

Head Start Audits: Questions to Consider

Listed below are questions that Head Start governing body and Policy Council members may wish to ask when reviewing specific sections of their program's audit.

Audit Section	Questions to Consider
Opinion Letter	<ul style="list-style-type: none"> • Is the audit opinion unqualified, qualified, or adverse? • Was the auditor unable to express an opinion on the financial statements? • What is the date of the audit? Was it conducted and completed in a timely manner?
Statement of Financial Position	<ul style="list-style-type: none"> • What is the value of your organization's total assets? What is the value of its net assets? • Are your assets restricted or unrestricted?
Statement of Activities	<ul style="list-style-type: none"> • What funds were available at the beginning of the year and at the end of the year? • Did the organization have a net gain or a loss of assets during the year? • What was the organization's largest source of revenue? What was its largest expense?
Statement of Functional Expenses	<ul style="list-style-type: none"> • Are administrative and fundraising expenses appropriate given the size and scope of the organization and its funding requirements? • What is the organization's largest program? How does it compare with the organization's largest expense?
Statement of Cash Flows	<ul style="list-style-type: none"> • Are accounts payable increasing or decreasing? • Were there any major purchases or sales of equipment or facilities? • How much cash is on hand at the end of the year?
Notes	<ul style="list-style-type: none"> • Are major assets almost fully depreciated? • Are any major debt obligations due in the near future (e.g., balloon payments)? • How soon do leases and other major agreements expire?