

SEO DETAILS:

Page Title: Nonprofits: Decrease Audit Stress with These 5 Tips | [INSERT RELATED SERVICE] | [INSERT FIRM NAME]

Meta Description: [NAME OF FIRM] provides five steps that can help decrease audit stress for nonprofits.

Headline: Nonprofits: Decrease Audit Stress with These 5 Tips

BODY COPY:

Audits can be very stressful, especially for nonprofits. Nonprofit organizations must get audits right to ensure compliance with a variety of local laws and regulations. They must show those who have donated to their cause that they are good stewards of that money. Mistakes in the books and a poor audit can lead to decreased donations down the road, undermining the entire mission of a nonprofit.

While audits are certainly intimidating, you can take steps to decrease that stress. With the proper mindset and good planning, audits do not have to be cause for alarm.

1. Get a pre-audit checklist and work through it throughout the year.

Most auditors will give you a list of items that they intend to review. They also often provide unique deadlines for each item. Having this list before the audit can help you prepare properly and meet any necessary deadlines.

If your auditor does not provide this type of list ahead of time, you might want to ask for it. Alternatively, you can take the information you needed for prior audits and start a working checklist so you can internally prepare for the audit.

As you review the checklist, be sure that you get clarification wherever you have questions before the actual audit begins. Addressing these uncertainties at the outset can significantly reduce the stress around the audit.

Of course, you cannot prepare for everything in an audit, as each audit is required to have some level of unpredictability. However, having most of your documents ready to go to be reviewed can take some of the uncertainty out of even the unpredictable parts of the audit. You should, for example, have expense reports, journal entry support and program reports all ready to go in preparation for the audit. These documents will help you address questions that come up as well.

2. Create and maintain realistic expectations about the audit.

The auditor should provide some specific goals and expectations as part of their engagement letter. Having this information upfront can not only help you prepare, but it can also ensure that a third-party auditor is going to accomplish the goals you need in an audit.

Keep in mind that there should be a clear line between accounting services and audit functions. Any auditor will only evaluate what you have; they will not help you actually do the accounting or

reporting work. They will likely provide suggestions for improvements, but those will only come about after they complete the audit.

Once you get a thorough list of necessary improvements after the audit, you should work either internally or with another third party to do any accounting “cleanup.” If your internal team lacks the necessary expertise to address a specific item, look to a third-party CPA firm.

3. Ensure compliance and good practices year-round.

In preparation for the audit, you should take a hard look at internal processes to address areas where there is room for improvement. Although taking the time to go through this exercise can be cumbersome, it will be well worth it. Just be sure that you do this evaluation well in advance of the audit so you have time to implement changes as necessary.

You should also ensure that documented processes are actually being followed. You can make adjustments to the documents or to the process, whichever makes sense, in preparation for the audit. Updating policies and procedures periodically is not only good for any audit, but it also helps your team do their jobs more efficiently as well. It also helps with compliance issues before they start to cause problems.

4. Recognize any internal control deficiencies and be prepared to address them.

Having an explanation as to why you do things a certain way before the audit can be very helpful. For example, imagine that you currently have more than one person doing payroll and handling cash receipts. As this is a deficiency that can lead to errors and confusion, you should be able to explain why you are functioning in this way. A nonprofit also needs to provide information about safeguards they are using to ensure these internal control issues are addressed.

The same basic policy can be said any time you have more than one person handling accounting or finance functions. Contract authorization, expense approvals and actual purchasing functions are all areas where having one person rather than a group increases internal controls and accountability.

You should also be able to explain checks and balances functions that are currently in place or start thinking of ways that they can be implemented after the audit. The auditor might have suggestions on how to address this issue as well.

5. Communicate effectively with the auditor before, during and after the audit.

Having year-round communication with your auditor can be a great way to maintain controls and best practices. It also helps you keep up with several deadlines and ensure that the annual audit is done in a timely manner. Being proactive about ensuring compliance with new guidelines and rules can make the entire audit process run much more smoothly.

CLOSE:

Need help with audit preparation? Please contact [NAME] in our [DEPARTMENT] at [NUMBER] or [EMAIL].

SUGGESTED IMAGERY:



https://stock.adobe.com/images/business-partnership-coworkers-using-a-tablet-to-analysis-graph-company-financial-budget-report-and-cost-work-progress-and-planning-for-future-in-office-room/279634992?prev_url=detail