



RULES OF THE DEPARTMENT OF EXAMINERS OF PUBLIC ACCOUNTS

*Rachel Laurie Riddle
Chief Examiner*

This publication is a compilation of rules applicable to examinations and related work, including, but not limited to, those materials deemed relevant and suitable for effective administration of the Department. § 41-5A-13, Ala. Code 1975.

Updated October 31, 2018

Table of Contents

§ 1.0 - Authority of the Department.....	3
§ 1.1 - Control and Direction of the Department.....	4
§ 1.2 - How to Contact the Department.....	4
§ 2.0 - Type of Examinations Performed.....	4
§ 2.1 - Beginning the Examination.....	5
§ 2.2 - Examination Procedures.....	5
§ 2.3 - Working Papers.....	6
§ 2.4 - Draft Report Contents, Preparation, and Processing.....	6
§ 2.5 - Exiting the Examination.....	7
§ 3.0 - Settlement of Amounts Due.....	8
§ 3.1 - Petitions for Refund.....	10
§ 4.0 - Investigations.....	10
§ 4.1 - Discussion During Examination or Investigation or While Litigation is in Progress	10
§ 5.0 - Attendance at Board, Commission Meetings.....	10
§ 5.1 - Attendance at Administrative Hearings.....	11
§ 6.0 - Distribution and Availability of Final Reports.....	11
§ 7.0 - Recovery Audit.....	11
§ 7.1 - Audits of Municipalities.....	12
§ 7.2 - Audits of City Boards of Education.....	12
§ 7.3 - Audits for the State Ethics Commission.....	13
§ 7.4 - Audits of Publicly Owned Hospitals, Nursing Homes, and Other Publicly Owned Medical Institutions.....	13
§ 7.5 - Employment of Public Accounting Firms to Perform Audits.....	13

§ 7.6 - Audit Repository..... 15

§ 8.0 - Reports to the Joint Legislative Sunset Committee..... 15

§ 9.0 - Assistance to the Contract Review Permanent Legislative Oversight Committee.....15

§ 10.0 - County Financial Statements..... 16

§ 11.0 - Relationship Disclosure Forms..... 16

APPENDIX I - EXAMPLE FORMAL DEMAND FOR REPAYMENT..... 17

APPENDIX 2 - EXAMPLE PETITION FOR REFUND..... 19

APPENDIX 3 - EXAMPLE RESOLUTION OF GOVERNING BODY..... 20

APPENDIX 4 - EXAMPLE AGREEMENT WITH CPA FIRM.....21

§ 1.0 - Authority of the Department

The Department of Examiners of Public Accounts operates under authority of the Code of Alabama 1975, Title 41, Chapter 5A of the Alabama Code 1975. The department is both authorized and required by state law to examine the books, accounts and records of all state and county offices, officers, bureaus, boards, departments and agencies and to report to the Legislative Committee on Public Accounts on every expenditure or contract found to have been made in violation of law. The Department of Examiners of Public Accounts has the authority to examine the accounts of all persons or entities receiving or disbursing public funds.

As a legislative agency, the Department is exempted from publishing its rules in the manner prescribed by the Alabama Administrative Procedures Act. Nevertheless, the Chief Examiner shall compile and make available for distribution the rules of the Department and other materials relevant and suitable for effective administration of the Department.

Every state and county officer shall keep the books, records, and accounts and make the reports of his or her office in accordance with the systems, procedures, and forms as may be prescribed by the Chief Examiner. With regard to the books, records, accounts, and reports of local school boards, the Chief Examiner hereby adopts and prescribes the State Department of Education's systems, procedures, and forms. If an officer is found to be in violation of this section, the Department will provide the officer with notice of each violation. The Department's notice will include a request that corrective action be submitted and approved by the Department within 14 days. Should any officer fail or willfully refuse to comply with the request for corrective action or the approved plan being implemented thereafter, the officer shall be liable for a penalty of up to \$250 for each week the failure or refusal continues. Penalties imposed and collected under this section shall be paid into the General Fund.

The Chief Examiner of Public Accounts has the authority to issue subpoenas to compel the attendance of witnesses and the production of records in connection with examinations.

