

Audit Readiness Checklist for Venture Capital Firms

This checklist is designed to help VC firms prepare for their annual financial audit. By embedding audit-readiness practices into daily operations, your fund can ensure transparency, efficiency, and compliance while minimizing year-end stress. The checklist is categorized into core functional areas relevant to a typical VC firm's operations.

1. Governance & Oversight

- ☐ Review Limited Partnership Agreement (LPA) for audit requirements and timelines.
- ☐ Ensure Advisory Committee or LPAC meeting minutes are documented and accessible.
- ☐ Identify and update 'Those Charged with Governance' contact list.
- ☐ Maintain a documented record of approvals for major decisions (e.g., new investments, writedowns).

2. Financials & Accounting

- ☐ Ensure all capital calls, distributions, and management fee calculations are recorded accurately.
- ☐ Reconcile fund bank accounts monthly.
- ☐ Reconcile capital account statements for each LP on a quarterly basis.
- ☐ Verify fund expenses are properly classified and backed by receipts/invoices.
- ☐ Document carried interest and fee allocations as per fund waterfall.

3. Valuation Documentation

- ☐ Maintain a board-approved valuation policy aligned with IFRS/GAAP.
- ☐ Prepare valuation memos for each portfolio company.
- ☐ Track and record third-party valuation inputs (funding rounds, revenue KPIs, etc.).
- ☐ Retain evidence for any valuation changes or decisions to hold values steady.
- ☐ Share draft valuation memos with auditors before audit fieldwork begins.

4. Investment Process Documentation

- ☐ Archive final signed investment memos and term sheets.
- ☐ Document IC meeting minutes and decisions.
- ☐ Retain signed versions of key legal agreements (SHA, SSA, SAFE, etc.).

- ☐ Ensure ownership positions are reconciled with cap tables provided by portfolio companies.

5. Tax, Legal & Compliance

- ☐ Confirm regulatory filings (local compliance, FATCA, CRS) are up-to-date.
- ☐ Ensure tax returns (for fund and partners) are filed or in process.
- ☐ Confirm audit rights clauses are available in key contracts.
- ☐ Review IT and data policies for compliance with LP expectations.

6. Communication with Auditors

- ☐ Provide auditors with access to your fund admin, custodian, and relevant stakeholders.
- ☐ Schedule a pre-audit planning call with auditors at least 6-8 weeks in advance.
- ☐ Flag complex or non-standard transactions early for discussion.
- ☐ Circulate prior year's audit findings and confirm remediation steps have been completed.

7. Internal Team Awareness

- ☐ Conduct quarterly audit-readiness briefings for investment, legal, and ops teams.
- ☐ Assign a central document repository with restricted access for audit documents.
- ☐ Designate a single point of contact for auditor queries.
- ☐ Keep management regularly updated on audit progress and emerging findings.