Dave Yost
Auditor of State

From: Auditor of State's Center for Audit Excellence

To: All IPA Firms

Subject: ADAM 2018-01, Computer Controls for WebGAAP

Date: June 11, 2018

The ADAM 2018-01, Computer Controls for WebGAAP is attached.

The AOS Information Systems Audit (ISA) division performed testing of the WebGAAP system concurrent with the Service Organization Controls (SOC 1) review of the North West Ohio Computer Association, NWOCA, for the period from April 1, 2017 through March 31, 2018. The Web GAAP software is owned by the AOS; however, it was developed by and is maintained by staff at NWOCA. This memo applies to audits of Web GAAP compilations for audit periods ending 12/31/17 and 06/30/18.

The ADAM provides an overview of WebGAAP and describes the scope of ISA's testing.

Please review this ADAM at your earliest convenience. Questions regarding the nature and extent of ISA's procedures can be directed to the Assistant Chief Auditor of ISA, Maria Jackson, at MJackson@ohioauditor.gov and all other questions relating to this memo can be directed to the Center for Audit Excellence.

Dave Yost • Auditor of State

AUDIT DIVISION ADVISORY MEMO 2018-01

TO: **Audit Division Staff, Office Managers**

FROM: **Maria Jackson, Asst. Chief Auditor, Information Systems Audit (ISA)**

DATE: **June 8, 2018**

RE: **Computer Controls for Web GAAP**

ISA performed testing of the Web GAAP system concurrent with the Service Organization Control (SOC 1) review of the Northwest Ohio Computer Association (NWOCA) for the period from April 1, 2017 through March 31, 2018. The Web GAAP software is owned by the AOS; however, it was developed by and is maintained by staff at NWOCA. This memo applies to audits of Web GAAP compilations for audit periods ending 12/31/17 and 06/30/18.

Web GAAP Application Overview

Web GAAP is a web-based application that resides on servers at the NWOCA. It is a stand-alone application used by Ohio schools, counties, cities and other governmental entities to convert from cash basis accounting to modified and full accrual for GAAP reporting requirements. The application was originally designed to assist school entities and/or their GAAP converters in preparing GAAP-based financial statements according to the GASB 34 reporting requirements. The Web GAAP application consists of a program to upload cash basis data from a client-generated file, a journal entry system, trial balance calculation (i.e., posting GAAP conversion journal entries), and reports. The financial statement GAAP conversion structure is defined by the Auditor of State LGS section. Each entity type uses a different chart of accounts: school, county, or city. In addition, users have a limited ability to customize some of the aesthetics for an entity's reports.

ISA's procedures provide assurance for certain trial balance procedures listed in the AOS Specimen Audit Program, *Other General Procedures Applicable during Fieldwork*:

- Auditors can be assured that Web GAAP generated reports will properly reflect all cash transactions, once uploaded. The attached User Control Consideration (UCC) describes a method for our auditors to compare total (i.e., all funds') cash postings for school consortia entities. However, these procedures will not work for counties, cities, or other non-consortia school entities. Audit staff must develop other procedures to help assure there are no errors when "non-school" entities upload cash transactions into Web GAAP. Because of the inherent consistency IT processing provides, this testing for non-school entities need not be extensive. However, audit staff should trace totals, and certain

funds' account totals from the "non-school" entity's cash system into the Web GAAP system.

- Auditors can also be assured that Web GAAP generated reports accurately cross-foot GAAP conversion and other journal entries, and roll up fund statements into the entity wide statements. The ISA procedures can also reduce the extent of substantive testing required, in that auditors need not spend time footing and cross-footing Web GAAP generated reports. In other words, auditors need not apply "SARMAT" tests to Web GAAP reports.

Scope of ISA work

ISA tested relevant general controls using the control objectives listed in the Record of Computer Environment and Controls (RCEC). ISA also tested relevant application controls using the control objectives listed in the Record of Application Controls (RAC).

In addition, ISA obtained the cash upload file for a sample school entity. For the city selected for testing, the cash data was manually entered, it was not uploaded. Using audit software, and manual procedures, ISA performed work to meet the following objectives:

1. *Confirm the cash transactions in the Web GAAP system matched the cash upload file produced by the entity. (Applicable only to the school district tested because the other entity type entered their cash transactions manually.)*

2. *Confirm the proper classification of cash transactions based on the entity's fund classification and the transaction listing.*

3. *Confirm the Journal Entry reports footed and transactions were in balance (i.e. debits equal credits).*

4. *Confirm the Trial Balance related journal entries rolled up to the trial balances based on the same parameters used to test the cash transactions.*

5. *Confirm the cash and accrual journal entries rolled up to the respective fund level statements based on the same parameters used to test the cash transactions and trial balances.*

6. *Confirm the cash, accrual journal and governmental activity journal entries rolled up to the entity-wide statements based on the same parameters used to test the cash transactions, trial balances, and fund level statements.*

7. *Confirm the prior year ending balance sheet detail is carried forward to the current year's prior year balance sheet when a new year is opened.*

8. *Confirm the cash upload file produced by the school district as an option in the USAS application was a complete listing of cash transactions in USAS. (Applicable to school districts only.)*

9. *Confirm the proper classification of cash-only transactions based on the school district's fund classification and the transaction listing as shown in the legacy cash reports. (Applicable to school districts only.)*

10. *Confirm the 'Other' legacy cash reports, available only to schools, summarize data as intended. (Applicable to school districts only.)*

A detailed description of the control objectives, controls tested and work performed has been organized in a familiar SOC 1 format and is available in the following shared folder:

S:_Audit\ISA XREFS\WEB GAAP

Complementary User Entity Control Consideration for Clients using USAS

The following additional testing should be performed for audits of entities using USAS (i.e., school districts, ESCs, some community schools).

- Because there is a risk the file generated from USAS could be altered or corrupted before it is uploaded into Web GAAP, auditors should compare selected USAS totals to Web GAAP uploaded totals to ensure they agree.

  Include comparisons of ending fund balances because this helps ensure other line items are accurate. The subsequent pages of this document illustrate reports that may be used for this testing.

Please direct all questions regarding the nature and extent of ISA's procedures to the Assistant Chief Auditor of ISA and all other questions relating to this Memo to your consultant in the Center for Audit Excellence.