The Chief Examiner may, as a result of examinations, request and collect payment of amounts due the state, county or other governmental units from public officers, agents or employees.

Legal Authority: §§ 41-5A-5, 41-5A-12, 41-5A-13, 41-5A-14, 41-5A-20, 41-5A-21, and 41-22-3, Ala. Code 1975.

§ 1.1 - Control and Direction of the Department

The Department is directed by the twelve-member Legislative Committee on Public Accounts. Of the twelve members, five are elected by and from members of the House of Representatives and five are elected by and from members of the Senate. The President Pro Tempore of the Senate shall be a member of the committee and the chair of the committee. The Speaker of the House of Representatives shall be a member of the committee and the vice-chair of the committee. Beginning January 1, 2020, the President Pro Tempore of the Senate and the Speaker of the House shall alternate service as chair and vice-chair of the committee every two years. Members of the committee shall be elected at the first regular session of each quadrennium and shall hold office as long as they remain legislators and until their successors are elected. Every five years, the Legislative Committee on Public Accounts appoints a Chief Examiner of Public Accounts to administer the operations of the Department of Examiners of Public Accounts. The Chief Examiner may serve successive terms.

Legal Authority: §§ 41-5A-2 and 41-5A-16, *Ala. Code* 1975.

§ 1.2 - How to Contact the Department

The Department is located in the Gordon Persons Administrative Building, 50 North Ripley Street, Room 3201 in Montgomery, Alabama.

Mailing Address:
Post Office Box 302251
Montgomery, AL 36130-2251.

Phone Numbers:
(334) 242-9200
(334) 242-1775 (Fax)

Email Contact:
info@examiners.alabama.gov

Internet Website:
www.examiners.alabama.gov

§ 2.0 - Type of Examinations Performed

The majority of work performed by the department consists of financial and legal compliance examinations of state and county governmental entities, including education institutions. Where applicable, examinations are conducted in

accordance with Generally Accepted Governmental Auditing Standards (“GAGAS”) and audit requirements for federally subsidized programs. These examinations address reliability and accuracy of financial information and records, and compliance with state, local and federal legal requirements. Other work includes providing information about audited entities to the legislature and investigating noncompliance with state and federal law. Most examination procedures are performed on the local premises of the entity under examination. Examination results are disclosed in formal reports.

§ 2.1 - Beginning the Examination

A letter of engagement is sent to the entity under examination to announce the start of the examination and the type of examination that will be performed. A meeting is normally held between representatives of the entity and representatives of the Department before each examination to discuss how the examination will be conducted, the type of work that will be done, and to introduce the examiner(s) to key personnel.

§ 2.2 - Examination Procedures

- a. **Internal Control Assessment** - Each examination will include an assessment of the system of procedures used to control and ensure the accuracy and completeness of financial records and the safety of assets. An assessment may be made of procedures used to control and insure the accuracy and completeness of other records which document that the entity operated within legal requirements. The effectiveness of the control procedures is considered when determining the nature, timing and extent of tests performed by the examiner. If programs exist that are subsidized by federal funds, the internal control assessment will include controls used to ensure that federal requirements, both financial and non-financial, are met.
- b. **Testing** - The examiner will test financial transactions and procedures according to Generally Accepted Governmental Auditing Standards (GAGAS) and the requirements of the *Ala. Code* 1975. The tests are made to determine if information provided by the examined entity is accurate and complete and has been accumulated according to acceptable procedures.

The examiner will test compliance with state and local laws, rules or regulations and contractual agreements. These tests may address both financial and non-financial matters.

If programs receive federal funds, the examiner will test compliance with federal laws, regulations and contractual agreements. The nature and extent of these tests is governed by federal requirements and federally recommended audit procedures. Federal compliance testing may address both financial and non- financial matters.

The examiner will also test the extent of corrective action to remedy conditions that resulted in findings in prior reports.

- c. **Management Representations** - For financial examinations, at or near the completion of the examination, the examiner will request the responsible official to certify in writing that all necessary information for the examination has been provided.
- d. **Legal Inquiry** - The examiner will normally request the legal counsel of the examined entity to provide information, in writing, about current or potential litigation. This information is required at or near the completion of the examination.

