



It's Your Close, Marty!

Something's Gotta be Done about Your Close!



- **Alberto Preciado**, Accounting Manager, City of Citrus Heights
- **Amy Meyer**, CPA, Audit Partner, Maze & Associates
- **David Alvey**, CPA, Audit Partner, Maze & Associates

KEY DISCUSSION POINTS – CLOSING THE BOOKS

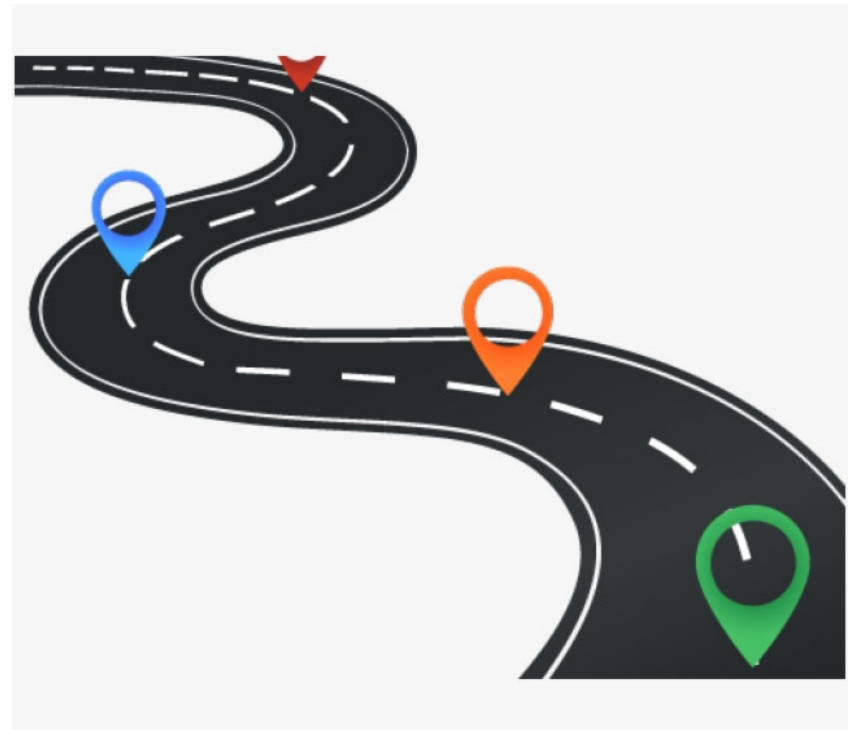


- Pre-Interim and Throughout the Year
- Interim
- Pre-Final
- Final
- Wrap up
- Resources

PRE-INTERIM
AND
THROUGHOUT THE YEAR

HOW DID THE PRIOR YEAR AUDIT AND CLOSING GO?

- Look back at timeline
- Did we meet our goals
- Management comments
- Communication with auditors
- Post closing entries





POTENTIAL STUMBLING POINTS

Staff retirements

New hires with no governmental experience

Lack of staff

New general ledger system

New state or federal government programs with audit requirements

New transactions with GASB accounting/reporting requirements

Post-closing adjustments

WHAT DOES A SUCCESSFUL CLOSE LOOK LIKE?

It's *NOT* only
about the Debits
and Credits...

Organized

Timely

Analyses completed

Staff knowledgeable of balances and
transactions

Minimal (or no?) post-closing adjustments

HOW TO ORGANIZE YOUR CLOSE



BY FUND?



BY ACCOUNT?



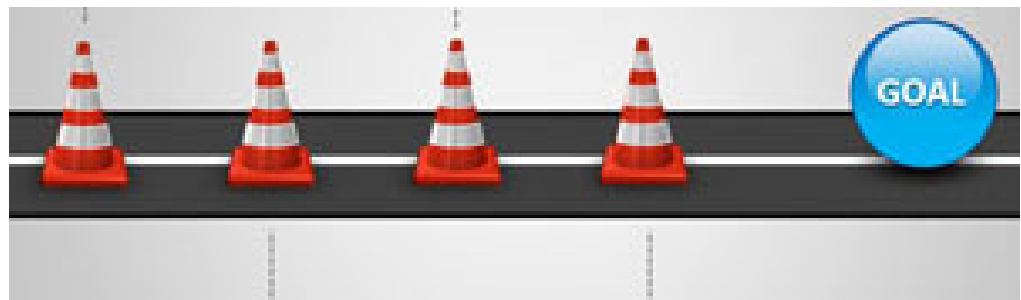
BOTH?



START WITH A
VAGUE OUTLINE

SET A CURRENT YEAR TIMELINE

- Start from the Council/Board presentation and work backwards
- Set clear milestones ***with cushions***
- PBC items and third-party confirmations
- Staffing



PRE-INTERIM PHASE

- Do you require a separate interim phase
- Keeping timely records
- Monthly closing?
- Order Pension and OPEB reports



NEW GASBs

- Training
- New GASBs
- Resources for information
- Looking ahead
- Audit impacts

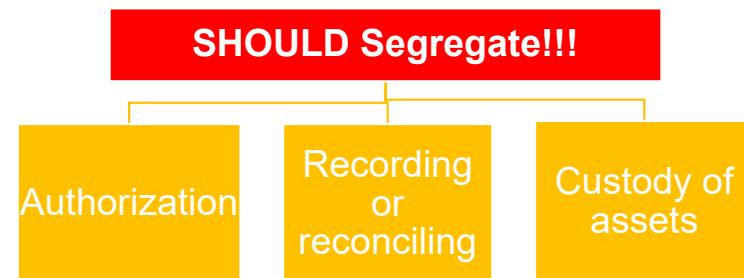
Important Tip –

- Don't forget about existing GASBs and new transactions



SOLID INTERNAL CONTROLS

- Segregation of duties
- General ledger change access – is it appropriate?
- Clear assignments
- How to deal with turnover
- How to deal with remote working
- Who is responsible
- What is the auditor looking for?



