



*Your Success is Our Focus.*

**John Aldridge, CPA**  
**Partner**



***Roanoke City Schools***

General Audit Plan

FY 2016

# Audit Plan

- Services to be performed by Brown, Edwards:
  - We will perform a full scope audit of Roanoke City Schools in accordance with auditing standards generally accepted in the United States of America, *Governmental Auditing Standards* issued by the Comptroller General of the United States; *Specifications of Audits of Counties, Cities, and Towns*; and *the Uniform Guidance (the Single Audit Act)*. *This will include an examination of VRS in accordance with APA specifications.*
  - We will also perform an audit of the recorded cash receipts and expenditures of the School Activity funds in accordance with auditing standards generally accepted in the United States of America and *Governmental Auditing Standards*

# Audit Objective

- The objective of our audit will be the expression of an opinion on the fairness with which the financial statements present the financial position and results of operations in conformity with:
  - Accounting principles generally accepted in the United States of America – CAFR
  - Attestation standards established by the AICPA – VRS Examination
  - Basis of Cash Receipts and Expenditures – School Activity Funds

# Audit Approach

- Three phases:
  - Planning
  - Interim Field Work
  - Final Field Work

# Audit Approach - Continued

- Planning
  - Will be performed at the commencement of the engagement and involves accumulation and evaluation of data relative to the economy and industry of the client.
  - We will meet with management to discuss the audit, unusual accounting problems, audit efficiency suggestions, and any new audit considerations or required disclosures.

# Audit Approach - Continued

- Planning – Continued
  - During planning we will specifically:
    - Provide management with information requests
    - Meet with management to address unusual or new accounting/auditing issues up front
    - Identify significant audit areas
    - Make a preliminary evaluation of internal controls, a preliminary assessment of risk, identify key audit areas, and determine levels of materiality.
    - Do preliminary Activity Fund and VRS testing.
    - Timing – June 2016

# Audit Approach - Continued

- Interim Field Work
  - Will be performed prior to or shortly after the School's fiscal year end. Will include:
    - Single audit compliance testing of major programs
    - Updating internal control documentation and appropriate testing of those controls
    - Fraud inquiries
    - Testing of journal entries and other walkthroughs
    - Read minutes of the School Board
    - Timing – First 2 weeks of June.

# Audit Approach - Continued

- Final Field Work
  - The final phase of the audit is performed after the Schools fiscal year has ended.
  - Currently, the management proposed schedule is as follows:
    - Information requests provided to Brown, Edwards by September 26 (School Activity Funds August 8th)
    - Delivery of a draft CAFR for auditor review by October 10
    - Conclusion of evidence gathering and review of the CAFR by October 31

# Audit Approach - Continued

- Final Field Work – Continued
  - During final field work we will:
    - Review and finalize financial statements and disclosures
    - Analyze and audit significant year-end accounts
    - Wrap up school activity fund transactions and VRS testing (1<sup>st</sup> and 2<sup>nd</sup> week of August)
    - Update interim analytical review
    - Prepare final management letter accounts
    - Issue independent auditor's reports

# Significant Audit Areas

- This year we anticipate the significant audit areas to be as follows:
  - Intergovernmental Revenue – primary source of revenue for Schools. Audit procedures will include: review significant fluctuations, determine proper receivable and/or deferred revenue amounts
  - City transactions – We will confirm due to/from amounts with City during field work to avoid end of audit confusion.

# Significant Audit Areas - Continued

- Payroll – largest portion of the School’s expenditures relate to payroll and related activities. Audit procedures will include: Testing of year end accruals for payroll, OPEB, workers compensation, **health insurance liabilities**, and compensated absences; analytical review of payroll related expenditures
- Program expenditures – the rest of the School’s expenditures relate to providing public education services under federal programs. We will test the cutoff of accruals of these expenditures as well as analytically test expenditures. This will be done in conjunction with our compliance testing of program expenditures.

# Single Audit Testing

- Due to no internal control weaknesses and no significant findings in 2014 and 2015, Schools are “low risk” auditee. We can now plan to test 20% of your total federal awards.
- Cyclical testing or stimulus fund requirements may cause us to test more.

# Single Audit Testing - Continued

- Major programs selected for testing:
  - Assuming relatively stable amounts of expenditures (\$19 - 20 million in total).
  - Will test:
    - Special Education Cluster
    - Title IV-B Community Learning Centers
    - Title II-A Improving Teacher Quality
    - Possibly another program depending on preliminary estimates

# Engagement Staffing

- All senior members of the engagement team have prior years' experience with Roanoke City Schools. All key members of the audit team have experience with local government audits, including school boards, and meet the continuing education requirements of *Govt. Auditing Standards*
- Engagement Partner – John Aldridge, CPA
- Engagement Partner – Chris Banta, CPA, CFE
- In-charge Associate – Justin Martin, CPA
- Other assurance staff