

Justice Administrative Commission
Agency Representations for the Annual Comprehensive Financial Report (ACFR)
Fiscal Year Ended June 30, 2022

Office:

The representations below are very complex and necessary so the Department of Financial Services, Chief Financial Officer (CFO) can make similar representations to the Auditor General. By representation, your office will be able to confirm, not confirm or not applicable (N/A) where appropriate. N/A is not available for all representations.

When reviewing the representations below, if there is nothing for your office to provide, report, monitor, correct, or remedy then DFS considers that the office has sufficiently met the requirement. **Please select “Yes” for these types of representations.** If representation does not specify to whom information, reports or disclosures are to be provided, then disclosure would be to DFS. JAC added some clarifying information to some of the representations. The information is *italicized*.

Certain representations in this form are described as being limited to matters that are material. Materiality considerations would not apply to those representations that are not directly related to amounts included in the financial statements. In addition, because of the possible effects of fraud on other aspects of the audit, materiality would not apply to management’s acknowledgement of its responsibility for the design and implementation of programs and controls to prevent and detect fraud with respect to management or those employees who have significant roles in internal control. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm the following representations are made explicitly or implicitly:

Select one of the following:

YES NO N/A

- (1) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- (2) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- (3) We acknowledge our responsibility for compliance with laws (including budget laws and tax or debt limits), rules and regulations, grantor restrictions, bond covenants, and provisions of contracts and grant agreements applicable to our agency.
- (4) Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- (5) Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with requirements of accounting principles generally accepted in the United States of America.

See section V of the JAC Agency Head Certification form for more information.

YES NO N/A

- (6) All events subsequent to the date of the financial statements and for which accounting principles generally accepted in the United States of America require adjustment or disclosure have been adjusted or disclosed.
- (7) The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.
- (8) **(This item applies to DMS only.)** We believe that the actuarial assumptions and methods used to measure pension liability and costs, other postemployment benefits liability and costs and the estimated unpaid claims liability for the self-insurance plan for financial accounting purposes are appropriate in the circumstances. We agree with the findings of the actuary in evaluating the pension liability and costs, other postemployment benefits liability and costs and the estimated unpaid claims liability for the self-insurance plan and have adequately considered the qualifications of the actuary in determining the amounts and disclosures used in the financial statements. We did not give or cause any instructions to be given to the actuary with respect to the values or amounts derived in an attempt to bias the actuary's work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the actuary. We are not aware of any deviations, as defined by the Actuarial Standards Board, from the guidance of actuarial standard practice that would impact our compliance with the reporting requirements of Governmental Accounting Standards Board (GASB) Statements Nos. 67, 68, 71, 73, 74, 75, 78, 82, and 85.
- (9) **(This item applies to DMS only.)** We do not plan to make frequent amendments to our pension or other postemployment benefits plans.
- (10) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements have been properly disclosed.
- (11) Tax-exempt bonds issued have retained their tax-exempt status.
- (12) We have identified and disclosed violations (and possible violations) of laws, rules or regulations, and provisions of contracts and grant agreements with effects that should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for auditor reporting on noncompliance.
- (13) We have identified and disclosed to the CFO and/or Auditor General all laws, rules and regulations, grantor restrictions, bond covenants, and provisions of contracts and grant agreements applicable to our agency that could have a material effect on our financial records, including legal and contractual provisions for reporting specific activities in separate funds.
- (14) Our agency has followed applicable laws and regulations in adopting, approving, and amending budgets.
- (15) We acknowledge our responsibility for properly classifying, recording and disclosing component units, joint ventures, and other related organizations that our agency is financially accountable for or has a relationship with that requires reporting.

YES NO N/A

- (16) The financial records include all fiduciary activities required by GASB Statement No. 84. **<CHANGED FY 2021>**

GASB 84 refers to the proper classification of funds. For JAC this is only applicable to Revolving Funds. JAC will be completing the forms required for this requirement. If you have a revolving fund, select Yes.

- (17) The financial records include all lease activities required by GASB Statement No. 87. **<New FY 2022>**
(18) The financial records properly classify all funds and activities in accordance with GASB Statement No. 54. **<NEW FY 2021>**

GASB 54 refers to schedule of payments for debt service requirement which are recorded in general ledger 399XX or 499XX. These general ledgers are not currently used by JAC.

