

AUDIT

In April, the Education Audit Appeals Panel publishes the Standards and Procedures for Audits of California K-12 Local Educational Agencies (***Audit Guide***). Once published, the guide is made available at their web address at <http://www.cde.ca.gov/fg/au/ag/requirements.asp>. The audit guide provides direction for your contracted independent auditor to audit your financial statements. New and discontinued audit compliance areas for the fiscal year are addressed.

By December 15th of each year, the auditor must file an annual audit report with the County Office of Education, the California Department of Education and the State Controller's Office. This report will address the financial disposition of your school district. In addition, your auditor may report exceptions and make recommendations of corrective action in one or more of the following areas: 1) Attendance; 2) Inventory/Equipment; 3) Internal Controls; 4) State Compliance; 5) Federal Compliance; 6) Miscellaneous; 7) Instructional Materials; 8) Teacher Misassignments; 9) Associated Student Body and 10) School Accountability Report Card etc.

Ensuring a proper closing and an accurate reflection of the financial statements of your district reduces the possibility of audit exceptions.

Districts can establish a folder with frequently requested audit documents that can be used throughout the year and during the year-end closing process.

Annual Audit Checklist

ALL DISTRICT FUNDS AND GENERAL INFORMATION

The following checklist is designed to assist in the preparation of documents required by the auditors. We recommend that you take the time to gather as many of these items as possible prior to the visit, so that the audit can proceed more efficiently. This checklist is not all-inclusive, and additional documents not listed below may be requested by the auditors.

The annual audit is often performed in two phases. The interim phase of the audit is usually completed in the spring. During this time, the auditors will be testing attendance and ASBs at selected school sites as well as testing internal controls and compliance with Federal and State programs at the District Office. In the fall, the year-end phase of the audit is completed. During this time, the auditors will be following up on anything not completed during the interim phase as well as testing the account balances reported in the financial statements.

The following items will need to be reviewed throughout the year by the auditors. They will not need copies of this information, but the information has to be available for review:

1. Governing Board minutes from the period July 1 through the present. _____
2. Warrant registers/warrant detail query
(FAR_AP_WARRANT_DETAIL_ADDL) for the period July 1 through
the present. _____
3. Receipt books/all general ledger entries (FAR_GL_JOURNAL) for the
period July 1 through the present. _____
4. Payroll registers. _____
5. Payroll Expenditure Detail Report (PEDR). _____
6. Copies of TRANS, COPS or Bonds or other long term debt issued
during the year. _____
7. Form 700, Statement of Economic Interest for all board members and
members of management. _____

The following items will be needed for school sites selected for testing

Attendance

1. Monthly attendance reports. _____
2. Teacher scantrons or signed registers. _____
3. Absence notes and logs. _____
4. Tardy slips and logs. _____
5. School calendar, bell schedules, and listing of minimum days, staff development days, etc. _____
6. Independent study records, if applicable _____
7. Signed Kindergarten Retention forms, if applicable. _____

ASB

1. Student council minutes. _____
2. ASB annual budget. _____
3. ASB bank statements and reconciliations. _____
4. Listing of deposits and checks written to date. _____
5. Support for selected disbursements such as check requests, purchase orders, invoices, and cancelled checks. _____
6. Support for selected deposits such as bank deposit slips, revenue potentials, pre-numbered receipts, ticket control worksheets, cash count worksheets, etc. _____

The following items will be needed for Interim Fieldwork

General

1. 1st and 2nd Interim Budget Reports. _____
2. Copy of audit findings and corrective action plan for prior year audit findings. _____
3. Updates to certificated and classified collective bargaining agreements. _____
4. Certificated and classified salary schedules. _____
5. Copies of new capital lease agreements (for items such as copiers, portable buildings, buses, etc.). _____
6. Official statements for any new bond, COP, or other long-term debt issuances. _____

Cash

1. Cash receipt logs, original cash receipts and bank deposit receipts for any cash collection activities, including child care fees, adult education fees, developer fees, and transportation fees. _____
2. Bank statements, cancelled checks, and reconciliations for all District bank accounts, including revolving fund, clearing account, and food service account. _____


Cafeteria

1. Free and reduced-price meal applications. _____
2. Monthly claim forms for meal reimbursements and supporting documentation for meals claimed. _____
3. State remittances (bottom portion of checks accompanying Federal/State reimbursement checks). _____

State Compliance

See Education Audit Appeals Panel (EAAP) current year audit guide for complete listing of state compliance audit items: <http://eaap.ca.gov/audit-guide/current-audit-guide-booklet/>

1. District instructional minutes summaries, including supporting documentation (school site calendars and bell schedules). _____
2. Any waiver received for emergency days or any other waiver for non-school days used in the calculation of instructional minutes. _____
3. List of any schools within the District that are subject to special instructional minutes requirements, if applicable. _____
4. P-2 and Annual attendance reports, including backup spreadsheets and site attendance summaries from attendance system. _____
5. CALPADS Report 1.17 & 1.18 _____
6. Notice of public hearing as required by EC Section 60119(b) for IMF (include when and where notice was posted), and resolution passed by the Board regarding sufficiency of textbooks and other instructional materials. _____
7. School Accountability Report Cards (SARCs) for each school selected for site attendance testing and relative Facility Inspection Tool (FIT) report. _____
8. Quarterly reports of summarized complaint data and facilities interim evaluation instruments (for Decile 1-3 schools) or equivalent facility inspection documents. _____
9. Ratio of Administrative employees to teachers, with supporting documentation attached. _____
10. List of teachers and assignments (identify classes with 20% or more English language learners). _____
11. Teacher credentials, including evidence of CLAD or equivalent credential to teach English language learners (will be inspected on a sample basis). _____
12. Local Control and Accountability Plan and related documents. _____
13. GANN limit calculation. _____
14. K-3 Grade Span Adjustment documentation, if applicable. _____

