

The Audit Process

The Head Start Act of 2007 requires that governing bodies and Tribal Councils of grantee organizations be responsible for the annual audit. An audit is a lengthy and comprehensive review of the grantee organization's financial records and procedures. It determines three things:

1. Financial statements are accurate
2. Grantee is complying with the terms and conditions of the Head Start grant
3. Appropriate financial and administrative procedures are in place and being followed

There are four steps programs can take to help ensure a successful Head Start audit.

Step 1: Governing body hires auditor

Here are a few things to look for when choosing an auditor:

- Right experience and expertise for your program
- Knowledgeable about generally accepted auditing standards and A-133 audits
- May need to follow government auditing standards

Step 2: Audit is conducted

It is important to know what to expect during the audit process:

- Begins within 90 days of the close of the fiscal year
- Chief financial officer (CFO) gathers required documentation
- Auditors work on site for several days collecting and reviewing data
- Governing body is not involved with this part of the process

Step 3: Governing body and Policy Council receive audit

Once the audit is complete:

- Audited financial statements and management letter are submitted to the organization
- Findings are presented by the auditor to the governing body and shared with the Policy Council
- Governing body members review the audit, discuss findings, and develop a corrective action plan
- Governing body "accepts" the audit

Step 4: Governing body monitors corrective action

The governing body is responsible for addressing non-compliances and recommendations:

- Governing body ensures audit findings are addressed
- Even if the audit is "clean," auditors may recommend changes to fiscal systems

Training also is a big part of a successful audit. Within six months of the start of the project period, all five year Head Start grantees are required to participate in the [Office of Head Start A-133 Audit Training Webcast: Understanding the Importance of Your Annual Audit and How the Audit Process Can Strengthen Your Organization](#). The three-hour webcast can be accessed at any time on the Early Childhood Learning and Knowledge Center (ECLKC).