

**Fiscal Management Conference Call
Board Audit Committees**

May 25, 2011

Facilitator:
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Panelist:
Mitch Beauregard, Vice President, Finance and Administration,
ACCESS, Willimantic, Connecticut

Conference Call Goal:

Conversation among CAA leaders about:

- **Audit Committee roles**
- **Treasurer & Finance Committee roles**
- **Finding financial experts**
- **Auditor selection**
- **Board/auditor communication**
- **Key challenges**

Impetus for Audit Committees

- Sarbanes Oxley Act 2002
- Nonprofit accountability movement
- CSBG emphasis on Board oversight
- AICPA recommendations

Role of the Audit Committee?

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Role Contrast

<ul style="list-style-type: none">• Audit Committee– Auditor selection– Discussion of auditor findings & observations– Identification of control & oversight issues– Evaluation of performance of Finance Committee	<ul style="list-style-type: none">• Finance Committee– Budget recommendations– Finance Policy development & review– Review of financial statements– Set & monitor targets for financial health
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Pros & Cons of asking the Finance Committee to take on the roles of the Audit Committee?

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Pre-call Survey results

28% - **Audit** Committee distinct from Finance Committee

61% - **Finance** Committee functions as Audit Committee

11% - **Full Board** functions as Audit Committee

CAA Treasurer Roles?

- Finance Committee Chair?
- Participation on Audit Committee?
- Member of Executive Committee?
- Relationship with CFO/Fiscal Director?

Financial Expertise on the Audit Committee

- Experience and skills?
- Formal training?
- Attitude?
- Availability?
- Recruitment strategies?

Auditor Selection

- Establishing selection criteria
- Identifying potential candidates
- Interview
- Reference check
- CFO & CEO perspective
- Selection decision
- Evaluation

Pre-call survey:

Involvement w. Auditor Selection

Level of involvement of Audit or Finance Committee:

50% - *Very* involved

37.5% - *Somewhat* involved

12.5% - *Very little* or no involvement

Auditor Communication

- Audit Committee?
- Full Board?
- Conversation without staff?
- Follow-up on previous findings?

Pre-Call Survey:
Auditor's Meet With:

- 33 % - Full Board
- 13% - Committee but not full Board
- 40% - Committee & full Board
- 13% - Do not generally meet with Board or Committee

Pre-call Survey:
Auditor Meeting Without Staff?

- 24% - Yes
- 76% - No

Resources

- AICPA Not-for-Profit Audit Committee Toolkit Downloads (all free)
<http://www.aicpa.org/InterestAreas/BusinessIndustryAndGovernment/Resources/NotForProfitResourceCenter/Pages/AICPANot-for-ProfitAuditCommitteeToolkitDownloads.aspx>
- National Council of Nonprofits Audit Tool Kit
<http://www.councilofnonprofits.org/content/audit-toolkit>
- Northeast Institute for Quality Community Action
http://niqa.org/planning_toolkit/
- Independent Sector Resource Center on Effective Governance
http://www.independentsector.org/governance_ethics_resource_center
