

SCHOOL AUDIT

Summary

School Audit is an NPO (Not for Profit Organisation) Audit. Its objective is to provide reasonable assurance over the financial activities, the financial governance and financial management of schools and that the school financial reports present fairly, in all material respects, schools' financial positions and financial performance.



Audit Procedures

Conduct an initial entry meeting with the principal and the school manager or nominated delegate to confirm the scope and process of the audit.



Discuss items with relevant staff to obtain clarification or further information.



Develop an Audit plan considering various factors such as the size of a school, the identified level of risk, availability of required records, and the complexity of issues that arise during the audit.



Obtain Management Representation Letter.



Assess School compliance with the policies and procedures set out by the concerned State.



Obtain an understanding of school recruitment practices.



Inquire for any changes in school Management policy.



Specific Audit Procedures

Particulars	Source Documents	Audit Procedures
Revenue – Operating Activity **(e.g. Tuition fees, Boarding Fees)**	Fee Structure policy	• Obtain Source documents • Estimate school fee income through the analytical procedure and do variance analysis between estimated and actual fee income. • Select samples from the student's list and calculate whether the amount received from them is as per the Fee structure policy.
Revenue – Grant	Grant Agreement	• Obtain Source documents • Verify whether it's a federal or State grant or grant from a third party and accounted as per IAS 20 Government Grants. • Assess the school's eligibility for receiving grants as per the agreement. • Assess whether the grant has been properly dealt with per the agreement.

Specific Audit Procedures

Particulars	Source Documents	Audit Procedures
Other Incomes **(e.g. Donations)**	Donation receipts, Bank receipts,	• Obtain Source documents. • Enquire about the reasons for receiving other incomes. • Check Bank supporting.
Financial Incomes **(e.g. Interest incomes, Dividends)**	• Investment Supporting • Financial agreements, • Bank Supporting.	• Obtain Source documents. • Enquire about the reasons for maintaining such investments. • Check Bank supporting. • Ensure financial income is recognized as per IFRS 9 Financial Instruments.
Employee Benefit Expenses	Payroll policy, Employment agreements, Employee payments bank supporting	• Obtain Source documents. • Ensure employee payments were made as per payroll policies. • Recalculate annual leave and long service leave provisions and verify it corresponds with ledger balances and enquire if material differences arise. • Enquire about the payroll software, its accessibility by authorized persons, and internal control. • Ensure that the accounting policy is in accordance with IAS 19 Employee Benefits.

Specific Audit Procedures

Particulars	Source Documents	Audit Procedures
Other Expenses **(e.g. Admin, stationary, repair expenses)**	Bill Supporting's	• Obtain Source documents. • Make a checklist of material operating expenses. • Verify it with supporting and ensure payments were made.
Finance Costs	Financial agreements, Bank payments.	• Obtain Source documents. • Verify whether it's a short-term or long-term financial liability. • Check interest payments' corresponding conditions as per Financial agreements. • Ensure accounting policies are in accordance with IFRS 9 Financial Instruments.
Depreciation	• Fixed Assets register • Depreciation schedule • Assets purchase invoices (If any improvement or additions happened in CY).	• Ensure whether depreciation has been calculated from the date, the asset is available for its usage. • Ensure depreciation calculation is in accordance with IAS 16 PPE. • Check whether depreciation has ceased for a particular asset that was sold.

Specific Audit Procedures

Particulars	Source Documents	Audit Procedures
Cash and Cash Equivalents	• Bank Statement for the year end. • Subsequent bank statements. • Petty Cash registers • Bank Reconciliation Statement • Bank Confirmations	• Obtain Source documents. • Ensure cash flow is prepared in accordance with the IAS 7 Statement of Cash Flows. • Match Reconciliation ending balance with statement ending balance and General Ledger balance. • Please confirm whether there are any outstanding cheques or deposits in transit that are there in the bank reconciliation. • And then, have a look at the subsequent month's bank statement and if any unusually large amount is noted, raise a query to the client asking for a supporting document for the transaction.
Financial Assets	Financial agreements, Bank supporting etc.	• Obtain Source documents. • Identify its nature, whether current or non-current. • Enquire management about the existence of financial assets. • Verify whether it is an interest-bearing financial asset. • Check whether it is a normal Trade and other receivable or equity investment or debt investment and accounted as per amortized cost or FVTOCI or FVTP&L in accordance with IFRS 9 Financial Instruments.

Specific Audit Procedures

Particulars	Source Documents	Audit Procedures
Fixed Assets	• Depreciation schedule • Bank Supporting • Assets purchase invoices (If any improvements or additions happened in current year)	• Recalculate the entity's given depreciation schedule. • Verify the recalculated amount to the general ledger. • In case of any material change need to confirm with the entity. • Ensure depreciation calculated is as per IAS 16 PPE • Ensure revaluation is accounted for properly and impairment tests were conducted at the time of indication if impairment. • Verify for any sale of fixed asset and if that sale results in deletion of operating asset, validate for going concern assumption.
Capital Work in Progress **(e.g. Construction of new school building)**	Supporting bill, invoices	• Check whether payments correspond to the amounts in supporting invoices. • Check whether payments were properly made within the due date.
Right of use Assets	Lease Agreements	• Obtain Source documents. • Check whether it's a financial lease or an operating lease considering lease arrangements. • Verify whether it is in accordance with IFRS 16 Leases. • Check whether ROU Asset is properly accounted for and amortized year on year over the lease term. • Check for any modification of lease terms.

Specific Audit Procedures

Particulars	Source Documents	Audit Procedures
Inventories	• Purchase orders • Supporting invoices • Creditor confirmations	• Obtain Source documents • Ensure accounting policy is in accordance with IAS 2 Inventories. • Match inventory purchases with purchase orders made and reconcile with supporting invoices. • Ensure the purchase of inventories is approved by the appropriate authority. • Conduct stock verification at irregular intervals.
Prepayments	• Prepayment reconciliation for the year end. • Supporting invoices.	• Obtain the above source documents. • As per the supporting invoices provided calculate the prepaid period from the year end. And calculate the per day amount by dividing it by total number of days accordingly. • Then multiply the prepaid number of days with the per day amount and match with the General Ledger balance. If any material variance is noted find the reason for it and update the client about the variance. • Ensure its presentation as per IAS 1 Presentation of Financial Statements.
Financial Liabilities	Financial agreements, Bank supporting etc.	• Obtain Source documents. • Identify its nature, whether current or non-current. • Enquire management about the existence of financial liability. • Verify whether it is an interest-bearing financial liability. • Check whether it is a normal Trade and other payable or debt and accounted as per amortized cost or FVTP&L in accordance with IFRS 9 Financial Instruments.

Specific Audit Procedures

Particulars	Source Documents	Audit Procedures
Income received in Advances	School Policy Agreement	Check whether any amounts were received from students (as per school policy agreement) in advance and if it is properly presented in financials as per IAS 1 Presentation of Financial Statements.
Accruals	Accrual reconciliation for the year end	• Recalculate material accruals based on source reports/documents. Investigate any material variances. • Identify expense accounts that give risk to accruals (i.e., invoiced after the service has been provided) and assess if an accrual is required. Process adjustments where necessary. • Compare prior year accruals with current year accruals and assess if any accruals are unrecorded as at balance date. • Ensure its presentation as per IAS 1 Presentation of Financial Statements.
Lease Liability	Lease Agreements	• Obtain Source documents. • Check whether it's a financial lease or an operating lease considering lease arrangements. • Verify whether it is in accordance with IFRS 16 Leases. • Check whether lease liability is properly accounted for over the lease term. • Check for any modification of lease terms.

Specific Audit Procedures

Particulars	Source Documents	Audit Procedures
Related Party Transactions	Related party transactions Register, Bills, Invoices.	• Obtain Source documents • Identify the Key Management Persons (KMP) of the school and inquire about any transactions between them. • Verify whether transactions with KMP are on arm's length basis and accounted properly. • Ensure its correspondence with IAS 24 Related Party Transactions.
Borrowing Costs	Loan agreements, Bank payments	• Obtain source documents. • Identify whether the asset is a qualifying asset as per IAS 23 Borrowing costs and accounting policies were followed correctly.
Adjusting Events. [Events occurring after Balance sheet date]	Subsequent bank payments, Changes policy, management etc.	Identify any material events occurring after the balance sheet date and check if it is adjusting or not i.e. events or conditions existed as at the balance sheet date as per IAS 10 Events after the Reporting period.

Discuss findings with schools and identify opportunities for improvement as well as highlighting good business practices to ensure that schools are well placed to meet their requirements.

Thank You