Financial model audit checklist

25 checks for any Excel financial model. Tick each box; anything you cannot tick is a question for the model's owner.

1. Layout and inputs

- [ ] Inputs are on their own sheet or clearly coloured, and appear only once.
- [ ] Every sheet has a title, units (thousands? millions?) and the currency.
- [ ] Time runs the same way on every sheet (same first column, same period length).
- [ ] No hidden rows, columns or sheets that feed totals. Unhide everything once.
- [ ] A short notes or cover sheet explains what the model is for and who changed it last.

2. Formulas

- [ ] Each row uses one formula copied across. A cell that differs from its neighbours is the first thing to look at.
- [ ] No typed numbers inside formulas (for example `=B4*1.07`); the 7% should be an input cell.
- [ ] Sums cover the full range - check the first and last row of every total.
- [ ] No `#REF!`, `#DIV/0!`, `#N/A` or `#VALUE!` anywhere, including hidden areas.
- [ ] Circular references are either removed or deliberate, documented and switched by one input.
- [ ] Signs are consistent: costs either always negative or always positive.

3. Links

- [ ] Data > Edit Links shows no outside workbooks, or each one is expected.
- [ ] Named ranges point to the right place (Formulas > Name Manager) and none show `#REF!`.
- [ ] Lookups (XLOOKUP, VLOOKUP, INDEX/MATCH) use exact match unless there is a reason not to.
- [ ] Dates come from one start-date input, so every period, year-end and date switch moves together.

4. The three statements

- [ ] The balance sheet balances in every period (a check row that shows zero).
- [ ] Closing cash on the balance sheet equals closing cash on the cash flow.
- [ ] Retained earnings move by profit minus dividends.
- [ ] Debt never goes below zero and interest uses the right balance (opening or average, but stated).
- [ ] Depreciation stops when the asset is fully written off.

5. Logic and valuation

- [ ] Revenue growth, margins and working-capital days are believable next to the company's past.
- [ ] In a DCF, the long-run growth rate is below the discount rate, and cash flows are after tax and after reinvestment.
- [ ] The discount rate matches the cash flow (free cash flow to the firm with WACC; to equity with cost of equity).
- [ ] A sensitivity table shows what moves the answer most.
- [ ] Change one input a lot (for example sales -30%): the model still balances and the result moves the way you expect.

Quick Excel tools: Show Formulas `Ctrl + ` ` · Formulas > Error Checking · Go To Special > Constants · Trace Precedents · Evaluate Formula · Data > Edit Links. Step-by-step guide: tradingcheckup.com/how-to-find-

formula-errors-in-excel/