How to compare the Web GAAP Uploaded Cash Journal to the USAS FINSUMM Report

1. Contact the district to request the FINSUMM USAS report.

The FINSUMM report is a summary of cash accounts detailing the fund beginning balance, year-to-date expenditures and receipts, current fund balance, current encumbrances and the unencumbered fund balance.

The following instructions can be provided to the district contact to generate the FINSUMM report:

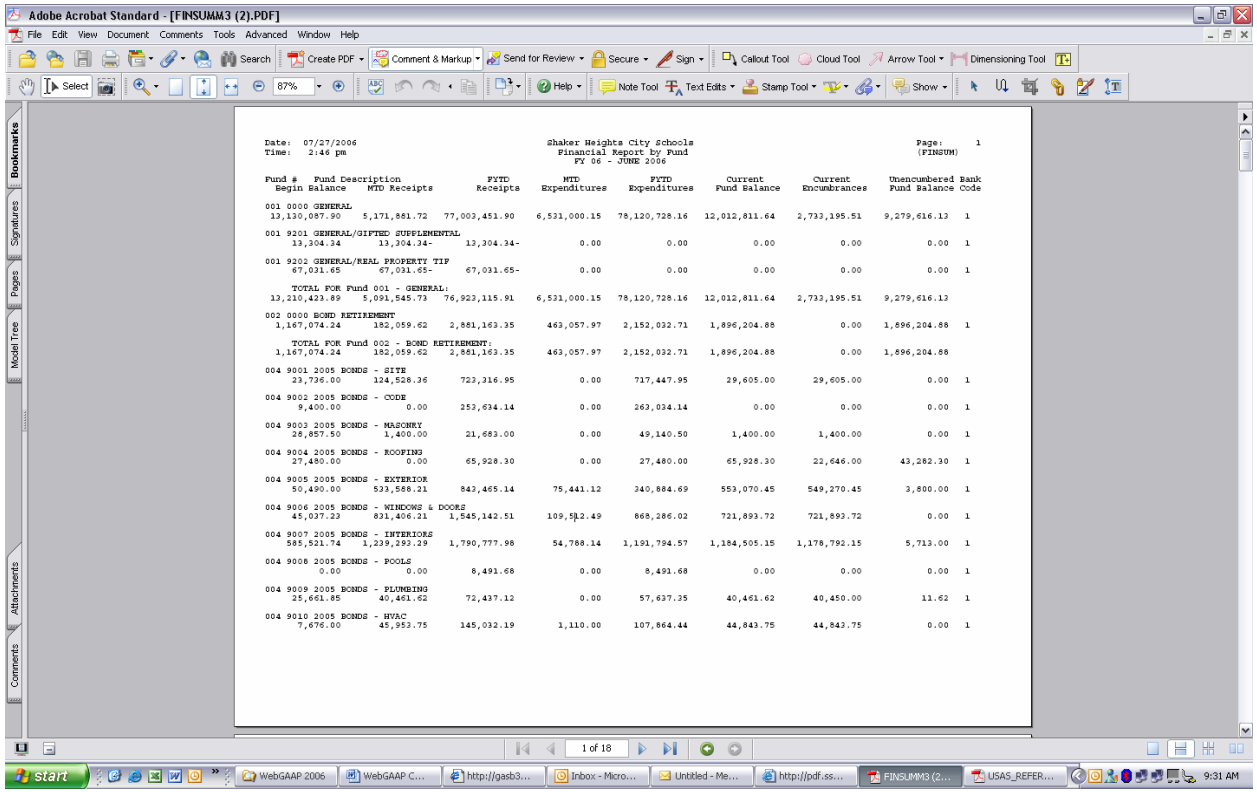
To access the USAS program type: $ RUN OECN$BUD:USARPT

At the $ prompt, select FINSUMM from the main menu or in the menu system type: Menu>FINSUMM

In the report prompts select:

- *Summary or detail report: Detail (D)*
- *Sort Option: Fund/SCC (FS)*

Request the report output (preferable format is pdf report)