§ 2.3 - Working Papers

Work performed during examinations will be documented, and the documentation will be retained as evidence of work done. The documents, known as working papers, may be prepared in either paper or electronic media. Working papers used in the preparation of the reports shall be subject to the Alabama Grand Jury Secrecy Act and shall only be subject to review by a court of competent jurisdiction, and upon a substantiated request, may be shared with local district attorney, the Attorney General, and the Ethics Commission.

Legal Authority: §§ 12-16-214, *et seq.* and 41-5A-19, *Ala. Code* 1975.

§ 2.4 - Draft Report Contents, Preparation, and Processing

At the conclusion of the examination, the examiner will prepare a draft report of the examination results. The draft report is not a completed public writing or record in final form that would be subject to disclosure. The results will be expressed as comments, findings and charges. Comments may be included to explain the operations of the examined organization. The term "findings" will normally be used to disclose major accounting discrepancies, weaknesses in internal controls and noncompliance with state and local laws and rules or regulations. A recommendation will be made in the report to correct each finding, unless the deficient condition that caused the finding has been corrected before completion of

the examination, in which case, the report will normally contain a statement that the condition was corrected during the examination. If a finding from a prior examination has not been resolved, the report will continue the finding as an unresolved prior finding.

The term "charges" is used in the report to disclose amounts to be repaid arising from transactions made in error or not in compliance with state and local laws. The term "charges" as it is used in these Rules and in any audit or examination of the Department describes amounts due according to the professional auditing opinion of the Examiners of Public Accounts and is not used to describe criminal charges.

The report will include financial information and explanatory notes and, depending on the type of examination, the examiner's formal opinion on the reliability of the financial information, and other information necessary for adequate disclosure.

Examination reports will be prepared according to Generally Accepted Governmental Auditing Standards (GAGAS) and/or standards and requirements of the Department of Examiners of Public Accounts. If programs exist that are subsidized with federal funds, the report will contain additional information necessary to comply with federal disclosure requirements.

§ 2.5 - Exiting the Examination

After examination procedures have been completed and the draft report has received supervisory review and approval, an exit conference is normally held with representatives from the examined entity to present the results of the examination and to provide an opportunity for the examined entity to produce additional information that may affect the report.

The exit conference is considered an examination procedure preliminary to the final report. Consequently, information presented at the exit conference is not final and is, therefore, confidential, and the exit conference is open only to officials of and persons employed by the examined entity. Attendance at an exit conference by a quorum of a board or commission being examined is not a meeting subject to the provisions of the Alabama Open Meetings Act. The exit conference will be documented and submitted as a working paper for supervisory review and approval. If no issues remain unresolved, the report will be processed for printing and release.

Legal Authority: § 36-25A-2, Ala. Code 1975.

§ 3.0 - Settlement of Amounts Due

The Chief Examiner shall keep a docket in which shall be entered, in favor of the state, county, or municipality, as the case may be, cases against persons who have not properly and lawfully accounted for all sums of money coming into their hands as public officers, agents, or employees. The Chief Examiner is required to attempt to settle amounts found due during examinations.

a. Voluntary Repayment

If amounts that are the result of transactions made in error or not in compliance with state and local laws come to the attention of the examiner during the examination, the examiner, with supervisory approval, will notify appropriate officials of the entity under examination of the amounts to be repaid and will allow the amounts to be voluntarily repaid to the proper accounts, funds or agencies. Payment of amounts due may be made only by check or money order payable to the proper agency, account or fund. The Department does not consider repayment to have been made until the Department receives a copy of the check or money order and acceptable evidence of deposit.

If voluntary repayment occurs before the end of the examination, the discrepancy will not be shown as due from persons named in the examination report; however, the report will present the facts surrounding the discrepancy along with a statement that amounts due were repaid during the examination. It is noted, voluntary repayment will not absolve or relinquish any liability that may result from fraudulent or criminal acts.

b. Demand for Repayment and Notice of Show Cause Hearing

If amounts due remain unpaid at the end of the examination, a formal demand letter for repayment (see Appendix 1) will be delivered to the responsible person either by a Department employee or by certified mail, return receipt requested. The demand letter will contain an explanation of why the Department has decided the amount is due, a citation, if appropriate, of the legal authority or criteria used by the Department in their decision and copies, or references to, public documents used to determine amounts due.

