

Poudre River Public Library District
Presentation to the Board of Trustees
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BKD PARTICIPANTS



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BKD AUDIT APPROACH


BKD's Audit Approach Focuses on Areas of Higher Risk Such As:

- Your operations
- The design of controls you have implemented
- Nature of financial statement amounts and disclosures


Audit Risk Considerations

- Significant Accounting Estimates
- Risk of Management Override of Controls
- Revenue Recognition
- New Accounting Standards

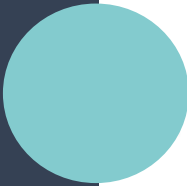
AUDITOR RESPONSIBILITY UNDER US GENERALLY ACCEPTED AUDITING STANDARDS (GAAS)



Expressing opinions whether financial statements are in conformity with US GAAP in all material aspects




Performing audit procedures in accordance with required auditing standards




Communication of significant matters related to the audit, information required by laws/regulations, or other information agreed upon


AN AUDIT IN ACCORDANCE WITH GAAS:



Includes consideration of internal controls as basis for audit procedures, but not to opine on effectiveness of internal controls



Is designed to obtain reasonable, but not absolute assurance about whether statements are free of material misstatement




Does not relieve management of responsibilities


MANAGEMENT RESPONSIBILITY



Preparation and fair presentation of the financial statements



Design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements



Communication of significant matters related to the audit, information required by laws/regulations, or other information agreed upon

INTERNAL CONTROL OVER FINANCIAL REPORTING

Deficiency

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

Material Weakness

A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis.

Significant Deficiency

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

DEFICIENCIES

We observed the following matter that we consider to be a deficiency

- During the course of the audit, management brought to our attention the identification of fraudulent purchasing card activity. This fraudulent activity was identified during routine review of purchasing card expenses.
- Management reviewed and updated the purchasing card procedures, which we reviewed noting that while managers are required to review purchasing card activity for their direct reports, controls can be further strengthened to require that reviews be formally documented and signed off by the manager

CONSIDERATION OF ERROR OR FRAUD

Our audit approach includes such procedures as:

- Engagement team brainstorming
- Inquiries of Management and Others
 - Inquiries are directed towards the risks of error or fraud and whether personnel have knowledge of any fraud or suspected fraud effecting the entity
- Reviewing Accounting Estimates for Bias
- Evaluating Business Rational for Significant Unusual Transactions
- Incorporating an element of unpredictability Each Year

FUTURE ACCOUNTING STANDARDS

GASB Statement No. 87 - Leases

- Effective as of 1/1/2022, or the 12/31/2022 year-end

Thank You!

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