



WEAT Audit Process

Procedure and Background:

WEAT Audit and Budget Ad Hoc Committee is Chaired by our current Treasurer as defined in our guidance documents, who assumes a two-year term, as determined by our bylaws. In 2015 our operating budget exceeded \$300K while our income eclipsed \$400K; and WEAT sought assurance that best financial management practices were being followed and internal controls were in place to protect against fraud. Previous to 2015, WEAT audits were conducted every 3-4 years by our accountant. In 2015, as directed by our President, our Treasurer engaged a firm outside of our accountant to conduct an audit of our books. We found a smaller firm that was local to the WEAT office and signed a letter of engagement. (See appendix A). WEAT Audit and Budget Ad Hoc Committee proposed to the Board that we audit our books every other year. Odd years WEAT books will be audited by an Atchley & Associates. Even years our accountant will conduct a review. The Audit expense is approximately \$9K while the review is approximately \$3K.

Timeline Considerations:

Audits are onerous on staff. A schedule should be agreed upon by all parties including the auditor, MA staff, MA Audit and Budget Chair, and MA bookkeeper. We confirmed a realistic timeline to submit required documents for testing and set up two on-site test times. We sought concurrence on deadlines from our bookkeeper.

Example of 2017 Audit timeline:


WEAT AUDIT SCHEDULE

Task	Description	Responsible	Start	Finish	May-18				Jun-18				Jul-18						
					7	14	21	28	4	11	18	25	2	9	16	23	30		
1	Notice to Proceed	WEAT	05/07/18	05/07/18	█														
2	Data Request from Auditor	Auditor	05/07/18	05/11/18	█														
3	Pull Data Request Items	WEAT	05/14/18	06/01/18	█	█	█	█											
4	Auditor onsite to review data	Auditor	06/04/18	06/08/18					█	█									
5	Follow-Up Data Request	WEAT	06/04/18	06/15/18					█	█									
6	Auditor prepare draft report	Auditor	06/18/18	06/29/18							█	█	█						
7	Review draft report and provide comments	WEAT	07/02/18	07/13/18										█	█				
8	Auditor prepare final	Auditor	07/16/18	07/20/18												█			
9	Receive Final Report	Auditor	07/20/18	07/20/18															█
10	Present at July Board Meeting	WEAT	07/23/18	07/23/18															█

Total Days








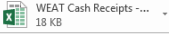
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Example of audit correspondence and file sharing:

 Thu 9/15/2016 9:38 AM
 Julie Nahrgang (WEAT) <julie@weat.org>
 RE: Pending Audit Items

To: 'Nathan Glenn'; Inudnargy@aol.com

Cc: 'Jacob Draper'; Sharon Miller (smiller@perkinsconsultants.com)














Hi Nathan,

- 1) 1215 Prepaid Exp – What is included in the CY balance? **Margaret, can you answer this?**
- 2) 6055 Donations – Explanation for the decrease in donations exp from \$58,999 in 2014 to \$11,720 in the CY. Curtis Smalley (Past WEAT President) passed away in 2014. WEAT donated \$25K to fund the Curtis Smalley Endowment through the WEATSF (www.weatsf.org) and \$25K to our 'rainy day fund' through Omega Financials. These two large donations are one-offs and are not duplicated annually. I've attached the disbursement request and the highlighted portion in our Board Minutes showing Board approval for both donations.
- 3) All of our Board Minutes for 2015 are attached.
- 4) This will take me some time to unearth.
- 5) Just wanted to clarify and ask Jacob if he checked out the Payroll – 2015 941 Reports (all quarters) in the payroll book I left with him? They were included. I'll pull them and scan, but wanted to double check that he didn't review these while you were here.
- 6) This shouldn't be a problem, but I'm focused on other projects and will not get to these until the weekend at the earliest. I may need to call you to clarify – so thank you for your willingness to talk through these on the phone!
- 7) Attached.

























Thank you!

