

SAS 112 SELF ASSESSMENT FORM AND ACTION PLAN

The world of not-for-profit audits is changing. New regulations and auditing standards have significantly changed the ways auditors communicate with those charged with governance of not-for-profit organizations.

SAS 112 revises the reporting rules on control deficiencies, significant deficiencies, and material weaknesses. Your auditor must now communicate, in writing, those areas of internal control that are not up to par, for as long as they persist, as well as insist on a management action plan as part of their report

This assessment form is designed to help not-for-profits assess their organization's current fiscal management capabilities as well as their own capacity to comply with auditors' expectation on an ongoing basis.

Organization Name: _____

Name of individual preparing form: _____

Date: _____

I. Coordination with external auditors & dating of audit report	Yes	No
An audit planning meeting is scheduled with the auditors and an overall timeline is established	<input type="checkbox"/>	<input type="checkbox"/>
Contents of the audit support package are identified and responsibilities are identified, with target delivery dates	<input type="checkbox"/>	<input type="checkbox"/>

Actions to take:

II. Ability to prepare financial statements	Yes	No
Utilize your accounting software to format all financial statements That are prepared by auditors at year-end	<input type="checkbox"/>	<input type="checkbox"/>
Incorporate satisfaction of program restrictions from prior and current year temporarily restricted contributions	<input type="checkbox"/>	<input type="checkbox"/>
Incorporate a cost allocation plan that is applied consistently throughout the year	<input type="checkbox"/>	<input type="checkbox"/>



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II. Ability to prepare financial statements (cont.)	Yes	No
Auditors receive draft financial statements in addition to the final trial balance at year end	<input type="checkbox"/>	<input type="checkbox"/>
Have an individual with adequate understanding and expertise reviewing DRAFT financial statements	<input type="checkbox"/>	<input type="checkbox"/>
Review and reconcile financial statement balances and audit adjustments to the general ledger and supporting documentation	<input type="checkbox"/>	<input type="checkbox"/>
Complete a disclosure checklist	<input type="checkbox"/>	<input type="checkbox"/>
Review schedules and calculations supporting amounts in the notes to the financial statements	<input type="checkbox"/>	<input type="checkbox"/>

Actions to take:

III. Minimization of Audit Adjustments	Yes	No
Ensure that all audit adjustments have been recorded prior to the issuances of the final financial statements	<input type="checkbox"/>	<input type="checkbox"/>
Review prior year audit adjustments; ensuring that you understand what caused the need for the adjustment	<input type="checkbox"/>	<input type="checkbox"/>
Prepare year-end closing entries never “waiting for the auditor” to record any entry that will change your operating results for the year	<input type="checkbox"/>	<input type="checkbox"/>
Prepare accrual basis financial statements on a quarterly basis	<input type="checkbox"/>	<input type="checkbox"/>

Actions to take:



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IV. Oversight of Financial Reporting	Yes	No
Prepare quarterly accrual basis financial statements for management and board, including a budget to actual variance report with management analysis	<input type="checkbox"/>	<input type="checkbox"/>
Establish a mid-year budget re-estimate process to ensure that the organization is operating with a realistic perspective	<input type="checkbox"/>	<input type="checkbox"/>
Establish a monthly/quarterly/annual financial reporting and compliance calendar with due dates and individuals responsible	<input type="checkbox"/>	<input type="checkbox"/>
Ensure that the board committee is called “audit and finance committee”, clearly outlining the charter segregating finance and audit functions that are expected of the committee; or, establish a separate audit committee	<input type="checkbox"/>	<input type="checkbox"/>
Ensure “financial literacy” among members of audit and finance committee; facilitate appropriate training to these board members	<input type="checkbox"/>	<input type="checkbox"/>

Actions to take:

V. Segregation of Duties	Yes	No
Ensure that you have a policies and procedures manual and individual job descriptions that highlight the segregation of duties	<input type="checkbox"/>	<input type="checkbox"/>
Route bank statements and canceled checks from bank directly to individual independent from accounting function	<input type="checkbox"/>	<input type="checkbox"/>
During staff vacancies, establish a transition plan that ensures segregation of duties remains.	<input type="checkbox"/>	<input type="checkbox"/>
Require certain approvals by the Finance/Audit Committee of the Board	<input type="checkbox"/>	<input type="checkbox"/>

Actions to take:



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VI. Safeguarding of Assets

Yes

No

Ensure you have a system for tracking all assets, as well as identification of restricted funding, where appropriate

Perform periodic physical count and reconcile to books and records

Establish policies for disposition of obsolete property and equipment

Restrict physical access to assets

Perform an annual review of insurance coverage

Separate check signing authority from those preparing accounting records

Actions to take:

VII. Timely Reconciliations

Yes

No

Establish schedule and frequency of reconciliations to be performed
list them individually and then have an “other” section

Identify what independent party will review these reconciliations

Actions to take:



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VIII. Internal Controls	Yes	No
Have a clearly defined process in place for follow-up to auditor on recommendations	<input type="checkbox"/>	<input type="checkbox"/>
Establish periodic spot checks of supporting documentation, with specific focus on high risk audit areas	<input type="checkbox"/>	<input type="checkbox"/>
Update fiscal policies and procedures manual on a annual basis; ensure that board decisions are properly incorporated in updated manual	<input type="checkbox"/>	<input type="checkbox"/>
During periods of staff vacancies, establish interim procedures/ reassign responsibilities to ensure appropriate safeguards	<input type="checkbox"/>	<input type="checkbox"/>
Institute an internal as well as external independent anti-fraud hotline reporting directly to the board of directors	<input type="checkbox"/>	<input type="checkbox"/>

Actions to take:

IX. Qualification and Training of Employees	Yes	No
All staff with fiscal responsibilities have a clearly defined job description that they understand	<input type="checkbox"/>	<input type="checkbox"/>
We prepare an annual professional development plan for each of our fiscal staff	<input type="checkbox"/>	<input type="checkbox"/>
Our fiscal staff are properly trained on our accounting software	<input type="checkbox"/>	<input type="checkbox"/>
All staff with fiscal responsibilities feels confident with:		
Budgeting	<input type="checkbox"/>	<input type="checkbox"/>
Monitoring	<input type="checkbox"/>	<input type="checkbox"/>
Preparation of financial statements	<input type="checkbox"/>	<input type="checkbox"/>
Compliance with regulatory requirements	<input type="checkbox"/>	<input type="checkbox"/>
It is a high priority for our agency to ensure competent accounting personnel are hired	<input type="checkbox"/>	<input type="checkbox"/>
Our current staff that is responsible for financial accounting and reporting has sufficient knowledge and skill to appropriately apply GAAP	<input type="checkbox"/>	<input type="checkbox"/>

Actions to take:



SAS 112 Survival Kit Checklist

Summary

Issue	Action to Take	Staff Member Responsible	Timeframe
Ability to prepare financial statements			
Minimization of audit adjustments			
Oversight of financial reporting			
Segregation of duties			
Safeguarding of assets			
Timely reconciliations			
Internal controls			
Qualification and training of employees			

Comments:

