



Getting the Audit Right

Presentation to NCAP 2026 Management & Leadership Training Conference

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Presenters



Adi Rubin, CPA
Managing Director, Outsourced Accounting Solutions

Adi Rubin is a managing director in the Outsourced Accounting Solutions Division in the Firm's Washington, DC office. Adi's career in public accounting has included several industries including real estate, professional services and Not-For-Profit.

Her focus since 2017 has been solely Not-For-Profit organizations. Her passion for this sector has her volunteer her time as a board member, finance committee and audit committee member of three different organizations.



Amber Hawkins, CPA
Senior Manager, Outsourced Accounting Solutions

Amber is located in Kentucky and works with CBIZ's OAS department based out of DC. She has over 16 years of public accounting experience. Amber joined the firm in 2014 and has served primarily the not-for-profit industry since then. For most of the time Amber has been at CBIZ, she has provided various accounting functions for numerous clients.

Prior to joining CBIZ, Amber worked as a nonprofit auditor. In that role, she was responsible for multiple clients, assisting in year-end audits, overseeing staff members, reviewing the work product of the staff, and day-to-day communication with the clients.

10K+

team members

160+

offices

32

states

22

major markets

Agenda

- Audit Fundamentals
- Planning for the Audit
- Preparing for the Audit
- Best Practices for a Successful Audit
- Common Audit Challenges and How to Address Them
- Executing the Audit
- Post Audit Activities

Why an Audit?

When you're new to the Organization – and from time to time – you should take the time to read through the notes to the financial statements to understand all policies documented.

- **Independent Audit** of the Financial Statements in accordance with *Generally Accepted Auditing Standards*
- **Independent Feedback** to management and the Board through our Management Letter
- **Matters Required to be Communicated** with those charged with governance

Make sure you read through last year's management letter and identify any actionable items from there. Your auditors will want to know what (if anything) has been put into action.

What type of audit do you need?

Financial

*Compliance
(Single Audit)*

Internal

External

Key Stakeholders and Roles

Stakeholder	Role in the Audit Process
Board of Directors/Audit Committee	Provides oversight, ensures audit is conducted, reviews and acts on audit findings.
Executive Director/CEO	Sets organizational tone, ensures resources are available, communicates importance of the audit.
Finance Director/CFO	Coordinates audit logistics, prepares financial statements, oversees internal controls, communicates with auditors.
Accounting/Finance Staff	Prepares supporting schedules and documentation, assists with inquiries, implements recommendations.
Department Managers	Provides operational context, supports documentation requests, and implements audit recommendations.
External Auditor/Audit Firm	Conducts independent assessment, reviews records and controls, issues audit report and findings.
Grant/Program Manager	Supplies program-related documentation, clarifies compliance matters, assists with inquiries.
Human Resources	Provides payroll, benefits, and personnel records as requested for audit verification.
IT/Data Manager	Ensures auditors have access to financial systems and electronic records, supports data security.

Selecting an Auditor

- Establish audit requirements
- Form a selection committee
- Develop Request for Proposal (RFP)
- Identify and Invite Potential Auditors
- Review Proposals
- Interview firms
- Check References and Credentials
- Make Selection
- Finalize Engagement
- Notify All Firms
- Prepare for Audit Kick-off

Preparing an RFP

An RFP should include

Scope of work

Required qualifications
and experience

Timelines and
deadlines

Submission
requirements

Evaluation criteria

Making a Selection

- Ask for recommendations
- Check for Independence
- Evaluate the proposals
 - Relevant experience and reputation
 - Technical approach and methodology
 - Staff qualifications
 - Fee structure and overall value
 - Understanding of your organization and its mission
 - Ensure they have capacity
 - Asks for a timeline from them for completing the audit
 - Compare subjective and objective criteria

Key Components of Services

- Evaluation of accounting for complex transactions
- Assistance with implementing new accounting standards
- Best practices
- Access to firm resources
 - Compensation & Benefits
 - Employee Benefits Plan (ERISA)
 - Managed Services
 - Tax Advisory
 - Technology
 - Transaction Advisory
- Risk-based audit approach

Plan ahead and provide details of any known transactions in advance of call or be prepared to discuss potential transactions if uncertain.

Your auditors likely send you information throughout the year as new pronouncements are issued. Don't wait until your audit rolls around to discuss how these may impact your organization.

