



Audit Prep Checklist

Glenn Gustafson

Mark Rydberg

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Governmental Accounting Transition

- Follow-on to Mark's [Govt'l. Acctg Basics](#)
- Allows for more accurate G/L maintenance
- Allows better prep for this training
- Ensures more accurate audit preparation

Audit Prep Timeline



- Depends on your auditor's schedule
- Start working on this right away!
- Try to have your General Ledger (GL) and workpapers totally balanced by 9/30. (Sooner for charter schools)

Audit Prep Goals



- Preparing Business Officials to have a successful and informative audit.
- General knowledge about Audits & Auditor's role.
- Reviewing the Audit Workpaper Template
- Understanding of CDE & State Auditor Requirements & Timelines.

Role of the Auditor



- The primary role of the auditor is to render an opinion on the accuracy of the financial statements.
 - Heavy emphasis on the Balance Sheet.
 - Modified Accrual vs Cash Basis
- Auditors are Independent Reviewers
 - Independence means that the district should be booking all transactions and year-end audit entries, and Auditor reviews entries. Perhaps, adding some entries to correct submitted.
- It is not the auditor's primary responsibility to detect fraud, although they do have to perform procedures to check for it.
 - The auditor has a responsibility to **plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement**, whether caused by error or fraud.

Auditor

- *Auditor is your friend!*
- Contact your Auditor for schedule & the Performed By Client - PBC list
 - Schedules needed to review financial information
- Auditor is an Independent reviewer. They should be reviewing your work and giving an opinion
 - Some of your Auditors may be doing some of the closing entries for you.
 - However, the ultimate goal is that the Auditor doesn't give you any entries to book.

Auditor Procedures

- Primary procedures of the auditor are to verify every single balance sheet account (*Assets, Liabilities, & Fund Balance*)
 - If the Balance Sheet is accurate, the income statement has to be accurate.
 - *Pipeline report Bolded Balance Sheet after Tier 2 edits are passed.*
- Secondary procedures on the income statement are more summarized and analytical
 - ***Budget to Actual & Prior Year Variances will produce a better budget next year.***
- Auditors will do extensive procedures on **internal controls** in order to determine if they can “rely” on the accuracy of transactions
 - Especially in the IT area.
 - Develop with help of Auditor.
 - May involve questionnaires, worksheets and/or interviews



Why auditors rely on Internal Controls

- It establishes the processes
- It improves process performance
- It improves operational efficiency
- It encourages duties to be separated
- It reduces errors
- It improves accountability
- It stabilizes operations
- It reduces audit fees
- **It mitigates risk (especially fraud)**

Internal Controls Checklist



Transaction Class	How and by whom transactions are initiated and authorized?	What source documents (or electronic means) are used to capture information for entry in the accounting system?	How and by whom are transactions originally entered in the accounting system for processing?	What are the accounting processing steps, both automated and manual, from original entry to inclusion in the general ledger and who performs them (includes edit and validation, calculation, measurement, valuation, summarization, and reconciliation)?	What accounting records and supporting documents are used or created when processing transactions?	What subsidiary journals or ledgers are involved?	How is the incorrect processing of transactions resolved?	What procedures are used to enter transaction totals into the general ledger?	What is the process for reconciling account detail to the general ledger for material accounts?
Cash									
Processing cash receipts									
Processing cash disbursements									
Services and Accounts Payable									
Recording Purchases									
Processing accounts payable and accruals									
Revenue, Receivables									
Recording receivables									
Payroll and Related Liabilities									
Processing payroll									
Capital Assets and Expenditures									
Maintaining the capital asset subledger									
Financial close and reporting									
Performing the accounting period close									
Preparing and reviewing statements disclosures									
Reviewing and approving the financial statements									
Journal Entries									
Journal entries									

Colorado Pre-K12 Audit Deadline

Reporting Requirements

- Complete PDF or bound annual financial statements covering all funds and activities, including appropriate combining and individual fund statements, & “final” Auditor’s Integrity Report must be prepared, audited and submitted to the state auditor no later than **December 31** of each year. Additionally...
- CDE requires, via e-mail::
 - “[Assurances for Financial Accreditation](#)” and any [Attachment A](#) for non-compliance.
 - Finalized Pipeline reports:
 - Reconcile the Warnings on the 1st Tier Error Detail (account code check) & 2nd Tier Edit Error Detail Roll-Up report (Business Rules check).
 - Grant Revenue Reconciliation Report
- OSA requires an upload of the financial audit only
- <http://www.cde.state.co.us/cdefinance/auditlaw>

Timeline-Continued



Before December 31

- Final Audit must contain a district provided Management, Discussion and Analysis (MD&A)
 - Should have a template from previous year
 - Specific detail must be covered, work with Auditor
- Finalize, Report **(No Action)** to BOE, send in documents to State Auditor & CDE, and post the Audit on your Financial Transparency webpage.