In addition to demanding repayment of amounts due, the letter will schedule a hearing date with the Chief Examiner to show cause why the amount should not be repaid. The hearing will be scheduled at least 10 business days after a reasonable time for delivery of the letter. The hearing will be attended by the Chief Examiner, the Department's Chief Legal Counsel, the responsible Division

Director or Assistant Division Director, the responsible Audit Manager and the examiner(s) who performed the examination. The hearing is informal. The formal rules of evidence do not apply or govern the hearing. The hearing is not recorded. The person responsible for payment of amounts due shall be present and may be represented by an attorney. If so, a letter indicating the attorney is their legal representative should be provided to the Chief Examiner prior to the scheduled hearing. Any evidence, oral or written, may be presented in person at the hearing, and witnesses are allowed. If payment is made at any time before the hearing, the hearing will be cancelled.

c. Following the Show Cause Hearing

After consideration of information presented at the hearing, the Chief Examiner will decide whether to relieve the amounts due. The Chief Examiner’s decision will be expressed in a written order, which will be included in the report.

When non-payment of amounts due results in a formal demand letter for repayment, a "charge exhibit" will be placed in the examination report. The exhibit presents, describes, and explains the conditions surrounding the amounts due. Persons responsible for repayment of amounts due are named. If repayment of amounts due occurs before the report is released, the “charge exhibit” will show the repayment. If the Chief Examiner relieves the amounts due, the “charge exhibit” will show that the amount due was relieved.

If the responsible person fails to show sufficient cause why the amount due should not be repaid or to pay the amount due before the report is published, the “charge exhibit” will show that the amount due remains unpaid by the named responsible person or persons, and the report will be certified to the Attorney General for any amount due the state and to the district attorney with jurisdiction for any amount due a county or municipality. If the amount due is repaid before the report is published, the report will show that the amount due from named responsible person or persons has been repaid, and the report will not be certified to the Attorney General or to a district attorney.

The following schedule normally applies to meetings with the Chief Examiner to discuss amounts due.

Hearing with the Chief Examiner	Between 14 and 30 working days from the date of the formal demand letter for repayment.
Chief Examiner’s Decision	Within 10 working days after the show cause hearing.
Order of the Chief Examiner	Order prepared and a copy mailed within 3 working days after a decision by the Chief Examiner

Report Certified to AG or DA	Certification occurs at release of the examination report.
------------------------------	--

Legal Authority: § 41-5A-20, *Ala. Code* 1975

§ 3.1 - Petition for Refund

Examinations of county governments may reveal that taxes or fees normally collected at the county level and forwarded to other entities were either overpaid or underpaid. Amounts overpaid will be corrected through a "Petition for Refund." (See Appendix 2). The petition will be provided to the responsible official for forwarding to the overpaid entity to recover the overpayment. The petition makes a formal request for return of overpaid amounts.

Amounts underpaid will be shown in the examination report as amounts due to be paid by the examined entity.

§ 4.0 - Investigations

Investigations must be authorized by the Chief Examiner and may include receiving sworn statements.

§ 4.1 - Discussion During an Examination or Investigation or While Litigation is in Progress

Personnel of the Department are not authorized to discuss and are directed not to discuss an examination or related investigation prior to final release of examination reports, except as needed to perform their work. Official determinations and conclusions of the Department, relative to an examination, shall only be expressed in its examination reports upon release by the Chief Examiner for publication. Personnel of the Department are not authorized to discuss and are directed not to discuss litigation involving examined entities. Determinations and conclusions on issues under litigation are within the jurisdiction of courts. As to such issues, the Department's role is limited to presentation of evidence within the judicial framework.

§ 5.0 - Attendance at Board, Commission Meetings

Personnel of the Department are not authorized and are directed not to give official opinions or to discuss issues in open meetings of a governmental body that is subject to examination. Official determinations and conclusions of the Department

are expressed only in examination reports or in response to inquiries directed to the Chief Examiner.