Julie Nahrgang
 Executive Director
 Water Environment Association of Texas
 1825 Fort View Road, Suite 108

My Drive > ... > WEAT Audit Files > 2017 Audit ▾

Name	Owner
 BOA-2282 Statement	me
 BOA-4729 Statements	me
 New folder	me
 Reports	me
 Tab 3	me
 TACWA	me
 Chase-6869	me
 American Funds	me
 Audit Letters	me
 Atchley Letters Final	me
 Tab 4	me
 Items Needed for Audit.pdf 	me

Name

-  Tab 3 Item 2 Fidelity Backup.pdf 
-  Tab 3 Item 23 Lloyd & Gosselink Clearing Statement.pdf 
-  Tab 3 Item 25 AMEX Clearing Statement.pdf 
-  Tab 3 Item 42 Lloyd & Gosselink Clearing Statment.pdf 
-  Tab 3 Item 37 Pioneer Receipt.msg 
-  Tab 3 Item 34 James Kiser Check Image.pdf 
-  Tab 3 Item 10 Spectrum Backup.pdf 
-  Tab 3 Item 41 AMEX Clearing Statement.pdf 
-  Tab 3 Item 45 AMEX Clearing Statement.pdf 
-  Tab 3 Item 43 Lloyd & Gosselink Invoice.pdf 
-  Tab 3 Item 4 Nicholas Landes Check Image.pdf 
-  Tab 3 Item 31 WEAT SF Check Image.pdf 

6850 Austin Center Boulevard, Suite 180 • Austin, Texas 78731-3129
512-346-2086/877-977-6850 • Fax: 512-338-9883 • www.atchleycpas.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WEAT as of December 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Atchley & Associates, LLP

Austin, Texas
January 16, 2017

Addressing Deficiencies Found During Audit:



Board of Directors
Julie Nahrgang
Water Environment Association of Texas
Austin, Texas

In planning and performing our audit of the financial statements of Water Environment Association of Texas (the Association) as of and for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Association's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

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. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

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 financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a 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.

Following are descriptions of other identified control deficiencies that we determined did not constitute significant deficiencies or material weaknesses:

During the course of our audit, we did not note any controls or procedures in place to ensure proper cutoff for accrued expenses and accounts receivable. We noted cutoff issues for dues receivable and accrued payroll. We recommend management perform a review for cutoff of accruals during year end closing procedures. This will ensure that revenues and expenses are recorded in the proper accounting period.

During the course of our audit, we noted that the Association does not maintain detailed records of fixed assets including a listing of operating assets, fixed asset purchases, disposals, and a current depreciation schedule. In addition, journal entries are not recorded for fixed asset additions and annual depreciation. We recommend the Association establish policies and procedures to insure that all fixed assets are properly recorded in the accounting records. The detailed records, which may be maintained on Excel spreadsheets, will improve controls over fixed assets, allow management to monitor additions and dispositions of capital assets on a regular and timely basis, and provide information to properly depreciate the costs of fixed assets over their useful lives.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Atchley & Associates, LLP

Austin, Texas
August 16, 2018

The [REDACTED] Capital Expenditures and Depreciation Policy includes a capitalization threshold of items \$400 and up for personal property such as office equipment and operations equipment. The [REDACTED] will utilize a Fixed Asset Accounting Forms for these items.

In addition, the [REDACTED] will maintain an Asset Listing of Controllable Assets that are purchased for less than \$5000. Some Controllable Assets may cost less than \$1000 and should also be purchased using these guidelines. Controllable Assets include cameras, video recorders/players, projectors, computers, handheld devices, and any other items included at management's discretion. A list of controllable assets will be provided and revised from time to time. Controllable Assets will be budgeted and purchased using the following general ledger accounts:

- Controllable Office Items
- Controllable Maintenance and Operations Items
- Controllable Computers Items

Controllable Assets should be itemized within the above accounts in the Annual Budget. If Controllable Assets are not budgeted, a Request for Purchase (Non-Budgeted Capital or Controllable Item) form must be completed. The controllable assets listing will be available through the [REDACTED] System and will be audited regularly.

Fixed Asset Accounting Forms are required for Controllable Assets.



Matthew Jalbert

We may want to re-word this.



Julie

This language works for me. We can always use the annual property tax form as an asset listing. We submit this form annually, which contains a list of fixed assets understood as taxable property. i.e. computers, desks, etc.



Julie

Again, any revisions will be done annually and will be in line with the tax form.



Matthew Jalbert

We may or may not need a form, may just an e-mail out to the MRC in the event a non-budgeted capital items is needing to be purchased.



Julie

I agree with you. A form is likely not needed. But items we purchase that are over budget should require some type of informing process. So, the requirement could be an email listing item, price, and purpose.



Julie

I don't think a form is necessary. Utilizing excel or the tax form should suffice.



Matthew Jalbert

We can decide whether or not we would need a form or just utilize excel to track the capital items.