

**GENERAL INSTRUCTIONS**  
**FOR INDEPENDENT AUDITORS**  
**ENGAGED IN MUNICIPAL AUDITING**

Prepared by:

State of Connecticut

Office of Policy and Management

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July 2013

## APPOINTMENT OF AUDITOR, TIME FRAME FOR FILING OF THE REPORT

Connecticut General Statutes require that the appointing authority of a municipality, audited agency, regional school district and tourism district (hereinafter referred to as the auditee), notify the Secretary of the Office of Policy and Management (hereinafter referred to as the Secretary) of the independent auditor appointed to perform the audit. Such notification must be made on the *Appointment of Auditor Notification* form not later than thirty days before the end of the fiscal year of the entity to be audited.

Before undertaking any audit of an auditee, the auditor must be approved to perform the audit by the Secretary. Auditors must meet the standards included in Generally Accepted Government Auditing Standards (GAGAS) for personnel performing government audits and the licensing requirements of the State Board of Accountancy.

Section 7-393 of the General Statutes provides that a copy of the audit report shall be filed with the Secretary at the same time it is filed with local officials, and that such copy shall be filed within six months from the end of the fiscal year of the auditee.

**Note:** If an extension of time beyond the six-month period is needed for the financial audit, State Single Audit or program-specific audit report, a written request must be made to the Secretary at least thirty days prior to the end of the six-month period. The request must be made by the auditor and signed by both the auditor and the Chief Executive Officer of the auditee.

## PRINCIPLES AND STANDARDS FOR FINANCIAL AUDIT REPORTS

The audit report prepared by an independent auditor shall be prepared in accordance with accounting principles and auditing standards that are generally accepted in the United States of America (GAAP and GAAS, respectively) and the provisions of C.G.S Section 4-230 to 4-236, inclusive. All reports must also be in conformance with requirements established in C.G.S. Section 7-391 to 7-397, and Sec. 7-392-1 of the Regulations of the State of Connecticut. (**NOTE:** Public Act 07-196, effective July 1, 2007, changed the criteria for determining an “audited agency” from \$200,000 to \$1,000,000 in annual receipts.) The Governmental Accounting Standards Board is the authoritative standards setting body for Governmental GAAP. The latest GASB pronouncements can be found at: [www.gasb.org](http://www.gasb.org)

## REPORTING UNDER GOVERNMENT AUDITING STANDARDS

The Federal and State Single Audit Acts require the audit (including the audit of the financial statements), be performed in accordance with Generally Accepted Government Auditing Standards (GAGAS). GAGAS requires auditors to report on compliance with laws and regulations and internal controls in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. This report should be included in the reporting package submitted for all audits conducted in accordance with GAGAS.

## AUDIT RISK ALERT

The Office of Policy and Management has issued an **Audit Risk Alert** dated April 2010, regarding accounting and reporting related issues for compliance with GASB pronouncements. The Risk Alert can be found at the following web address below.

[http://www.ct.gov/opm/lib/opm/igp/munfinsr/auditriskalert\\_april\\_2010.doc](http://www.ct.gov/opm/lib/opm/igp/munfinsr/auditriskalert_april_2010.doc)

MINIMUM COMPONENTS OF THE AUDITED FINANCIAL STATEMENTS

- The Independent Auditor’s Report
- Basic Financial Statements (including notes to the financial statements)
- Required Supplementary Information, including Management’s Discussion and Analysis and other information required by the GASB
- Other Supplementary Information including Combining and Individual Fund Statements and the Schedule of Debt Limitation and Tax Collector’s Report (where applicable)

REQUIRED FILINGS WITH THE SECRETARY

1. The Audited Financial Statements of the auditee
2. State Single Audit Report or program-specific audit report (if applicable)
3. Federal Single Audit Report (if applicable)
4. Municipal Audit Questionnaire
5. Management letter (if applicable)
6. Corrective Action Plan (if applicable)
7. Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards (if applicable)

CERTIFICATE OF DELIVERY

Section 7-393 of the Municipal Auditing Act requires that a certified copy of the report shall be filed with the appointing authority, Town /City Clerk as required, and at the same time and in each case, with the Secretary of the Office of Policy & Management. This is accomplished by enclosing a certificate using the following format:

This is to certify that the within is a true and exact copy of that furnished the \_\_\_\_\_ of \_\_\_\_\_ .

\*I further certify that the original of this report was (mailed) (delivered by messenger) to (name and title of person to whom delivery was made) and that copies thereof were furnished (list other officials) on the \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_\_ .

(Signed)  
Public Accountant or CPA

Sign the report as a Public Accountant or CPA, using the firm name below the signature if desired. All reports must be submitted both to the municipality and this department under the personal signature of the auditor. The second paragraph (\*) of the certificate will serve to record the facts pertaining to delivery in a proper manner.

## QUESTIONNAIRE

The Municipal Audit Questionnaire is required to be filed with each auditee's audit report that is submitted to OPM.

