



Arkansas Conservation District Directors Training Manual

Agreed Upon Procedures in lieu of Annual Audits

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

Section 219.4 Annual Review Of Financial Records.

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

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

Agreed-Upon Procedures

Cash and Investments

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

Receipts

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

Disbursements

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

Property, Plant and Equipment

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

Long-Term Debt (if applicable)

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

Proof of Match (form attached)

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

Inventory

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