

10 STEPS TO A *successful audit*

TIPS FOR SCHOOLS & GOVERNMENT ORGANIZATIONS

01 **ALWAYS BE PLANNING**

Take extra time before and during your year-end close to get ready for your audit. To minimize anxiety and frustration, it helps if you treat the audit like a year-long process. Keep your schedules and reconciliations up to date throughout the year so it doesn't take as long to prepare for the audit at the end of the year. Also, make sure you're communicating clearly and frequently with your external auditors throughout the year to minimize surprises.



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02 **STAY UP TO DATE ON NEW ACCOUNTING STANDARDS**

Any changes to accounting standards could impact your school's audit. You might have to track information in a different way to make sure your audit's accurate. Also, make sure your internal accounting personnel have the training and information they need to track the data necessary for your audit. The South Dakota Department of Education and South Dakota Department of Legislative Audit offer some good resources.

03 **TRACK YOUR CHANGES**

Did your school start a new program or receive a new grant? Did you discontinue any activities? Did you make any significant changes in internal control systems? Make sure you're documenting any such changes and letting your auditors know before and during your audit.



Let your auditor know of any changes.

04 **LEARN FROM YOUR PAST**

Take stock of any previous year's audit adjustments, internal control recommendations, or struggles you had during past audits. During your audit planning meeting, talk to your auditors about what went well, what needs to be improved, and how you and your auditors can communicate more effectively.

05

DEVELOP A TIMELINE AND ASSIGN RESPONSIBILITY

Review the list of workpapers and schedules that the auditors request. If you have questions about something, make sure to ask for clarification. Assign each item from the list to a responsible person and include a due date. Allow adequate time for review and any necessary schedule corrections. Tackle the most difficult, complex, or time-consuming areas first when possible. Provide the drafts of the financial statements, schedules, workpapers, or other requested items to your auditor on or before the first day of fieldwork.

06

ORGANIZE DATA

Create a file of audit schedules that staff can access every year. It can also help create subfolders for significant transaction cycles or categories, such as cash, revenue and receivables, expenses and payables, investments, fixed assets, debt, etc. Make sure schedules and workpapers containing sensitive information — like payroll — are password protected or stored in a secure network location.

07

ASK QUESTIONS

If your auditor asks for something you don't understand, **ask for clarification before fieldwork starts**. Also, ask those in your school to gather the necessary information to prepare required footnote disclosures. Such discussions could include significant accounting estimates, pending or threatened litigation, related party transactions, commitments and contingencies, and other topics.



Ask for clarification before fieldwork starts.

08

PERFORM A SELF REVIEW

After you've made all year-end closing entries, review schedules and workpapers to make sure the amounts agree or reconcile to the trial balance. Take a step back, and assess the overall financial statements. Are they reasonable? Read and update the notes to your financial statements, and refer to a disclosure checklist to make sure you have included all the required information. Be prepared to explain financial statement line-item variances from year to year or from budget to actual.

09

BE AVAILABLE DURING FIELDWORK

Try to avoid allowing key personnel to schedule time off or attend non-critical meetings during your audit. Although the auditors will have asked for schedules and workpapers before starting fieldwork, they'll still have questions during the audit. Consider having brief status meetings or getting an open items list from the auditors at logical intervals during the engagement to track progress.

10

EVALUATE THE RESULTS

Stay in contact with your auditors during the time between fieldwork and when the audit report is issued. If there are open items at the end of fieldwork, agree to dates when you can provide the auditors with the data they need. If the auditor is to attend any meetings with the audit or finance committee or board of directors, make sure they have all the necessary meeting details. Hold a post-audit meeting with your staff involved with the audit to talk about the results and ask for feedback.

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