PREPARING FOR YOUR ANNUAL AUDIT

It is important to be well prepared for your annual Audit. Ask your CPA for a list of items that you should have available. Sound preparation will save the organization in audit costs and will build confidence. View your audit as a helpful endeavor rather than fearing it. It is an important 3rd party confirmation of financial health. During the year, ask your CPA questions when you are not sure about how something should be treated or what kind of impact a transaction might have on financial statements. Also, it is good to check in with your auditor as you are developing or adding financial policies.

The following are typical items needed to complete the organization’s FY Audit:

- Confirmation letters for grants, income, loans, etc.
- Internal control procedures such as your Financial Management Guide
- Documentation
  - Assets: schedules of Accounts Receivable, Fixed Assets, and the Cash Receipts Journal
  - Liabilities: Detailed list of accounts payable, terms for loans payable, and FY check register
  - Revenue: Detailed list of grants and contributions received and list of donated services/materials
  - Expenses: Payroll records, Federal and State tax returns, Petty cash, and schedule of depreciation
- Board Minutes for the year
- Contracts, Agreements, and Leases
- Bank Statements, reconciliations, and cancelled checks
- Support documentation for paid invoices and deposits
- Budget vs. Actual Statement
- Trial Balance, Chart of Accounts, and General Ledger

The auditor may also want access to the following records:

- Personnel Files
- Timesheets
- Insurance
- Compliance records and reports
- Major reports to funders
- Direct or Indirect Cost Allocation Plans

Other suggestions:

- Have an Entrance and Exit Conference with your auditor
- Have your auditor present the audit to the Board of Directors annually