procedures” at the conclusion of the engagement. (See Exhibit 2-1).
    - An agreed-upon procedures engagement is one in which a practitioner is engaged by a client to perform specific procedures and reporting findings. The practitioner does not perform an examination or provide an opinion. Rather, the practitioner reports only procedures and findings.
Procedures that are performed by the county auditing department or a qualified county administrator/commissioner:

- To accommodate counties with limited income, the Extension Service has approved the use of certain individuals to assist with the annual reporting requirement of the procedures performed on internal controls.

- The individual should be independent of the decision making and financial record keeping functions of the county and should not be related to anyone in the county Extension office.

- The individual should possess a financial background.

- The procedures performed by an individual who is not a certified public accountant shall be termed an “Internal Control Inspection.” This is to differentiate reporting between the agreed upon procedures report that would be issued by a certified public accountant.

- The individual will perform the required procedures and issue the enclosed “Report of Procedures and Findings from Internal Control Inspection.” (See Exhibit 2-2). The purpose of the report is only to provide the procedures performed along with any findings resulting from those procedures. The individual should not attempt to include an opinion on internal controls within the report.
INDEPENDENT ACCOUNTANT’S REPORT
ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by <<Insert Name of County>>, solely to assist in satisfying the annual internal control procedures and related reporting required on Georgia county extension office accounts, for the year ended December 31, 20x1. <<Insert Name of County>>’s management is responsible for the internal controls. This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

<<Include paragraphs to enumerate the procedures and findings>>

We were not engaged to, and did not; conduct an examination, the objective of which would be the expression of an opinion on the internal controls of <<Insert Name of County>>. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of <<Insert Name of County>> and University of Georgia Cooperative Extension and is not intended to be and should not be used by anyone other than those parties.

<<Firm Signature>>

<<Report Date>>
REPORT ON PROCEDURES AND FINDINGS
FROM INTERNAL CONTROL INSPECTION

I have performed the procedures enumerated below, which were agreed to by <<Insert Name of County >>, solely to assist in satisfying the annual internal control procedures and related reporting required on Georgia county extension office accounts, for the year ended December 31, 20x1. <<Insert Name of County >>’s management is responsible for the internal controls. My inspection was made in accordance with the required procedures provided by the University of Georgia Cooperative Extension.

My inspection and this report are not meant to be construed as an agreed upon procedures opinion rendered by a Certified Public Accountant.

During the course of the above inspection, I performed the following procedures and noted the following related findings:

<<Include paragraphs to enumerate the procedures and findings>>

This report is intended solely for the information and use of <<Insert Name of County >> and University of Georgia Cooperative Extension and is not intended to be and should not be used by anyone other than those parties.

<<Firm Signature>>

<<Report Date>>
### INQUIRY PROCEDURES:

Perform the following inquiries of county personnel and document any responses inconsistent with procedures outlined in the county operations county funds policy guidelines:

- Are all collections recorded on a multi-copy pre-numbered receipt form?  
  - A.1

- Is a copy of the receipt provided to the customer as evidence of payment?  
  - A.2

- Determine the person who is the designated custodian for cash receipts.  
  - B.1

- Inquire of deposit procedures. Verify that the cash custodian is only staff member preparing deposits.  
  - C.2

### EXAMINATION PROCEDURES:

- The reviewer has examined the receipt book to ensure that it is securely bound and the deposit slip or listing is maintained along with the supporting second (yellow) copy of receipt.  
  - A.3

- Examine the receipt book for staff members preparing receipts other than the person identified through inquiry as the cash custodian. If any instances exist, verify that the cash custodian has initialed the cash receipt as later verifying and taking possession of the funds.  
  - B.2/B.4

- The protected location utilized to secure the funds has been examined and it has been verified that access is restricted to the designated custodian.  
  - B.3

- A deposit detail report should be generated from QuickBooks Online. A sample of not less than 20% in dollar amount of the total deposits made during the period of the review should be selected at random. The following procedures should be performed:
  - Each deposit selected has supporting record of deposit slip and supporting receipts. The total dollar amount of the supporting receipts is agreed to the total dollar amount per the deposit slip.  
    - C.3
  - The receipts are reviewed to ensure they are in sequential order with no gaps in the numbering. If any gaps in the numbering exist, the missing receipt should be located and traced to timely deposit in the bank within five days.  
    - A.1
  - It should be verified that each receipt in the sample record the date of payment, payee, dollar amount,
<table>
<thead>
<tr>
<th>Method of payment, program for which funds were received, and name of staff member preparing the receipt.</th>
<th>Review deposit slip to ensure that no personal checks from staff are included in the deposit.</th>
<th>The selected deposit should be traced to clearing on the bank statement. It should be verified that no more than five business days has lapsed between date on receipts and the clearing of the deposit by the bank.</th>
</tr>
</thead>
<tbody>
<tr>
<td>B.5</td>
<td>C.1</td>
<td></td>
</tr>
</tbody>
</table>

- Examine any checks being held for deposit or copies of check images which may be available to determine that the check is immediately endorsed “For Deposit Only” along with the office’s bank account number.

