



LLP
CERINI & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS



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AUDIT COMMITTEE

BOOTCAMP

FREE LIVE WEBINAR SERIES

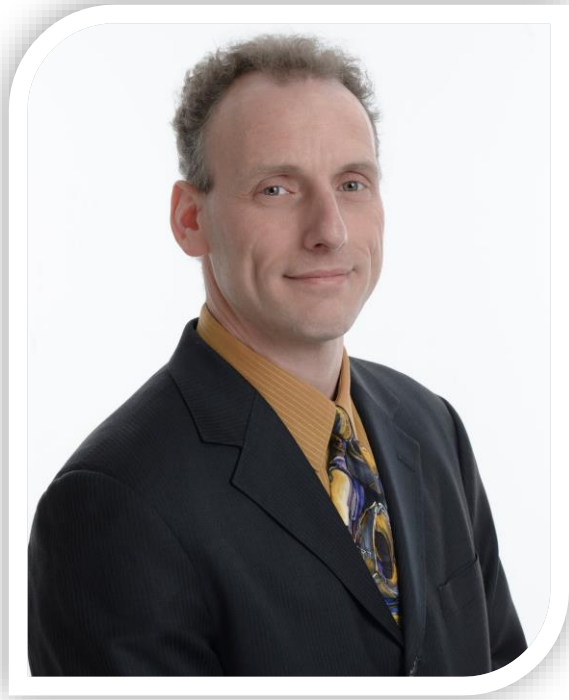
THE COMMITTEE'S ROLE IN THE AUDIT PROCESS

**THE ROLE OF THE AUDIT COMMITTEE WITH
RESPECT TO EXTERNAL PARTIES**

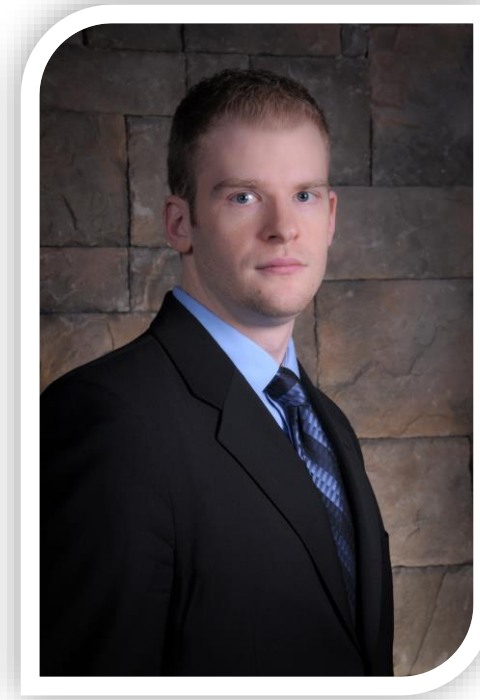
The Audit Committee's Role in the Audit Process External Communications



Our Presenters



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Goals of Presentation

- ▶ Evaluating and choosing an auditor
 - ▶ The RFP process
 - ▶ Selection criteria
 - ▶ Decision making
- ▶ Retaining an auditor
 - ▶ Engagement letter review
 - ▶ Pre- and post-audit meetings
 - ▶ Report review
 - ▶ Board interactions

Choosing An Auditor

- ▶ The request for proposal (RFP) process
 - What is it?
 - When is it needed?
 - How often should it be repeated?
 - How should it be timed for an upcoming audit?



Choosing An Auditor

- ▶ The RFP process
 - ▶ What to include
 - ▶ Organization description - mission, values, programs
 - ▶ Governance description - Board, Committees
 - ▶ Management/accounting department description - officers, finance personnel
 - ▶ Tax status and exemptions
 - ▶ Relevant funding sources - government agencies, foundations, donors
 - ▶ Software utilized - accounting, billing, compliance
 - ▶ Major events/changes - financial condition, programs, debts, leases COVID impacts
 - ▶ Prior reports - financial statement, compliance reports, management letters, tax filings, cost reports (CFR's)
 - ▶ Interim financial reports
 - ▶ Deliverables requested
 - ▶ Timelines and deadlines
 - ▶ Contact information
 - ▶ Desired response format

Choosing An Auditor

- ▶ Selection criteria
 - ▶ Sourcing solicitations
 - ▶ Number of bidders to solicit
 - ▶ Identifying potential firms
 - ▶ Point of contact within organization
 - ▶ Accumulate questions and respond to all
 - ▶ Individual discussion with each bidder

Choosing An Auditor

- ▶ Industry experience
 - ▶ Funding sources - specific government agencies, billed and earned program services, foundations, restricted donations
 - ▶ Government regulators
 - ▶ Uniform Guidance for federal funds recipients
 - ▶ Pensions/retirement plans
 - ▶ Cost reports for certain agencies
 - ▶ Restrictions on contributions/net assets
 - ▶ Reporting rules - supplemental schedules, special-purpose reports
 - ▶ New accounting rules
 - ▶ PPP loans
 - ▶ Revenue recognition
 - ▶ Contributions
 - ▶ Special tax considerations - unrelated business income tax (UBIT), multi-state filings, prohibited transactions



Choosing An Auditor

- ▶ Staffing patterns of auditors
 - ▶ Team composition - size and experience
 - ▶ Partner involvement and roles - original work, review, accessibility, presentation
 - ▶ Managerial involvement and roles - original work, review, accessibility, presentation
 - ▶ Historical turnover/retention of firm

Choosing An Auditor

▶ COVID-19

▶ Use of technology

- ▶ Electronic working papers - DocuSign, Adobe Sign

- ▶ File sharing applications - Citrix Share File, Dropbox, Box

- ▶ Security/access

▶ Remote working abilities

Choosing An Auditor

▶ Demeanor

- ▶ Communication methods for findings - management letter, Committee reports, Board reports, verbal
- ▶ Flexibility - adjustments, severity of findings, audit plan and timing changes
- ▶ Responsiveness - returned emails and calls
 - ▶ Adherence to, and acceptance of, deadlines
- ▶ Personality - interpretation of independence rules, friendliness, disagreement handling

Choosing An Auditor

- ▶ Value adds
 - ▶ Information sharing
 - ▶ Additional resources/capabilities - non-traditional services, familiarity with more complex transactions and situations
 - ▶ Accounting updates - standards and rules changes and updates
 - ▶ Industry updates - legal changes, government regulation updates
 - ▶ Connections - finance, legal, insurance, payroll, IT
 - ▶ Availability for questions throughout the year

Choosing An Auditor

- ▶ Fees and extra bills
 - ▶ Multi-year commitments
 - ▶ Annual increases
 - ▶ Budget overruns
 - ▶ Special requests
- ▶ Communication style
 - ▶ Board presentation format and style
 - ▶ Exit meetings



Choosing An Auditor

- ▶ Peer review/audit quality
 - ▶ What is it?
 - ▶ Why is it important?
 - ▶ What to look for in opinion letters
 - ▶ Price versus quality considerations
- ▶ References
 - ▶ Lost clients and reasons why
 - ▶ Size and type of references
 - ▶ Industry involvement/expertise - affiliated trade groups and membership organizations

Choosing An Auditor

- ▶ Decision making
 - ▶ Developing a scorecard
 - ▶ Interviews
 - ▶ Assess all factors after interviews
 - ▶ Vote
 - ▶ Inform bidders
 - ▶ Begin the succession process, if needed
 - ▶ Cooperation from prior auditors

Working with Existing Auditors

- ▶ Engagement letter review
 - ▶ Management responsibilities
 - ▶ Auditor responsibilities
 - ▶ Fees
 - ▶ Notable changes, if any
 - ▶ Timing and deliverables



Working with Existing Auditors

- ▶ Pre- and post-audit meetings
 - ▶ When to meet with the auditors
 - ▶ What to discuss
 - ▶ Audit plans
 - ▶ Prior year results
 - ▶ Operational changes - programs, finances, staffing, IT
 - ▶ External changes - regulations, audits, frauds, litigation
 - ▶ Accounting changes - new implementations
 - ▶ Findings
 - ▶ Interactions with the Board

Working with Existing Auditors

- ▶ Report review
 - ▶ Financial statements/financial analysis
 - ▶ Required communications
 - ▶ Management letter
 - ▶ Uniform Guidance report
 - ▶ Tax filings
 - ▶ Pension/retirement plan audits (if applicable)

Working with Existing Auditors

- ▶ Board interactions
 - ▶ Summary of audit and tax work (sometimes)
 - ▶ Summary of findings
 - ▶ Recommendations for approval/votes





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AUDIT COMMITTEE

BOOTCAMP

Wednesday, May 5, 2021 | 9:00 am – 10:00 am

Internal Communication and Understanding Risk

Matthew Burke & Tania Quigley

The role of the audit committee with respect to internal parties – Who should be communicating with the audit committee, how often, what information should the audit committee review with respect to the organization’s control environment, what risks should the organization be considering and who’s responsibility is it.