§ 5.1 - Attendance at Administrative Hearings

Personnel of the Department are not authorized and are directed not to testify at or attend administrative or personnel hearings of examined entities. Determinations and conclusions of the Department are expressed only in examination reports or in response to inquiries directed to the Chief Examiner. Any testimony given at hearings would constitute release of working paper information.

Legal Authority: § 41-5A-19, *Ala Code* 1975.

§ 6.0 - Distribution and Availability of Sworn Reports

The Department shall make a sworn report of its findings within a reasonable time after an audit is completed. The Chief Examiner shall certify one copy of each report to the circuit judge of the county in which the office examined is located. The judge shall refer to the report in his or her next oral charge to the grand jury. The report shall be entered in full upon the minutes of the court. The reports shall be public records and prima facie evidence of what they charge. One copy of each report shall also be certified to the Governor.

Hard copies of reports will be mailed on Tuesday of each week to the examined entities not wishing to receive electronic copies. Examined entities receiving electronic copies will receive their reports by email on Thursday of each week.

Reports will not be formally released by the Chief Examiner until Friday around 9:00 a.m. Prior to formal release, the contents of a report remain confidential, are subject to change upon discovery of additional facts, and not final. Upon formal release, reports are available to the general public for viewing and download on the Department's website. The Department will provide PDF copies of reports via email upon request.

Legal Authority: § 41-5A-19, *Ala Code* 1975.

§ 7.0 - Recovery Audits

The Chief Examiner may contract with recovery auditors to conduct and perform recovery audits of payments made by state agencies to individuals, vendors, service providers, and other entities. Recovery audits can be conducted of these agencies to recover amounts due as a result of overpayments; duplicate payments; payments

made for ineligible goods or services; payments made for goods and services not received; invoice and pricing errors; failure to apply discounts, rebates and other allowances; failure to comply with contracts or purchasing agreements, or both; failure to provide adequate documentation, or necessary signatures, or both on documents; or any other inadvertent errors resulting on overpayments.

Legal Authority: § 41-5A-6, Ala Code 1975.

§ 7.1 - Audits of Municipalities

State law does not require periodic examinations of municipalities by the Department of Examiners of Public Accounts. However, by law, municipalities and municipal water and sewer boards may request an audit by the Department. The municipalities or the water and sewer boards usually pay the cost of such audits. Further, the Governor can request examinations of certain types of municipalities.

Legal Authority: §§ 11-43-85, 11-43C-31, 11-43D-17, 11-44-50, 11-44-95, 11-44C-31, 11-50-355, *Ala. Code* 1975.

§ 7.2 - Audits of City Boards of Education

State law requires annual audits of city boards of education, which may be performed by either the Examiners of Public Accounts or by a private accounting firm. A city board of education may request an audit by the Examiners of Public Accounts if it deems such action to be in the best interest of the school system or if there is a change in the position of the city superintendent of education or chief school financial officer. However, any city system which has had any financial form of intervention by the State Superintendent of Education shall be audited by the Department of Examiners of Public Accounts, or if any such intervention should become necessary at any future date, such city system shall be audited for three future years by the Department of Examiners of Public Accounts

All audits of city boards of education must include legal compliance and program compliance auditing and state law requires that the legal compliance and program compliance audit work must adhere to standards established by the Examiners of Public Accounts. Reports of audits performed by either the Examiners of Public Accounts or by private accounting firms are public records and must include all adverse findings. Reports of audits of city boards of education must by law be provided to and can be requested from the State Superintendent of Education. Additionally, reports of such audits performed by the Examiners of Public Accounts can be requested from the Examiners of Public Accounts.

Legal Authority: § 16-13A-7, *Ala Code* 1975.

§ 7.3 - Audits for the State Ethics Commission

The State Ethics Commission can request the Department to conduct an audit of any person or business when, in the opinion of the Ethics Commission, such an audit is necessary to determine whether there is a violation of Alabama's ethics laws. Such audits are restricted to matters relevant to the suspected violation.

Legal Authority: § 36-25-4(7), *Ala. Code* 1975.

