

Audit Preparation and Client Communication

Lessons Learned and Best New Practices

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Objectives

- Break down the auditor/auditee stigma....communication is key!
- Provide takeaways that will help with audit readiness
- Year-end closing tips and tricks to reduce audit stress
- Panel discussion: varying perspectives on universal challenges

The Auditor

What they do

- Advise and support on complex accounting...*throughout the year*
- Assist with GASB implementations
- Non-attest services such as financial statement prep, capital asset tracking
- Donuts? Maybe....

What they don't do

- Make management decisions
- Check/verify/test every account balance (risk-based auditing)
- Post year-end entries for district
- Take responsibility for financial statements
- **Other activities that would compromise independence**



Deliverables

Annual financial report and single audit report.

SAS 114 Letter to Governance

Potential: Data Collection Form preparation and submission to Federal Audit Clearinghouse; Bonded Construction Fund Audits

- Material auditor-proposed journal entries
- Difficulties encountered in performing audit
- Disagreements with mgmt.
- Other findings/issues (e.g. Excess fund balance in food service)

Navigating the Audit Process

Gain general understanding of auditor process/procedures

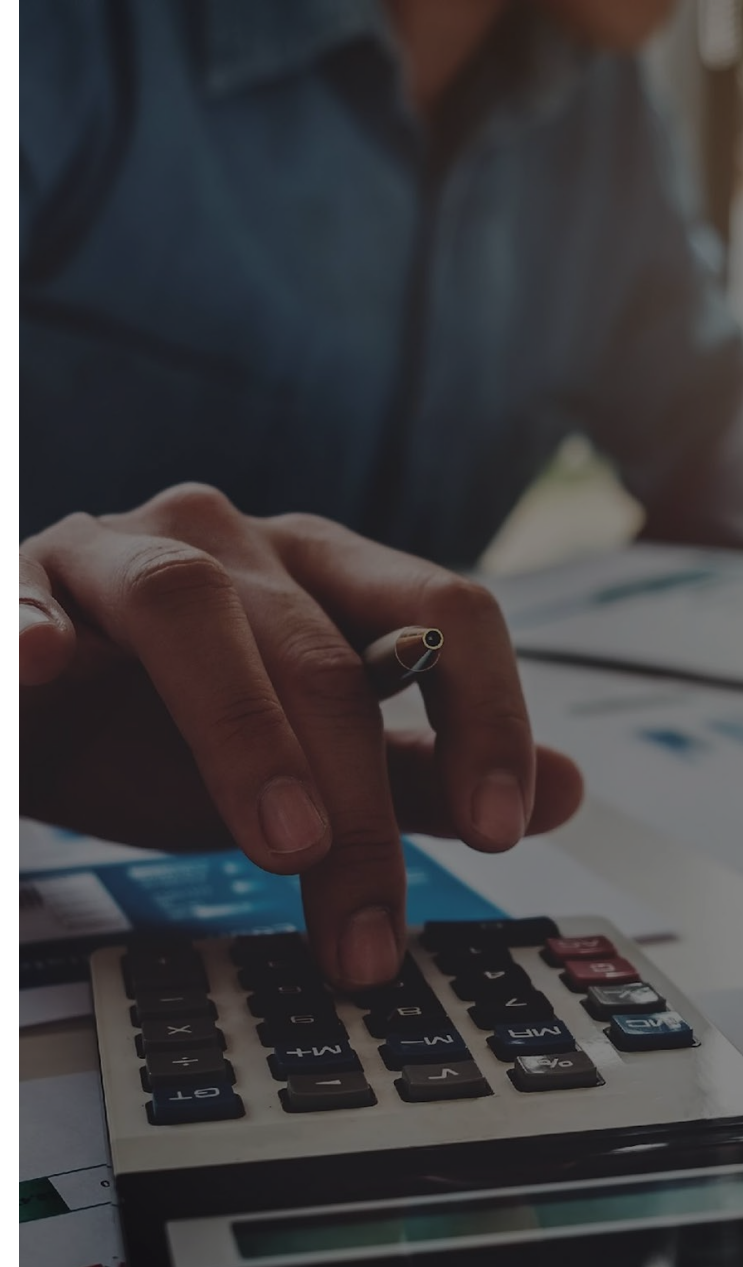
- Read your engagement letter - auditor should be communicating significant areas of risk (i.e. auditor likely to perform testing)
- Learn timing and flow of audit procedures/requests
- Which internal documents are relied on heavily in audit?

What's new this year?

- Don't wait until after year-end
- GASB implementations and other considerations
- Construction? New financial software...bank accounts?

Audit Fieldwork

- On-site, remote, or hybrid
- No one way to complete an audit....find what works best with you and your auditor
- General audit process and procedures performed are similar for all schools, regardless of size, location, etc.



