

Annual Audit Preparation Checklist



1. Essential Preparations

- Balances and Transactions
 - Verify beginning net assets match prior year's ending assets.
 - Confirm inter-fund accounts and releases from restrictions net to zero.
 - Review gifts in kind for correct valuation and disclosure.
 - Identify and prepare disclosures for significant or related party transactions.
- Documentation
 - Gather and organize all permanent documents (leases, loan agreements).
 - Complete loan covenant analysis close to year-end.
 - Reconcile all accounts; have them reviewed by a second person.
 - Document explanations for large fluctuations or variances.
- Compliance Checks
 - Stay updated on new accounting standards, tax laws, and regulations.
 - Review and implement any necessary adjustments from prior year's audit.

2. Communication Strategy

- Team Assignments
 - Assign specific audit tasks to team members.
 - Inform other departments (HR, IT, legal) about potential involvement.
- Timeline and Check-Ins
 - Set an audit timeline and deadlines with the audit team.
 - Schedule periodic progress check-ins and adjust tasks as needed.
- Contact Information
 - Compile contact details for service providers, banks, and vendors in case of auditor inquiries.

3. Internal Controls Review

- Internal Control Documentation
 - Update and document internal control narratives with job-specific responsibilities.
 - Review and prepare updates on prior audit recommendations.
 - Identify and prepare for any internal control weaknesses.
- SOC Report Review
 - Annually review SOC (system and organization control) reports for service providers.
 - Verify complementary user entity controls are in place.

4. Additional Enhancements

- Cybersecurity and IT
 - Check for any recent cybersecurity incidents or suspicious activity.
 - Ensure IT controls are updated; provide training on phishing and suspicious emails.
- Unclaimed Property and Policies
 - Verify compliance with unclaimed property policies and escheatment.
 - Review insurance coverage and policies for adequacy.
- Efficiency and Staffing Needs
 - Evaluate staffing and identify any needs for additional forensic, valuation, or risk consulting services.