

Preparing for an Audit – A Checklist

Disclaimer: This document is not intended as legal advice. Your organizational goals, purpose, bylaws, and values should drive the creation of this document.

Your auditor must determine how complete your books and records are before beginning their work. Next, they will determine the level of scrutiny and testing required to ensure that the records provided to them are likely to provide accurate and timely information. The following list outlines some of the tasks to be completed before the start of your audit. The auditor will provide you with a detailed listing of required items, (provided by client, “PBC” list). Knowing which of these items are complete will help your auditor plan their work time and broaden the auditor's understanding of your staff's skills. This list is not intended to be all-inclusive but will serve as a guide for your staff as they prepare for the audit.

		Copy for Auditor	Access Only
1.	IRS determination letter (first year only)	copy	
2.	By-laws (first year, and changes thereafter)	copy	
3.	Articles of Incorporation (first year only)	copy	
4.	Board Information		
	A) Minutes of board of directors and applicable committee meetings		access
	B) List of board of directors	copy	
5.	Significant contracts entered during the year:		
	A) Space lease		access
	B) Equipment leases		access
	C) Grants		access
	D) Loans, mortgages		access
	E) Other		access
6.	Financial statements:		
	A) Interim statements	copy	
	B) Comparative trial balance at audit date	copy	
	C) Budget for the year	copy	
7.	Bank reconciliation at audit date, including listing of outstanding checks (all accounts)	copy	
8.	Bank statements and canceled checks (all accounts, including two months after date of audit)		access

9.	Statements for year for any investment accounts, including money market accounts	access
10.	Details of all security transactions for the year	copy
11.	Receivables: A) Detailed listing of receivables outstanding at audit date – 1. Grants 2. Employee advances 3. Accounts (tuition receivables, billings receivable, etc.) B) Identify any of the above that are of doubtful collection	 copy copy copy copy
12.	Insurance: A) Insurance policies in force during audit year B) List of insurance premiums paid – include type of insurance and period of coverage	 access copy
13.	Detailed listing of additions to furniture and equipment accounts (including donated items)	copy
14.	Details of any deposits or other prepaid expenses at audit date.	copy
15.	Accounts payable: A) Detailed listing by vendor of accounts payable at audit date (provide account name or number for expense distribution)	 copy
16.	Payroll: A) All 941's, 940's, ESC's W-2's, W-3 for audit period B) Provide detail of unpaid payroll taxes at audit date, type of tax, when paid, and amount	 access copy
17.	Employee personnel files, including rate of pay authorization	access
18.	Paid bill, audit year and all subsequent to audit date (if possible, fill a subsequent paid bills in check number order until examination by auditors)	access
19.	Details of any deferred (unearned) revenue at audit date - describe nature of deferral, how balance determined, etc. (prepaid tuition, grants, deposits, etc.)	copy
20.	Accruals: A) Detail any accrued payroll, period of accrual, employees, and amounts accrued B) Detail any accrued vacation and sick pay benefits	 copy copy
21.	Grant and contribution files	access

22.	General ledger and source journals	access
23.	Information that determines fees for service:	
	A) Rate schedule	access
	B) Time sheets	access
	C) Class lists	access
	D) Box office records	access
	E) Contracts and related vouchers	access
	F) Billing schedules	access
	G) Accounts receivables cards	access
	H) Other	access
24.	Details of any loans payable at audit date – amount, vendor, interest rate, maturity date, last date interest paid	copy
25.	Correspondence – note all correspondence is to be typed on your letterhead, signed by you and returned to the auditor's office for mailing.	
	A) Bank confirmations - standard forms, all bank accounts	copy
	B) Grants and contributions received (Provide for all over \$1,000)	copy
	C) Government contracts and grants (Provide for all)	copy
	D) Legal letter	copy
	E) Accounts receivable (Provide for all over \$1,000)	copy
	F) Investments	copy
	G) Notes payable	copy
26.	Functional expenses - provide list of salary expense by employee for the audit year, and include percentage of time each employee spent on the following areas:	
	A) Program services	copy
	B) Management and general	copy
	C) Fundraising	copy
	(Note: The total percentage must equal 100% for each employee.)	
27.	Analysis of miscellaneous income and expense accounts	copy
28.	List any litigation pending or significant commitments and contracts	copy