Audit Extension



- Extension request sent to State Auditor, who then either grants or denies the extension request.
 - *CDE honors the State Auditor's decision.*
- Extensions **MUST** be requested by December 31st.
- Extensions **MAY** be granted to March 1st
- No Extensions are allowed after March 1st
- What happens if you go past March 1st
 - *State Auditor notifies the County Treasurer to suspend Property Tax Remittances*

Audit Workpaper Template

<https://www.cde.state.co.us/cdefinance>

Audit Prep - First Step

- Confirm that Ending FY22 balance sheet and income statement still matches the FY22 audit figures. Ensuring no mistaken entries were made back in FY22.
- Confirm that NO transactions were posted against fund balance (except for fund balance reservations, assignments & commitments)

Audit Template



Why do we have to prepare audit workpapers if the auditor is already doing this?

- Ensures the books are “clean” before you pull Trial Balances for the auditor
- Provides documentation that will save the auditors time (and money)
- Reminds you how to balance the **balance sheet** accounts since you only do this once per year
- Provides a framework for more regular account reconciliations
- Teaches you (and your staff) better governmental accounting
- Probably allows the auditor to finish in a more timely manner

Audit Template - Step 1

1. Download the [CDE Audit Workpaper Template](#)
2. Add your Cover Sheet Information
 - District colors
 - District Logo
 - Fiscal Year
 - CFO/Business Manager contact info
3. Save the Template with your district name for EACH fund of the District
 - Sample School District Audit WPs_Fund XX_FY 22-23

Audit Template - Step 2



Auditor Checklist

- Reminds you of all of the documents that need to be provided to the auditors
- Allows you to “assign” certain documents to individuals to delegate responsibility
- Allows you to organize your time and information more effectively

Internal Controls Workflow

- Auditors need this information
- Allows you to diagnose (and correct) internal control weaknesses in advance
- Allows auditors to determine the extent of testing

Audit Template - Step 3



**Sample School District
Audit Workpapers
General Fund
Asset Account
FY 22/23**

Account Name: Cash in Checking
Account Number: 11.000.01.0000.8101.001.0000
Account Description: General Fund Ckg Integrity Bank

Balance - 06/30/23 \$0.00

Screen Shot/Snip of Supporting Information Here:
(For Example - Bank Statement or other financial evidence of the balance above)

Financial Calculations of Supporting Information Here:
(For Example - G/L Detail or month by month calculations)



Audit Template - Step 4



Create a “Tab” of the spreadsheet for each (and every) balance sheet account:

- Assets first (8000s)
- Liabilities second (7000s)
- Fund Balance third (6000s)

Note that there are 3 more tabs at the end:

- Revenues (all revenues summarized on one page with comparison to prior year)
- Expenditures (all expenditures summarized on one page with comparison to prior year)
- Grants Reconciliation (to allow you to ensure that grant revenues = grant expenditures)
- Feel free to add tabs for additional detail
 - Supporting documentation
 - Subsidiary ledgers
 - additional information

Audit Template - Step 5



Fill in template Information for each tab:

- Account Name
- G/L Account Number
- Purpose of the account
- Account balance 6/30/XX

Fill in template Information for each tab:

- Add supporting documentation
 - Screen Shots of documents (bank statements, bank recs, G/L detail)
 - Don't be afraid to insert a tab with additional spreadsheet information
 - Can link or refer to other spreadsheets (preferably only if long)

Assets - What do Auditors want to see?

Cash & Investments (8000s)

- Need bank statement
- Need bank reconciliation
- Need G/L screenshot showing each fund (for pooled cash)
- Auditors will “confirm” bank balances (but that’s not book balance)
- Don’t forget any bond/COP trustee statements

Accounts(8153) & Grants (8142) Receivable

- Need a detailed list of all revenues/receipts received after 6/30 but “earned” before 6/30

Property Taxes Receivable (8121)

- Need to see County Treasurer’s report for months being accrued
- Need to see property tax collections for FY and CY
- Which months do you accrue?
- Make sure you have 12 months of revenue (not 13 or 11)

Balance Sheet - Property Taxes

- Cash w/ Fiscal Agent 8105 (for 7/10 remit)
- Property Taxes Receivable (for your 60 day accrual)
- Unearned Property Taxes (since taxes are in arrears)
- Property Tax Entry
 - Records the difference between the Dollar amount Certified in December and collected through district cutoff month. Collection should be in the high 90s%.
 - Through June, Paid on July 10th
 - Through July, Paid on August 10th
 - Through August, Paid September 10th
 - The balance sheet entry to record the difference between Certified and Collected at the cutoff is a debit to XX-8121 (Taxes Receivable) and credit to XX-7800 Unearned Inflows.
 - This entry gets reversed in the next fiscal year

Liabilities - What do Auditors want to see?