TIP: Avoid Duplication of Effort

Document internal processes/procedures in a way to serve as support in an audit?

- Controls for recording y/e accruals in place so that detailed support of balances available for auditor
- Capital assets – new additions
- Property tax reconciliations?

Utilize auditor templates for internal purpose, if possible. (e.g. compensated absence spreadsheet)

- Meet to discuss audit request list
- Request prior year audited spreadsheets to ensure starting balances tie

COMMUNICATE. You won't know if efficiencies can be gained if you don't talk with each other 😊

FY24 Auditor Hot Topics

GASB 101

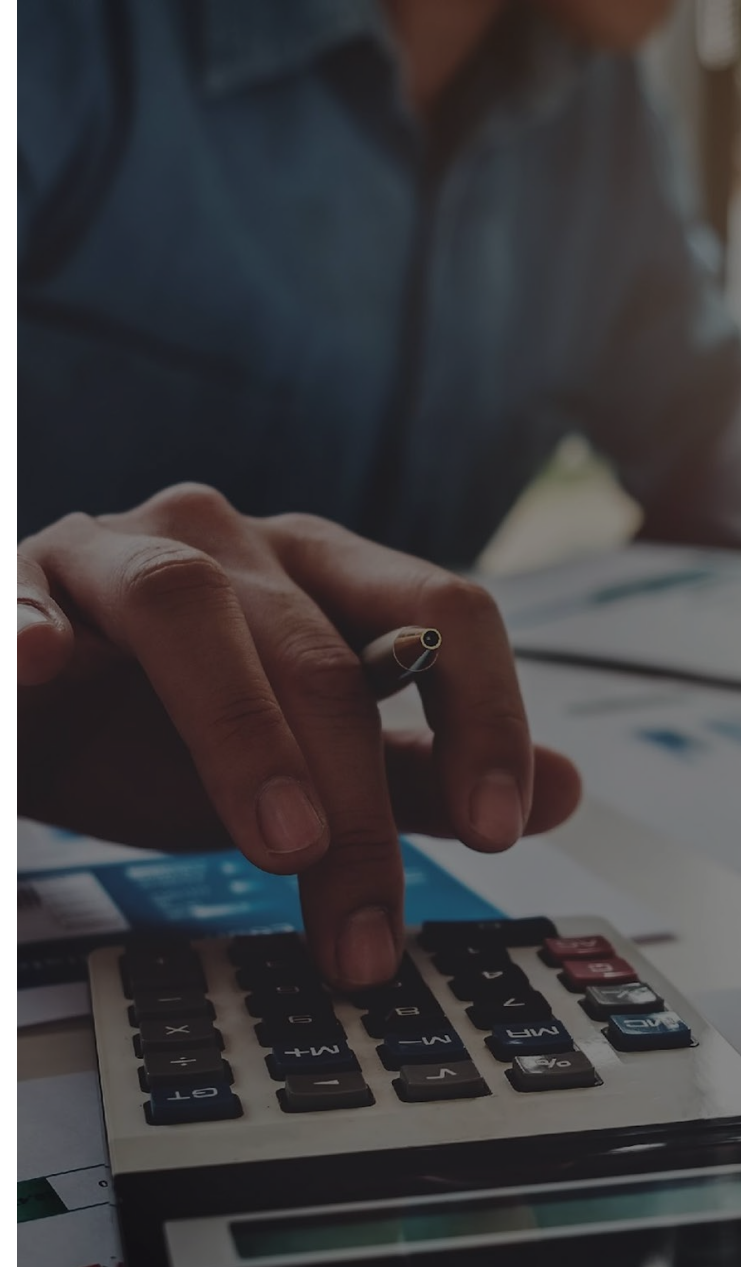
- Compensated absences
- Not required until FY25, early implementation encouraged
- Will likely impact liability, but allows for reporting of net change in balances

Single Audit

- ESSER funds winding down
- 2024 Compliance Supplement Released
 - \$1M threshold in FY25
 - Education Stabilization Fund NOT high risk

SAS 145

- Impacts auditor assessment of inherent risks, risk of material misstatement
- Identification of “significant risks” in audit
- *****Likely to impact audit procedures*****



