



## ***SCSC Audit Guidance: Fiscal Year 2019 (FY19)***

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### **PURPOSE**

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The purpose of the SCSC’s Audit Guidance is to ensure all state charter schools remain financially viable organizations with strong fiscal management practices.

State charter schools have the autonomy to manage their finances in a manner that is consistent with state and federal law, SCSC rule, and charter contract requirements. Annual financial audits are required by O.C.G.A. § 20-2-2065 and shall be completed by independent certified public accountants licensed in Georgia in a manner consistent with Generally Accepted Government Auditing Standards (GAGAS). **State Charter Schools are required to have independent audits filed annually on or before November 1 following the fiscal year end. FY2019 audit reports are due by November 1, 2019.**

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### **SCSC AUDITING OPTIONS FOR FY19**

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In an effort to ensure state charter schools have access to quality financial auditing services on an annual basis, the SCSC has contracted with three highly qualified firms that meet both state and national accounting standards to conduct the state’s required annual financial audit (for Fiscal Year 2019). All three firms—Mauldin and Jenkins, LLC, Bambo Sonaiké CPA, LLC, and C. Douglas Erwin, Jr., CPA, Inc.—have extensive charter school experience and will provide a level of service from which state charter school governing boards can benefit. The SCSC will cover base auditing fees for any state charter school that chooses to use either of these firms. In some rare circumstances, an audit may require additional resources that necessitate costs in excess of the base auditing fee. If such excess costs are required to complete the audit, they will be the responsibility of the school. Note: Single Audits that are required pursuant to OMB Circular A-133 do not qualify as “rare situations” and will be fully covered.

**All schools planning to use either Mauldin and Jenkins, LLC, Bambo Sonaiké CPA, LLC, or C. Douglas Erwin, Jr., CPA, Inc. for auditing services in 2019 must notify Terence Washington by 5:00 PM on May 31, 2019.** Any questions regarding the services of any of the firms should be directed to the firm and not the SCSC. After notifying the SCSC of its selection of an auditing firm, the school will work directly with the auditor through the completion of the audit. While the SCSC is covering the cost of the audit, the auditor will be completing work on behalf of the school, and the school’s governing board should manage that relationship appropriately.

*Note: A state charter school’s choice to use Mauldin and Jenkins, LLC, Bambo Sonaiké CPA, LLC., or C. Douglas Erwin, Jr., CPA, Inc. is completely voluntary, and all schools are at liberty to select their own auditor and pay for their own audits. However, the SCSC will closely monitor the qualifications of all auditors working with*

*SCSC schools, and any state charter school using an auditor or firm that is not consistent with the requirements of law will be found in breach of its charter contract. Utilizing an auditor who is not adequately experienced in GAGAS (Yellow Book) audits and does not have a current peer review may result in an insufficient audit that does not appropriately examine the school's financial health. The SCSC holds state charter school governing boards responsible for selecting an auditor and holding him or her accountable for producing an audit that is consistent with the requirements of law and its charter contract.*

State charter schools are also entitled to utilize the auditing services of the Georgia Department of Audits and Accounts (DOAA). DOAA provides high-quality audits that are also of no cost to the school. However, because the workload of DOAA may be heavy, a state charter school utilizing its services is encouraged to promptly adhere to DOAA's deadlines and requests to ensure the audit is completed by November 1, 2019.

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### CONSIDERATIONS FOR SELECTING AN AUDITOR

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A charter school should take the selection of its auditor very seriously since it receives funding directly from the government (local, state and federal sources). All public entities—including charter schools—must provide assurances that funds are being expended correctly. Additionally, a quality financial audit is a valuable tool that a charter school governing board should use to assess and evaluate fiscal performance and financial viability on an annual basis.

When selecting an audit firm, charter schools should consider the following:

- Previous charter school experience.
  - Firms should have experience working with charter schools so they can alert the School of upcoming standards that may affect their financials and offer advice on financial aspects of the School.
  - Schools should generally refrain from using audit firms that perform a limited number of charter school audits.
- Previous experience with Government Auditing Standards and preparation of financial statements under GASB 34.
  - Because charter school audits must be conducted under Government Auditing Standards and because the annual financial statements have to be prepared under GASB 34, Schools should use audit firms that are experienced in both. It is not recommended that Schools use audit firms with limited experience in either.
- Don't fear change. Getting a different perspective can be a positive thing.
  - When selecting an auditor, have a system in place that will enable the School to accurately judge each firm's merits.
  - Evaluate a firm's prior experience, client references (follow up with schools that have used each firm under consideration), ability to meet deadlines set by GaDOE and SCSC, and total price. Make sure proposals are 'all inclusive' and that there are no "surprise" fees.
  - Meet with firms, and don't be afraid to ask follow up questions.