Audit Approach Overview – Risk Assessment

Remember – an audit is meant to establish reasonable assurance...

Understand the entity and its environment, including its internal controls

Assessment of risk that the financial statements are materially misstated

Linkage of identified risks to audit procedures

Understanding the Entity

- Industry and other external factors
- Nature of the entity
- Objectives and related business risks
- Measurement and review of financial performance
- Committee of Sponsoring Organizations (COSO) internal control components

Assessment of Risk

- **Inherent risk** – the risk that an account is materially misstated without consideration of internal controls.
- **Control risk** – the risk that a client’s internal controls fail to detect or prevent a material misstatement from occurring.
- **Detection risk** – the likelihood that a material misstatement will not be detected by the auditor’s testing.
- Audit risk is a factor of all three components

Preparing for the Audit



Monthly and year end checklist



Documentation



Reconciliations

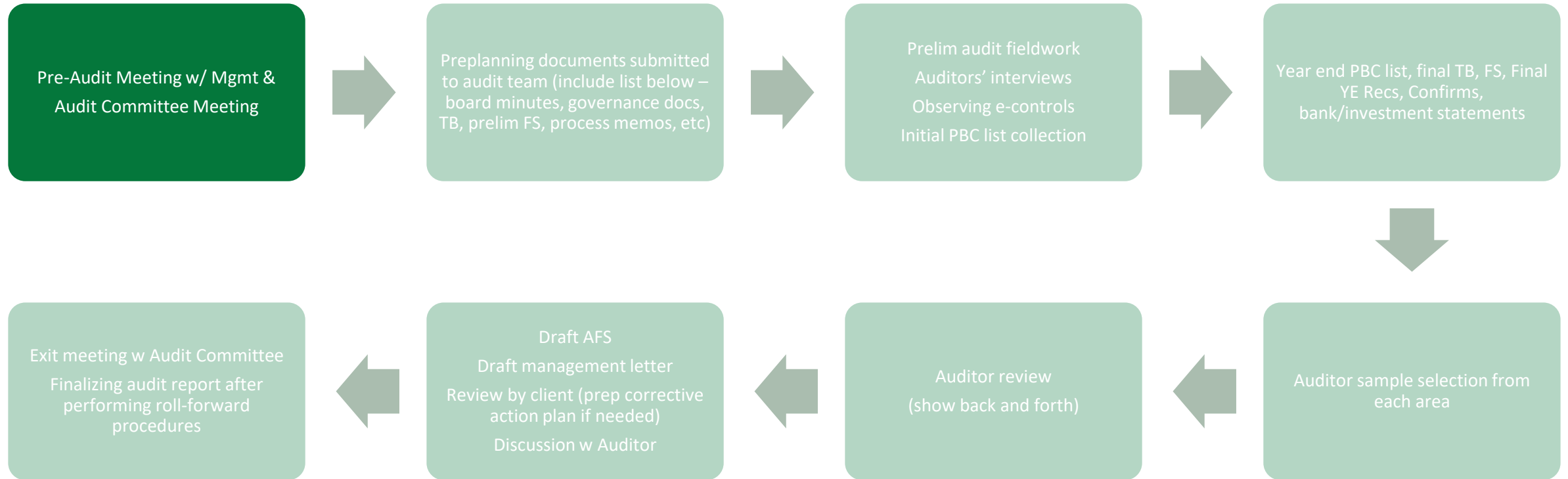


Pre-testing

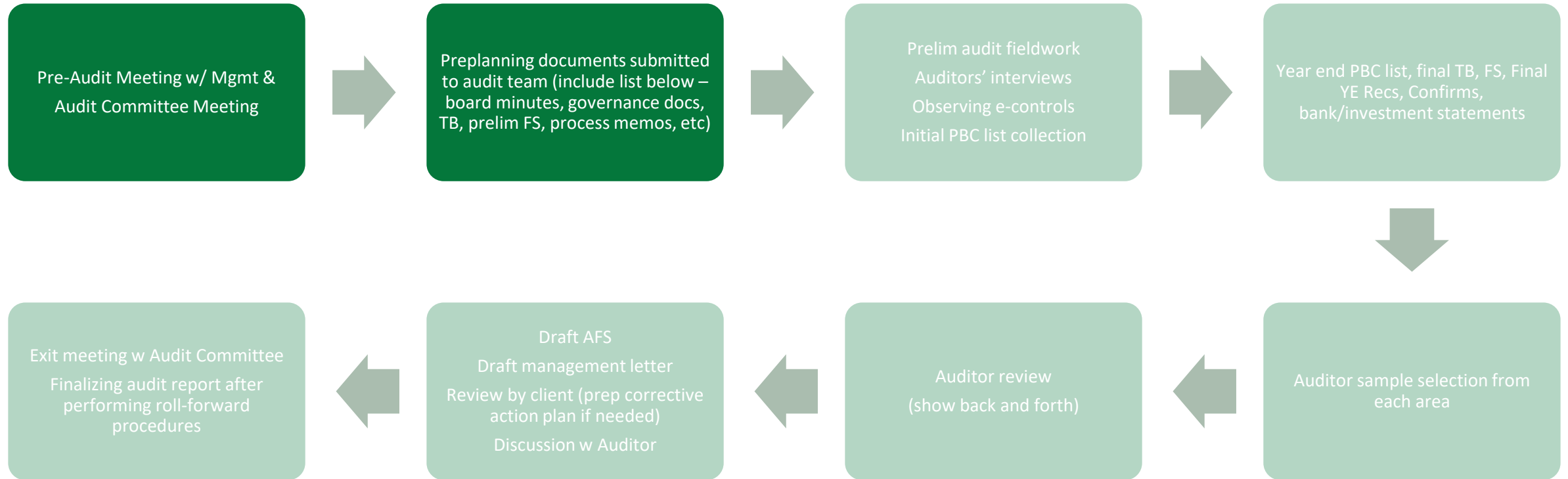


Review prior year findings or other items communicated (if any)

