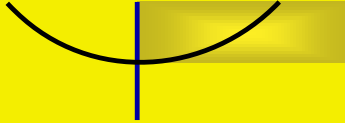




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AUDIT PREPARATION AND OVERSIGHT

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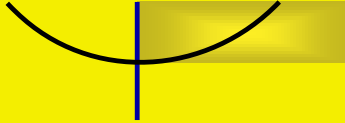
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Year End Close: Cutoffs and Completeness



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- Reviewing bills, invoices, and statements to confirm all activity for the year has been captured
- Review accruals and make any necessary adjustments
- Update fixed asset listing and depreciation schedule
- There **MUST** be written approval for all expenditures to demonstrate segregation of duties surrounding accounting cycle


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Year End Close: Adjustments and Outstanding Issues



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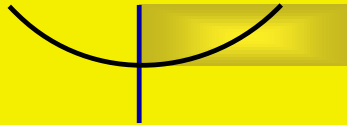
- 
- Be proactive, engaged and prioritize audit issues
 - Be aware of significant and material areas in the financial statements
 - Make a list of adjustments to discuss with the auditor
 - Be ready to update the auditor on any changes in policy or personnel
 - Be ready to update the auditor on any concerns or unusual items

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Year End Close: Payroll




- Review the yearly payroll entries recorded in the General ledger; isolate any irregularities
- Compare the monthly, quarterly and yearly payroll reports to the 941s or 940s submitted
- Investigate and resolve any differences
- Ensure that prior year payroll accruals have been reversed
- Ensure that payroll accrual balance reflects current year activities
- There **MUST** be written approval for every payroll run to demonstrate segregation of duties surrounding payroll processing

Year End Close: Complex or Unusual Transactions



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- Review any complex or unusual transactions
 - Verify transactions were recorded correctly
 - expense classification
 - Note these transactions for future reference
 - Review the recording of bond financing activities and transactions
 - Review the recording of complex leasing transactions


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Year End Close: Financials and Reconciliations



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- 
- Review reconciliation schedules (Bank, Credit Card, Loans, etc...) for errors
 - Investigate and resolve any issues
 - When reviewing the financials look into account balances for classification and other errors
 - Look for unusual balances on the financials
 - Ask management and department heads to review and compare to their schedules

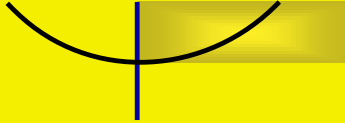
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Year End Close: Financials and Reconciliations Continued



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- Compare reconciliations and year end financials to verify all balances are complete and accurate
- Ask questions about any unknown balances or transactions
- Federal funds – reconcile draw schedules to the general ledger
- Collateralization of Deposits – for bank balances above \$250,000

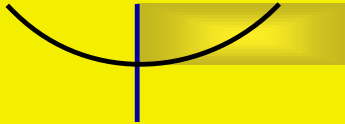
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Audit Preparation: Sending Books



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- Ensure all adjustments have been recorded and transactions are complete before sending to the auditor
- Lock down the audit year so no adjustments can be made until after the audit is complete
- Know how the accounting software records entries, sometimes voiding a check in the current year that was written in the prior year will delete the check from the prior year

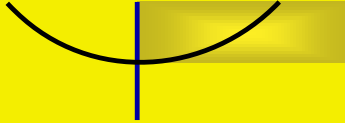
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Audit Preparation: Documentation



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- Make sure all important documents for the year are on hand and all other documents can be accessed quickly
- There should be support for every transaction on both the Balance Sheet and Income Statement

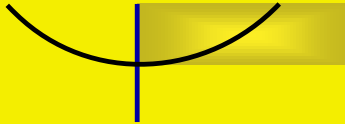
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Audit Preparation: Request List Items



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- Complete Fiscal Year General Ledger
- Fiscal Year Balance Sheet
- Fiscal Year Income Statement
- Monthly bank statements for all accounts for the Fiscal Year
- Monthly credit card statements for all accounts for the Fiscal Year and credit card agreements
- Monthly loan statements for all accounts for the Fiscal Year and loan agreements
- Board minutes for the Fiscal Year
- Articles of incorporation/ 501 (3) (c)
- Management agreements


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Audit Preparation: Request List Items continued



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- 
- All quarterly payroll packages for the Fiscal Year
 - All Grant agreements and award letters
 - Depreciation schedule and asset listing for the Fiscal Year
 - All rent agreements and real estate documentation
 - Company and Accounting Policy and Procedures Manual
 - Pension Calculations
 - Prior Year financial statements
 - Trial Balance for Fiscal Year
 - AP aging and AR aging summaries
 - Investment statements for the Fiscal Year
 - Restricted Net Asset schedules

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THE END