- (19) Assets, liabilities, deferred outflows, and deferred inflows are properly classified and reported.
(20) Components of net position (net investment in capital assets, restricted, and unrestricted), and components of fund balance (nonspendable, restricted, committed, and unassigned) are properly classified, reported, and, if applicable, approved.

JAC reports restricted and committed amounts for the office's Grants & Donations Trust Funds (G&DTF) and Federal Forfeitures in the Forfeitures & Investigative Support Trust Fund as needed. If the office has G&DTF or Federal Forfeitures, select Yes. N/A should only be selected by the 4 offices that do not have a G&DTF.

- (21) Investments, derivative transactions, land and other real estate held by endowments are properly valued, and the appropriate valuation methodology has been utilized if other than quoted market prices.
(22) Provisions for uncollectible receivables have been properly identified and recorded.

The term uncollectible accounts receivable is used to describe the portion of an accounts receivable the office does not expect to collect.

- (23) Interfund, internal, and intra-entity activity and balances are properly classified and reported.
(24) Special and extraordinary items, if any, are properly classified and reported.
(25) **(This item applies to SBA and DFS only.)** Risk disclosures associated with deposit and investment securities and derivative transactions are presented in accordance with GASB requirements.
(26) Capital assets, including infrastructure and intangible capital assets are properly capitalized, reported, and, if applicable, depreciated or amortized.
(27) **(This item applies to DOT only.)** Where the modified approach has been used for eligible infrastructure assets, we have met the GASB-established requirements for doing so.
(28) Agreements to repurchase assets previously sold have been properly classified and reported.

YES NO N/A

- (29) We have followed the State's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and appropriately disclosed and net position is properly recognized under the policy.
- (30) We have followed the State's policy regarding which resources (that is, restricted, committed, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available, and determined fund balance classifications appropriately for financial reporting purposes.

Offices have simple funding agreements which are primarily reimbursement-based and do not contain language requiring a specific order for spending resources.

- (31) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- (32) Our agency has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- (33) The following have been properly accounted for and/or disclosed:
 - (a) **(This item applies to SBA and DFS only.)** Arrangements with financial institutions involving investments in derivatives, including those derivatives that are not required to be reported on the statement of net position.
 - (b) Guarantees, whether written or oral, under which the State is contingently liable.
 - (c) Significant estimates and contingencies known to management that are required to be disclosed in accordance with GASB Codification Sections C50.151 through .168. (Significant estimates are estimates at the balance sheet date that could change materially within the next year. Contingencies are existing conditions, situations, or set of circumstances involving uncertainty as to possible gain or loss to an agency that will ultimately be resolved when one or more future events occur or fail to occur).
 - (d) Undisclosed contracts or agreements to underwrite, guarantee repayment of indebtedness, otherwise financially support activities or programs conducted by the State; units of local government; or any regional or local board, committee, association, nonprofit corporation, or any business or nonbusiness entity that is material to the basic financial statements.
- (34) **(This item is related to DEO and DOR only.)** We have disclosed to the Auditor General all names of all entities with which we have a tax abatement agreement, the total gross amount of taxes abated during the period, the specific taxes that were abated, and whether any commitments other than to reduce taxes were made as part of any tax abatement agreement as required by GASB Statement No. 77.
- (35) We have properly recognized asset retirement obligations associated with tangible capital assets in accordance with GASB Statement No. 83, Certain Retirement Obligations. **<NEW FY 2021>**

Retirement Obligations refer to offices responsible for the cost of removing equipment or cleaning up hazardous materials at some future date. This is not applicable to JAC offices.

YES NO N/A

- (36) We have disclosed all essential information related to debt, including additional information pertaining to direct borrowings and direct placements, as required by GASB Statement No. 88.

This applies to financed debt and the interest incurred.

- (37) There is no undisclosed environmental contamination for which our agency is deemed potentially responsible.
- (38) Our agency has satisfactory title to all owned assets, and there are no undisclosed liens or encumbrances on such assets nor has any asset been pledged as collateral.
- (39) To the best of our knowledge, our agency has complied with all applicable laws, rules and regulations, grantor restrictions, bond covenants, and contractual agreements that would have a material effect on the basic financial statements in the event of noncompliance.

