

**Agreed Upon Procedures (AUP)  
Financial Review  
Scope of Services**

**SCOPE OF SERVICES**

<b>Category</b>	<b>Average Review Time (Hours)</b>	<b>Detailed Review Description</b>
<b>Rent Collections/Accounts Receivable/Vacated Accounts</b>	1.75	Review 25 cash receipts to determine that amounts were deposited in a timely manner and posted to the tenant accounts. Verify deposits posted to the general ledger are traced to bank statements. Trace amounts reported on Form 51-4 to the general ledger for accuracy and completeness. Obtain a general understanding of tenant write-off procedures to ensure compliance with DHCD guidelines.
<b>Payroll / Travel / Fringe</b>	2	<p>For all categories, the sample reviewed, at least 5-10, should be determined by the firm using their professional judgment. All category samples must include a review of information related to the Executive Director. Review is of both administrative and maintenance personnel.</p> <p>Verify analytically that wages reported on Form 51-1 reconcile to amounts reported on various tax forms including, IRS forms W-2 and 941's. Reconcile a sample. Compare W-2 amounts reported for the Executive Director other administrative personnel and maintenance personnel to the operating budget.</p> <p>In addition to the analytical review, perform procedures related to the review of actual time sheets and calculations to the actual check for a single pay period. The procedures should be reviewed for completeness, and proper approvals.</p>

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<p><b>Payroll / Travel / Fringe (cont)</b></p>		<p>Review actual employee benefits received to the personnel policy. (Accruals, such as sick, vacation and personal time.) Review procedures for accrued compensated absences and trace amounts reported on form 51-2 to the general ledger.</p>
<p><b>Disbursements / Accounts Payable</b></p>	<p style="text-align: center;">3</p>	<p>For all categories a sample of the lessor of 10 percent of expenditures or 25, with a minimum sample being at least 15 must be examined.</p> <p>Attributes being tested include, supporting documentation, proper approvals, allowability &amp; allocation. Search for unreported accounts payable. Test controls that should be in place to prevent unreported accounts payable.</p> <p>Review credit card policies and select a sample of credit card expenditures. Determine if a policy is in place, and if it is adequate.</p> <p>Debit card policy and transactions should be reviewed and included in the sample. If credit cards and/or debit cards are used at the LHA, but there is no written policy, firm should note this in the report.</p> <p>Review travel policies and procedures while verifying costs through the selection of a sample of travel expenses.</p> <p>Review all expenditures in excess of \$2,500 excluding payroll and utility expenditures.</p>

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<p><b>Inventory (Fixed Assets)</b></p>	<p style="text-align: center;">1.5</p>	<p>Trace amounts to capitalized inventory/depreciation schedules. There should be a fixed asset listing. Select a sample (5-10 or more as determined reasonable by the firm) and compare it to the paid bills.</p> <p>Select a sample for capitalized items and verify calculation of depreciation expense. Depending on the number of items listed, select sample, (5-10 or more as determined reasonable by the firm).</p> <p>Review supporting documentation related to additions and disposals during the period. Depending on the number of items listed, select sample, (5-10 or more as determined reasonable by the firm).</p> <p>Trace vehicle listing to insurance policies.</p> <p>Verify capitalization policy is within state established limits.</p> <p>Inquire with management to determine if any construction in progress is present. If considered leasehold improvements, test for proper capitalization.</p>
<p><b>Capital/Modernization Funds</b></p>	<p style="text-align: center;">2</p>	<p>Verify completion of submissions. Determine if LHA is in compliance with DHCD submission requirements. Sample hard and soft costs to verify classification and budget line coding. Depending on the size of items, select sample (5-10 or as determined reasonable by the firm). Trace hard costs to capital inventory listings. Examine year end requisitions to determine completeness. (Fund payments/reimbursements.) Trace requisitions to deposits. Verify that closed work plans on form 080 and form 090 match the accounting records.</p>

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<b>Procurement / Public Bidding</b>	1.5	Review LHA policies and procedures for procurement verifying that policies meet State requirements. Determine if LHA in compliance with state procurement requirements. Review board minutes and expenditures to search for items purchased that would require bids to be taken during the period. Select a sample of those bids and review the selection criteria used for the awarding bid. Between 5 and 10 items, as long as the firm determines this to be reasonable.
<b>Cash Management &amp; Investment Practices</b>	1.25	Trace financial statement amounts to bank reconciliations and bank statements. Review investment balances and confirm bank account balances with financial institutions. Confirm balances by comparing general ledger to most recent statement or confirmation can be made through the financial institutions. Examine existence of deposits in transit and completeness of outstanding checks. Verify that accounts are properly insured or collateralized. Determine if investment purchases and redemptions were properly authorized and allowed.
<b>Operating Subsidy and Reserves</b>	2	Review the operating subsidy received and compare receipts to the bank statements. Trace utility amounts to consumption reports. Verify amounts listed as exemptions. Determine if operating reserve is above 20% floor or if health & safety exceptions were present.

**Total Estimated Hours**

**15**