- Review any documentation of transfer of designated substitute custodian for extended periods of leave if applicable.

- Verify that County Extension Coordinator has prepared and submitted the “Monthly Reconciliation Checking Account Summary/Detail” form indicating his or her independent review of the deposits.

**DOCUMENTATION OF FINDINGS/EXCEPTIONS:**

*Reviewer should document any inconsistencies with county operations county funds policy guidelines that were noted during inquiry procedures as well any findings noted in the examination procedures.*

**REVIEWER SIGNOFF & DATE:**
<table>
<thead>
<tr>
<th>INQUIRY PROCEDURES:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perform the following inquiries of county personnel and document any responses</td>
</tr>
<tr>
<td>inconsistent with procedures outlined in the county operations county funds policy</td>
</tr>
<tr>
<td>guidelines:</td>
</tr>
<tr>
<td>• Determine the number of bank and investment accounts the county holds. The</td>
</tr>
<tr>
<td>examination procedures below should encompass all disbursements from all accounts.</td>
</tr>
<tr>
<td>• Determine and document all approved signers on all accounts. Verify which</td>
</tr>
<tr>
<td>signers reside in the county named on the account.</td>
</tr>
<tr>
<td>• Determine if checks are ever pre-signed for any purpose.</td>
</tr>
<tr>
<td>EXAMINATION PROCEDURES:</td>
</tr>
<tr>
<td>• Exam the cancelled check images available with the bank statement to determine</td>
</tr>
<tr>
<td>if any instances of a check being made payable to “Cash”</td>
</tr>
<tr>
<td>• A check detail report should be generated from QuickBooks Online. A sample of</td>
</tr>
<tr>
<td>not less than 20% in dollar amount of the total disbursements made during the</td>
</tr>
<tr>
<td>period of the review should be selected at random. The following procedures</td>
</tr>
<tr>
<td>should be performed:</td>
</tr>
<tr>
<td>➢ Each disbursement is supported by a voucher approved by the CEC which</td>
</tr>
<tr>
<td>documents the date, check number, payee, amount, and reason for payment.</td>
</tr>
<tr>
<td>➢ Each disbursement is supported by an original invoice or receipt. The</td>
</tr>
<tr>
<td>payee, amount, and date is verified to agree to the prepared voucher.</td>
</tr>
<tr>
<td>➢ Each disbursement is made from a county Extension bank account.</td>
</tr>
<tr>
<td>➢ Each disbursement is traced to the cancelled check image on the county’s</td>
</tr>
<tr>
<td>bank statement. The payee, amount, and date is verified. It is also verified that</td>
</tr>
<tr>
<td>two authorized signatures are on the check if the check amount exceeds $500, one</td>
</tr>
<tr>
<td>of which is a county home based employee.</td>
</tr>
<tr>
<td>• Determine if any personal travel advances were made during the period of</td>
</tr>
<tr>
<td>review. If yes, select a sample of not less than 20% in dollar amount of total</td>
</tr>
<tr>
<td>advances for further review. The following procedures should be performed:</td>
</tr>
</tbody>
</table>
- Verify that the advance was paid via a check made payable to the employee and a voucher was completed when the check was issued which was approved by the CEC.
- Verify that any advance was not used to prepay routine travel expenses.
- Trace to the completed expense statement or receipt for expenses submitted within five days of returning from the trip and to prompt repayment of the travel advance upon receiving reimbursement.

<table>
<thead>
<tr>
<th>M.3 /N.3</th>
<th>MJ.2</th>
</tr>
</thead>
<tbody>
<tr>
<td>M.4 / N.2</td>
<td></td>
</tr>
</tbody>
</table>

**DOCUMENTATION OF FINDINGS/EXCEPTIONS:**

*Reviewer should document any inconsistencies with county operations county funds policy guidelines that were noted during inquiry procedures as well any findings noted in the examination procedures.*
**EXHIBIT 3-3**
Accountability and Reconciliation Annual Tests of Internal Controls Procedures

<table>
<thead>
<tr>
<th>POLICY REF</th>
<th>SIGNOFF (INITIAL &amp; DATE)</th>
<th>NOTES</th>
</tr>
</thead>
</table>

### INQUIRY PROCEDURES:
Perform the following inquiries of county personnel and document any responses inconsistent with procedures outlined in the county operations county funds policy guidelines:

- Verify that the county has utilized QuickBooks Online to record all of the account activity during the period in review.
- Verify that the county has no credit cards other than the preauthorized card as approved by the state office.
- Inquire as to the authorized logins for the program. Verify that passwords and accounts are not being “shared” by multiple individuals.