Accounts Payable (7421)

- Need to see detailed list (and actual invoices) of invoices paid after 6/30 for goods/services delivered before 6/30
- Need to see other bills paid after 6/30 to see if you missed any
- Be consistent on mid-month invoices (utilities, etc)
- Try to get all PY bills paid before 7/31, if possible

Accrued Salaries & Benefits (7461)

- One of your most important reconciliations!
- For salaries and benefits earned by 6/30 but paid after
 - especially school contract employees
- Need to see payroll registers
- Preference is to see list of employees by contract term with monthly salary and benefits

Payroll Deductions & Withholdings (7471)

- For the “Employee” share withheld

Unearned Revenue (7481 if non-Grant & 7482 for grants)

- Monies received in advance
- Prepaid fees
- Grants received in advance

Fund Balance - What do the Auditors want to see?

TABOR Reserve (6721)

- 3% Requirement of applicable fund spending
 - OK to exclude federal grant spending
 - OK to exclude “De-TABOR’d Spending (most bonds & MLO)
 - OK to eliminate “duplicate” spending
- They want to see the calculation, include in the W/P
- OK to round up

Unassigned Fund Balance (6770)

- Need to see no entries since last audit

Other Fund Balances (6720 - 6760)

- Need to see documentation regarding restrictions
- Committed, Assigned, etc should have a Board Resolution or other documentation

Non-Spendable Fund Balances (6710)

- Should equal the value of inventory (since it’s not liquid)

Revenues - What do Auditors want to see?

All Revenues

- Comparison of revenues by group with prior year
- Explanation of significant variances

Local Revenues (1XXXs)

- Property Taxes/SOT should equal Cty Treas Report
- Misc/Other Income should not be unusually high

State Revenues (3XXXs)

- State Revenues should match CDE amounts

Federal Revenues (4XXXs)

- Should equal grants reconciliation

Transfers & Allocations Revenues (5XXXs)



Revenues - State Revenue Agrees

- [Data Pipeline](#)
 - [Data Pipeline: Quick Reference \(PDF\)](#)
 - [Data Pipeline: Reconciliation Checklist \(PDF\)](#)
 - [Data Pipeline: Finance December Details](#)
 - [Data Pipeline: Helpful Hints for Business Rules](#)
 - [Data Pipeline: Single Sign-on](#)
 - [Assurances for Financial Accreditation](#)
 - [Where Do I Send My Audit?](#)
 - Revenue reports and check figures - FY 2022:
 - [Financial Data Warehouse Sub-Recipient Report FY 2022](#)
 - [State revenue check figures \(XLS\)](#)
 - [PERA: Modified Accrual Calculation \(XLS\)](#). The District/BOCES percentage to populate the Calculation Worksheet is available on the School Division Trust Fund report accessed through the [PERA STARS](#) portal.
 - [USDA Foods check figures \(XLS\)](#)
 - [Worksheet to Calculate Voter Approved MLO Revenue by county \(XLS\)](#)
- [Indirect Cost Rates](#)
- [Federal Grants Accounting Section](#)
- [Financial Reporting, Prior Years](#)

Revenues - State Funds

- **Categorical-from the State**

- Colorado school districts may receive state funding to pay for specific programs designed to serve particular groups of students or particular student needs. Such programs often are referred to as “categorical” programs. While there are many different programs which may be funded, the six primary categorical program areas which regularly receive state funding are:
 - English language proficiency education-3140 - **Book Actual Expense**
 - Gifted and talented education-3150 - **Book Actual Expense**
 - Small attendance centers-3170 - **Book Actual Expense**
 - Special education-3130/3131 - **Book Actual Expense**
 - *Review your Preliminary Maintenance of Effort, by reviewing FY21 total 3130/3131 expense to FY22 total 3130/3131 expense*
 - Transportation-3160-**No Expenses Booked to 3160**
 - Vocational Education-3120 - **Book Actual Expense - (CTA Pipeline Warning)**
 - Expelled and At-Risk-3183/3242 - **Book Actual Expense**
 - Comprehensive Health-3190/3202 - **Book Actual Expense**
- Expenses by Grant code must equal or be greater than Revenue
- Should report exact costs-DO NOT manipulate expenses.

Expenditures - What do Auditors want to see?