§ 7.4 - Audits of Publicly Owned Hospitals, Nursing Homes, and Other Publicly Owned Medical Institutions

Audits of publicly owned hospitals, nursing homes and other publicly owned medical institutions may be performed by private certified public accountants licensed by the Alabama Board of Public Accountancy. Such audits must be made in accordance with standards established by the Chief Examiner of Public Accounts. The Chief Examiner has adopted standards found in two publications: *Auditing and Reporting Standards for Financial and Compliance Audits of Publicly Owned Hospitals*, which provides guidance for audits of public hospitals and similar entities, and *Auditing and Reporting Standards for Financial and Compliance Audits of Public Mental Health Centers*, which provides guidance for audits of mental health centers. Both publications are available on our internet website or directly from the Department upon request.

Legal Authority: § 22-21-4, *Ala Code* 1975.

§ 7.5 - Employment of Public Accounting Firms to Perform Audits

The Chief Examiner may authorize and approve a state or county office, officer, bureau, board, commission, corporation, institution, or agency, subject to audit or examination, to contract for or arrange to have independent financial audit services performed by a Certified Public Accounting Firm. Any such audit or examination is subject to review by the Chief Examiner prior to finalization of the audit and public release. These audit or examination services must be authorized and approved in writing by the Chief Examiner and must comply with the following policy:

1. The Audited Entity shall submit a request for authorization to hire the Firm that outlines the circumstances and conditions that necessitate the engagement of the Firm.

2. The governing body of the audited entity should adopt a resolution to authorize the employment of a public accounting firm and forward a copy to the Department. The resolution should contain:
 - a. the period to be audited, the name of the Firm;
 - b. a statement that the Firm is employed subject to the policy of the Department of Examiners of Public Accounts governing employment of public accounting firms to perform audits; and
 - c. a statement that the Firm will perform said audit in accordance with generally accepted government auditing standards and, if applicable, the Single Audit Act of 1984 as amended and the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (2 CFR 200). A sample resolution is attached as Appendix 3.
3. The Audited Entity shall also execute a memorandum of agreement and forward an original copy to the Chief Examiner. A sample agreement is attached as Appendix 4
4. The Chief Examiner shall acknowledge receipt of the resolution and agreement in a letter to the audited entity with a copy to the Firm. The agreement attached as Appendix 4 is required under this policy to affirm various responsibilities of the Audited Entity and the Firm to ensure the appropriate auditing of public funds. Other engagement matters agreed upon between the Audited Entity and the Firm may also be encompassed in this agreement.
5. The employment of a public accounting firm to perform services under this policy is at the discretion of the Audited Entity; and
6. The selection and payment of the firm is the responsibility of the Audited Entity, provided however, the Firm must be registered with the Alabama State Board of Accountancy and in good standing. The Firm should provide a copy of its most recent peer review report.

Further, an institution of higher education governed by a board of trustees, in consultation with the Chief Examiner, may select a firm to provide auditing services. Any audits conducted will be subject to review by the Chief Examiner. Written notice shall be given to the Chief Examiner by the institution of higher learning.

Legal Authority: § 41-5A-12, *Ala. Code* 1975.

§ 7.6 - Audit Repository

Act Number 94-414, *Acts of Alabama*, requires the Department of Examiners of Public Accounts to establish a repository for audit reports of entities in Alabama that receive or disburse public funds. The department receives audit reports and makes copies available to the public upon request. Copies of the reports can be requested by telephone, FAX, or e-mail.

§ 8.0 - Reports to the Joint Legislative Sunset Committee

Upon request by the Sunset Committee, the Department shall furnish any relevant information, including the results of prior audits and reviews of any agency under review by the Committee. The Sunset Committee is a joint committee of the Alabama Legislature tasked with reviewing the operations of state agencies.

The Department conducts such examinations and inquiries as necessary to provide information requested by the committee. The results are presented to the committee as formal reports. The content and release of reports are under the control of the Sunset Committee. The reports are released as public documents on the day prior to the day an entity under review by the committee appears at a hearing before the committee. The reports can be viewed and downloaded from the department's Internet website.

Legal Authority: § 41-20-9, *Ala Code* 1975.