### EXAMINATION PROCEDURES:
- Review the month end bank and credit card statements and reconciliations prepared during the period in review. Perform the following procedures on a sample of not less than half of the months:
  - Verify that the statement ending balance per the reconciliation report agrees to the statement ending balance per the bank or credit card statement.
  - Verify from the date of the reconciliation report that the statement was timely reconciled within thirty days of receiving statement from bank.
  - Verify that there are outstanding checks and/or deposits listed on the statement indicating that the county is not posting only transactions which have cleared the bank rather than all account activity.
  - Verify that the monthly reconciliation checking account summary / detail coversheet was prepared by CEC and remitted to the district office within thirty days of receiving the bank statement.
  - Review for any stale dated deposits or disbursements and investigate any unusual items.
  - Verify the ending cash balance per general ledger on the bank reconciliation detail report agrees to the ending cash balance for the period per QuickBooks online cash ledger.
  - Verify the ending credit card balance per general ledger on the reconciliation detail report agrees to the ending credit card balance for the period per QuickBooks online credit card account.
- An activity log report should be generated from QuickBooks online for the period in review. The following procedures should be performed:
  - Verify that account access is limited to operating business hours and that no access has been made by a user who has ability to enter transactions after hours
  - Review for any transactions which may have been deleted or edited after the date of origination. Select a sample of any transactions and review the nature of the item deleted or edited to determine appropriateness.

**DOCUMENTATION OF FINDINGS/EXCEPTIONS:**

*Reviewer should document any inconsistencies with county operations county funds policy guidelines that were noted during inquiry procedures as well any findings noted in the examination procedures.*
INQUIRY PROCEDURES:

Perform the following inquiries of county personnel and document any responses inconsistent with procedures outlined in the county operations county funds policy guidelines:

- Determine if the county maintains any investment accounts such as money market funds, CDs, stocks, mutual funds, or other. If none, this program is not required to be completed.

- Determine whether a Financial Advisory Board is in place and consists of a minimum of three members (including the CEC) and of individuals with banking, accounting, or investment credentials. Also verify that the members of the Board are not Extension employees and are also not immediate family members of Extension employees.

EXAMINATION PROCEDURES:

- Review copies of the financial advisory board minutes for meetings held during period in review. Perform the following procedures:
  - Verify that the Financial Advisory Board has met no less than once during the period in review.
  - Verify that the minutes have been signed and approved by all members of the Financial Advisory Board.
  - Verify that the minutes are kept for a minimum of seven years.

- Review any available documentation for scholarships awarded from investment accounts during the period in review. Perform the following procedures:
  - Verify a formal application process is in place and that a decision is made based on objective measures of qualification.
  - Verify that funds were first distributed to the general bank account and the scholarship payment was made via a check with a properly executed and approved voucher.
* Reviewer should document any inconsistencies with county operations county funds policy guidelines that were noted during inquiry procedures as well any findings noted in the examination procedures.
EXHIBIT 3-5
Inventory and Sales Annual Tests of Internal Controls Procedures

<table>
<thead>
<tr>
<th>INQUIRY PROCEDURES:</th>
<th>POLICY REF</th>
<th>SIGNOFF (INITIAL &amp; DATE)</th>
<th>NOTES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perform the following inquiries of county personnel and document any responses inconsistent with procedures outlined in the county operations county funds policy guidelines:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Determine whether the number of items purchased or held is formally documented as to quantity at the beginning of each year. A review of the county’s inventory ledger should be reviewed for compliance with the county funds policy.</td>
<td></td>
<td>U.1</td>
<td></td>
</tr>
<tr>
<td>• Inquire as to inventory procedures to control access to inventory.</td>
<td></td>
<td>U.3</td>
<td></td>
</tr>
</tbody>
</table>

**DOCUMENTATION OF FINDINGS/EXCEPTIONS:**

*Reviewer should document any inconsistencies with county operations county funds policy guidelines that were noted during inquiry procedures as well any findings noted in the examination procedures.*