### SPECIAL CIRCUMSTANCES

If, during the course of an audit, the auditor becomes aware of the possibility of illegal acts, such acts shall be reported in accordance with the provisions of Generally Accepted Auditing Standards and Generally Accepted Government Auditing Standards [State Single Audit Act Section 4-233(a)(1)], as applicable. Additionally, the auditor shall immediately make an oral report to the State of Connecticut, Office of Policy and Management, Intergovernmental Policy Division, Municipal Finance Services Section. This oral report must be promptly followed by a written report describing the illegal acts.

### SINGLE AUDIT ACTS

#### **Federal:**

The Federal Government has issued certain requirements for governmental entities receiving federal financial assistance.

- a) Single Audit Act as Amended, 1996
- b) OMB Circular A-133 (revised in 2007)
- (c) Government Auditing Standards (2011 Revision), including any amendments

#### **State:**

The State of Connecticut has amended its State Single Audit Act and Regulations to implement said law for municipalities, audited agencies, regional school districts and tourism districts. The amended Act is effective for audits with fiscal years beginning on or after July 1, 2009 (CGS 4-230 through 4-236, as amended by P.A. 09-7).

It is suggested that the following be utilized as guidance in conducting a State Single Audit:

- a) The State Single Audit Act, as amended by P.A. 09-7
- b) Regulations to the State Single Audit Act, as amended by P.A. 09-7
- c) The Compliance Supplement to the State Single Audit Act (edition applicable to audits with fiscal years beginning on or after July 1, 2012).
- d) Government Auditing Standards (2011 Revision), including any amendments

\*\* The American Institute of Certified Public Accountants has issued the audit guide, *Government Auditing Standards And Circular A-133 Audits*, which provides guidance for audits of financial statements conducted in accordance with Government Auditing Standards. The guide also provides guidance on basic requirements that should be followed and reports that should be issued to comply with the Federal Single Audit Act and OMB Circular A-133.

## COGNIZANT AGENCY DESIGNATION

For purposes of the State Single Audit, the Secretary of the Office of Policy & Management has designated the following cognizant agencies. Copies of the audit package should be sent to the applicable Cognizant agency as well as each state grantor agency:

### **Municipalities, Audited Agencies and Tourism Districts:**

William Plummer  
Office of Policy & Management  
Intergovernmental Policy Division  
Municipal Finance Services Unit  
450 Capitol Avenue - MS-54MFS  
Hartford, Connecticut 06106-1379

### **Regional School Districts, Regional Education Service Centers and Charter Schools:**

Gloria McCree  
Office of Internal Audit  
Department of Education  
165 Capitol Avenue, P.O. Box 2219  
Hartford, Connecticut 06145

### **Regional Planning Agencies, Council of Governments, Regional Council of Elected Officials and Transit Districts:**

Robert L. Eissler  
Audit Division  
Department of Transportation  
P.O. Box 317546  
Newington, Connecticut 06131-7546

### **Housing Authorities:**

Steve Pons  
Office of Financial Review – Audit Section  
Department of Economic and Community Development  
505 Hudson Street  
Hartford, Connecticut 06106-7106

## FREQUENTLY REQUESTED FORMS AND DOCUMENTS

Common forms and documents related to financial and State Single audits can be found on the Office of Policy and Management website. Go to the web address <http://www.ct.gov/opm>, click on “forms”, then click on “Municipal” to view the forms listed at the bottom of the page under the heading “Intergovernmental Policy Division – Audit Forms”.

Suggested Format for Debt Limitation Statement

Town of \_\_\_\_\_

Statement of Debt Limitation

Connecticut General Statutes, Section 7-374 (b)

Fiscal Year Ended \_\_\_\_\_

Total Tax Collections (including interest and lien fees) for current  
fiscal year.-----xxx

Total Tax Collections (including interest and lien fees) of city, borough  
and all other taxing districts within town for current fiscal  
year.-----xxx

Reimbursement for revenue loss on:  
Tax relief for elderly - (CGS 12-129d)-----xxx

Base (total of above) xxx

<u>Debt Limitation:</u>	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
2 1/4 times Base	xxx				
4 1/2 times Base		xxx			
3 3/4 times Base			xxx		
3 1/4 times Base				xxx	
3 times Base					xxx
<b><u>TOTAL DEBT LIMITATION</u></b>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>

Indebtedness\*:

Bonds Payable	x	x	x	x	x
Bonds Authorized and Unissued**	x	x	x	x	x
<b><u>TOTAL INDEBTEDNESS</u></b>	<u>xx</u>	<u>xx</u>	<u>xx</u>	<u>xx</u>	<u>xx</u>

Debt Limitation in Excess of Outstanding and Authorized Debt	<u>x</u>	<u>x</u>	<u>x</u>	<u>x</u>	<u>x</u>
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NOTE: In no case shall total indebtedness exceed seven times annual receipts from taxation.

\* See Section 7-374(b) for some exclusions.

\*\* Including bond anticipation notes that have been issued.

**Special Note:** Include the town's share of indebtedness for regional school, water or sewer districts where applicable. Also, include debt of fire districts and other special districts within the town, where applicable.