SAS 145 - Risk of Material Misstatement

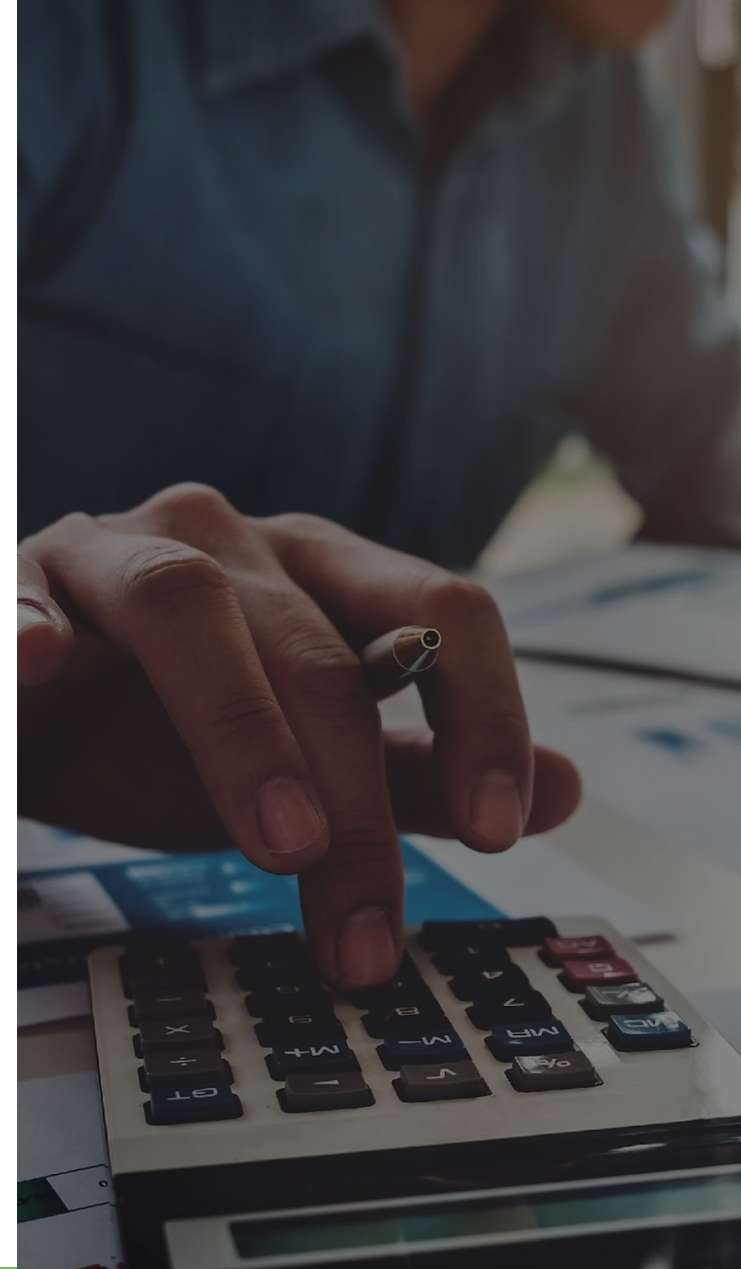


Strategies for Effective Audit Preparation and Communication

Effective Planning

Consistent Monthly Processes

Adequate & Timely Record Keeping

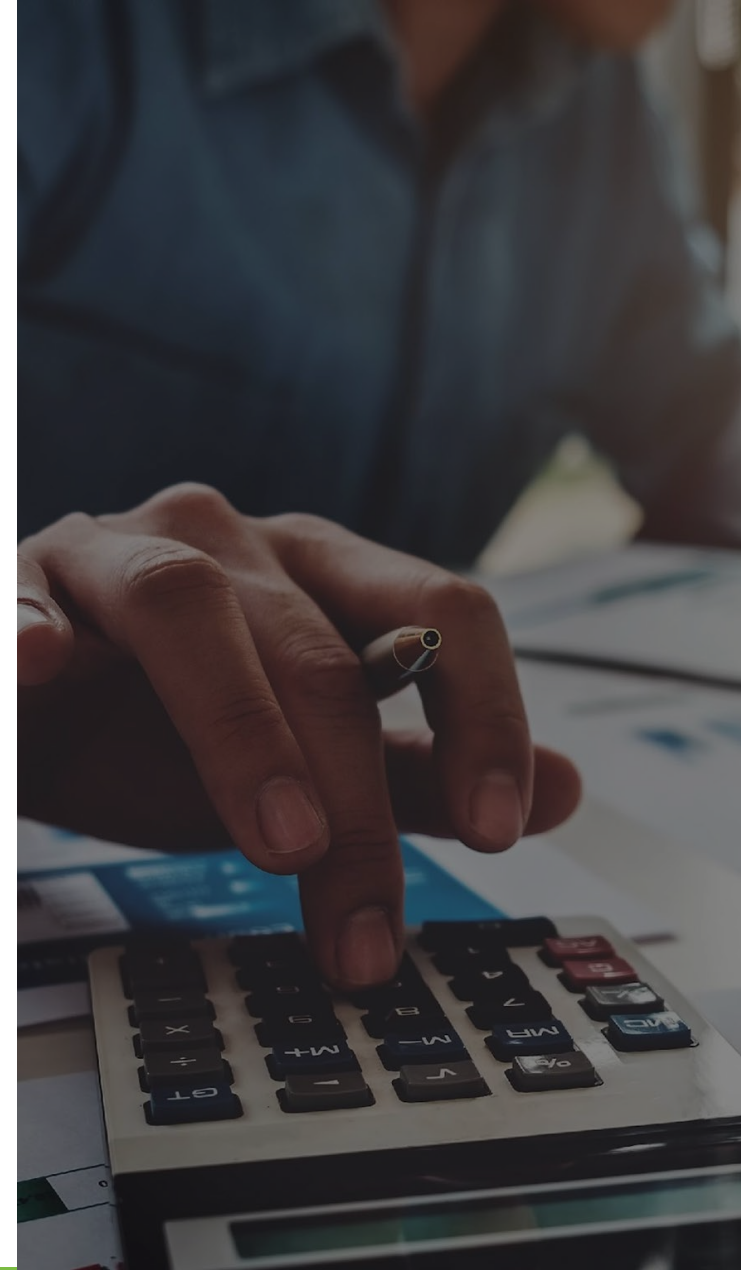


Ensuring Compliance and Financial Health Through Audits

Timely Communication with Auditors & Board

Compliance with State & Federal Requirements

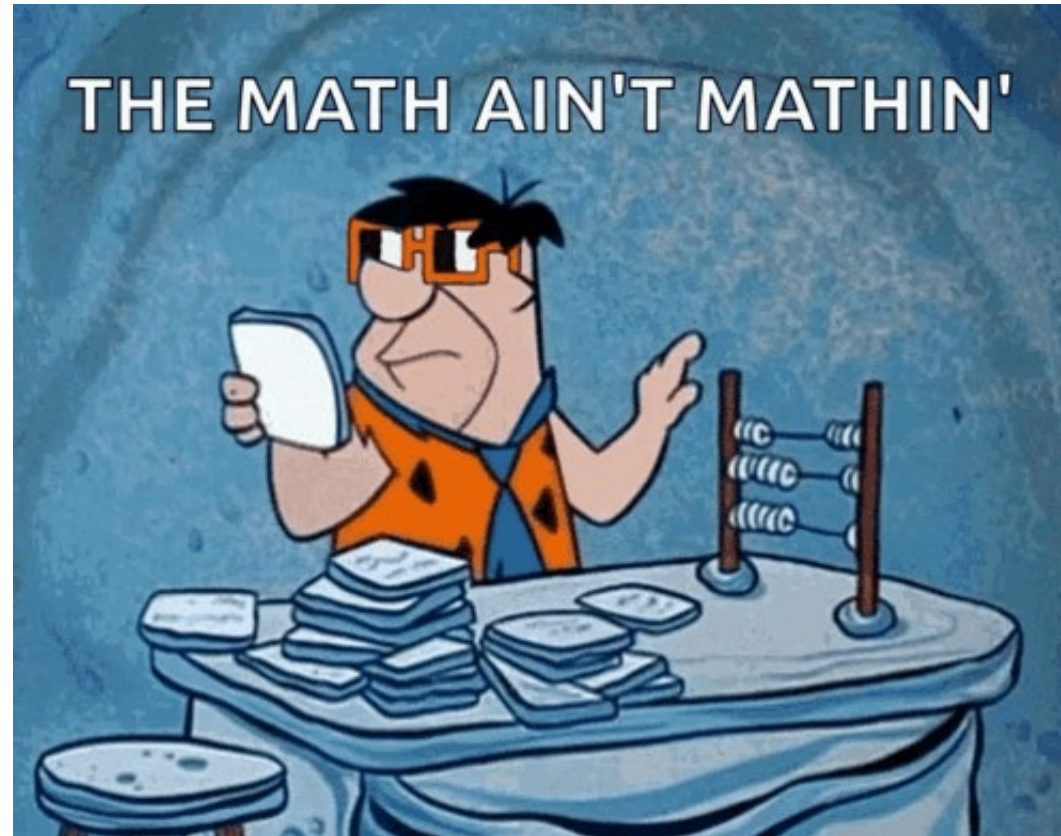
Audit as a Financial Health Assessment



PANEL DISCUSSION

1. Can you share some of your best tips and tricks for ensuring audit readiness during year-end closing?
2. How would you describe the importance of the relationship between the CPA firm and local districts, and what steps have you taken to strengthen it over time?
3. What are the key steps and timelines in your audit preparation process, and how do you ensure all deadlines are met efficiently?
4. How has the shift to remote auditing post-COVID-19 impacted your audit processes and procedures?

Questions?



THANK YOU!

INVEST. INNOVATE. INSPIRE.

