



Audit Readiness Checklist

This checklist will help you prepare the information and materials that your auditor will be asking for. Readiness helps save time, lowers fees and assures you of better experience and a quality product.

1. Organizational Documents

- ☐ Articles of Incorporation
- ☐ By-Laws
- ☐ IRS Tax-Exempt Letter

2. Board Minutes

- ☐ Compile all board and committee minutes and supporting board report packages for the year under review, including material up to the date of the audit field work.

3. Legal and Compliance:

- ☐ Provide a report of all legal expenses incurred for the year under review and up to the date of the field work.
- ☐ Compile a list of significant legal matters, including litigation and regulatory compliance issues.
- ☐ Review contracts and agreements for potential liabilities or contingencies.
- ☐ Conduct an internal review to confirm compliance with relevant laws and regulations.

4. Policy Manual

- ☐ Provide a copy of your up-to-date manual including board and organizational operating policies.

5. Accounting Manual

- ☐ Provide a copy of your up-to-date accounting procedures, or compiled manual, if applicable.

6. Internal Controls:

- ☐ Document internal control procedures by writing narrative walkthroughs or flowcharts of key accounting cycles:
 - Cash Receipts
 - Accounts Payable
 - Payroll
 - Inventory, if applicable.
- ☐ In the narratives or flowcharts describe each step of the process, noting:
 - Key personnel
 - Key software utilized
 - Separation of duties
 - Financial authorizations
 - IT access controls
 - Physical security controls
 - Data backups
 - Employee training and cross-training
 - Account reconciliation process
- ☐ Identify any changes in internal controls since the last audit.
- ☐ Discuss corrective action taken in response to any internal control deficiencies noted since the last audit.



7. General Ledger and Trial Balance:

- ☐ Reconcile all balance sheet accounts.
- ☐ Investigate and resolve any discrepancies or unusual transactions.
- ☐ Review and finalize the trial balance.

8. Revenue and Receivables:

- ☐ Prepare an aged receivables report and reconcile it with the general ledger.
- ☐ Review revenue recognition policies and ensure compliance.
- ☐ Verify the existence of significant sales contracts and agreements.

9. Expenses and Payables:

- ☐ Prepare an aged payables report and reconcile it with the general ledger.
- ☐ Review expense recognition and assure that expenses incurred in fiscal year but paid in following year are correctly accrued.
- ☐ Ensure all invoices and expense claims are properly authorized and supported by documentation.

10. Payroll:

- ☐ Reconcile gross wage expense to Form 941s filed.
- ☐ Confirm that all payroll reports and tax payments have been remitted timely.
- ☐ Consider accrual of earned wages at fiscal year-end.

11. Inventory:

- ☐ Conduct a physical inventory count and reconcile it with inventory records.
- ☐ Review inventory valuation methods and ensure consistency.
- ☐ Analyze inventory obsolescence and write-offs.

12. Fixed Assets:

- ☐ Review the fixed asset register and reconcile it with the general ledger.
- ☐ Verify the existence and condition of significant assets.
- ☐ Verify any disposals or sales
- ☐ Review depreciation methods and useful lives for accuracy.

13. Debt and Equity:

- ☐ Confirm outstanding loan balances and terms with lenders.
- ☐ Review loan agreements for covenants and compliance.
- ☐ Prepare a schedule of changes in equity and reconcile it with the general ledger.

14. Financial Statements and Reports:

- ☐ Prepare draft financial statements:
 - balance sheet,
 - income statement,
 - cash flow statement,
 - statement of changes in equity



15. Form 990 Preparation (if needed):

- Reconcile income tax accounts and ensure compliance with tax regulations.
- Prepare documentation for any uncertain tax positions.
- Compile information for tax returns and other tax filings.

16. Audit Logistics:

- Schedule the audit with the external auditors and confirm availability of key personnel.
- Prepare an audit timeline and assign responsibilities.
- Set up a designated area for the auditors to work in during the audit.

17. Other Considerations:

- Review any subsequent events that may affect the financial statements.
- Prepare documentation for any related party transactions.
- Ensure all documentation is organized and readily available for the auditors.

We're here to help! Contact us by
email, info@crosstribeadvisory.com,
call 937-234-7780,
or visit our website at: <https://www.crosstribeadvisory.com/>