



THE SYSTEM CFO SERIES
HINDOL DATTA

FREE ASSESSMENT

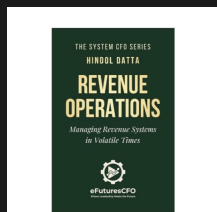
PILLAR 3: TACTICAL OPERATIONS | TOOLKIT #20 OF 37

THE AUDIT READINESS DIAGNOSTIC

*Being Ready for the Auditors
365 Days a Year*

20-Question Diagnostic | 5-Page Assessment

Score Your Organization 1-5 Across Four Dimensions
Identify Gaps and Build Your Action Plan



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Where Leadership Meets the Future

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QUESTIONS 1-5

Section A: Audit-Ready Documentation and Records

Could You Hand Your Records to an Auditor Today — Without Scrambling?

Audit readiness is not a quarter-end sprint — it is a year-round operating discipline. The finance organizations that dread audits are the ones that spend weeks assembling documentation, chasing approvals, and reconstructing transactions. The System CFO maintains perpetual audit readiness: organized records, complete documentation, accessible support, and clean reconciliations available at any moment.

A. AUDIT-READY DOCUMENTATION AND RECORDS

1	All significant accounting policies are documented and current — revenue recognition, capitalization thresholds, lease accounting, stock compensation, and other judgment-intensive	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
2	Journal entry support is complete — every material journal entry has supporting documentation, business purpose, preparer identification, and approver sign-off accessible within	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
3	Contracts are organized and accessible — the organization maintains a contract repository where revenue agreements, vendor contracts, leases, and employment agreements can be	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
4	Account reconciliations are current and complete — every material balance sheet account has a reconciliation with supporting schedules, aging of reconciling items, and	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
5	Financial statement tie-out is documented — the mapping from trial balance to financial statement presentation is clear, with roll-forward schedules for complex areas like equity,	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best

SECTION A SCORE: Total: ____ / 25 Average: ____ / 5

QUESTIONS 6-10

Section B: Internal Controls and SOX Readiness

Are Your Controls Documented, Tested, and Operating Effectively?

Internal controls exist on a maturity spectrum — from informal habits to documented, tested, and monitored processes. As organizations grow toward IPO or significant scale, controls must formalize. The System CFO builds a controls framework that starts with the highest-risk areas and progressively covers the full scope of financial reporting, regardless of whether SOX compliance is currently required.

B. INTERNAL CONTROLS AND SOX READINESS

6	Key financial controls are documented — narrative descriptions or flowcharts exist for material transaction cycles (revenue, procurement, payroll, close) identifying control points.	1	2	3	4	5
		Non-Ex	Ad Hoc	Dev	Estab	Best
7	Segregation of duties is enforced — no single person can initiate, approve, and record a financial transaction, and system access controls reflect the segregation matrix in the	1	2	3	4	5
		Non-Ex	Ad Hoc	Dev	Estab	Best
8	Controls are tested periodically — management or internal audit evaluates whether controls are operating as designed, with test results documented and deficiencies tracked to	1	2	3	4	5
		Non-Ex	Ad Hoc	Dev	Estab	Best
9	IT general controls are in place — access management, change management, system backup, and data integrity controls exist for all systems that impact financial reporting.	1	2	3	4	5
		Non-Ex	Ad Hoc	Dev	Estab	Best
10	A remediation process exists for control deficiencies — when a control gap or failure is identified, there is a defined process for root cause analysis, corrective action, and	1	2	3	4	5
		Non-Ex	Ad Hoc	Dev	Estab	Best

SECTION B SCORE: Total: ____ / 25 Average: ____ / 5



QUESTIONS 11-15

Section C: Audit Process Management and Communication

Do You Manage the Audit — or Does the Audit Manage You?

The audit engagement should be a managed process, not an invasion. The System CFO establishes a structured engagement model with the external auditors — agreeing on timelines, request lists, and communication protocols before fieldwork begins. Surprises during an audit indicate inadequate preparation. The goal is zero audit adjustments and zero new findings.

