

## Fiscal Management Conference Call **Board Audit Committees**

May 25, 2011

Facilitator:  
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Panelist:  
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### 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**

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### Impetus for Audit Committees

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

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**Role of the Audit Committee?**

CAPLAW  
Chartered Accountants Program Ltd. 2019/2020

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**Role Contrast**

<ul style="list-style-type: none"><li>• <b>Audit Committee</b></li><li>– Auditor selection</li><li>– Discussion of auditor findings &amp; observations</li><li>– Identification of control &amp; oversight issues</li><li>– Evaluation of performance of Finance Committee</li></ul>	<ul style="list-style-type: none"><li>• <b>Finance Committee</b></li><li>– Budget recommendations</li><li>– Finance Policy development &amp; review</li><li>– Review of financial statements</li><li>– Set &amp; monitor targets for financial health</li></ul>
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CAPLAW  
Chartered Accountants Program Ltd. 2019/2020

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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

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### CAA Treasurer Roles?

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

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### Financial Expertise on the Audit Committee

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

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### Auditor Selection

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

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*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

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### Auditor Communication

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

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*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

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*Pre-call Survey:*  
**Auditor Meeting Without Staff?**

- 24% - Yes
- 76% - No

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**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/](http://niqa.org/planning_toolkit/)
- Independent Sector Resource Center on Effective Governance  
[http://www.independentsector.org/governance\\_ethics\\_resource\\_center](http://www.independentsector.org/governance_ethics_resource_center)

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