# THE POWER OF BEING UNDERSTOOD

AUDIT I TAX I CONSULTING

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Presented to

# THE BOARD OF DIRECTORS OF THE SAN ANTONIO EARLY CHILDHOOD EDUCATION MUNICIPAL DEVELOPMENT CORPORATION

May 19, 2020

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# Engagement Team and Roles

- RSM (Prime 80%)
  - Marc Sewell, Engagement Partner
  - Kevin Smith, Second Partner Reviewer
  - Kane Wells, Audit Manager
  - Elizabeth Lyssy, Senior Auditor
  - Audit Staff
- Schriver, Carmona, & Company (Subcontractor 20%)
  - Chris Carmona, Partner
  - Richard Martinez, Audit Staff



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# Overview of COVID-19 impacts to our audits

We are actively monitoring the evolving circumstances related to COVID-19. We continue to closely follow our firms and your directives regarding responsive actions. Our offices are closed and we have advised our team to work remotely.

We also appreciate the significant impact this may have on your people, your operations, and your results. Likewise, these circumstances need to be properly assessed in connection with an annual audit, including the need to rapidly assess evolving financial reporting, disclosure and control risks and adjusting procedures accordingly.

- We have taken steps to ensure the continuity of our services and mitigate the risks of delays related to our deliverables.
- We will stay connected with local management and be responsive to changes, particularly in terms of your policies and working practices.
- We have tools via our Client Portal, Collaborate, to electronically administer the secure sharing of supporting documentation and deliverables between RSM US LLP and you.
- Our auditing services group within our National office is evaluating the most effective way to address remote work options for procedures ordinarily conducted in person. We will work with management to complete these procedures safely and consistent with the policies instituted by both our institutions.
- Our team are working remotely and have the technology needed to do so. We also have the ability to conduct essential meetings with management and Audit Committees via voice/video conferencing and expect no disruption in this regard.



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# Coordination with Management

- ***Entrance conference*** – we will meet with management to discuss audit risks, exchange information, agree on timelines and get an understanding of significant changes from previous years.
- ***Planning & Interim Procedures*** – prepare risk assessment, develop our audit plan, perform analytical procedures and prepare various other workpapers (including testing of the federal major program)
- ***Year-End Procedures*** – performance of year-end audit procedures which include testing transactions, confirmations, substantive analytical procedures, testing reconciliations, etc.
- ***Reporting*** – review financial statements prepared by Pre-K 4SA for conformity with GAAP and communicate any changes or questions
- **Exit Conference** – review the results of the audit with management and discuss any potential management letter comments, adjustments, or other items



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# Audit Scope and Deliverables

- Financial Statement Audit
  - Basic Financial Statements
  - Notes to Financial Statements
- Compliance Audit
  - Federal Major Program
- Deliverables
  - Independent Auditor's Reports
  - Report on Internal Control Over Financial Reporting
  - Report on Compliance with Federal Major Program
  - Letter on Conduct of Audit
  - Management Letter
  - Data Collection Form



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# Timeline

- May 2020 – Meet with Board
- May 2020 – Preliminary Planning
- August/September 2020 – Planning and Interim Audit Procedures
- August/September 2020 – Year-end Fieldwork Audit Procedures
- September 2020 – Financial Reporting
- October/November 2020 – Presentation of the financial audit report and the results of the audit to the Board of Directors



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# Required Communications

- **Communication** – We strive to develop an effective two-way communication between the Board of Directors and RSM to understand audit matters and develop a constructive working relationship.
- **Independence** – Firm has policies and procedures to ensure RSM remains independent (i.e. no conflicts of interest) and to comply with professional independence standards.
- **Engagement Objectives** – The scope of the audit is to determine that the financial statements are fairly presented in conformity with GAAP .
- **Audit Approach** – We obtain an understanding of Pre-K 4 SA's business operations to effectively develop a financial reporting risk assessment and audit plan.
- **Materiality** – The auditor's allowance for those errors and corrections detected and also those not detected as a result of audit procedures.



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# THANK YOU FOR YOUR TIME AND ATTENTION



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# QUESTIONS AND ANSWERS?



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