



FINANCIAL TRAINING

Audits & Reporting

Arizona Association of Conservation Districts

District Training Program

2018



Specific Training Modules

Audits & Reporting – THIS MODULE



OTHER MODULES LISTED BELOW FIND ONLINE – WEBSITE: www.aacd1944.com

- ❧ Fiduciary Duties
- ❧ Financial Planning
- ❧ Available Funding Mechanisms
- ❧ Fundraising
- ❧ Budgeting & Allocating Funding
- ❧ Grant Contracts & Agreements
- ❧ Financial Policies & Procedures
- ❧ Accounting Methods & Financial Statements
- ❧ Internal Controls
- ❧ Personnel & Contractors
 - ❖ Records & Reporting



To Audit or Not To Audit?



THAT IS THE QUESTION!!

Audits & Reporting



What's in this Training Module?

- ❧ State Audit & Reporting Requirements
 - Statutory Requirements
- ❧ Federal Audit & Reporting Requirements
- ❧ Audit Preparation
- ❧ Audit Types
- ❧ Finding an Auditor
- ❧ Changes in Project Scope or Budget



State Audit

Statutory Requirements

☞ State Statute *ARS Title 37 Public Lands, Chapter 6 Natural Resource Conservation Districts* reads:

❖ 37-1013. Powers and duties of commissioner

A. The state natural resource conservation commissioner shall:

4. Require the supervisors of each district to file with the commissioner annually any **audits** and the records of the operations of the district for the preceding year in the form and detail as the commissioner prescribes.



State Audit

Statutory Requirements

☞ State Statute *ARS Title 37 Public Lands, Chapter 6 Natural Resource Conservation Districts* reads:

❖ 37-1014. State financial assistance; application; criteria

B. Any district or education center desiring to receive state financial assistance for the next ensuing fiscal year shall apply to the commissioner not later than June 20, on a form supplied by the division of natural resource conservation. Each application shall include:

3. Any audits that are requested by the commissioner.



State Audit

Statutory Requirements

☞ State Statute *ARS Title 37 Public Lands, Chapter 6 Natural Resource Conservation Districts* reads:

❖ 37-1053. Powers and duties of supervisors

A. The supervisors shall:

2. Furnish to the commissioner copies of such ordinances, rules, regulations, orders, contracts, forms or other documents adopted or employed, **audits** of the district or education center and such information concerning their activities as the commissioner requests.



State Audit

Statutory Requirements

⌘ In plain English.....

The Natural Resource Commissioner may request any District and/or Education Center to conduct an audit and place on file.



State Reporting Statutory Requirements

☞ State Statute *ARS Title 37 Public Lands, Chapter 6 Natural Resource Conservation Districts* reads:

❖ 37-1014. State financial assistance; application; criteria

A. The commissioner shall include in the annual state land department budget request a sum of not more than forty thousand dollars for each district and sixty thousand dollars for each education center for distribution by the commissioner to those natural resource conservation districts that have applied for, have met the criteria for and have been approved for receiving state financial assistance, as provided in this section.



State Reporting Statutory Requirements

☞ State Statute *ARS Title 37 Public Lands, Chapter 6 Natural Resource Conservation Districts* reads:

❖ 37-1014. State financial assistance; application; criteria

B. Any district or education center desiring to receive state financial assistance for the next ensuing fiscal year shall apply to the commissioner **not later than June 20, on a form supplied by the division of natural resource conservation.** Each application shall include:

1. The number of acres of land lying within the district.
2. The extent of conservation programs or education center programs proposed to be undertaken during the fiscal year for which the financial assistance is being requested.



State Reporting Statutory Requirements

☞ In plain English.....

The District must annually file by June 20th on the form supplied by the Natural Resource Commissioner their funding requests.



Federal Audit & Reporting Requirements

☞ Federal Audit & Reporting Requirements

- IF Federal Funds Received Exceed -\$750,000 – The Conservation District or Education Center must conduct a “Federal Single Audit” - formally known as the 1033 and submit electronically to:
<https://harvester.census.gov/facweb/>
- A Tax Return is NOT Required by Sub-Divisions of State
- A Tax Return IS Required by Non-Profit Organizations
 - If an Education Center is 501c3 then they must file a Federal 990 (even if directly managed by the Conservation District)
- Federal Funds received require reporting: SF424 & SF270
 - See contract or agreement to determine if reporting is monthly, quarterly, semi-annual or annually

Audit Preparation



Checklist for audit prep:

- ✓ Prepare and arrange access to site & staff for on site visit
- ✓ Financial Management
 - Written procedures, P&Ls, transactions, receipts, prior spending approvals, P&Os
- ✓ Personnel Management
 - Hiring policies, position descriptions, recruitment, evaluations, time reporting
- ✓ Subcontract Management
 - Written Policies, open bid, proposal & award process, monitoring protocol
- ✓ Property & Equipment – Inventory & Maintenance records

Audit Types



- ❧ Internal – conducted by BOD/BOS or Financial Committee
 - ❧ “Second Set of Eyes”
- ❧ Review
 - ❧ CPA review but does not have to be Certified Auditor
- ❧ External
 - ❧ Certified Auditor
- ❧ Full
 - ❧ Federal “Single” or Governmental Audit

Finding an Auditor



- ❧ Districts deciding to contract an external audit may put out for bid and review credentials
- ❧ Many different levels of audit companies – most expensive does not necessarily mean “better”
- ❧ Explain number of transactions District averages to demonstrate simplicity of audit for lower price

Changes in Project Scope or Budget



❧ Districts with Grants or Agreements:

Make sure if there are any changes desired or anticipated by the District that they are cleared and approved by the granting agency or group