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15. Transportation maintenance of effort, if applicable. _____
 16. Listing of mental health expenditures, if applicable _____
 17. Listing of educator effectiveness expenditures, if applicable, and related supporting documentation (copy of plan, board meeting minutes presenting plan and board meeting minutes of board adoption). _____
 18. Listing of California Clean Energy expenditures, if applicable, and related supporting documentation. _____
 19. Education Protections Account – provide annual EPA resolution & final expenditure report must be posted on school district’s online website. _____
 20. Immunizations supporting documentation, if applicable. _____

Federal Compliance

During this phase of the audit, the Federal programs that will be tested in the current year are selected. It is best to let your program managers know the dates when the audit will be performed and that they may need to provide documentation to the auditors.

The following items will be needed for Year-End Fieldwork

General

1. SACS Unaudited Actuals Data File. _____
2. Fund 51 from County Auditor-Controller. _____
3. Adopted and Final Revised Budget Reports by Fund. _____
4. GASB 34 Conversion entries and supporting worksheets. _____
5. Management’s Discussion & Analysis (MD&A). _____
6. Detail of all Inter-fund Transfers, Due To and Due From accounts, including purpose of transactions. _____
7. Most recent audited financial statements for each JPA the District belongs to. _____
8. Outstanding construction commitments at June 30. _____
9. Conflict of Interest Statements from the board and management. _____
10. Board and County approval of any new funds. _____

11. List of all attorneys used by the district during the year. _____

12. List of all governing board members and District administrators who should be listed in the audit report as of June 30. Include name, office, and date term expires. _____

13. Supporting documentation for deferred inflows and outflows of resources. _____

14. GASB 68 & 75 supporting documentation. _____

15. Listing of charter schools authorized by school district, if applicable. _____

Assets

1. June 30 bank statements and reconciliations for all District and ASB bank accounts. _____

2. Accounts receivable detail listing by fund and resource. _____

3. June 30 warehouse inventory detail listing with final adjustments. _____

4. For other assets, such as prepaid expenses, provide a detailed listing that agrees to the general ledger. _____

Capital Assets

1. Capital assets inventory detail listing. _____

2. Support for additions, disposals, and depreciation expense through June 30. _____


Fund Balance

1. Explanations for any restatements made to the July 1 beginning fund balances, if applicable. _____

2. Provide detailed balances for all non-spendable, restricted, committed and assigned balances. Board policy approving committed balances, if applicable. _____

Liabilities

1. Accounts payable detail listing by fund and resource. _____

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2. Copy of current year and subsequent year TRAN documents, if applicable. _____
 3. Deferred revenue detail by fund and resource. _____
 4. For other liabilities, provide a detailed listing that agrees to the general ledger. _____

Long Term Debt

1. Accrued vacation listing by employee as of June 30. Include all employees, rate of pay, hours of unused vacation, and statutory benefits applicable. _____
2. Schedule of vacation taken between July 1 and August 31 for all employees included in accrued vacation listing. _____
3. Copies of any new lease agreements (both capital and operating), including payment schedules. _____
4. Copy of most current actuarial study & calculation of Actuarially Determined Contribution (ADC). _____
5. Official statements for any new bond, COP, or QZAB issuances. _____
6. If you had a "Golden Handshake" early retirement incentive, provide copies of the County Office approved certification forms and all supporting schedules used to prepare the certification form. _____
7. Copies of any other long-term debt supporting documentation, including any other type of early retirement incentives. _____

Revenue

1. Supporting schedules for revenue limit calculations. _____
2. Final Form J-29B (Actual property taxes collected). _____
3. County quarterly interest printouts. _____
4. 4th Quarter lottery apportionment schedule and support for accrual calculation. _____
5. Listing of developer fee collections that tie to the general ledger. _____
6. Form CAT or alternative form used. _____
7. Grant and Award letters for all categorical funds received. _____

8. Consolidated Application (Parts I & II). _____

Cafeteria

1. June 30 financial report (if not on the County system). _____
2. Detail listing of accounts receivable and accounts payable. _____
3. Stores inventory at June 30. Make sure that the "commodity" items are reflected at fair market value. _____
4. Schedule of donated commodities. _____
5. Monthly claim forms. _____
6. Free and reduced-price meal applications. _____
7. State remittances (bottom portion of checks accompanying Federal/State reimbursement checks). _____

ASB Funds

1. Balance sheet and income statement for all ASBs _____
2. Inventory records for student stores, if applicable _____
3. June 30 bank reconciliations and bank statements. _____


** Note: Some of the items from the Interim phase of the audit may still be required if not already provided to your auditor*

State Compliance

1. Annual attendance report, including supporting schedules. _____
2. Expenditure report for the ASES program (resource 6010) by object and function, if applicable. _____
3. Support for ASES program cash or in-kind local contribution, if applicable. _____

Federal Compliance

1. Detail listing of the Federal programs recorded in object 8290, with an unrestricted resource, or with resource 5810 (other Federal). _____

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2. Listing of federal expenditures for the year and any pass-through federal revenue to other organizations. _____