

# *AUDIT POTPOURRI*

PRESENTED BY KYLE KRUEGER, AUDIT MANAGER  
HOFFMAN & BROBST, PLLP



INTRODUCTION

AUDIT VARIATIONS

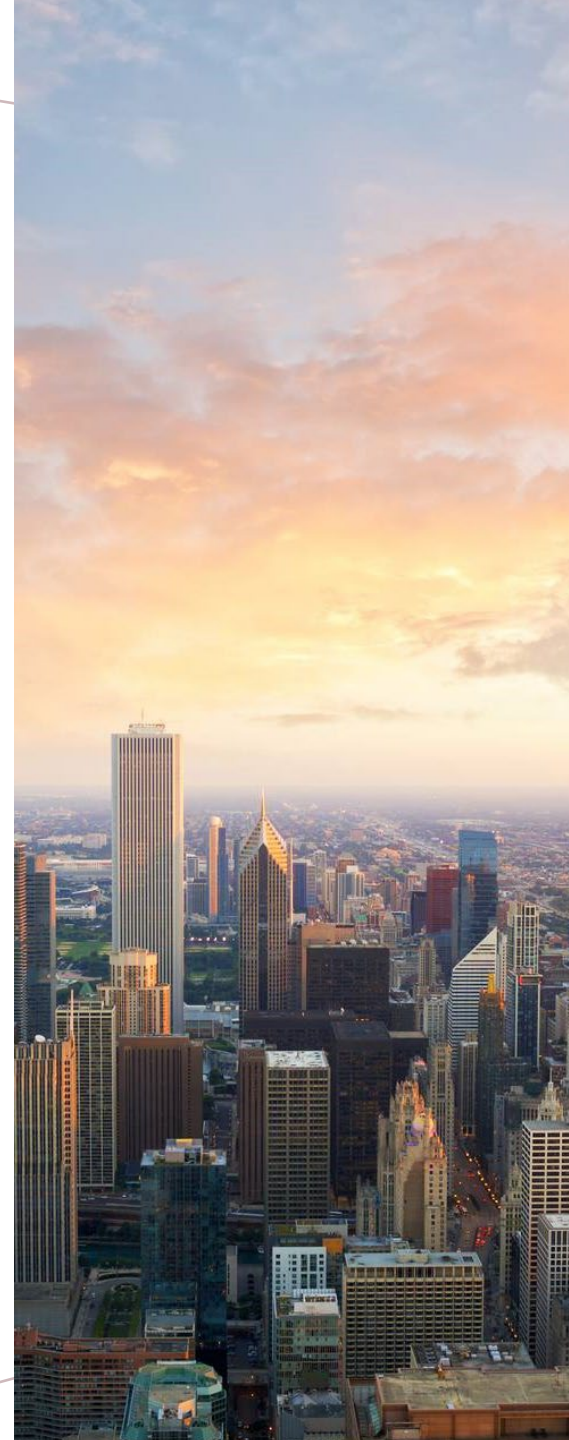
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# *INTRODUCTION*

## **Audit Planning**

- Kyle Krueger, Audit Manager, Hoffman & Brobst, PLLP
- Email: [kyle@hoffmanbrobst.com](mailto:kyle@hoffmanbrobst.com)
- Phone: 507-532-5735
- Governmental Audit Experience:
  - Minnesota Office of the State Auditor, 2011-2017
  - Hoffman & Brobst, PLLP, 2018 - Present
- School Districts, Counties, Cities, Special Districts, Community Corrections/Task Force, etc.



# *AUDIT VARIATIONS*

- **Financial Audit**
  - Focused on the accuracy and reliability of financial statements in accordance with GAAP.
- **Yellowbook Audit**
  - Government Auditing Standards – U.S Government Accountability Office
- **Single Audit**
  - Uniform Guidance – Office of Management and Budget (OMB)





# *WHAT TO EXPECT DURING AN AUDIT*

## **Audit Planning**

- Changes in processes, key staff, roles
- New contracts, grant agreements, funding sources, other
- Significant or unusual transactions
- Fraud inquiries
- Preliminary financial statements
- Walkthrough
- All done to identify risks and plan audit procedures

A low-angle, upward-looking photograph of several modern skyscrapers with glass facades. The sun is visible in the upper left corner, creating a bright lens flare and illuminating the scene. The sky is blue with scattered white clouds. The perspective makes the buildings appear to converge towards the top of the frame.

