



Getting Your Money's Worth from Your Audit

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Call Goals:

- **Conversation** among CAA leaders to explore strategies to gain maximum benefit from the investment of time and money in your annual audit
- **Opportunities** to discuss audit opportunities and challenges with an expert nonprofit auditor

Gary McGee, CPA

- Gary McGee is the founder and managing partner of Gary McGee & Co. LLP, an independent, highly specialized accounting firm that has developed strong partnerships with many of the Northwest's best known and most respected public and private nonprofit institutions. Formed in 1992 in Portland, Oregon, the firm is nationally recognized and focuses exclusively on audit, tax, accounting and advisory services for tax-exempt organizations and their donors. The firm practices in the States of Oregon, Washington and New York.
- Gary has worked in the tax-exempt community for more than thirty years, and represents a broad range of nonprofit organizations, including private foundations, public charities, U.S. affiliates of foreign charities, associations, and organizations interested in public policy. He has advised the Boards of many of the region's largest private foundations and public charities on a wide array of accounting issues, federal tax matters, and related issues.

Call Topics:

- Audit selection & fee negotiation
- Client's role in managing the audit process
- Accessing auditor expertise
- Gaining insight without compromising expertise

RFQ or RFP for Audit Services

- Sample letters in [AICPA Toolkit](#)
- Experience, qualifications, audit manager, audit team
- [Fees](#) for each component, including ?? on technical matters during the year
- Copy of auditor's [peer review report](#)
- Contact info for [comparable clients](#)

Evaluating Responses

- [Roles](#) of Board and staff in evaluation process
- Proposer opportunities to meet with CAA staff
- [Interview](#) strategies
- [Reference](#) checking
- [Criteria](#) for decision

Fee Negotiation Strategies

- Continuing auditors
- New auditors
- Add-on charges
- Opportunities for savings
- Including/excluding 990 preparation
- Do fees ever go down?

Pre-call survey results:

44% of respondents:

use multi-year audit fee agreements to limit fee increases or guarantee audit price

Pre-call survey results:

43% of respondents:

Have asked their auditors for suggestions about reducing or limiting increases in audit cost

Auditor Suggestions for Limiting Audit Costs

- Improve **preparation** – have needed documents readily available
- Auditor & COO have **annual review of opportunities** to limit audit costs
- Strengthen **internal audit/compliance** monitoring functions
- **Staff prepare schedules** previously prepared by auditors
- Increase our involvement in **990 prep**

Managing the Audit Process

- **Management strategies** when audit is bogging down
- Impact of **delaying field work** to complete preparations
- **Dealing with concerns** about auditor staff attitude or expertise during the audit

Dealing with Findings at the Draft Stage

- **Dealing with Audit Findings** is primary subject of August 3rd CAPLAW Call
- **Timing** for auditor to let client know that findings are being considered
- Opportunities for **client input on wording of findings**

Accessing Auditor Expertise??

- Appropriate questions to discuss with the auditor during the year
- Cost of mid-year discussions
- Auditor independence – distinctions between questions, technical assistance, and becoming part of management

Getting the Greatest Benefit from Auditor Communications

- Board and/or Audit or Finance Committee
- CEO
- CFO

Pre-Call Survey: Auditors Meet with:

- 55% Finance Committee functioning as Audit Committee
- 20% Board members without staff present
- 50% Privately with CEO

Auditor/Board Conversations

- Requirements in audit standards
- A-133 specific requirements
- AICPA Toolkit checklist of topics for auditor/Board communication
- Format for audit presentation meetings

Pre-Call Survey: Usefulness of Auditor Meeting with Board Members :

- 53% Very useful to the Board
- 33% Somewhat useful
- 13% Mostly a *formality* Board does not feel it provides useful information or assistance

Discussion with Board without Staff

- Useful? Necessary?
- Responsibility for initiating
- Who takes the lead
- Confidentiality
- Appropriateness of discussion of staff competence or performance

Tips for Maximizing Audit Value

- Improve **audit prep**
- Strengthen **internal audit/compliance monitoring**
- Negotiate clear **multi-year** agreement
- Use **auditor expertise** as challenges emerge
- Prepare **Board** to discuss issues with auditor

Resources

- AICPA Not-for-Profit Audit Committee Toolkit Downloads (all free)

<http://www.aicpa.org/InterestAreas/BusinessIndustryAndGovernment/Resources/NotForProfitResourceCenter/Pages/AICPAnot-for-ProfitAuditCommitteeToolkitDownloads.aspx>

AICPA Toolkit Resources

- Sample RFQ & RFP for CPA services
- Checklist for evaluating your Auditor
- Auditor required communications with audit clients – what auditors should discuss with Board members

More Resources

- National Council of Nonprofits Audit Tool Kit
<http://www.councilofnonprofits.org/content/audit-toolkit>

More Resources

- Northeast Institute for Quality Community Action
http://niqca.org/planning_toolkit/
- Independent Sector Resource Center on Effective Governance
http://www.independentsector.org/governance_ethics_resource_center
