

Annual Audit Preparation Checklist for Schools

Preparing for an **annual audit** in schools requires a comprehensive checklist to ensure all financial records, compliance documents, and operational procedures are accurate and up-to-date. This checklist aids administrators in organizing vital information, facilitating a smooth audit process, and maintaining transparency. Proper annual audit preparation safeguards the school's financial integrity and regulatory compliance.

1. Financial Documentation

- General ledger and trial balance
- Cash receipts and disbursement journals
- Bank statements and reconciliations
- Accounts payable and receivable ledgers
- Payroll records and supporting documentation
- Fixed assets register and depreciation schedules
- Supporting documentation for major purchases or contracts
- Prior year audit reports and management letters

2. Compliance and Regulatory Documents

- Tax returns and related correspondence
- IRS determination letter (non-profit status, if applicable)
- Grant documents and funding agreements
- State and local filing documentation
- Board meeting minutes, especially for financial decisions
- Policies and procedures manuals
- Insurance policies and renewal documents

3. Internal Controls and Operational Procedures

- Segregation of duties matrix
- Inventory counts and procedures
- Documented cash handling procedures
- Tuition billing and collection records
- Procurement and vendor selection policies
- Review of authorization and approval hierarchies

4. Other Documentation

- List of current staff and their roles
- Organizational chart
- Documentation of any significant legal issues or disputes
- Recent capital projects and related agreements

5. Pre-Audit Review

- Conduct internal review of all documents for completeness and accuracy
- Address any outstanding auditor requests from prior year
- Establish a timeline and assign responsibilities for audit tasks
- Prepare explanations for significant financial variances

Note: Early preparation and regular communication with auditors can help streamline the audit process and address potential issues before the official audit begins.