All Expenditures

- Comparison of expenditures by program with prior year
- Comparison of expenditures by object can provide insight too
- Explanation of significant variances

Misc/Other Expenditures

- Should be kept to a minimum

Salaries

- Should be close to total of 941s & W2/W3

Account Code Integrity

- Expenditures should use proper account codes that match COA
- Important to assure auditor that the Data file will pass through the pipeline edit checks

Grants Reconciliations

- **Advanced** Grant Revenue-Mostly State, including some Categoricals
 - Revenues must be equal OR less than Expenses.
 - End of year Accounting
 - Manual AJE *may* be done at end of year-Check Grant requirements.
 - Impossible to have Accounts Receivable end of year booking.
8142-000-XXXX, cash was advanced.
 - When Revenue is greater than expenses, Unearned Revenue balance sheet is booked:
 - Debit Revenue & Credit Unearned Revenue **7482-000-XXXX**
 - In Following Fiscal Year, Unearned revenue is “cleared” by Debit **7482-000-XXX** and Credit to Revenue, then spend the remaining.

Audit Prep

- Grant Reconciliation-
 - Resources on [Website](#) Lower Right hand side under Pipeline
 - Financial Data Warehouse Sub-Recipient Report FY 2023
 - Shows the cash disbursements from 7/1/22-6/30/23
 - Grants Receivable from FY22 will be in FDW, and should NOT be in FY23 Revenue
 - Grants Receivable from FY23 will NOT be in FDW, but should be in FY23 Revenue
 - State revenue check figures (XLS)
 - Provides correct State Share, Charter school allocation, CPP allocation
 - Grant Revenue Received Reconciliation Report in pipeline from FY22
 - Provides Cash Disbursed vs Revenue booked with FY22 & FY23 Grants Receivable & Unearned Revenue from FY22 & FY23
 - USDA Foods check figures (XLS) Commodities
 - Revenue 21-XXX-XX-XXXX-4010-XXX-4555 & Expense 21-XXX-XX-3100-0633-000-0000
 - Close out or make inactive grants that have expired-Keep Chart of Accounts clean.

What do Auditors want to See - PERA

PERA

- **Net Position Financials are obtained from PERA through STARS**
 - Many districts' Auditors will handle those entries
- **On-Behalf or PERA modified Accrual calculation (Non-Cash & in Financials)**
 - Estimates District's portion of the State's direct payment to PERA-*Usually \$225 million a year*
 - % of calculation will be given in a July email (*see lower right section of School Finance webpage for calculation template*).
 - Need to login to STARS and download the file that shows the district specific % to be applied
 - **Accounts needed**
 - Revenue account 10-000-00-0000-3010-000-3898
 - Expense object code 0280 with grant code 3898 (Program/Level determined by District & Auditor)
 - The expenditure account must include Location, Program, & Job Code.
 -

Audit Prep-Pipeline

DATA Pipeline is the avenue that you submit data to State School Finance Website <https://www.cde.state.co.us/cdefinance> Bottom Right Corner

Training presentation

- **Monday, October 10, 2:00pm-3:00pm: Data Pipeline Submission** - An Open Office hours to answer district questions about Finance December or data pipeline.
 - Link to Meeting

Data Pipeline: Quick Reference (PDF)

Data Pipeline: Reconciliation Checklist (PDF)

Data Pipeline: Finance December Details

Data Pipeline: Helpful Hints for Business Rules -NEW

Data Pipeline: Single Sign-on (Need Login from District LAM)

Assurances for Financial Accreditation

Where Do I Send My Audit?

- **Yolanda and Kelly working on three NEW presentations**
 - Submission Process
 - Overview of Data Pipeline Reports
 - Overview of Data Pipeline Resources





CDE support staff Contact information

Yolanda Lucero- Fiscal Data Coordinator

720-556-5984

lucero_y@cde.state.co.us

Contact for questions about: Year-end audit reviews, finance December data pipeline submission, Financial Transparency website, CDE 40 submission, grant codes, indirect cost rates

Kelly Wiedemer - Fiscal Data Analyst

303-345-4056

wiedemer_k@cde.state.co.us

Contact for questions about: Year-end audit reviews, federal financial reporting, data requests, finance December data pipeline submission, Financial Transparency website, grant codes

Mark Rydberg - School Finance Program Manager

720-402-6658

rydberg_m@cde.state.co.us

Contact for questions about: School finance team / individual training and support

Glenn Gustafson - Part-Time School Finance Program Manager

719-650-1960

gustafson_g@cde.state.co.us

Contact for questions about: School finance team / individual training and support. Technical accounting questions

Your Specific Questions?

Glenn Gustafson -
Gustafson_g@cde.state.co.us

Mark Rydberg
Rydberg_m@cde.state.co.us