

**SAMPLE REPORT using SSAE 19 standards**

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

Governing Body of Example Entity  
Minnesota City, Minnesota

We have performed the procedures enumerated in the Financial Accounts and Compliance sections below for the year ended December 31, 2020. The Example Entity's management is responsible for the financial accounts and for the Entity's compliance with Minnesota Statutes.

The Example Entity has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purposes of assisting the Example Entity and the Office of the State Auditor in evaluating the financial accounts of the Example Entity and the Example Entity's compliance with applicable sections of the *Minnesota Legal Compliance Audit Guide for Cities/Towns/Special Districts (adjust)* and other matters for the year ended December 31, 2020. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Financial Accounts

Our procedures and findings regarding financial matters are as follows:

1. We obtained and read the minutes of the meetings of the Board/Council for the year ended December 31, 201X, to determine if the minutes are adequately prepared and signed by the preparer and approved and signed by the Board by the subsequent monthly meeting. We also identified any board actions that could impact the other procedures.

We found that staff has not completed the minutes for the final three months, and the Board has not approved the final five months of 201X.

2. We inquired of the entity's management about whether they have assessed whether the Entity's internal controls are adequate enough to prevent or detect errors or fraud or that internal controls are in place to mitigate the risk. We inspected the provided documentation of that risk assessment.

The Board has not completed documentation of its internal control procedures and its risk assessment of internal controls.

3. We inquired about the procedures and observed the records used to account for the entity's receipts and disbursements.

We determined such procedures and records are adequate for reporting the receipt and disbursement activities of the Example Entity.

4. We obtained bank account reconciliations for the months of February, May and December to determine that the reconciliations are being performed in a timely manner and that all bank and investment statements for the fiscal year are complete and on-hand. We also viewed the monthly bank reconciliations for each month during 201X to determine whether they had been reviewed and signed off on by a Board/Council member.

No exceptions were found as a result of applying the procedure.

5. We mathematically recomputed two bank reconciliations and agreed the resultant cash balances per the bank to the respective general ledger account balances.

No exceptions were found as a result of applying the procedure.

6. We randomly selected a sample of 10 disbursements to trace the source document to the disbursements in the general ledger. We determined that the source or payee, amount, reference number, purpose or description, date, and account code agree to source documents and records.

No exceptions were found as a result of applying the procedure.

7. We inquired of management of how receipts are tracked to determine if receipts journal is complete. We agreed total collections reflected in the receipts journal to cash deposits shown on the bank statement for the month of August.

No exceptions were found as a result of applying the procedure.

8. We confirmed all checking accounts, savings accounts, certificates of deposits and investment accounts on the general ledger as of December 31, 201X, with financial institutions.

The Example Entity's checking account, two savings accounts, and certificates of deposits agree in amount to the confirmations.

9. We verified with \_\_\_\_\_ County the amount of property tax receipts distributed to the Example Entity for the year ended December 31, 201X.

Property tax receipts verified by the County agree to the Example Entity's records.

10. We determined that the Example Entity had non-routine journal entries, such as adjustments or reclassifications, posted to the general ledger. We reviewed significant items for the following attributes: (a) journal entries are reasonable and have supporting documentation; and (b) the Example Entity has procedures that require journal entries to be reviewed, and there is evidence the reviews are being performed.

For the five journal entries examined, two did not show evidence of review and approval.

11. We determined whether there are sufficient records on hand to document the wages paid to employees and whether the payment date was subsequent to the pay period. For a sample of two payroll checks for each of five employees, the employee's hours worked per the payroll register agreed to the employee's time sheet, and the pay rate agreed to the personnel file or approved wage schedule.

No exceptions were found as a result of applying the procedure.

12. We obtained quarterly reports on salary withholdings to determine if they have been filed in a timely manner with the state and federal governments.

The third quarter report was filed two days late.

13. We inquired about and viewed records to determine if adequate records are kept for land, buildings, and equipment owned by the Example Entity.

The Example Entity has only minimal office equipment and does not maintain capital asset records.

14. We inquired and determined if the Example Entity had outstanding debt and, if appropriate, agreed the scheduled payments to disbursements reflected in the monthly bank statement.

We determined the Example Entity did not have any outstanding debt.

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### Compliance

Our procedures and findings regarding compliance matters are as follows:

1. We obtained the Example Entity's current filing of its annual reporting form to the Office of the State Auditor and determined whether the amounts reported reflect the amounts recorded in the Example Entity's records.

No exceptions were found as a result of applying the checklist procedures.

2. We completed the following checklists of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions* for the Example Entity:

(a) Depositories of Public Funds and Public Investments

At December 31, 201X, \$25,345 of the Example Entity's deposits were subject to custodial credit risk. These deposits were not covered by insurance, pledged collateral, or bond as required by Minn. Stat. § 118A.03.

(b) Conflicts of Interest

No exceptions were found as a result of applying the checklist procedures.

(c) Public Indebtedness

The Example Entity does not have any outstanding debt.

(d) Contracting – Bid Laws

No exceptions were found as a result of applying the checklist procedures.

(e) Claims and Disbursements

No exceptions were found as a result of applying the checklist procedures.

(f) Local Government Miscellaneous Provisions

As required by Minn. Stat. § 13D.01, the governing board did not state on the record the specific grounds permitting a Board meeting to be closed or describe the subject to be discussed.

3. We inquired of the Example Entity of any instances (regardless of materiality) indicating any fraud, illegal acts, or noncompliance, and whether they have been reported to the Office of the State Auditor.

The Example Entity informed us that they had reported a theft of petty cash to the Office of the State Auditor.

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We were engaged by the Example Entity to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the financial accounts and

compliance with Minnesota Statutes. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Example Entity and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Example Entity and Office of the State Auditor, and is not intended to be, and should not be, used by anyone other than these specified parties.

Practitioner's Signature

Practitioner's City and State

Report Date, 202Y