

Preparing for your CPA audit

by School Finance and Fiscal Audit staff

CPA AUDIT

Make sure the auditor does not have to perform clerical functions when your staff is able to assist them.

- 1) All fiscal year federally funded projects will be audited in the following fiscal year for financial and program compliance.
- 2) Audit coverage will include federal funds that you receive from KSDE and those you may receive directly from some other state agency or a federal agency.
- 3) KSDE auditors will audit all "exclusively state funded" projects and aid claims.
- 4) The [Kansas Municipal Audit and Accounting Guide](#) (KMAAG) is a guide mandated by K.S.A. [75-1123](#) to assist the independent auditor in conducting audits in the state of Kansas.
- 5) If your district expended **\$750,000 or more in federal funds** from all sources during the school year, the audit of federal funds will be included in your regular audit conducted by an independent accounting firm (K.S.A. [75-1122](#)) and completed in accordance with OMB Circular A-133.

A-133 audits are required to be completed within nine (9) months following the end of the fiscal year.

- 6) If your school district expended **less than \$750,000 in federal funds** from all sources during the school year, the federal funds will be monitored by KSDE auditors during their annual audit.

Recommended Time & Cost Savers

- Strengthen internal accounting procedures so the audit is easier. Segregate duties.
- Allow the auditor enough time to do the work without overtime and enough time before the books are closed to anticipate and resolve problems.
- Print only necessary copies of the audit report. KSDE and the Department of Administration prefer you submit the CPA audit report electronically by converting the report to a .pdf format *in lieu of* a bound, paper report.

Electronically submit CPA report to:

State Department of Education:

Attach a .pdf version of your CPA report to an email addressed to: lwallis@ksde.org.



Department of Administration (Municipal Services):

Please submit the CPA report by attaching a .pdf version to an email addressed to armunis@ks.gov.

Assemble documents the auditor needs to examine

- 1) Copies of each tax levy and budget and any adopted amendment.
- 2) Copies of the minutes of each board meeting and copies of any financial statements.
- 3) Current organization chart: names of persons in each position.
- 4) Document flow chart: The auditor will want to trace the complete history of a transaction from start to finish. Also, provide the auditor with copies of all district accounting policies and procedures.
- 5) Monthly bank reconciliations for all bank accounts: include all canceled checks and bank statements through date of audit.
- 6) List of depositories and addresses: bank account numbers and authorized signatures.
- 7) Schedule of investment transactions for the year.
- 8) Insurance schedule: names of companies, types of coverage, coverage dates, etc.
- 9) Reconciliation of salary amounts and related items such as payroll taxes and retirement deductions.
- 10) A copy of prior year audit report.
- 11) Details of any new bond issues approved, teacher contracts, leave schedules, and lease agreements.
- 12) All canceled bonds and interest coupons.
- 13) List of fixed assets owned by district.
- 14) Summary of all litigation involving the district.
- 15) Schedule of all interfund loans or advance: list date authorized, description of transaction, amount and date repaid.
- 16) Access to paid invoices, purchase orders and receiving reports.
- 17) All activity fund reports.
- 18) Applications, expenditure reports, and transmittal documents for federal financial assistance received. Since information about which federal grants are received and from who (whether federal agency or pass-through organization) will be important in determining the scope of the audit examination, all award files should be consolidated.
- 19) Claims for state aid and related documents.
- 20) Schedule of federal awards, including CFDA numbers and sources, with beginning and ending balances.