Required Supplementary Information

YES NO N/A

- (40) **(These items are related to DOT and DMS only.)** We acknowledge our responsibility for the presentation of the required supplementary information in accordance with accounting principles generally accepted in the United States of America. We believe that the required supplementary information is measured and presented in accordance with accounting principles generally accepted in the United States of America. We also confirm that:
- (a) The methods of measurement or presentation have not changed from those used in the prior period.
- (b) We have disclosed any significant assumptions or interpretations underlying the measurement or presentation of the required supplemental information.

Information Provided

YES NO N/A

- (41) We have provided the Auditor General with:
- (a) Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, minutes, documentation and other matters;
- (b) Additional information that the Auditor General has requested from us for the purpose of the audit; and
- (c) Unrestricted access to persons within the entity from whom the Auditor General determined it necessary to obtain audit evidence.
- (42) All transactions have been recorded in the financial records.
- (43) We have disclosed to the Auditor General the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- (44) There are no other matters that management has determined must be disclosed.
- <NEW FY 2021>**

Select Yes, if your office has nothing else to disclose.

YES NO N/A

- (45) We have disclosed to the CFO and/or Auditor General all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements, and any other instances that warrant the attention of those charged with governance.
- (46) We have disclosed to the CFO and/or Auditor General all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements and we have consulted legal counsel concerning litigation, claims, or assessments.
- (47) We have disclosed to the CFO and/or Auditor General the identity of our agency's related parties and all the related party relationships and transactions of which we are aware and have appropriately accounted for and disclosed such relationships and transactions.
- (48) We have disclosed to the Auditor General the findings received and related corrective actions taken for previous financial audits, attestation engagements, performance audits, internal audits, or other studies related to objectives of the audit being undertaken and the corrective actions taken to address significant findings and recommendations.
- (49) We have disclosed all contracts or other agreements with service organizations and any communications from service organizations relating to noncompliance at these organizations.

Companies that provide services (Service Organizations) to other companies (User Entities) are often asked to provide proof that their internal controls are working effectively so that their clients' auditors and regulators can obtain assurance about the controls.

Examples of service organizations include: employee benefits plans; payroll processors; insurance and medical claims processors; trust companies; hosted data centers; cloud service providers; managed security providers; credit card processing organizations; and clearinghouses. The correct SOC report is determined by the user entity's requirements and the impact of service organization's controls.

- (50) We have made available all information requested by the Statewide Financial Reporting Section and the Auditor General in connection with the preparation and audit of the CAFR for fiscal year ended June 30, 2022.

- (51) Pick the statement (option) that applies to your office.**
(1) We have no knowledge of any fraud or suspected fraud that affects our agency and involves:
(2) We have disclosed all information that we are aware of regarding fraud or suspected fraud that affects our agency and involves:
 (a) Management;
 (b) Employees who have significant roles in internal control;
 (c) Others when the fraud could have a material effect on the financial statements.
- (52) Pick the statement (option) that applies to your office.**
(1) We have no knowledge of any allegations of fraud, or suspected fraud, affecting the State's financial statements communicated by employees, former employees, analysts, regulators or others.
(2) We have disclosed all information that we are aware of regarding allegations of fraud, or suspected fraud, affecting the State's financial statements communicated by employees, former employees, analysts, regulators or others.

Additional Representations

YES NO N/A

- (53) We have disclosed to the Auditor General previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- (54) We have provided the Auditor General with views on the auditors' reported findings, conclusions, and recommendations, as well as our corrective actions, for the report.
- (55) We have identified and disclosed to the CFO and/or the Auditor General all instances of abuse that have occurred or are likely to have occurred and that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- (56) We have taken timely and appropriate steps to remedy fraud, noncompliance with the provisions of laws, regulations, contracts, and grant agreements, or abuse that the auditor reports.
- (57) We have a process to track the status of audit findings and recommendations.
- (58) We have disclosed any known noncompliance occurring subsequent to the period for which compliance is audited. Also, we have disclosed whether any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies (including material weaknesses in internal control over compliance), have occurred subsequent to the date as of which compliance is audited.

If you selected NO to the representations above, please explain how your office is ensuring proper compliance for the item.

Representation
Number

Explanation

I confirm that I have made investigations and have relied upon sources, with a good faith basis for such reliance, which were necessary or useful with respect to matters for which I do not have direct knowledge or expertise.

Signature of Appointed or Elected: _____ Date:

Name of Appointed or Elected:

Title: