



Common Management Letter Findings & Audit Preparations

November 18, 2016

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Technical Difficulties?

- Contact WebEx at 1-866-229-3239
- Event #: **626 859 425**
- Event Password: GRF2016
- This webinar will be recorded and made available after the event
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Common Findings & Audit Preparations

Learning Objective: To provide attendees with a better understanding of common management letter findings and audit preparations.

Instructional Delivery Methods: Group-Live; Group Internet-based

Recommended CPE: 1.5 CPE

Recommended Fields of Study: Accounting & Audit

Prerequisites: None Required

Advance Preparation: None

Program Level: Basic

Course Registration Requirements: None

Refund Policy: No fee is required to participate in this session.

Cancellation Policy: In the event that the presentation is cancelled or rescheduled, participants will be contacted immediately with details.

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Common Findings & Audit Preparations

- Attendees seeking CPE for this presentation must complete and submit a short evaluation survey that will pop up on their screens after the webinar ends
- Three words will be shared during the webinar; the survey will ask you for those words
- Attendees cannot claim CPE unless we receive a completed evaluation survey and used the correct words
- Technical questions about the survey can be addressed to Alina Stone at astone@grfcpa.com
- **Turn off your pop-up blocker**
- This presentation is available for download at www.grfcpa.com/media/1118.pdf

Common Findings & Audit Preparations

Gelman, Rosenberg & Freedman CPAs

Robert W. Albrecht, CPA is an Audit Partner with Gelman, Rosenberg and Freedman CPAs, and specializes in auditing and consulting for nonprofit organizations that receive funding from agencies of the US Government. Recognized as the firm's leader with respect to international non-governmental organizations, Mr. Albrecht has traveled to over 100 countries on behalf of the firm's international clients.

Jennifer Arminger, CPA is an Audit Partner with Gelman, Rosenberg and Freedman, CPAs and specializes in auditing and accounting services for tax-exempt organizations, both locally and nationwide. Additionally, she has extensive expertise in compliance audits in accordance with Uniform Guidance (formerly A-133), and helps manage the employee benefit plan audit practice at the firm.

General Best Practices, Policies & Procedures

- Sarbanes Oxley related policies
 - Whistleblower
 - Conflict of interest
 - Document retention & destruction
- Accounting Policies & Procedures Manual
- Investment Policy
- Segregation of Duties
- Governance items

Assets

- Cash
- Investments
- Loans receivable
- Advances
- Accounts receivable
- Fixed assets

Liabilities

- Notes payable and lines-of-credit
- Accounts payable
- Deferred revenue

Equity

- Unrestricted (Undesignated vs. Designated)
- Temporarily Restricted
- Permanently Restricted

Revenue

- Grants and Contributions
- Membership Dues
- Seminar and Workshop Fees

Expenses

- Salaries
 - Timesheets
 - Allocation of Costs
 - Personnel Files
- Rental Expense
- Travel expenses, credit cards
- Sub-awards

Other

- Software (IT)
- Recurring operating losses
- Adequate supporting documentation
- Functional expenses & consistent allocation

Single Audit Compliance Findings

- Allocation of Salary Expenses
- Procurement
- Subrecipient Monitoring
- Suspension & Debarment checks
- Preparation of the Schedule of Expenditures of Federal Awards

10 Tips to Avoid Findings & Prepare for the Audit

➤ Tip 1: Be prepared to discuss changes.

1. Governance, management or ownership;
2. Programs, operations;
3. Technology;
4. Industry, funding sources.

10 Tips to Avoid Findings & Prepare for the Audit

- Tip 2: Use the PBC List from your auditor as a guide for preparation.
 1. Assign responsibility for each line item, review staff schedules for availability and set realistic time expectations;
 2. Feel free to request clarification, templates or copies of prior working papers;

10 Tips to Avoid Findings & Prepare for the Audit

- Tip 3: Be ready to explain significant actual-to-budget and prior-year variances.
- Tip 4: Always reconcile detail schedules to general ledger account totals.
 1. Update for any adjustments;
 2. Check that the balances match the general ledger and trial balance

10 Tips to Avoid Findings & Prepare for the Audit

- Tip 5: Make sure that beginning net assets match last year's audit report.
- Tip 6: Know what's included in the balance sheet accounts balance.
 - ✓ Do not provide just the General Ledger Detail
- Tip 7: Perform your own search for unrecorded liabilities.

10 Tips to Avoid Findings & Prepare for the Audit

- Tip 8: If your organization receives grants, make sure you have copies of all grant agreements in an organized set of files.
- Tip 9: Prepare a “roll forward” for Temporarily Restricted Net Assets – Beginning Balance (agrees to prior year audited financials)

10 Tips to Avoid Findings & Prepare for the Audit

- Tip 10: Review the disclosures for the Financial Statements & Prepare information to complete the disclosures
- Bonus: Stay in contact with the auditor throughout the year. Even the strictest independence rules allow auditors to do an unlimited amount of “teaching”.

Future Seminars

JAN



Open Forum: Ask the CPA
(Nonprofits)

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GRF Expertise

- GRF CPAs works with 500+ nonprofit organizations locally, nationally and internationally, travels to over 60 countries on behalf of our clients
- GRF CPAs annually conducts 100+ Single Audits for nonprofits, which receive federal funding and need to comply with Uniform Guidance
- Our CPAs host seminars, workshops and presentations to keep clients current with industry regulations
- GRF CPAs is an industry-recognized, award-winning firm with 35 years of experience working with nonprofits
- GRF CPAs is committed to technical excellence, personal attention, ongoing communication, staff continuity, community service and diversity
- GRF CPAs MOTTO- “Personal attention will never become obsolete”