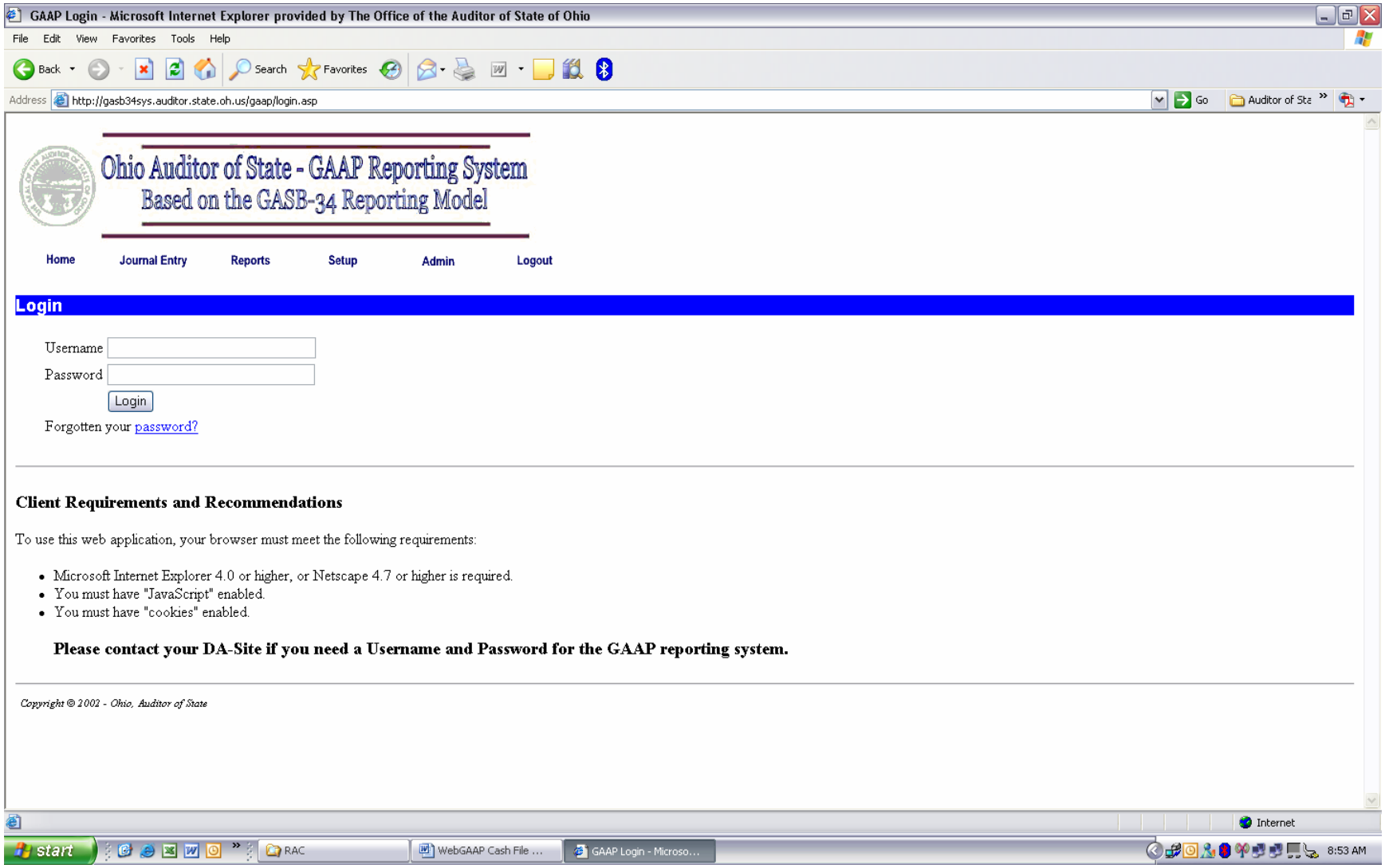


Date: 07/27/2006 Shaker Heights City Schools Page: 1
Time: 2:46 pm Financial Report by Fund (FINSUM)
FY 06 - JUNE 2006

Fund # Begin Balance	Fund Description MTD Receipts	FYTD Receipts	MTD Expenditures	FYTD Expenditures	Current Fund Balance	Current Encumbrances	Unencumbered Fund Balance	Bank Code
001 0000 GENERAL								
13,130,087.90	5,171,861.72	77,003,451.90	6,531,000.15	78,120,728.16	12,012,811.64	2,733,195.51	9,279,616.13	1
001 9201 GENERAL/GIFTED SUPPLEMENTAL								
13,304.34	13,304.34-	13,304.34-	0.00	0.00	0.00	0.00	0.00	1
001 9202 GENERAL/REAL PROPERTY TIF								
67,031.65	67,031.65-	67,031.65-	0.00	0.00	0.00	0.00	0.00	1
TOTAL FOR Fund 001 - GENERAL:								
13,210,423.89	5,091,545.73	76,923,115.91	6,531,000.15	78,120,728.16	12,012,811.64	2,733,195.51	9,279,616.13	
002 0000 BOND RETIREMENT								
1,167,074.24	182,059.62	2,881,163.35	463,057.97	2,152,032.71	1,896,204.88	0.00	1,896,204.88	1
TOTAL FOR Fund 002 - BOND RETIREMENT:								
1,167,074.24	182,059.62	2,881,163.35	463,057.97	2,152,032.71	1,896,204.88	0.00	1,896,204.88	
004 9001 2005 BONDS - SITE								
23,736.00	124,528.36	723,316.95	0.00	717,447.95	29,605.00	29,605.00	0.00	1
004 9002 2005 BONDS - CODE								
9,400.00	0.00	253,634.14	0.00	263,034.14	0.00	0.00	0.00	1
004 9003 2005 BONDS - MASONRY								
28,857.50	1,400.00	21,683.00	0.00	49,140.50	1,400.00	1,400.00	0.00	1
004 9004 2005 BONDS - ROOFING								
27,480.00	0.00	65,928.30	0.00	27,480.00	65,928.30	22,646.00	43,282.30	1
004 9005 2005 BONDS - EXTERIOR								
50,490.00	533,588.21	843,465.14	75,441.12	340,884.69	553,070.45	549,270.45	3,800.00	1
004 9006 2005 BONDS - WINDOWS & DOORS								
45,037.23	831,406.21	1,545,142.51	109,512.49	868,286.02	721,893.72	721,893.72	0.00	1
004 9007 2005 BONDS - INTERIORS								
585,521.74	1,239,293.29	1,790,777.98	54,788.14	1,191,794.57	1,184,505.15	1,178,792.15	5,713.00	1
004 9008 2005 BONDS - POOLS								
0.00	0.00	8,491.68	0.00	8,491.68	0.00	0.00	0.00	1
004 9009 2005 BONDS - PLUMBING								
25,661.85	40,461.62	72,437.12	0.00	57,637.35	40,461.62	40,450.00	11.62	1
004 9010 2005 BONDS - HVAC								
7,676.00	45,953.75	145,032.19	1,110.00	107,864.44	44,843.75	44,843.75	0.00	1