Audit Timeline – Key Dates



Audit Timeline – Key Dates



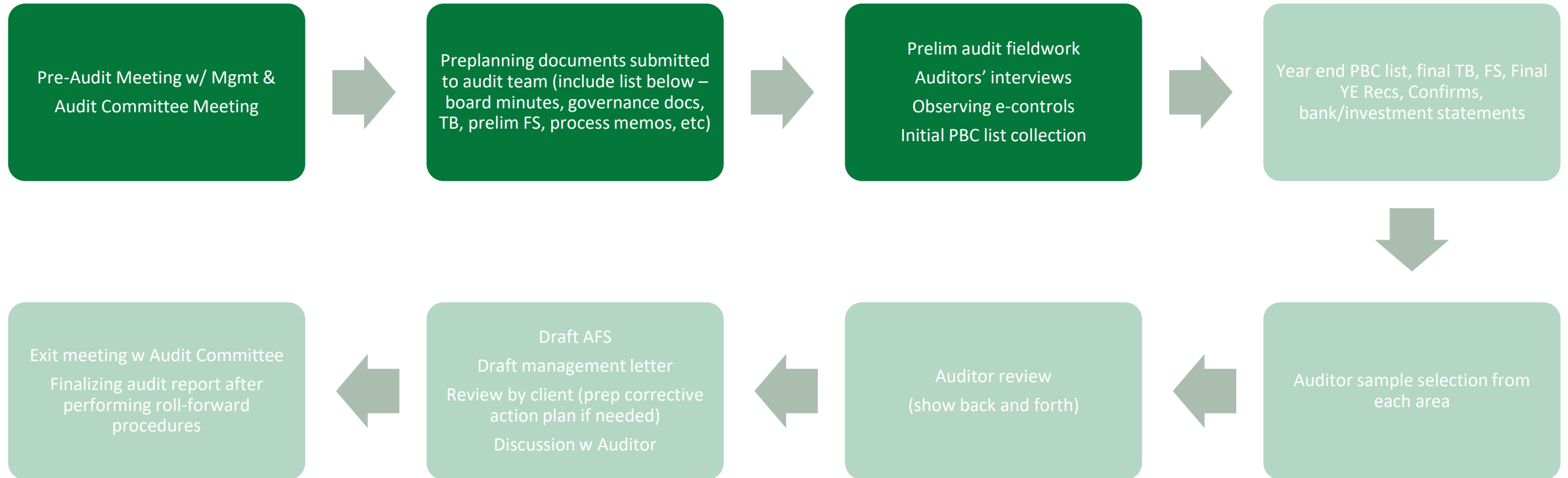
First Year Audits

Require additional materials

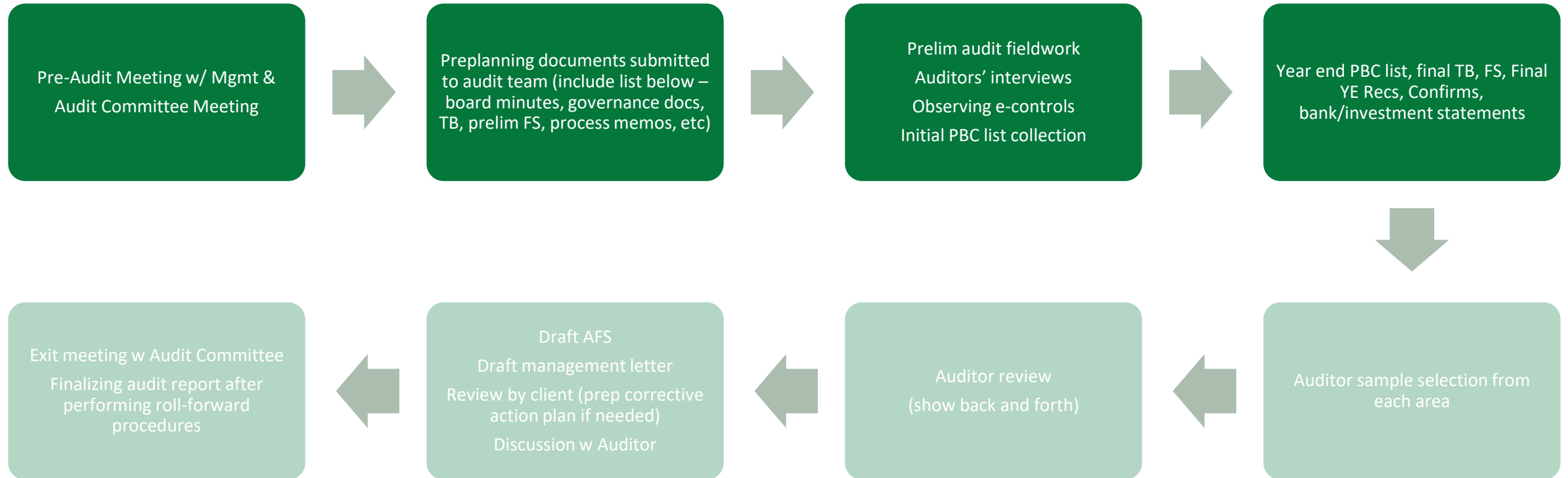
If switching auditors, the new auditors will request access to the prior auditors

