



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

Contact: Ernest Ruben
515/281-5834

FOR RELEASE

April 6, 2022

Auditor of State Rob Sand today released an agreed-upon procedures report on the Polk County Agricultural Extension District for the period July 1, 2019 through June 30, 2020. The agreed-upon procedures engagement was designed to focus on the financial processes of the Polk County Agricultural Extension District and compliance with certain Code of Iowa requirements.

Chapter 176A of the Code of Iowa establishes a County Agricultural Extension District in each of Iowa's 99 counties for the purpose of disseminating useful and practical information on subjects relating to agriculture, home economics, and community and economic development. The work of the Extension Districts is performed in cooperation with Iowa State University of Science and Technology and the United States Department of Agriculture as provided in the Federal Smith-Lever Act. They also collect, deposit, disburse and account for all taxes, fees and other monies paid to the County Agricultural Extension Districts.

AUDIT FINDINGS:

Sand reported three findings pertaining to the Polk County Agricultural Extension District. The findings address a lack of compliance with the ISU Extension and Outreach Fiscal Policy and Procedures relating to an independent review of the internal control log and the integration of all 4-H club accounts. Sand also reported a finding addressing the lack of evidence of an independent review of bank reconciliations. Sand provided the Polk County Agricultural Extension District officials with recommendations to address each of the findings.

Polk County Agricultural Extension District officials have a fiduciary responsibility to provide oversight of the Extension District's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

A copy of the agreed-upon procedures report is available for review in the Auditor of State's web site at <https://auditor.iowa.gov/reports/audit-reports/>.

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POLK COUNTY AGRICULTURAL EXTENSION DISTRICT

**AUDITOR OF STATE'S INDEPENDENT REPORT
ON APPLYING AGREED-UPON PROCEDURES**

**FOR THE PERIOD
JULY 1, 2019 THROUGH JUNE 30, 2020**

Polk County Agricultural Extension District



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Rob Sand
Auditor of State

February 18, 2022

Dear Members of the Polk County Agricultural Extension District Council:

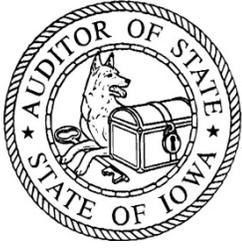
I am pleased to submit to you this agreed-upon procedures report for the Polk County Agricultural Extension District for the period July 1, 2019 through June 30, 2020. The agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for attestation engagements contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of the Polk County Agricultural Extension District throughout the agreed-upon procedures engagement. If I or this office can be of any further assistance, please contact me or my staff at 515/281-5834.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Sand".

Rob Sand
Auditor of State



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Auditor of State's Independent Report on Applying Agreed-Upon Procedures

To Polk County Agricultural Extension District:

We have performed the procedures below, which were agreed to by the Polk County Agricultural Extension District (Extension District) for the period July 1, 2019 through June 30, 2020. The Extension District was formed pursuant to the provisions of Chapter 176A of the Code of Iowa. The procedures performed focused on the financial processes of the Extension District and compliance with certain Code of Iowa requirements.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States. The Extension District has agreed to and acknowledged the procedures performed are appropriate to meet the intended purpose to report recommendations pertaining to selected accounting records and related information of the Extension District including the District's compliance with certain Code of Iowa requirements. 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 purpose.

The procedures we performed are summarized as follows:

- a. We observed selected Extension District Council meeting minutes for compliance with Chapters 21 and 176A.14 of the Code of Iowa.
- b. We obtained an understanding of the Extension District's internal controls to determine if proper control procedures are in place and incompatible duties, from a control standpoint, are not performed by the same employee.
- c. We observed surety bond coverage for compliance with Chapter 174A.14(5) of the Code of Iowa.
- d. We obtained and observed financial reports and selected bank reconciliations to determine whether the bank balances properly reconcile to the general ledger account balances and the financial reports.
- e. We scanned depository resolutions and reporting of unclaimed property to the State of Iowa and determined compliance with Chapters 12C.2 and 556.1(12) of the Code of Iowa.
- f. We scanned for the existence of agency funds held by the Extension District on behalf of a separate legal entity and determined whether the fund has been approved by the Extension District Council.
- g. We determined 4H Clubs were reported in the Extension District accounting system.
- h. We reconciled the Extension District tax receipts with the County Treasurer's tax record.
- i. We obtained receipt ledgers and scanned for and observed any unusual receipts.

- j. We traced selected disbursements to proper approval, adequate supporting documentation, accurate accounting and compliance with the public purpose criteria established by Article III, Section 31 of the Constitution of the State of Iowa.
- k. We traced selected payroll and related transactions to proper authorization and accurate accounting and determined whether payroll was proper.
- l. We observed the annual certified budget for proper authorization, certification and timely amendment.

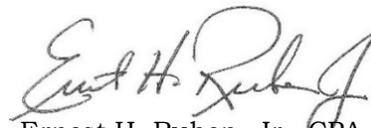
Based on the performance of the procedures described above, we identified findings and recommendations for the Polk County Agricultural Extension District. Our findings and recommendations are described in the Detailed Findings and Recommendations section of this report. Unless reported in the Detailed Findings and Recommendations, items of non-compliance were not noted during the performance of the specific procedures listed above.

We were engaged by the Polk County Agricultural Extension District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standard for attestation engagement contained in Government Auditing Standards, issue by the Comptroller General of the United States. 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 specific accounting records and related information of the Extension District including compliance with specific Code of Iowa requirements for the period July 1, 2019 through June 30, 2020. 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 Polk County Agricultural Extension District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed upon procedures engagement.

The purpose of this report is to report certain agreed-upon procedures and the resulting findings and recommendations pertaining to selected accounting records and related information including compliance with certain Code of Iowa requirements of the Polk County Agricultural District. This report is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Polk County Extension District during the course of our agreed-upon procedures engagement. Should you have questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

February 18, 2022

Polk County Agricultural Extension District

Detailed Findings and Recommendations

For the Period July 1, 2019 through June 30, 2020

- (A) Segregation of Duties Log – ISU Extension and Outreach Fiscal Policy and Procedures, Section 3.1 requires an unannounced independent review to be performed over the internal control log at least bi-monthly. Evidence of the independent review is to be documented on the internal control log with a date and signature of the reviewer.

The Segregation of Duties Log was prepared but there was no evidence of review or no evidence the independent review was timely.

Recommendation – The Polk County Extension District should ensure the Segregation of Duties Log is independently reviewed and the review is documented by the signature or initials of the reviewer and the date of the review.

- (B) Bank Reconciliations – A bank reconciliation is prepared monthly, however, there is no evidence of independent review or no evidence the independent review was timely.

Recommendation – An independent person should review the bank reconciliations and document their review by signing or initialing and dating the monthly reconciliations.

- (C) 4-H Club Accounts – All 4-H Club accounts have not been turned over to the Extension District.

Recommendation – In accordance with the Iowa State University Extension and Outreach policy, Iowa Code 12C.1 and 176A, and to strengthen internal control and increase operating efficiencies, the financial transactions of the 4-H club separate accounts should be integrated with the County Extension's account records under the Extension District's EIN. The financial activity should be included in the County Extension's accounting records, monthly financial reports, and the annual financial reports.

Report of Recommendations
Polk County Agricultural Extension District

Staff

This engagement was performed by:

Ernest H. Ruben, Jr., CPA, Deputy
Suzanne R. Dahlstrom, CPA, Manager
Anthony M. Heibult, Senior Auditor II
Tristan J. Swiggum, Staff Auditor