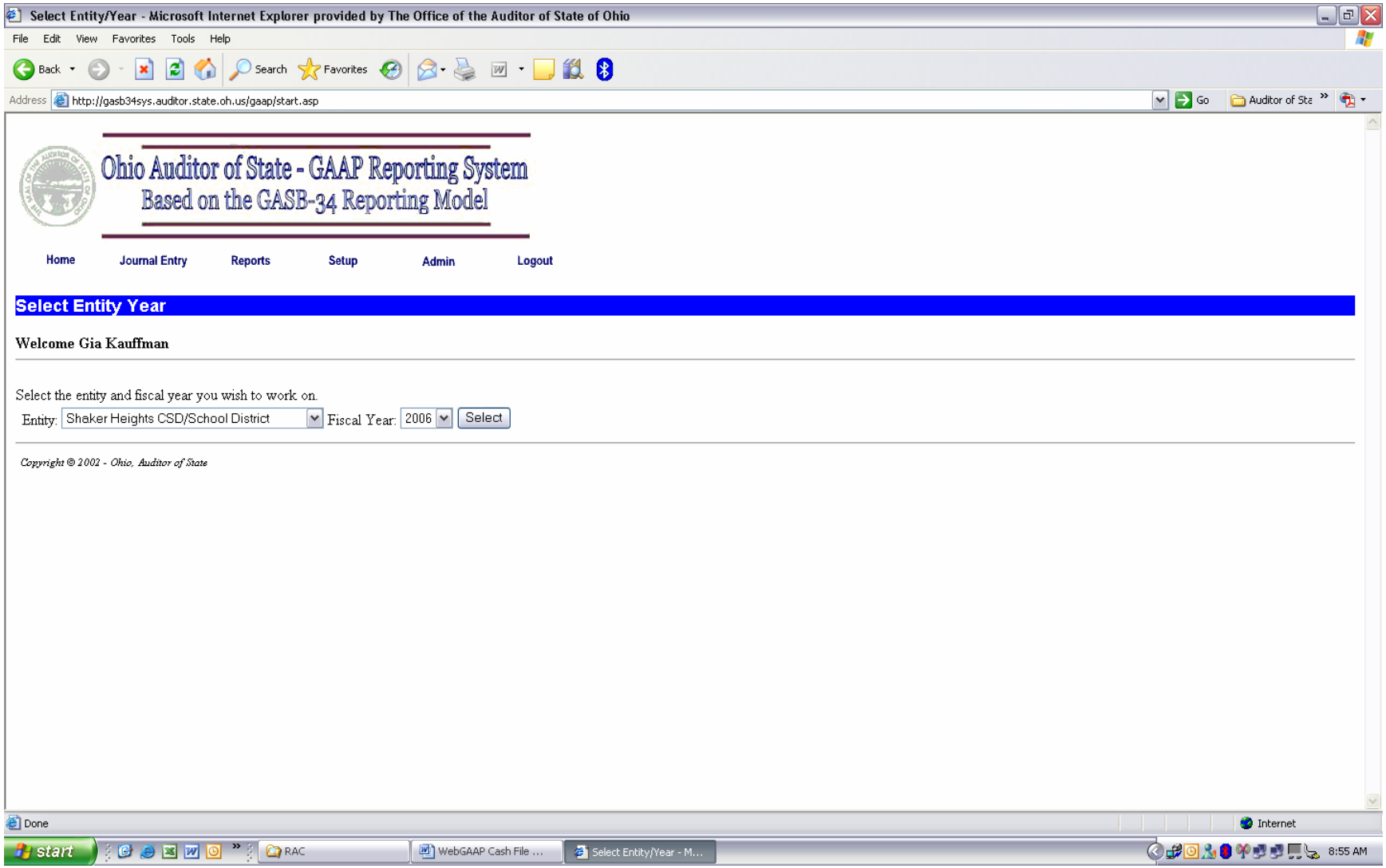
How to compare the Web GAAP Uploaded Cash Journal to the USAS FINSUMM Report

2. Log into the Web GAAP Application



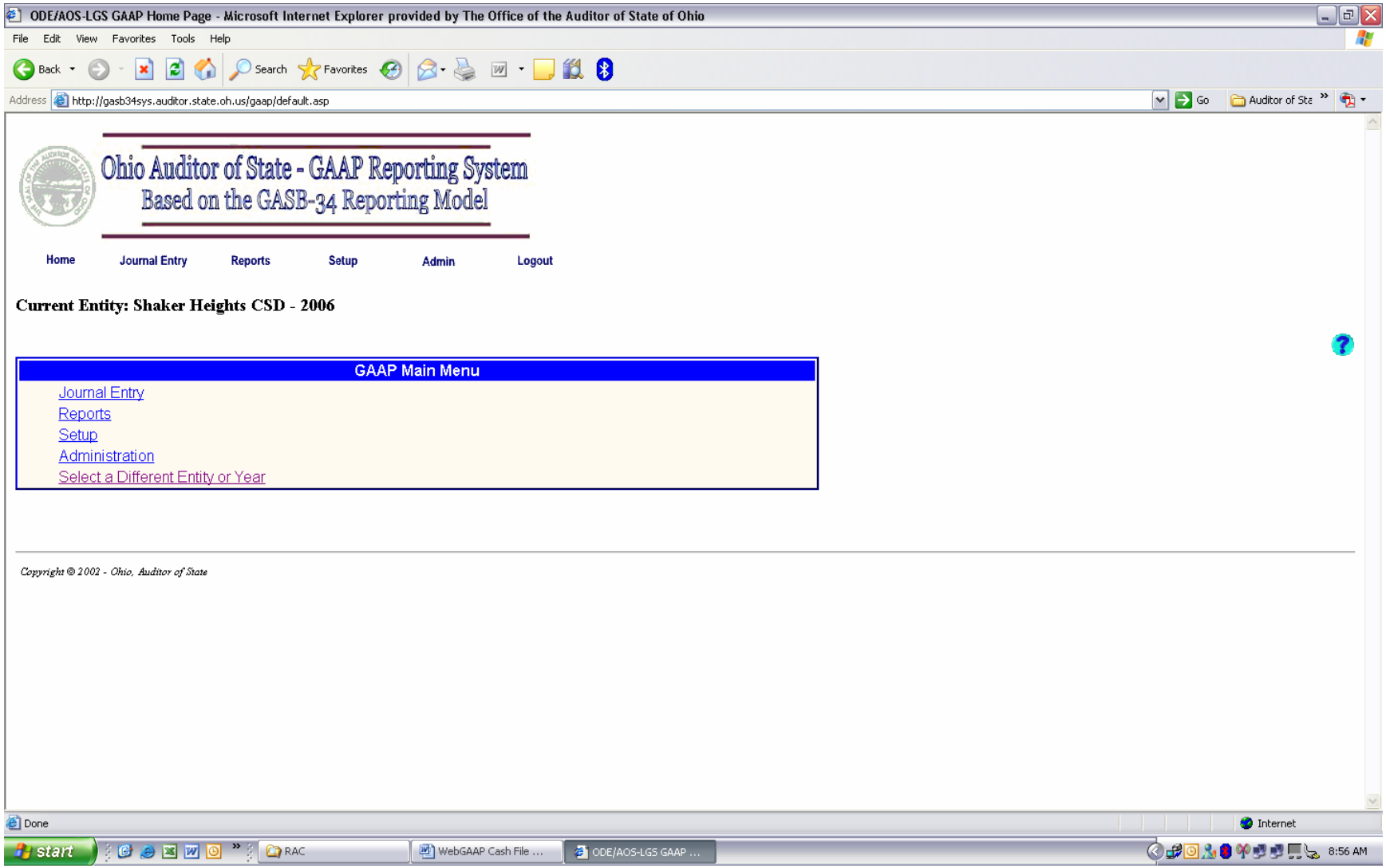
How to compare the Web GAAP Uploaded Cash Journal to the USAS FINSUMM Report

