



Oklahoma Conservation Commission

District Directors' Responsibilities: A 10-Minute Guide Series

This is one in a continuing series of informational/discussion topics designed to help conservation district directors become more informed and knowledgeable about their responsibilities. It is suggested that board members review these guides before a board meeting and then have a ten minute discussion on them at a meeting.

Guide No. 7 - Audits

Conservation districts are required by state statute to have their financial records audited every three years. A review must be conducted in the years when an audit is not conducted. The Oklahoma Conservation Commission will notify each district whether they are to have an audit or review.

Reasons for Having an Audit

Audits are necessary because (1) they are required by state statute and (2) because the district board acts as trustees of district and state funds and are responsible for safeguarding, auditing and appraising the district's financial resources. An audit is a fundamental part of this financial responsibility.

Audits are necessary to :

1. Prevent deliberate misstatement of fact.
2. Ensure that all district funds are managed according to state law.
3. To assure records are dependable.
4. To ensure generally accepted accounting practices have been consistently followed.
5. To assure that the disclosure is complete. In many cases what is not reported is often more important than what is reported.

An audit does not shift the responsibility for the financial statements of the district on to the auditor. The district board retains the responsibility for financial management and records. District board members have to be involved in the district's financial records and ensure that funds are expended properly and that good records are maintained.

Audits consist of:

1. A review of the balance sheet, income statement, and statement of cash flow.
2. A review of underlying documents supporting the information given in these financial statements.
3. Verification of accounts receivable and payable balances with customers.
4. A review of inventory quality, quantity, valuation records and procedures.
5. Verifying the existence of recorded securities.

6. Reviewing justification for judgement decisions and estimates.
7. *Sampling* accounting records.
8. Reviewing minutes of the board of directors meetings for policy changes and instructions to employees.

Who May Perform the Annual Audit or Review?

Each year the Oklahoma Accountancy Board publishes the list of "Registrants Performing Governmental Audits in Accordance with Government Auditing Standards." The district must select an auditor from this list to conduct the district audit or review.

Ask auditors if their audits include them coming to a meeting.....OCC strongly recommends that district boards insist the auditor come make a presentation to the board to present their findings and answer questions.

There is a wide range in the amount charged for audits, so check with other conservation districts, visit with auditors about the time it will take to complete an audit, and take bids.

Districts should develop a working relationship with the auditor, so that questions can be asked throughout the year.

The law forbids district directors, employees, or those connected with the district's operations and their relatives from performing the audit.

*This 10-Minute Guide was prepared by the Oklahoma Conservation Commission - District Services Division
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Time frame for Completing the Audit / Review:

July & August

- ◆ OCC notifies districts required to secure an audit for the past fiscal year and supplies the list of auditors authorized to perform government audits.
- ◆ Districts solicit bids for audit or review from authorized auditors.
- ◆ Staff prepares documents necessary for audit.
- ◆ District board reviews bids, select an auditor and sign letter of engagement.
- ◆ Deliver materials to auditor no later than August 15.

September 3

Notify OCC by completing the included form as to who the district selected as auditor and the date materials were delivered.

November 1

- ◆ File audit with county clerk
- ◆ Submit copy of audit / review to State Auditor and Inspector's Office and OCC
- ◆ Submit executed Form OCC-5J, Filing of Annual Audit to OCC
- ◆ Submit executed Form OCC-5K, Annual Net Worth Statement to OCC

_____ Conservation District

Selected _____ to conduct the district's Audit or Review
Name of Auditor

Auditor's phone number: _____

Audit materials were delivered on _____
Date

Chairman – Board of Directors Signature

Date

This form must be submitted to OCC on or before September 3 in order for reimbursement claims to continue to be processed.

Send or fax form to: Lisa Knauf

District Services Director
Oklahoma Conservation Commission
2800 N Lincoln Blvd. Ste 160
Oklahoma City, OK 73105
FAX: (405) 521-6686