# *WHAT TO EXPECT DURING AN AUDIT*

## Fieldwork

- Analytical procedures
- Substantive procedures
- Supporting documentation
- Procedures are based on the auditors judgment, and are based on the risk assessment
- Likely to vary based on auditor





# *WHAT TO EXPECT DURING AN AUDIT*

## Wrap Up

- Final analytical
- Commitments/contingencies, subsequent events, significant estimates
- Legal representation, if applicable
- Management representation
- Communication of findings and adjustments
- Management meeting
- Board presentation
- Submission



# *PREPARING FOR AN AUDIT*

## Cash/Investments

- Bank statements
- Bank reconciliations (review for stale dated outstanding transactions)
- Investment statements (Legal compliance implications)
- Bank confirmations (varying methods)
- Pledged collateral (Legal compliance implications)





# *PREPARING FOR AN AUDIT*

## Revenues/Receivables

- Supporting documents for State and Federal (SERVS/MEGS, MDE Reports, etc.)
- Grant agreements
- Property taxes (Form 51, Settlements, Etc.)
- Insurance proceeds and related expenses
- Transfers



# *PREPARING FOR AN AUDIT*

## Expenditures/Payables

- Proper support (signed/approved invoices)
- UFARS coding
- Public purpose
- Approval in minutes (check sequences)





# *PREPARING FOR AN AUDIT*

## Payroll

- I-9s, W-4s, other personnel file data (Be aware of PII)
- Employee contracts
- Benefit enrollment
- OPEB valuation/rollforward and data shell
- PERA contributions
- W-3 and 941s



# *PREPARING FOR AN AUDIT*

## Fixed Assets

- Supporting documentation (invoices, board approvals, etc.)
- Contracts and related documents (legal compliance implications)
- Disposals
- Be aware of payables
- Lease agreements
- Subscription based information technology arrangements



A low-angle, upward-looking photograph of several modern skyscrapers with glass facades, reaching towards a bright blue sky with scattered white clouds. The sun is visible in the upper left, creating a lens flare effect. The perspective creates a sense of height and architectural grandeur.

# *PREPARING FOR AN AUDIT*

## Debt

- New arrangements (bonds, capital leases, etc. – legal compliance implications)
- Support for payments
- Refunding information
- Approval (referendums, board approval, etc.)