3. Selected the entity and fiscal year. (example is Shaker Heights CSD, fiscal year 2006).



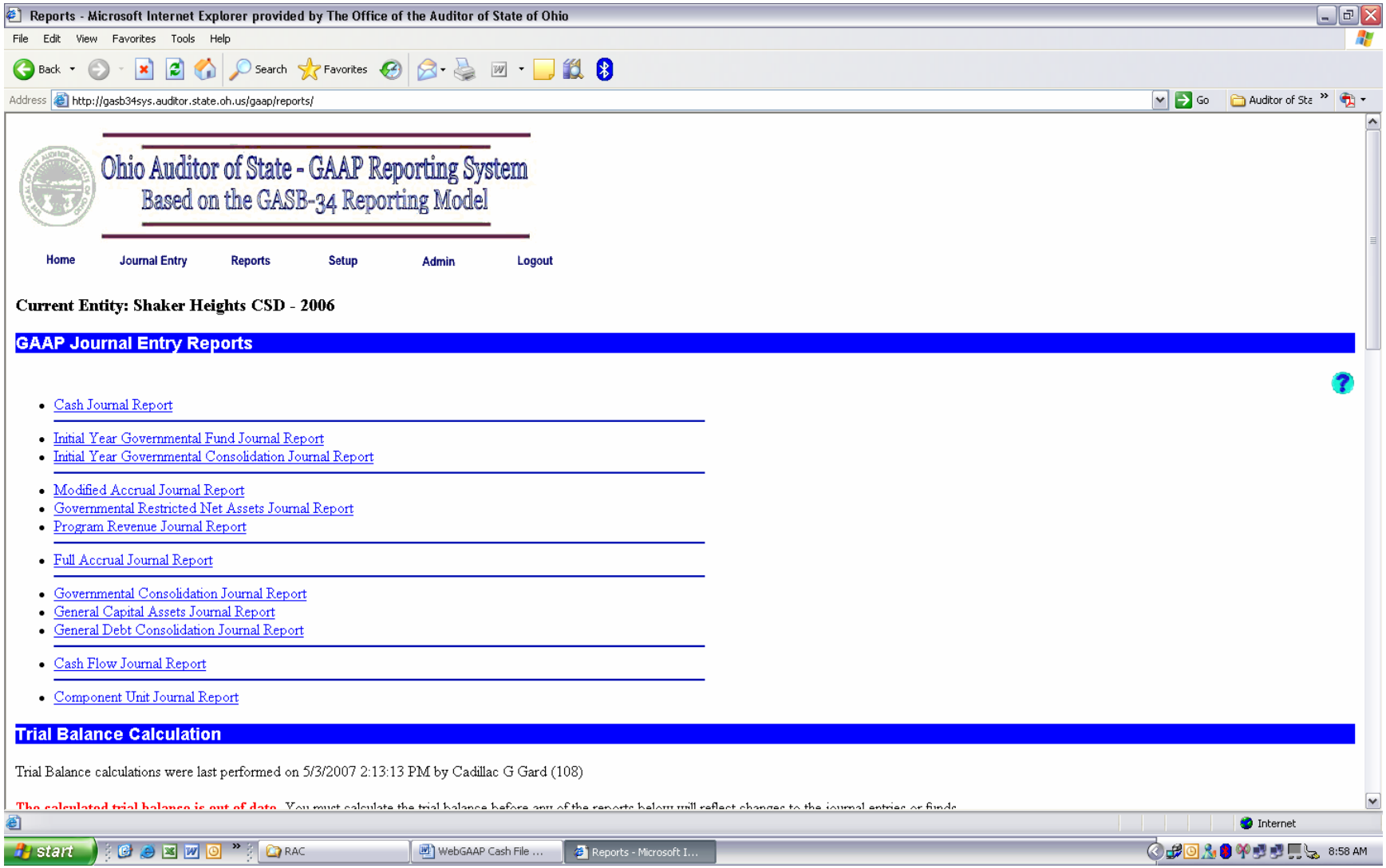
How to compare the Web GAAP Uploaded Cash Journal to the USAS FINSUMM Report

