HOW TO READ YOUR SCHOOL’S AUDIT REPORT
Acknowledgements

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Clarksville School District

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Cobb and Suskie, Ltd.
Audit Training Requirement

- Annotated Code 6-13-629
- Audit training must be received within the first 15 months of service as a board member
- There is no hourly requirement
- There is no requirement after the initial training

NOTE: ASBA strongly suggests subsequent training in this area in order to keep abreast of auditing changes and to sustain continued growth of knowledge.
What is an audit?

An audit is the process by which an independent accountant reviews your financial records and procedures in order to express an opinion of the fair presentation of your financial statements.

- An audit is not designed to detect fraud.
- An audit is not designed to make your life miserable.
What do auditors do?

- Plan the Audit
- Test the Accounting Records
- Verify the Account Balances
- Prepare the Audit Report
Why do we have an audit?

- Required by state law.
- Required by federal law.
- Required by debt agreements.
- Required by bonding companies.
- Citizens like them.
- Evaluation of the performance of management.
District Responsibility

- While the auditor does “prepare the report” the district is responsible for the preparation of the financial statements.

- The district needs to designate a qualified individual to be responsible for the oversight of the financial statements for the auditor (usually business manager or the superintendent).

- The auditor is to report on how fairly the financial statements are presented and to what extent the district complied with laws and regulations.
The Audit Report

- Independent Auditor’s Report
- Report on Internal Control
- Report on Compliance
- Management Letter
- Balance Sheet
- Statement of Revenues and Expenditures
- Budget to Actual
- Notes to Financial Statements
- Supplemental Information – Capital Assets, Federal Expenditure Schedule, Schedule of Findings, Federal Programs, Selected Information
Independent Auditor’s Report

- Types of Audits
  - Governmental Accounting Standards (GASB)
  - Regulatory Basis

- Types of Auditor Opinions
  - Unqualified Opinion
  - Qualified Opinion
  - Adverse Opinion
Report on Internal Control

- What is Internal Control?
- NOT an opinion on Internal Control
- Findings of material weaknesses in Internal Control over financial matters are referenced in this letter
- References Financial Items
Management Letter

- You may or may not have a Management Letter attached to your audit report.
- Not having a Management Letter is a good thing.
- This letter is intended for use by Legislative Audit Committee, local School Board, District Management, ADE and Federal Regulatory Agencies.
- Details any violations of Federal or State laws.
- Is still a part of the public audit report.
Summary Analysis of Audit Findings
Division of Legislative Audit
For the Year Ended June 30, 2009

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<td>Excessive Uninsured and Collateralized Deposits</td>
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<td>Cash Reconciliation</td>
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<td>Failure to Distribute Educational Excellence Funds Properly</td>
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Audit Deadline: The audit report is due no later than nine months after the close of the fiscal year (end of March)
Things to Remember

- Audit Reports have to be reviewed by the Board of Directors at the first regular board meeting after the audit report is received and appropriate action must be taken.

- Annotated Code § 6-1-101. Audit Review
Things to Remember

Section 80.26(b)(3) of the U.S. Education Department General Administration Regulations (EDGAR) requires the Arkansas Department of Education (ADE) to ensure that…

when a public school district, open-enrollment charter school, or education service cooperative has an audit finding regarding an instance of noncompliance with federal laws or regulations, that an appropriate Corrective Action Plan (CAP) is implemented within six months after receipt of the audit report.
Audit Reports

To obtain current and prior years audit reports of your school district, you can go to this website that is a part of the Arkansas Legislative Audit Division’s website and download copies.

http://www.arklegaudit.gov

Enter your school name in the search bar.
Any Questions?