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# *PREPARING FOR AN AUDIT*

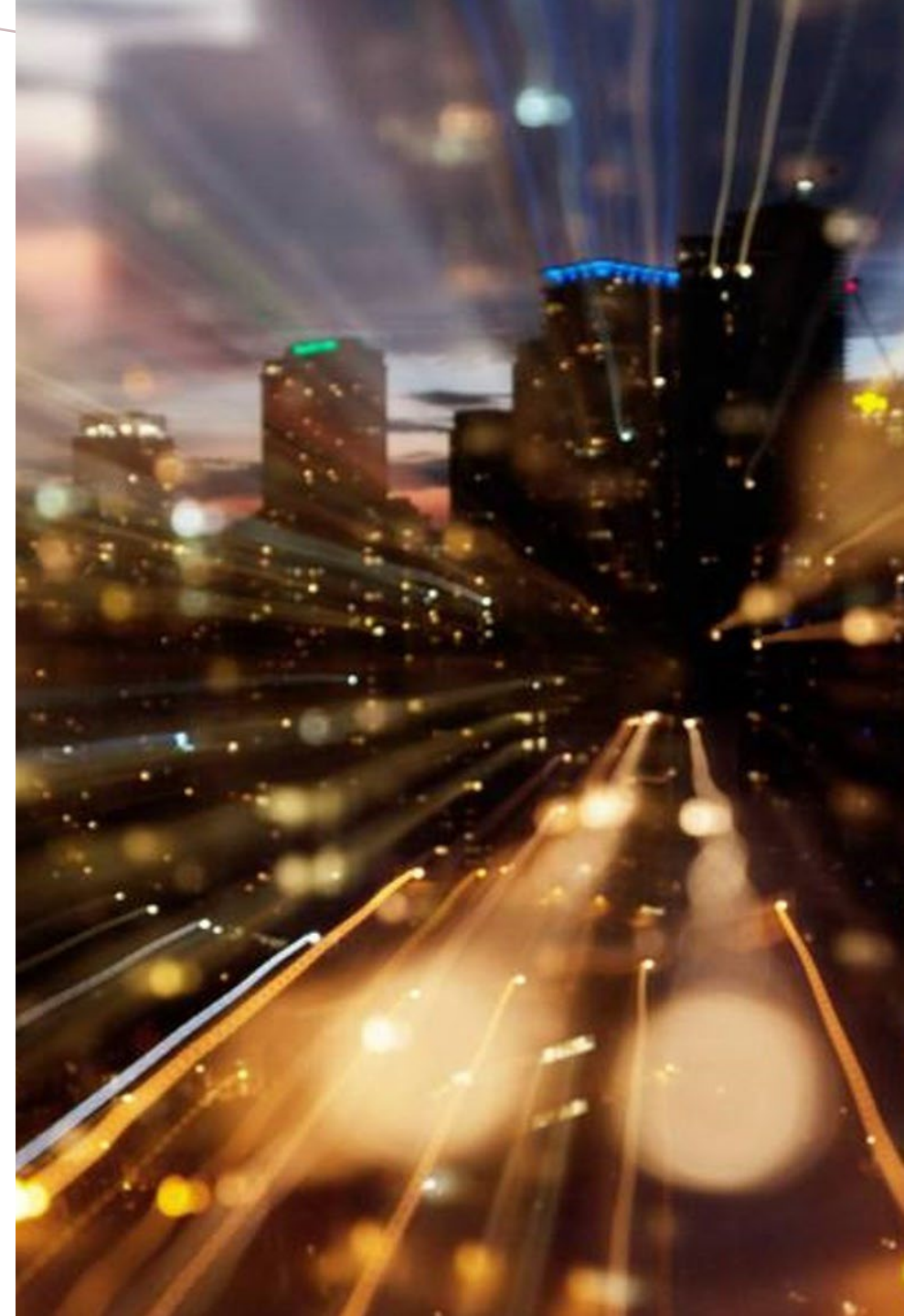
## **Student Activities**

- Support for disbursements (invoices, etc.)
- Purpose form
- Approvals
- Be aware of proper/improper disbursements and activities