C. AUDIT PROCESS MANAGEMENT AND COMMUNICATION

11	Audit planning begins well before year-end — the finance team meets with auditors in Q3 to discuss the audit plan, identify focus areas, agree on the request list, and schedule interim	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
12	Audit requests are organized centrally — a shared portal or folder structure provides auditors with requested documents, and request status is tracked to ensure timely completion	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
13	Interim audit work is maximized — as much testing as possible is completed during interim fieldwork (Q3 or Q4), reducing the year-end burden and enabling a faster post-year-end	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
14	Communication with auditors is proactive — new transactions, accounting positions, or significant estimates are discussed with auditors as they arise, not surfaced for the first time	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
15	Prior year audit findings are fully remediated — every management letter comment and control deficiency from the prior audit has been addressed, with evidence of remediation	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best

SECTION C SCORE: Total: ____ / 25 Average: ____ / 5



QUESTIONS 16-20

Section D: Audit Outcome Quality and Continuous Improvement

Are Your Audits Getting Cleaner, Faster, and Less Expensive?

The trajectory of audit outcomes tells a story about the finance organization's maturity. Fewer adjustments, fewer findings, shorter timelines, and lower fees indicate an improving control environment and a well-run finance function. The System CFO tracks these metrics year over year and uses them as indicators of organizational health — because an organization that cannot pass a clean audit cannot scale with confidence.

D. AUDIT OUTCOME QUALITY AND CONTINUOUS IMPROVEMENT

16	The organization has achieved a clean audit opinion in each of the last three years — with no material weaknesses, no significant deficiencies, and minimal audit adjustments.	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
17	Audit fees are benchmarked and managed — the organization compares audit costs against peer companies and negotiates scope and fees proactively rather than accepting year-over-	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
18	Audit adjustments are trending toward zero — the number and magnitude of proposed adjustments is tracked year over year, with root cause analysis driving process improvements that	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
19	Management letter comments are decreasing — the number of observations and recommendations from auditors is declining as the organization addresses systemic issues rather than	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
20	Audit completion timeline is shortening — the elapsed time from year-end to signed opinion is decreasing year over year as the organization improves its close process and audit	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best

SECTION D SCORE: Total: ____ / 25 Average: ____ / 5

OVERALL ASSESSMENT SCORE
 Section A: ____ / 25 Section B: ____ / 25 Section C: ____ / 25 Section D: ____ / 25 TOTAL: ____ / 100 AVG: ____ / 5

GAP TO GOAL

Gap-to-Goal Action Plan

Bridging the Gap — Audit Readiness Diagnostic

Transfer your five lowest-scoring questions. For each gap, define the target state, specific actions, owner, timeline, and success metric. Focus on highest-impact gaps first.

GAP #	Q REF	CURRENT	TARGET	SPECIFIC ACTION TO CLOSE GAP	OWNER	DEADLINE	METRIC
1	Q__	___/5	___/5	_____	_____	_____	_____
2	Q__	___/5	___/5	_____	_____	_____	_____
3	Q__	___/5	___/5	_____	_____	_____	_____
4	Q__	___/5	___/5	_____	_____	_____	_____
5	Q__	___/5	___/5	_____	_____	_____	_____

ASSESSMENT SUMMARY

Completed by: _____ Date: _____

Overall average score: ___ / 5 Items scored 1-2 (critical): ___

Items scored 3 (developing): ___ Items scored 4-5 (strong): ___

Top strength: _____

Most critical gap: _____

One action this week: _____

READY TO GO DEEPER?

This free assessment identified your gaps. The Premium System CFO Toolkits provide the frameworks, templates, and action plans to close them. Visit EfuturesCFO.com





READY TO GO DEEPER?

This Assessment Identified the Gaps. The Premium Toolkit Closes Them.

PREMIUM: The Organizational Finance Assessment Kit (46 Pages)

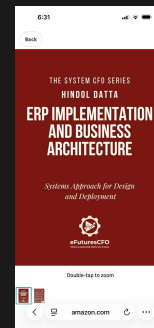
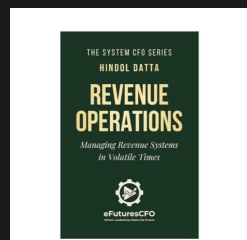
The full premium assessment kit includes comprehensive diagnostics across 16 finance domains including audit and controls, with 300+ evaluation items, maturity scoring frameworks, and detailed remediation planning templates covering every aspect of the finance

*Plus: Access the ^{function} Super Exclusive 46-Page
System CFO Organizational Finance Assessment Kit*

ABOUT THE AUTHOR

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