§ 9.0 - Assistance to the Contract Review Permanent Legislative Oversight Committee

By law, the Department shall furnish assistance and relevant information to the Contract Review Permanent Legislative Oversight Committee. During each month, the Department analyzes personal and professional service contracts between the state and private entities submitted to the committee for review and prepares a report of pertinent information about the contracts. The report is used as the agenda at the committee's monthly meeting. The report is under the control and direction of the committee. The report for the most recent month is posted prior to each meeting on the Joint Interim Committees Section of the internet webpage of the Alabama Legislature <http://www.legislature.state.al.us>

Legal Authority: § 29-2-41, *Ala Code* 1975.

§ 10.0 - County Financial Statements

The Chief Examiner shall annually prepare a compilation of county financial statements. The compilation is furnished to each county commission chairman. The compilation includes receipts, disbursements, outstanding indebtedness and securities owned for each county. All statements are presented in a single report that provides information about each county, as well as summary schedules for all counties. The compilation of statements is normally available by January 31st and contains information about the fiscal year that ended on the previous September 30th. The information in the statements has not been audited but will be audited during the next regular scheduled examinations. The statements can be viewed and downloaded from the Department's website. A copy may also be requested by e-mail.

Legal Authority: § 41-5A-5, *Ala Code* 1975.

§ 11.0 - Relationship Disclosure Forms

All persons who, for the purpose of direct financial gain, submit a proposal, bid, contract, or grant proposal to the State of Alabama, in excess of \$5,000, shall include a disclosure statement developed by the Attorney General and approved by the Legislative Council. The disclosure statement shall not be required for contracts for gas, water, and electric services where no competition exists, or where rates are fixed by law or ordinance. In circumstances where a contract is awarded by competitive bid, the disclosure statement shall be required only from the person receiving the contract and shall be submitted within 10 days of the award.

A copy of the disclosure statement shall be filed with the awarding entity and the Department of Examiners of Public Accounts and if it pertains to a state contract, a copy shall be submitted to the Contract Review Permanent Legislative Oversight Committee. Any disclosure statement filed pursuant to this article shall be a public record.

Legal Authority: §§ 41-16-82 and 41-16-85, *Ala. Code* 1975.

APPENDIX 1
FORMAL DEMAND FOR REPAYMENT
(Date)

Name of Responsible Person
Address

Certified Mail
Return Receipt Requested

Dear (Name of Responsible Person):

This is a formal demand letter for repayment of amounts found due from you as a result of our examination of the records and transactions of the (Name of Examined Entity) for the period of (Examination Period Dates).

STATEMENT OF THE REASON(S) FOR THE AMOUNT DUE.

The Chief Examiner is required to attempt to settle amounts found due during examinations. § 41-5A-20, *Ala. Code* 1975. The Chief Examiner has scheduled a hearing (Scheduled day of the week, Month, Day, Year) in the Gordon Persons Building, 50 North Ripley Street, Room 3201 in Montgomery, Alabama, to give you the opportunity to show cause in person why you should not repay the amounts found due from you. The hearing will be attended by the Chief Examiner, the Department's Chief Legal Counsel, the responsible Division Director or Assistant Division Director, the responsible Audit Manager and the examiner(s) who performed the examination. The hearing is informal. The formal rules of evidence do not apply or govern the hearing. The hearing is not recorded.

The person responsible for payment of amounts due shall be present and may be represented by an attorney. If so, a letter indicating the attorney is their legal representative should be provided to the Chief Examiner prior to the scheduled hearing. Any evidence, oral or written, may be presented in person at the hearing, and witnesses are allowed. If payment is made at any time before the hearing, the hearing will be cancelled. If you will not be attending the meeting, you should notify this office in writing no later than close of business (Month, Day, Year) that you will not be attending.

If you do not pay the amounts due and the Chief Examiner does not relieve you of responsibility to pay the amounts due, the Department is required by law to forward the report containing information on the unpaid amounts to the (Attorney General or District Attorney, as applicable).

To pay amounts due, please contact the Department of Examiners of Public Accounts for specific instructions.

Sincerely,

Rachel Laurie Riddle
Chief Examiner

APPENDIX 2
PETITION FOR REFUND
(Date)

ADDRESSEE

ADDRESS

Dear ADDRESSEE:

An examination of my records for the PERIOD EXAMINED by the Department of Examiners of Public Accounts disclosed that I have overpaid the following items to you and am entitled to a refund from you for the amounts overpaid.

