2021 NONPROFIT ➤➤➤ AUDIT COMMITTEE

BOOTCAMP

FREE LIVE WEBINAR SERIES

CERINI & ASSOCIATES LLP

CERTIFIED PUBLIC ACCOUNTANTS

THANKS FOR JOINING US!

THE WEBINAR WILL BEGIN SHORTLY.
YOU CAN DOWNLOAD THE MATERIALS AT
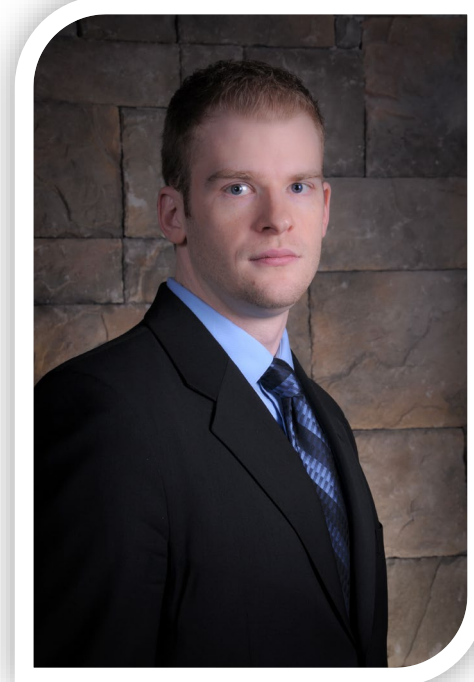**www.ceriniandassociates.com/nonprofit-audit-committee-bootcamp**

The Audit Committee's Role in Internal Communications and Understanding and Managing Risk

CERINI & ASSOCIATES LLP
CERTIFIED PUBLIC ACCOUNTANTS

Our Presenters

Tania Quigley, CPA
tquigley@cerinicpa.com
631-582-1600 x201

Matthew Burke, CPA, CFE
mburke@cerinicpa.com
631-582-1600 x214

CERINI & ASSOCIATES LLP
CERTIFIED PUBLIC ACCOUNTANTS

Summary of this Webinar

- Recap of prior webinars
  - General roles and responsibilities of an Audit Committee; and
  - Working with external auditors.
- Goals of today's webinar:
  - Gaining a full appreciation of the depth of an Audit Committee's detailed roles and responsibilities;
  - Understanding who the Audit Committee interacts with to achieve its goals; and
  - Developing effective risk management techniques.

Purposes of an Audit Committee

▶ General goals of an Audit Committee are to ensure:

  ▶ Organizational integrity and ethics;

  ▶ Financial transparency, accuracy, and stability;

  ▶ Accountability to stakeholders (to be defined later);

  ▶ Transparency;

  ▶ Proper risk management (to be discussed later); and

  ▶ Compliance with laws and regulations (also to be discussed later).

Stakeholders of Non-Profit Organizations

- Government agencies:
  - Federal – IRS and other funding sources;
  - States – Attorney General offices and other funding sources; and
  - Local government units – counties, towns, etc.
- Actual and potential donors – individuals, businesses, foundations;
- Consumers/constituents served by non-profits;
- Lenders – banks and other financial institutions;
- The press; and
- The general public.

CERINI & ASSOCIATES LLP
CERTIFIED PUBLIC ACCOUNTANTS

Audit Committee Interactions

▶ To achieve their goals, Audit Committees normally interact with:

- ▶ Boards of Directors;

- ▶ Management – employees of non-profits;

- ▶ Internal auditors – independent internal group charged with assessing, testing, and monitoring internal processes, procedures, and controls; and

- ▶ External auditors – independent accountants hired to report on the accuracy of the non-profit's financial statements.

    - ▶ This was discussed in our prior webinar. Please view that for more information. It will not be covered today.

Interacting with the Board of Directors

- Board interactions – Audit Committees should discuss the following with Boards of Directors:
  - Plans for internal and external audits;
  - Results of internal and external audits;
- Results of risk management reviews (to be covered later in-depth);
- Internal controls – checks and balances, systems, and processes;
- Legal regulations;
- Tax matters and reviews; and
- Other internal policies/governance.

8

Interacting with Non-Profit Personnel

- Management interactions – Audit Committees should discuss the following with members of management:
  - Internal controls (checks and balances, systems, and processes); and
  - Results or risk management reviews (to be covered later in-depth).
- Internal audit – Audit Committees should discuss the following with internal auditors:
  - Workplans for upcoming and future projects; and
  - Results of risk assessments internal audit tests/projects.

Effective Risk Management

- Governance:
  - Policies:
    - Conflicts of interest;
    - Fraud and ethics;
    - Whistleblower;
    - Record retention; and
    - Gift acceptance.
  - Internal controls:
    - Documented processes and procedures.

Effective Risk Management

- Government-related:
  - Taxes:
  - Exempt status;
  - IRS Form 990 and state filing reviews;
  - Unrelated business income tax (UBIT); and
  - Internal Revenue Code compliance.
- Regulations:
  - State laws and regulations (New York Nonprofit Revitalization Act);
  - Compliance with contracts with funding sources – service levels, documentation, reporting, external audit requirements;
  - Billing protocols, rates, procedures, documentation requirements, etc.;
  - Review of government agency audit findings; and
  - Interacting with compliance officers.

Effective Risk Management

- Finances:
  - Stability/position;
  - Investments;
  - Debts;
  - Ongoing performance;
  - Concentrations of revenue and support;
  - Cost structure; and
  - Insurance levels.

Effective Risk Management

▶ Personnel:
  ▶ Human Resources:
    ▶ Documented policies and procedures;
    ▶ Compliance with ever-changing regulations and rules; and
    ▶ COVID and other workplace safety matters.
  ▶ Staffing levels:
    ▶ Organizational charts; and
    ▶ Operating workflows.
▶ Information Technology (IT):
  ▶ Policies and procedures;
  ▶ Security; and
  ▶ Disaster recovery.
▶ Fraud:
  ▶ Policies; and
  ▶ Whistleblower communications.

CERINI ASSOCIATES LLP
CERTIFIED PUBLIC ACCOUNTANTS

THE CERINI NONPROFIT CONNECTION

Moderator:
Ken Cerini
Managing Partner
Cerini & Associates

Guest Speaker:
Michael Bellavia
CEO
HelpGood

HELP GOOD

TOPIC:
Social Media Strategy

Join us virtually through Facebook Live or Zoom:
May 11, 2021 | 12:00pm - 12:45pm