

The Future of



in Schools

With careful planning, a mostly remote audit can improve teamwork and more meaningful communication between auditors and school staff.

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Self-driving cars, phones with no buttons, robots that help clean the house and audits being done remotely. The advancements in 2020 turned out as predicted!

Well, maybe no one predicted that audits would be conducted remotely, but the COVID-19 pandemic made it a reality. And many components of the remote audit experience are likely to continue even when the pandemic is fully behind us.

From Paper to Portals

When accounting firms and independent schools realized 2020 audits would happen almost entirely remotely, their readiness for the virtual transition were at different ends of the spectrum.

At Skutt Catholic High School, a college preparatory day school in Omaha, Nebraska, one of the last areas to transition to electronic recordkeeping was accounts payable (AP), reported Taryn Clatanoff, vice president of finance. “Our payable process was still all paper, so we did have to make copies or scan quite a few documents,”

she said. Southwest Christian School, a preschool-grade 12 day school in Fort Worth, Texas, had a similar experience: “We had made good progress of making things more automated and storing things electronically, but accounts payable was still paper-based,” said Jonathan Cameron, director of finance.

If your school is looking to digitize and automate business office processes, an accounting firm may be able to provide some insight. We at CLA (CliftonLarsonAllen) started looking at the future of auditing in 2015. As a result, we created technologies for online document exchange portals well before the pandemic struck and routinely completed a portion of the audit before going onsite. This allowed our onsite time to be focused on interactions and meetings with the business office to discuss both past challenges and upcoming changes. Firms will likely continue to invest in making this online technology as efficient and streamlined as possible.

From Faces to Face Time

While digital tools are useful, they can’t do everything. Remote auditing affected the interaction between the auditor and the school’s business office. With auditors completely offsite, they couldn’t “see the school in action and learn the culture and values of the school, which would help



them understand the allocation of financial resources,” explained Cameron. Consistent teams on both sides, however, helped offset challenges from the completely virtual interaction, he reported.

Clatanoff’s relationship with her audit team improved in the remote environment because the auditor provided more touchpoints: “weekly updates and recaps of the changing landscape,” she said.

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Most auditors and schools set aside a time for daily check-in calls or communicated about open items through email. This made the remote process less intrusive than an in-person visit, according to Lauren Edwards, senior accountant, and Jennifer Quindoza, controller/risk manager, at Collegiate School, a college preparatory day school in Richmond, Virginia. “The auditors were asking questions, but they didn’t run into the office every time they had a question, and they were more organized by putting

together lists and writing out the questions in advance,” they said.

However, “Not everything can be done via email,” said Shyrose Janmohamed, chief financial officer at TFS — Canada’s International School, a bilingual pre-school-grade 12 day school. “Daily Zoom check-ins are also very important to allow for discussion and context.”

Even though auditors couldn’t physically be at the school, technology solutions made face-to-face interactions as close to an in-person experience as possible. Scheduling regular virtual check-in meetings kept teams organized on what was outstanding and work done to date — work that typically happens organically when a team is onsite.

The Future of Auditing

What parts of the pandemic audit are here to stay? What can be refined for your school’s specific needs? Forward-thinking schools will recognize the advantages and opportunities of this inevitable change — and be well-prepared for the inherent challenges.

Electronic Documents

Electronic record-keeping systems have many positive aspects, and all organizations are somewhere in the process of moving to being fully automated or electronic. Various departments, people and committees need

information in many different ways, and instituting a new electronic process across an entire school will have its challenges. Your auditors can help convey the importance of a change in procedures to your teams.

Don’t simply take the current paper process and move it to an electronic environment. Examine opportunities to make the process better. You can use your auditors here. How have they seen other schools successfully move their payable process online? What systems tend to work better than others? What are key things to consider as related to your internal controls?

Document Sharing

Document sharing platforms will continue to evolve and improve. Work with your auditors to customize and streamline the process to your specific needs. How are the requests organized? Are you able to assign multiple users? Are you able to generate reports?

Onsite Time

The days of auditors spending one to two weeks in a school’s conference room are a thing of the past. However, there are still some conversations and procedures that schools and accounting firms consider beneficial to conduct onsite. Relationship-building may happen more naturally through in-person interactions, like casual conversations over coffee or taking the audit team to lunch and discussing more than just the current year audit.

Coordinate meeting points throughout the year to discuss how things are going. Auditors are able to proactively plan for upcoming changes, provide solutions early in the process, and be a resource within the ever-changing school landscape.

Real-Time Auditing

Why must the audit happen over a set period of five days? If we are going to rethink the audit process, let’s rethink all of it. What if the audit process looked like this:

1. Audit documents are given to the auditing team at the end of the month, before the month-end close or payroll process, a timing that is convenient for the business office.
2. The auditing team reviews those documents over a one- or two-week period; compiles requests, questions and missing items; and provides them to your business office for review. Then a

Audit Advice

NBOA member schools shared lessons learned.

“Understand that things can be remote, and have flexibility where you offer flexible work arrangements.”

—Taryn Clatanoff, Skutt Catholic High School

“Let the auditors decide where they want to work. It would be great if they could come onsite for about two days, spend time with people, and get to know the team.”

—Jonathan Cameron, Southwest Christian School

“Embrace this change; this is change that can be good. If your firm isn’t doing things online, you should be asking why.”

—Chris Patterson, The John Cooper School

“There are efficiencies from an electronic perspective, but you need to supplement with solid relationship building. Have quarterly meetings as you need to have meaningful conversations with the audit lead.”

—Shyrose Janmohamed, TFS — Canada’s International School

“The more workpapers you have electronically, the better. Become electronic!”

—Lauren Edwards and Jennifer Quindoza, Collegiate School

- date is set for the auditing team to come to the school.
3. The business office uses the following week to compile requests and make sure everything is ready for the onsite visit from the auditors.
 4. Auditors come onsite (perhaps three weeks after submission of original documents) and review materials, meet with respective members of leadership, have a formal exit conversation with the business office, and discuss the plan for completion.
 5. Auditors work remotely over the final week of the month to complete

the required reporting and review procedures, and provide draft reports to the business office for review.

Did the total time commitment of the business office change? In a perfect world, no. Did the amount of time the auditors spent working on the audit change? No. Did the stress put on either the business office or the auditing team by the artificial constraint of a week get reduced? Hopefully yes! This example may not work perfectly for everyone, but we can use lessons learned during the pandemic to think about improving the overall process.

Audit Procedures

Reviewing paper files and scrolling through large spreadsheets of information is a thing of the past. Data analytics continue to be used more significantly in auditing procedures. It allows for full sets of data to be reviewed very quickly, can identify trends or outliers, and can provide a more streamlined approach and increase efficiencies.

Audit procedures will also continue to evolve through enhanced technology and the use of artificial intelligence. CLA, for example, is developing technology to have board minutes mined for key auditing information.

Being Prepared

The crux of any audit in the past, now, or in the future is that both the school and the auditing team are fully prepared:

- When deadlines are set, make sure your team has input to make them feasible.
- When requests are determined, don’t just copy exactly what was done the prior year. Each year is different, each new employee is different, and each system or process change is different.
- Be meaningful in how you think of your timelines, and consider all changes and factors.
- Include some buffer time. It is rare for the audit process to go 100% according to plan.

Schools are more complex now than they were 10 years ago. There are always moving targets, new projects, transitions, new accounting standards and sometimes a major crisis — though hopefully no more pandemics. Being prepared will continue to be the heart of the entire process. **N**



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