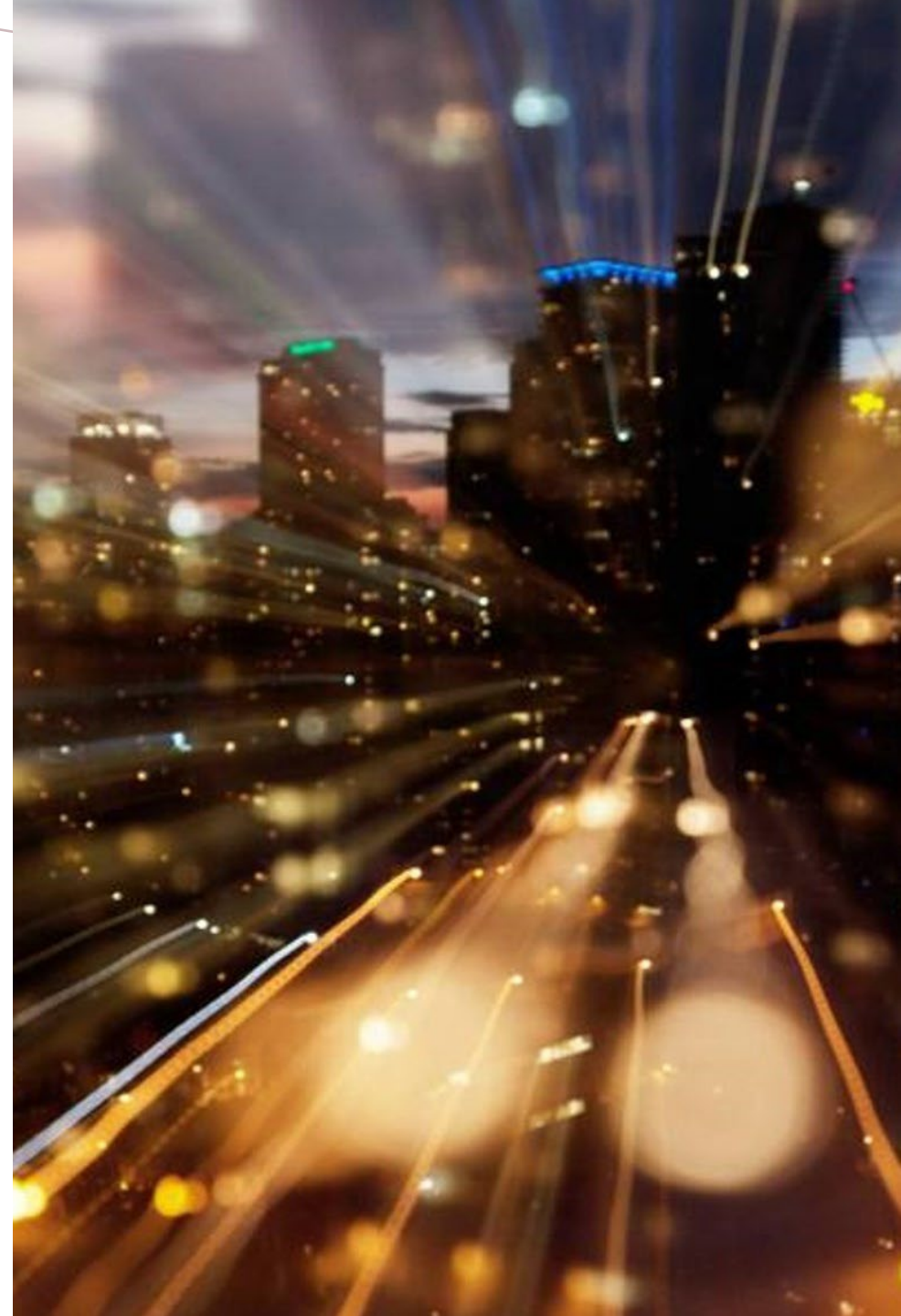
# *STUDENT ACTIVITIES*

- UFARS Manual, Chapter 14 still applies
- Board must determine whether “Cocurricular” or “Extracurricular”
- Extracurricular is a Student Activity – Revenues raised must be reserved and spent for that activity
- Outside organizations are often conflated (Booster Clubs, PTO, Sunshine Funds, Foundations)
- Public Purpose Doctrine applies
- Purpose form still applies
- Banking



