

## Preparing For Your Audit: Best Practices

**Lindquist, von Husen & Joyce LLP (LvHJ)** has been providing audit, tax and business advisory services to the **affordable housing community** and **not-for-profits** for over 40 years. While there is no denying the expense and inconvenience that audits may represent, audits are a critical tool for interested third parties such as lenders and regulatory agencies, investors and donors, Boards of Directors, and others within your organization.

There are essential steps you can take to control costs and minimize disruption to your business, and ensure timely delivery to meet your internal and external deadlines.

Here are some best practices you can employ for your organization today:

### 1) Working with Your CPA Firm

- Develop a collaborative and open working relationship, and expand that to periods beyond the audit process. Your CPA firm should keep you abreast of industry and other technical accounting and tax law changes.
- If you are changing audit firms, prepare a comprehensive request for proposal (RFP) and submit to qualified firms **at least 90 days prior** to your fiscal year end.
- Always consider the **timeliness and quality of their service**, as well as their technical knowledge and other value added services when weighing cost considerations.

### 2) Internal Preparation

- Educate your staff on the value of an audit, its purpose, and the importance of **common goals**, and get them on board early.
- Select a technically qualified individual to manage the audit process and see it through from start to finish.
- Set **clear deliverables and divisions of responsibility** among your staff, management and the audit firm through periodic scoping meetings, and hold people accountable.

### 3) Audit Process

- Get your financial and business records in order **well in advance** as it has a direct influence on the cost of an audit as well as on deliverables.
- Choose a time frame for the audit that meets internal and external deadlines.
- Have the auditors provide you with a list of schedules or work papers they will need from your records. **Thoroughness** at this step will maximize efficiency and help control audit costs.
- **Be well prepared** – Your audit will be more effective as your auditors will have ample time to analyze and evaluate procedures, accounts and controls.
- Recognize that the auditor cannot be used to mitigate weakness in internal controls and they cannot audit their own work.



If you have any questions on preparing for your next audit or services LvHJ offers, please contact **James Kraft**, Partner, at [jkraft@lvhj.com](mailto:jkraft@lvhj.com) or 415-905-5413.

[Click here to read more about James Kraft.](#)

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