

Audit Preparation Checklist

The following is a general list of items most frequently needed by auditors in connection with the audit of financial statements for small to medium sized companies. The information should be submitted electronically, in Excel format, if possible. Your auditor may also request other items, depending on the industry in which you operate.

- General ledger (also called a working trial balance). Most auditors prefer to have a general ledger that covers the entire fiscal year.
- Working trial balance for the fiscal year and internal financial statements.
- Articles of Incorporation and Bylaws (or other organization documentation).
- Equity certificates.
- Personnel manual.
- Accounting Policies and Procedures manual.
- Organization charts and systems documentation (memos detailing flow of transactions within the company).
- Bank notes, security agreements, and lease agreements.
- Minutes of meetings of the Board of Directors and any other oversight committees.
- Fiscal year budget, if any.
- Your auditors will need access to all paid bills and checks received during the year.
- Reconciliation and schedules supporting all asset, liability, and equity accounts.

The following are the most common items that auditors will ask for:

Cash

- Year-end bank reconciliation and bank statements. Bank reconciliation should have a complete list of outstanding checks with check number, date, and amount. Detail of deposits in transit should also be listed.
- Your auditor will provide standard forms and ask you to prepare confirmations, which the auditors will mail to the bank.
- Your auditor will ask you to provide the monthly bank statements received from the bank for the first month following the end of the fiscal year be delivered to the auditors unopened when it arrives from the bank.

Accounts Receivable

- Detailed aged listing of all accounts receivable balances by invoice as of the end of the year (reconciled to the G/L). Your auditors will usually select customers and ask you to prepare confirmations, which the auditors will mail to the customer.
- Your auditor will likely ask you to prepare an analysis of the collectibility of account balances greater than 90 days old.

Inventory

- Detailed inventory reports as of the end of the year (reconciled to the general ledger), including overhead calculation, if applicable.
- Your auditors will typically observe your year-end inventory count to verify the existence of inventory at year-end.

Property And Equipment

- Fixed asset roll-forward schedule showing beginning balance in each asset class plus additions, less disposals equals ending balance reconciled to the general ledger.
- Detail of fixed asset additions and disposals during the year.
- Fixed asset summary listing and book depreciation schedule.

Accounts Payable

- Accounts payable aged trial balance as of the end of the fiscal year.
- Check registers for the period between year-end and the date of fieldwork.

Long-Term Debt

- Debt roll-forward schedule showing beginning balance in each note plus borrowings, less repayments equals ending note balance reconciled to the general ledger.
- Schedule of future maturities of long-term debt for the next five years reconciled to the terms of signed debt agreements.

Income/Expense

- Monthly revenue and expense analysis and gross profit trend analysis.
- Variance analysis spreadsheet (memo) for general and administrative expenses.
- Schedule of rent expense reconciled to the terms of the lease agreements and schedule of future minimum lease payments over the next five years.
- Access to all journal entries made during the year.
- Details of repairs and maintenance account.
- Detail of legal fees paid, with the name and address of all attorneys used throughout the year.