If they cannot get access or deem the prior work insufficient they will request support for the opening balances for the year under audit which may add to the scope of the audit engagement

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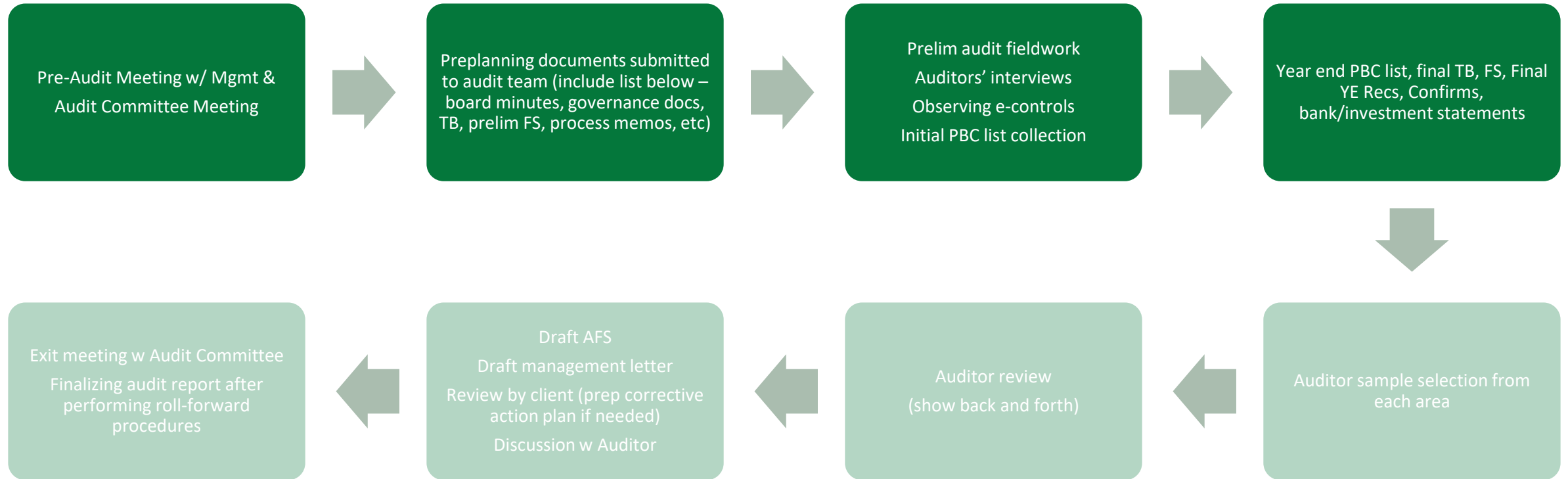


