



Your Success is Our Focus.

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ROANOKE CITY
PUBLIC SCHOOLS

Strong Students. Strong Schools. Strong City.

General Audit Plan FY 2023

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 – Financial Report
 - 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.
 - Timing – June 2023

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.
 - Perform preliminary Activity Fund and VRS testing.
 - Timing – June 2023

Audit Approach - Continued

- Final Field Work
 - The final phase of the audit is performed after the Schools fiscal year has ended.
 - Currently, proposed schedule will be similar to prior years follows:
 - Information requests provided to Brown, Edwards throughout September.
 - Delivery of a draft financial report for auditor review by in early October.
 - Conclusion of evidence gathering and review of the financial report 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.
 - 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 –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.
- See “New for 2023” slides as well.

New for 2023

- GASB 96 SBITA
 - ***What is SBITA?***
 - Subscription Based Information Technology Arrangements
 - Easier question is **WHAT ISN'T SBITA.**
 - Agreements to use software and other subscriptions for use of IT programs.
 - ***What's new?***
 - These arrangements no longer just a period cost.
 - Now an asset for the “right to use” another entity’s assets.
 - Now a liability for the commitment.
 - Very similar to leases.

New for 2023

- GASB 96 SBITA
 - ***What is the impact?***
 - Liability is repaid with an interest component.
 - Asset is amortized.
 - In some circumstances the operating statement impact may not be significant under the new standard.

Single Audit Testing

- Due to no internal control weaknesses and no significant findings in 2021 and 2022, Schools are “low risk” auditee. We plan to test 20% of your total federal awards.
- Cyclical testing may cause us to test more.
- The process for selecting what programs to test:
 - Test large programs once every three years.
 - Test programs with significant residual COVID funding expenditures.
 - Test for coverage defined above.

Single Audit Testing - Continued

- Major programs selected for testing:
 - Preliminary selection:
 - Title I
 - Education Stabilization – CARES Act
 - Possibly another program depending on preliminary estimates. Most likely selection will be either:
 - Child Nutrition or
 - Title VI-B – Special Education

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 – Chris Banta, CPA, CFE – 23 years with BE, 12 years working on RCPS as concurring reviewer.
- Concurring Partner – John Aldridge, CPA – 29 years with BE, 12 years working with RCPS.
- Engagement Director – Chris Murray, CPA – 15 years with BE, 3 years working on RCPS.

Questions?

- If you have any questions about our approach, our large governmental practice, or would like to contact your engagement partners at any time, we encourage two way communication.
- Contact information:
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