4. Go to the Reports menu by selecting Reports from the Main Menu or the navigation menu at the top.



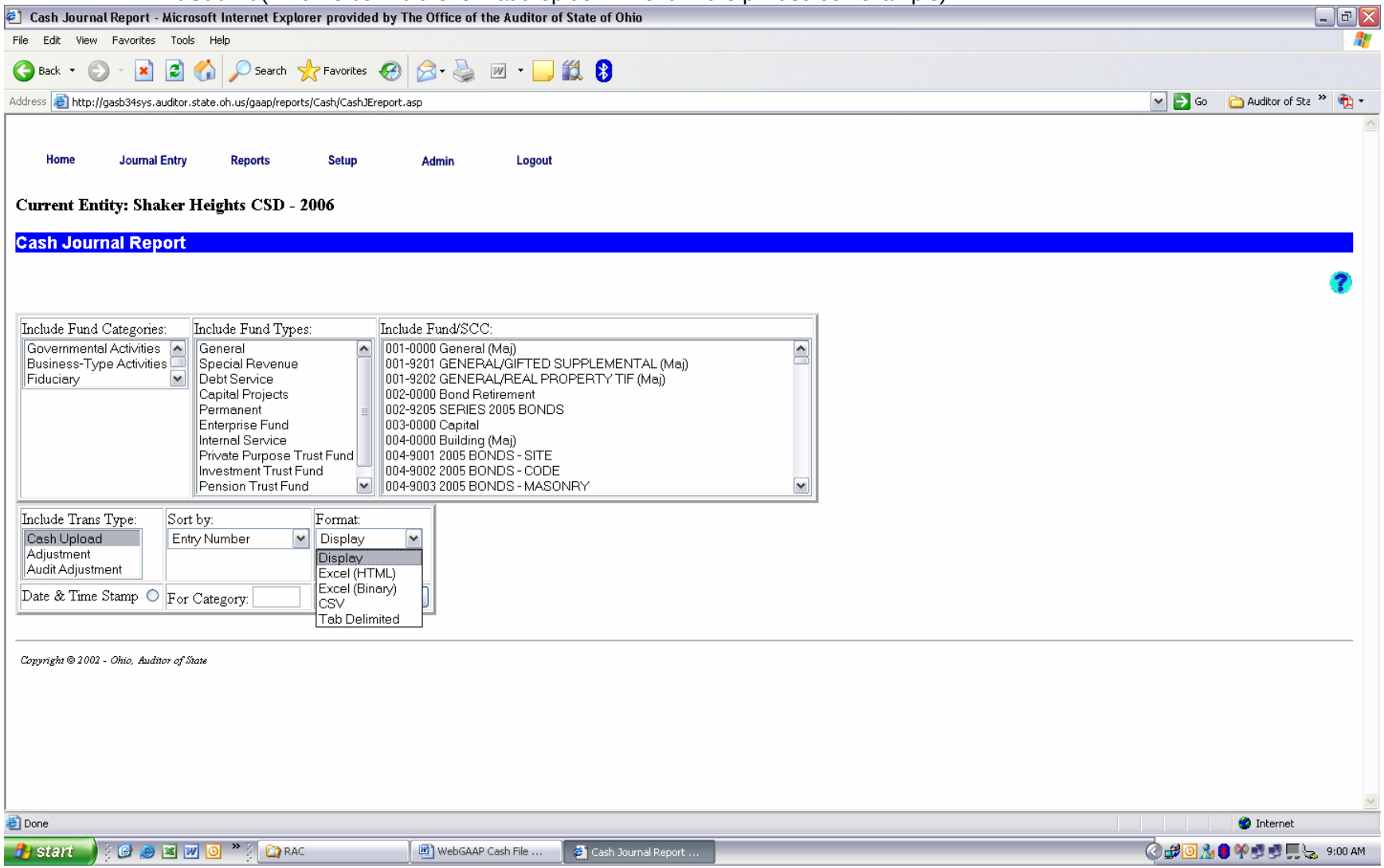
How to compare the Web GAAP Uploaded Cash Journal to the USAS FINSUMM Report

5. Select Cash Journal Report.



How to compare the Web GAAP Uploaded Cash Journal to the USAS FINSUMM Report

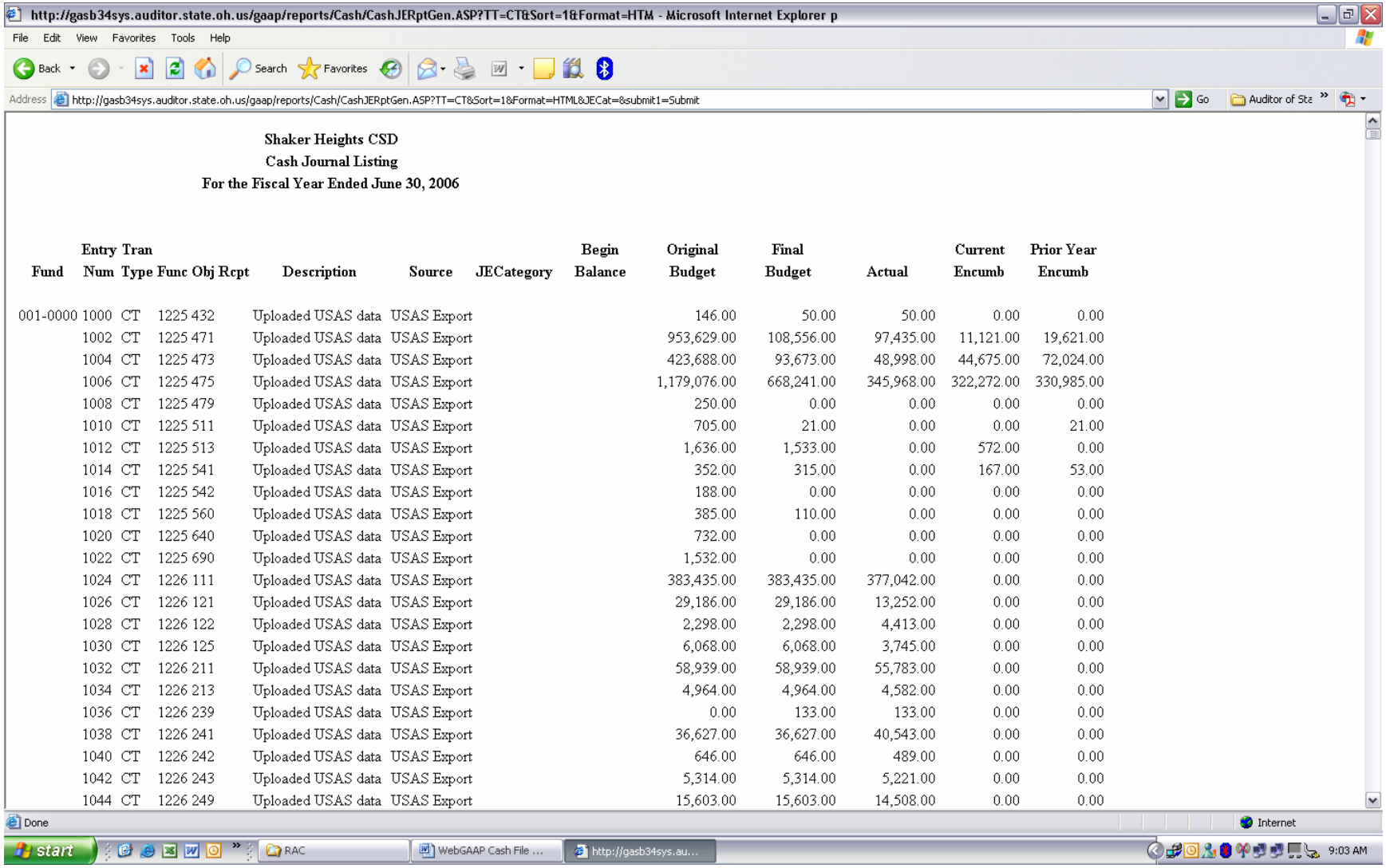
6. In the Cash Journal Report options screen, select:
   - Include Trans Type: Cash Upload
   - Format: Display
   - The remaining report options should be set to include all (nothing should be selected).
   - Hit Submit (which is behind the format drop down menu in the print screen example).



