



# Best Practices in Year End Closing & Preparing for the Audit Process

By Travis Lowe, CPA



# Become Reacquainted with Friends - The Auditors

- Begin dialogue before the audit start date
- Consider an early planning meeting



# Conversations with Your Auditors



# Conversations:

- Staffing challenges and scheduling
- Prioritize
- Discuss changes
  - ❖ *Governance*
  - ❖ *Technology*
  - ❖ *Personnel*
  - ❖ *Policies*
- Access to information
- Inform your auditors



*“Effective teamwork  
begins and ends  
with communication.”*

**- Mike Krzyzewski**



# Year End Closing

*What makes year end closing so difficult?*



# Year End Closing

**Missing receipts and invoices**

**Simple errors that cost time**

**Manual data entry**

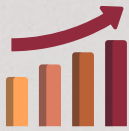
**Undefined roles and responsibilities**

**Data loss or inaccurate data**





# Year End Closing




**Develop an organized process**



**Checklists and more checklists**



**Reconcile everything**

- Cash
  - Accounts Receivables and Payables
  - Capital Assets
  - Accruals
  - Debt
  - Grant Schedule and Documents
  - The other stuff we forget
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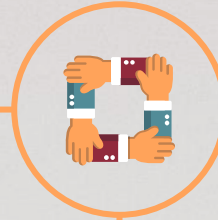


# Year End Timeline

**01**

## Start Early Enough

- Throughout the year, review rollforward schedules
- Reach out to departments
  - Review budget



**02**

## After Year-End

- Bank reconciliations in July
- Balance sheet accounts throughout July and August
- Trial balance review

**03**

## Audit Begins

*Audit Phases:*

- Planning
- Fieldwork
- Wrap-up



**04**

## Praise! Done!

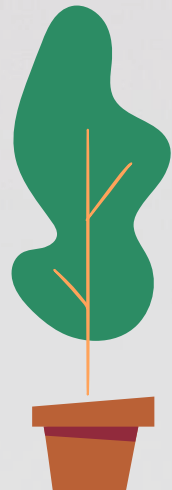




# Self-Review

## *Common Issues:*

- Fund balance classifications
- Not reversing prior year entries
- Balance sheet items not reconciled
- Capitalizing an expense/expensing a capitalizable item
- Appropriate cutoff
- Due to / due from and transfers



# Things to Consider

- Formal training
- Bottlenecks
- Automate
- Fine tune the process



# What is Your Auditor Looking For

- Templates and consistency
- Ask questions
- Information for new accounting standards



# Communication Throughout the Audit

- Status? On time?
- Audit completion





Questions  
&  
Answers



# Thanks!

Do you have any questions?

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