LIST THE ITEMS AND AMOUNTS

Sincerely,

NAME OF OFFICIAL

NAME OF OFFICE EXAMINED

Sworn and subscribed before me

DATE:

Notary Public

APPROVED

DATE:

Examiner of Public Accounts

APPROVED

DATE:

Audit Manager

APPENDIX 3
RESOLUTION OF (INSERT NAME OF AUDITED ENTITY)

Be it resolved by the _____ that it authorizes the employment of _____ to perform an audit of the _____ for the period October 1, __ through September 30, __, pursuant to the policy on employment of public accounting firms of the Department of the Examiners of Public Accounts. Said audit will be performed in accordance with generally accepted government auditing standards, [the Single Audit Act of 1984 as amended and the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (2 CFR 200)].

APPENDIX 4
AGREEMENT BETWEEN (NAME OF AUDITED ENTITY) AND (FIRM)
Memorandum of Agreement

This agreement between the _____ and _____, hereinafter referred to as the "Firm", becomes effective upon full execution.

Whereas the _____ desires the Firm to audit the records of the _____ for the period October 1, ____ through September 30, ____ pursuant to the policy on employment of public accounting firms of the Department of Examiners of Public Accounts, and;

Whereas, the Firm has agreed to perform such services for the _____

Now therefore, the _____ and the Firm affirm their understanding that;

1. The Firm shall perform the audit in accordance with generally accepted government auditing standards, [the Single Audit Act of 1984 as amended and the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR 200)] and shall issue the reports required by such standards, the Act and the Uniform Guidance and distribute them to the Federal Government. The Firm agrees to issue the reports by _____.

2. The _____ affirms their responsibility as prescribed by *the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (the "Uniform Guidance")* to provide comments on the findings and recommendations in the reports, including a plan for corrective action on prior findings ("Corrective Action Plan). The _____ agrees to provide a copy of such comments to the Department of Examiners of Public Accounts upon its issuance. The _____ also affirms its responsibility for the completion and submission of a Data Collection Form to the Federal Clearinghouse.

3. The Firm shall provide three copies (including one electronic copy) of all audit reports issued and one copy of any management letter issued to the _____ to the Department of Examiners of Public Accounts.
4. The Department of Examiners of Public Accounts shall perform an examination of the _____ for compliance with laws and regulations of the State of Alabama and shall be solely responsible for the reporting and resolution of any noncompliance identified during said examination.
5. The Firm agrees to furnish a copy of the report to the Department of Examiners of Public Accounts prior to its issuance for review and agrees to correct any deficiencies or errors noted in the report prior to its completion and issuance.
6. The Firm agrees that the Department of Examiners of Public Accounts has permission to print all audit reports issued by the Firm bound with the compliance report issued by the Department of Examiners of Public Accounts on the _____ with the stipulations that no changes will be made to the report of the Firm without the permission of the Firm and that any management letter issued by the Firm shall not be printed, but will become a confidential working paper of the Department of Examiners of Public Accounts. The Firm shall not be precluded from issuing the audit of the _____ upon its completion.
7. The Firm agrees to notify the Department of Examiners of Public Accounts of suspected noncompliance with laws and regulations of the State of Alabama.
8. The Firm understands their responsibility for reporting noncompliance with laws and regulations shall be limited to those matters required by generally accepted government auditing standards, the Single Audit Act of 1984 as amended and the Uniform Guidance.

9. The Firm agrees that working papers and reports shall be retained for a minimum of five (5) years from the date of the audit report. Audit working papers shall be made available upon request to the Chief Examiner or his duly authorized representative, the cognizant federal audit agency or its designee or the U. S. Government Accountability Office.

The _____ and the Firm agree that any amendment to this agreement shall be in writing and a copy furnished to the Department of Examiners of Public Accounts.

The _____ and the Firm have executed this agreement to become effective on the date specified previously and under all conditions described herein.

IN WITNESS THEREOF, the parties hereto have affixed their hand this _____ day of _____, 20____.

(NAME OF AUDITED ENTITY)

FOR THE FIRM

By _____

By _____

Its _____

Its _____

(Title)

(Title)