How to compare the Web GAAP Uploaded Cash Journal to the USAS FINSUMM Report

7. In the Cash Journal Listing (display view) scroll to the bottom to view the grand totals.

Note the column headers before beginning to scroll down.



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Address http://gasb34sys.auditor.state.oh.us/gaap/reports/Cash/CashJERptGen.ASP?TT=CT&Sort=1&Format=HTML&JECat=&submit1=Submit

Shaker Heights CSD
Cash Journal Listing
For the Fiscal Year Ended June 30, 2006

Fund	Entry Num	Tran Type	Func	Obj	Rcpt	Description	Source	JECategory	Begin Balance	Original Budget	Final Budget	Actual	Current Encumb	Prior Year Encumb
001-0000	1000	CT	1225	432		Uploaded USAS data	USAS Export			146.00	50.00	50.00	0.00	0.00
	1002	CT	1225	471		Uploaded USAS data	USAS Export			953,629.00	108,556.00	97,435.00	11,121.00	19,621.00
	1004	CT	1225	473		Uploaded USAS data	USAS Export			423,688.00	93,673.00	48,998.00	44,675.00	72,024.00
	1006	CT	1225	475		Uploaded USAS data	USAS Export			1,179,076.00	668,241.00	345,968.00	322,272.00	330,985.00
	1008	CT	1225	479		Uploaded USAS data	USAS Export			250.00	0.00	0.00	0.00	0.00
	1010	CT	1225	511		Uploaded USAS data	USAS Export			705.00	21.00	0.00	0.00	21.00
	1012	CT	1225	513		Uploaded USAS data	USAS Export			1,636.00	1,533.00	0.00	572.00	0.00
	1014	CT	1225	541		Uploaded USAS data	USAS Export			352.00	315.00	0.00	167.00	53.00
	1016	CT	1225	542		Uploaded USAS data	USAS Export			188.00	0.00	0.00	0.00	0.00
	1018	CT	1225	560		Uploaded USAS data	USAS Export			385.00	110.00	0.00	0.00	0.00
	1020	CT	1225	640		Uploaded USAS data	USAS Export			732.00	0.00	0.00	0.00	0.00
	1022	CT	1225	690		Uploaded USAS data	USAS Export			1,532.00	0.00	0.00	0.00	0.00
	1024	CT	1226	111		Uploaded USAS data	USAS Export			383,435.00	383,435.00	377,042.00	0.00	0.00
	1026	CT	1226	121		Uploaded USAS data	USAS Export			29,186.00	29,186.00	13,252.00	0.00	0.00
	1028	CT	1226	122		Uploaded USAS data	USAS Export			2,298.00	2,298.00	4,413.00	0.00	0.00
	1030	CT	1226	125		Uploaded USAS data	USAS Export			6,068.00	6,068.00	3,745.00	0.00	0.00
	1032	CT	1226	211		Uploaded USAS data	USAS Export			58,939.00	58,939.00	55,783.00	0.00	0.00
	1034	CT	1226	213		Uploaded USAS data	USAS Export			4,964.00	4,964.00	4,582.00	0.00	0.00
	1036	CT	1226	239		Uploaded USAS data	USAS Export			0.00	133.00	133.00	0.00	0.00
	1038	CT	1226	241		Uploaded USAS data	USAS Export			36,627.00	36,627.00	40,543.00	0.00	0.00
	1040	CT	1226	242		Uploaded USAS data	USAS Export			646.00	646.00	489.00	0.00	0.00
	1042	CT	1226	243		Uploaded USAS data	USAS Export			5,314.00	5,314.00	5,221.00	0.00	0.00
	1044	CT	1226	249		Uploaded USAS data	USAS Export			15,603.00	15,603.00	14,508.00	0.00	0.00

How to compare the Web GAAP Uploaded Cash Journal to the USAS FINSUMM Report

8. Agree grand totals to the totals on the FINSUMM report.

http://gasb34sys.auditor.state.oh.us/gaap/reports/Cash/CashJERptGen.ASP?TT=CT&Sort=1&Format=HTM - Microsoft Internet Explorer p

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Back Search Favorites

Address http://gasb34sys.auditor.state.oh.us/gaap/reports/Cash/CashJERptGen.ASP?TT=CT&Sort=1&Format=HTML&JECat=&submit1=Submit

				Subtotal for: 590-9206	0.00	197,107.00	423,542.00	227,609.00	3,949.00	0.00
599-9205	8404	CT	3260 419	Uploaded USAS data USAS Export		0.00	1,837.00	1,837.00	0.00	0.00
	9236	CT	4220	Uploaded USAS data USAS Export		0.00	1,837.00	1,837.00		0.00
				Subtotal for: 599-9205	0.00	0.00	3,674.00	3,674.00	0.00	0.00
599-9206	8392	CT	1110 519	Uploaded USAS data USAS Export		0.00	1,454.00	0.00	0.00	0.00
	8394	CT	1110 690	Uploaded USAS data USAS Export		0.00	8,480.00	317.00	0.00	0.00
	8400	CT	2510 690	Uploaded USAS data USAS Export		30,000.00	0.00	0.00	0.00	0.00
	8402	CT	2590 890	Uploaded USAS data USAS Export		104.00	0.00	0.00	0.00	0.00
	8406	CT	3260 419	Uploaded USAS data USAS Export		8,089.00	8,089.00	5,706.00	0.00	0.00
	9238	CT	4220	Uploaded USAS data USAS Export		0.00	18,023.00	6,023.00		0.00
				Subtotal for: 599-9206	0.00	38,193.00	36,046.00	12,046.00	0.00	0.00
599-9828	370	CT		Uploaded USAS data USAS Export	366.00					0.00
	8390	CT	1110 432	Uploaded USAS data USAS Export		0.00	366.00	143.00	223.00	0.00
				Subtotal for: 599-9828	366.00	0.00	366.00	143.00	223.00	0.00
599-9850	8388	CT	1110 419	Uploaded USAS data USAS Export		8,000.00	7,000.00	0.00	3,000.00	0.00
	8408	CT	3260 899	Uploaded USAS data USAS Export		17,000.00	15,000.00	4,000.00	8,000.00	0.00
	9240	CT	4220	Uploaded USAS data USAS Export		0.00	22,000.00	15,000.00		0.00
				Subtotal for: 599-9850	0.00	25,000.00	44,000.00	19,000.00	11,000.00	0.00
599-9906	8396	CT	1131 419	Uploaded USAS data USAS Export		3,000.00	0.00	0.00	0.00	0.00
	8398	CT	1131 690	Uploaded USAS data USAS Export		0.00	3,000.00	2,534.00	0.00	0.00
	9232	CT	4130	Uploaded USAS data USAS Export		0.00	3,000.00	3,000.00		0.00
				Subtotal for: 599-9906	0.00	3,000.00	6,000.00	5,534.00	0.00	0.00
599-9907	9234	CT	4130	Uploaded USAS data USAS Export		0.00	1,500.00	1,500.00		0.00
				Subtotal for: 599-9907	0.00	0.00	1,500.00	1,500.00	0.00	0.00
				Grand total:	27,760,639.00	86,867,012.00	213,423,111.00	197,956,179.00	6,172,356.00	4,031,211.00