COSO CUBE



[This Photo](#) by Unknown Author is licensed under [CC BY](#)

COSO TRIANGLE



POLICIES AND PROCEDURES

- Are they up to date?
- Are they being followed?
- Can we make them better?





INTERIM

INTERIM AUDIT PROCEDURES

Control testing

Results of interim audit

Good interim audit can lead to a
good year end audit

Impacts auditor's year-end procedures

May be combined with year-end audit procedures

FINAL OR YEAR-END AUDIT

CLOSING THE BOOKS

- Discussions with departments
- Account reconciliations:
 - Assets
 - Liabilities
 - Revenue
 - Expenditures
 - Interfunds
- Year-end entries
- Year end analytical review
- Do you have a closing checklist?
- Leadsheets – to use or not to use?



EXAMPLE CLOSING CHECKLISTS

- Monthly and Annual Procedures – see separate Excel Files
 - Example Year End Closing Checklist.xlsx
 - Example Month End Closing Checklist.xlsx

EXAMPLE CLIENT-PREPARED LEADSHEET EXCERPT

All Funds Accounts Payable Detail at June 30, 2022

Prepared By: Example Accountant

Date: August 20, 2022

| FUND | DESCRIPTION | AP CHECKS | AP (2101) |
|------|-------------------------------|---------------|-----------------|
| 563 | Airport Capital | 100.00 | (100.00) |
| 571 | Transit Operating | 249,504.06 | (249,504.06) |
| 601 | Central Garage | 73,158.79 | (73,158.79) |
| 602 | Information Services | 23,811.78 | (23,811.78) |
| 605 | Equipment Replacement | 184,526.11 | (184,526.11) |
| 606 | Vehicle Replacement | - | - |
| 615 | Building Maintenance | 51,615.13 | (51,615.13) |
| 627 | Self Insurance | 14,828.46 | (14,828.46) |
| 801 | Payroll Clearing | 1,067,702.45 | (1,067,702.45) |
| 808 | Regional Transp Impact | 305,645.51 | (305,645.51) |
| 812 | Post Employment Benefit Trust | 7,143.58 | (7,143.58) |
| 846 | CFD 98-1 Plan C Area | 1,731.25 | (1,731.25) |
| | | 13,993,648.01 | (13,993,648.01) |

Formulas in the Columns Include:

=SUMIF('MUNIS Account Detail Expense'!A:P,'FY2021-2022 AP'!B64,'MUNIS Account Detail Expense'!P:P)

=SUMIF('MUNIS Account Detail (2101)'!A:O,'FY2021-2022 AP'!B64,'MUNIS Account Detail (2101)'!O:O)



COMMON AUDIT ADJUSTMENTS

- Reconciling items on bank reconciliations
- Missed accruals
- Duplicate accruals
- Unavailable vs. unearned revenue
- Entity-wide or full-accrual adjustments not posted, including:
 - Compensated absences
 - Long-term debt
 - Pension/OPEB
- New GASB-related entries

THE AUDITORS ARE HERE!

- PBC Items
- Use of a shared drive
- Remote access
- Communications availability
- Check-ins/Open items



THE REMOTE AUDIT

- Different for each organization
- What works well?
- How can we improve?



THE REPORT

- New GASB disclosures
- GFOA Comments
- GFOA or Disclosure Checklist
- Tick and Tie
- MD&A and Letter of Transmittal
- Statistics?



WRAP UP



WRAP UP PHASE

- Last things the auditor needs
- Review of the report
- Audit Opinion



GFOA SUBMISSION AND TYPICAL COMMENTS

- Common comments:
 - NICA calculation errors
 - Balances not agreeing within the report (MD&A, FS, Notes, Statistics)
 - Budget presentation (legal level of control)
 - Missing or deficient disclosures
 - Conflicting disclosures within the report
- How to respond?
- What if the comment is not correct?



PRESENTATION TO GOVERNING BODY

- Report out the results
 - Opinion
 - Management Letter
- Who will present?
- What is the message?
- How to handle questions?



RESOURCES

RESOURCES

- CSMFO
 - List Serve (now KnowledgeBase?)
 - <https://members.csmfo.org/home>
 - Hot Topics Emails and Newsletters
 - <https://news.csmfo.org/>

RESOURCES

- GFOA
 - Best Practices
 - <https://www.gfoa.org/best-practices--resources>
 - Reporting Checklist
 - <https://www.gfoa.org/coa-award-criteria-checklists>
 - Newsletters (subscribe)
 - Governmental Accounting, Auditing, and Financial Reporting
(GAAFR or Blue Book)

RESOURCES

- GASB
 - Pronouncements and Implementation Guides
 - <https://www.gasb.org/page/PageContent?pagelId=/standards-guidance/pronouncements.html>
- CCMA Government Industry Alerts and White Papers
 - <https://www.calcpa.org/members/technical-resources/gaa-white-papers>
- Your Local Agency Neighbors / Contacts

QUESTIONS?