# *LEGAL COMPLIANCE – COMMON DEFICIENCIES*

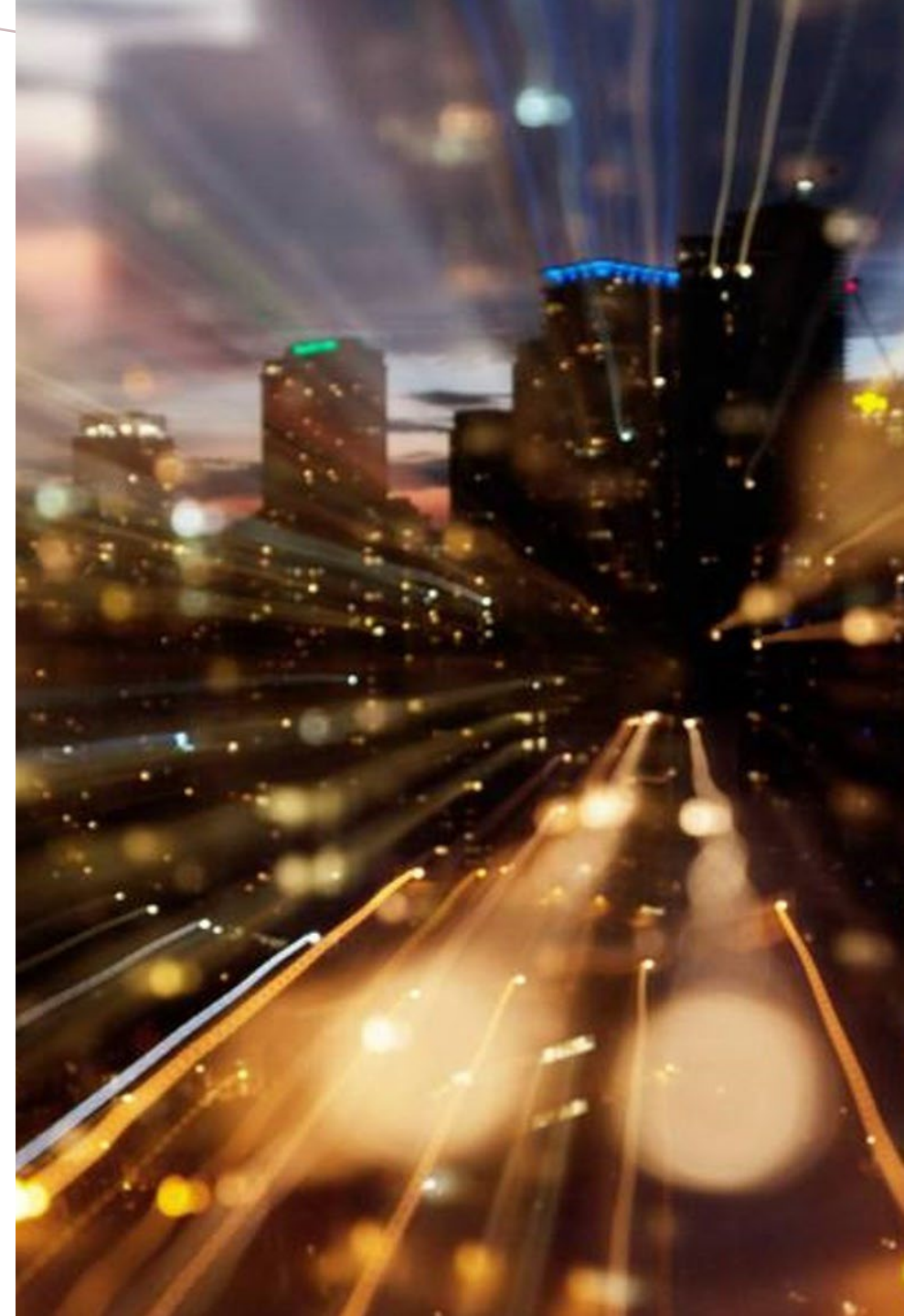
- Depositories of Public Funds and Investments:
  - Proper approval (depositories and signatories)
  - Insufficient collateral
  - Improper investment
  - Broker Acknowledgement
- Conflicts of Interest:
  - No abstention on conflict of interest
- Public Indebtedness:
  - Generally clean – bond counsel/consultants provide assistance
  - Reporting to County Auditors





# *LEGAL COMPLIANCE – COMMON DEFICIENCIES*

- Contracting – Bid Laws:
  - Proper publication
  - IC-134
  - Documentation of alternative dissemination or emergency repair
- Claims and Disbursements:
  - Prompt payment
  - EFT Policy
  - Credit card authorization
- Miscellaneous Provisions
  - Unclaimed property (outstanding checks)
  - Public purpose (regardless of materiality)





# *STANDARDS AND GUIDANCE UPDATES*

## **GASB Statement 101 – *Compensated Absences***

- Effective for periods beginning after December 15, 2023 (i.e. December 31, 2024 and June 30, 2025)
- Examples: Vacation, sick leave, paid time off (PTO), holiday, parental, sabbatical
- Attributable to services already rendered, accumulated and carries to subsequent periods, more likely than not to be used for time off or paid/settled, more likely than not to be used or settled (more than 50%)
- Cash payment when leave is used (i.e. payroll)
- Cash payment upon termination
- Noncash settlements (i.e. conversion to OPEB)





# *STANDARDS AND GUIDANCE UPDATES*

## Single Audit

- OMB increased the Single Audit threshold
- \$750,000 to \$1 million
- Effective for years beginning on or after October 1, 2024 (i.e December 31, 2025 and June 30, 2026).
- Current threshold of \$750,000 is in effect for upcoming audit cycle (i.e. June 30, 2025)



*THANK YOU*

Kyle Krueger, Audit Manager

507-532-5735

[kyle@hoffmanbrobst.com](mailto:kyle@hoffmanbrobst.com)

[www.hoffmanbrobst.com](http://www.hoffmanbrobst.com)