Done Internet

start RAC WebGAAP Cash File ... http://gasb34sys.au... 9:07 AM

How to compare the Web GAAP Uploaded Cash Journal to the USAS FINSUMM Report

Agreeing the GRAND TOTALS

Web GAAP Uploaded Cash Journal

Shaker Heights CSD
Cash Journal Listing
For the Fiscal Year Ended June 30, 2006

Fund	Entry Num	Tran Type	Func	Obj	Rcpt	Description	Source	JECategory	Begin Balance	Original Budget	Final Budget	Actual	Current Encumb	Prior Year Encumb
599-9907	9234	CT		4130		Uploaded USAS data	USAS Export			0.00	1,500.00	1,500.00		0.00
						Subtotal for: 599-9907			0.00	0.00	1,500.00	1,500.00	0.00	0.00
						Grand total:			27,760,639.00	86,867,012.00	213,423,111.00	197,956,179.00	6,172,356.00	4,031,211.00

USAS FINSUMM Report

Date: 07/27/2006
Time: 2:46 pm

Shaker Heights City Schools
Financial Report by Fund
FY 06 - JUNE 2006

Page: 18
(FINSUM)

Fund #	Fund Description	Begin Balance	MTD Receipts	FYTD Receipts	MTD Expenditures	FYTD Expenditures	Current Fund Balance	Current Encumbrances	Unencumbered Fund Balance	Bank Code
599 9907	FY 07 FEDERAL RESERVE CHALLENGE	0.00	1,500.00	1,500.00	0.00	0.00	1,500.00	0.00	1,500.00	1
	TOTAL FOR Fund 599 - MISCELLANEOUS FED. GRANT FUND	366.14	2,500.00	27,360.20	1,257.20	14,537.66	13,188.68	11,223.08	1,965.60	
	GRAND TOTALS:	27,760,636.60	6,416,237.95	96,166,350.50	8,887,565.14	101,789,801.71	22,137,185.39	6,172,352.53	15,964,832.86	

Comparison Table for Grand Totals:

Column	Web GAAP Uploaded Cash Journal	USAS FINSUMM Report	Difference (rounding differences will occur because Web GAAP report is rounded)
Begin Balance	27,760,639.00	27,760,636.60	2.40
Actual (Receipts and Expenditures)	197,956,179.00	FYTD Receipts: 96,166,350.50 + FYTD Expenditures: 101,789,801.71 197,956,152.21	26.79
Current Encumb	6,172,356.00	6,172,352.53	3.47

How to compare the Web GAAP Uploaded Cash Journal to the USAS FINSUMM Report

Agreeing a Fund/SCC (example Fund 599, SCC 9907)

Web GAAP Uploaded Cash Journal

Shaker Heights CSD
Cash Journal Listing
For the Fiscal Year Ended June 30, 2006

Fund	Entry Num	Tran Type	Func	Obj	Rcpt	Description	Source	JECategory	Begin Balance	Original Budget	Final Budget	Actual	Current Encumb	Prior Year Encumb
599-9907	9234	CT		4130		Uploaded USAS data	USAS Export			0.00	1,500.00	1,500.00		0.00
						Subtotal for: 599-9907			0.00	0.00	1,500.00	1,500.00	0.00	0.00
						Grand total:			27,760,659.00	80,807,012.00	215,425,111.00	197,956,179.00	6,172,356.00	4,651,211.00

USAS FINSUMM Report

Date: 07/27/2006
Time: 2:46 pm

Shaker Heights City Schools
Financial Report by Fund
FY 06 - JUNE 2006

Page: 18
(FINSUM)

Fund #	Fund Description	Begin Balance	MTD Receipts	FYTD Receipts	MTD Expenditures	FYTD Expenditures	Current Fund Balance	Current Encumbrances	Unencumbered Fund Balance	Bank Code
599 9907	FY 07 FEDERAL RESERVE CHALLENGE	0.00	1,500.00	1,500.00	0.00	0.00	1,500.00	0.00	1,500.00	1
	TOTAL FOR Fund 599 - MISCELLANEOUS FED. GRANT FUND	366.14	2,500.00	27,360.20	1,257.20	14,537.66	13,188.68	11,223.08	1,965.60	
	GRAND TOTALS:	27,760,636.60	6,416,237.95	96,166,350.50	8,887,565.14	101,789,801.71	22,137,185.39	6,172,352.53	15,964,832.86	

Comparison Table for Fund/SCC (599-9907)

Column	Web GAAP Uploaded Cash Journal	USAS FINSUMM Report	Difference (rounding differences will occur because Web GAAP report is rounded)
Begin Balance	0.00	0.00	0.00
Actual (Receipts and Expenditures)	1,500.00	FYTD Receipts: 1,500.00 + FYTD Expenditures: 0.00 1,500.00	0.00
Current Encumb	0.00	0.00	0.00