

Common Areas that Cause Hang-Ups in Audits and How to Avoid Them

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Imagine it is June, your fiscal year is ending and the upcoming audit is peaking its head around the corner. It happens every year, yet it feels like you can never be prepared enough. The key to being prepared is starting early and not saving all the daunting tasks for when fieldwork is fast approaching. Below are some common areas that can cause hang-ups in audits or prolong the completion of testwork.

Capital Assets

There is no surprise that capital assets is one of the more common areas that can prolong your audit. Capital assets are not usually a favorite item to prepare and it can be tempting to wait until the last minute to get started, especially if the District had multiple large projects going on during the year. The best way to tackle this area is to start early and have it ready to go before the fall so there is one less thing to worry about during this time. This includes reviewing capital asset listings, looking for and investigating any discrepancies or errors, preparing the capital assets schedule, and completing a reconciliation of capital outlay expenditures. You also want to ensure you have included the necessary information on the listings as required by the USFR, including, but not limited to, asset location, identification/ tag number, GASB function, useful life, etc. Prioritize completing capital assets during the summertime and you will be thanking yourself when final fieldwork comes around.

Compensated Absences

Complexities in compensated absences policies and listings vary, but, similarly to capital assets, it is tempting to wait until the audit is looming to prepare compensated absences requests. Set aside some time during the summer to review District policies over compensated absences and investigate any discrepancies found when preparing the schedule. The fall will seem much less

daunting when you have already spent the manpower early on to get capital assets and compensated absences off your list.

Procurement

Procurement is one of those areas that requires a lot of documentation. From written determinations, justifications, board approvals, vendor total listings, and more, it's easy to miss something in the procurement file and leave your auditor wanting more. The best way to make procurement testwork go smoothly is to ensure details regarding the procurement method are included on the vendor total listing when first provided to your auditor. This can be done by entering award details in Visions so the information is already included when exported, or by reviewing the vendor listing after being exported and manually going through and indicating the method of procurement. If there is a lot of detail missing from the listing, the auditor may try their best to select vendors for testwork based on the information provided and dollar thresholds. However, with the many different methods of procurement and the required minimum sample sizes for testwork, this will usually lead to follow-up requests from your auditor if a required sample size has not yet been met. Take some time to review the vendor total listing before providing it to your auditors and you may save yourself some time and questions later.

Information Technology

We all know how important information technology security and controls are in this data-driven age. As such, IT personnel are known to get pulled in many directions when it comes to protecting and supporting districts on a day-to-day basis so they can sometimes be difficult to track down or get ahold of during fieldwork. The best way to complete the IT section of the audit is to prioritize it during preliminary fieldwork. As soon as your auditor has notified you that they've uploaded audit requests, forward the Information Technology Questionnaire to the District's IT Director, or another individual designated as the IT contact for the audit. It's best to get the IT Questionnaire to them as soon as possible so you can submit a completed version to your auditors earlier.

This is just a short list of some of the larger areas that can throw a wrench in the flow of your audit. No one knows a district better than the district itself so it's valuable to review prior audits and reflect on what areas caused some impediments or struggle. Prioritize these areas as you are thinking more about and preparing for the upcoming audit. Remember to start early where possible and you will feel relief when it's time for the audit.

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