Schedules for the Financial Audit

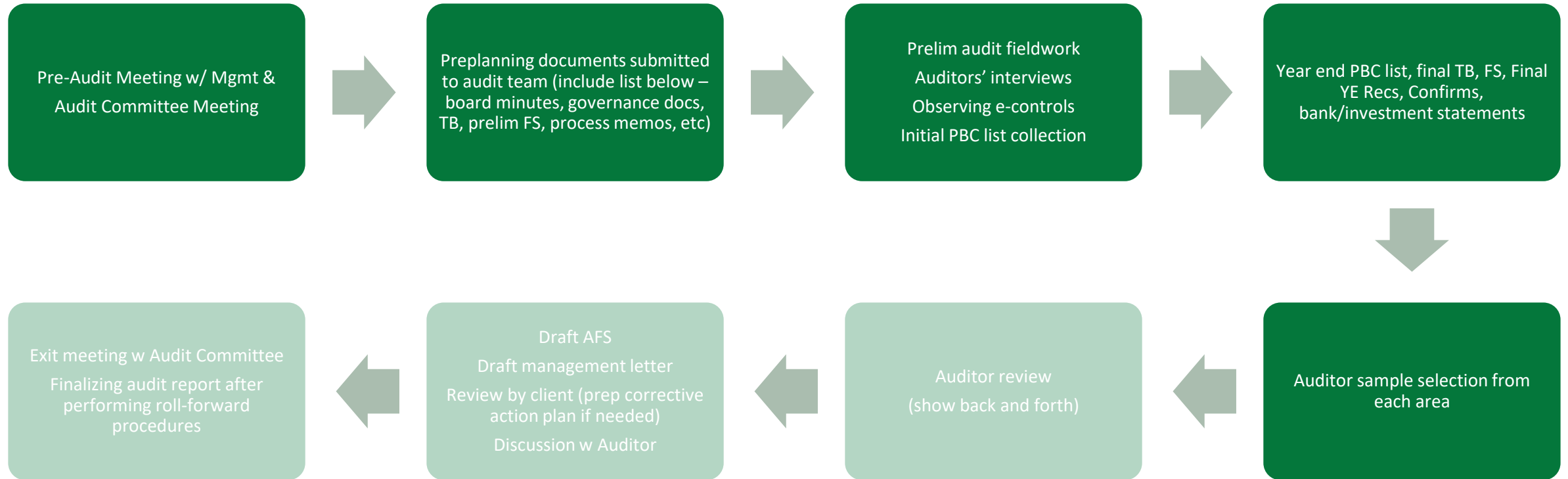
- General Ledger
- Trial Balance
- Bank Statements and Bank Reconciliations
- Accounts Receivable Schedule
- Accounts Payable
- Net Assets Schedule
- Contribution Schedules
- Grant Agreements
- Schedule of Expenditures of Federal Awards
- Program Income Statements
- Deferred Revenue Schedule
- Payroll Reports, Employee Listing, Employee Benefits
- Legal Correspondence
- Board Minutes and Committee Reports
- Insurance Policies
- Budgets and Forecasts

The preliminary schedules can be just that. Once you provide final schedules, however, any changes you make to the books need to be provided to the auditors as subsequent adjustments. You want to reduce these as much as possible for a smooth audit process.

Audit Timeline – Key Dates



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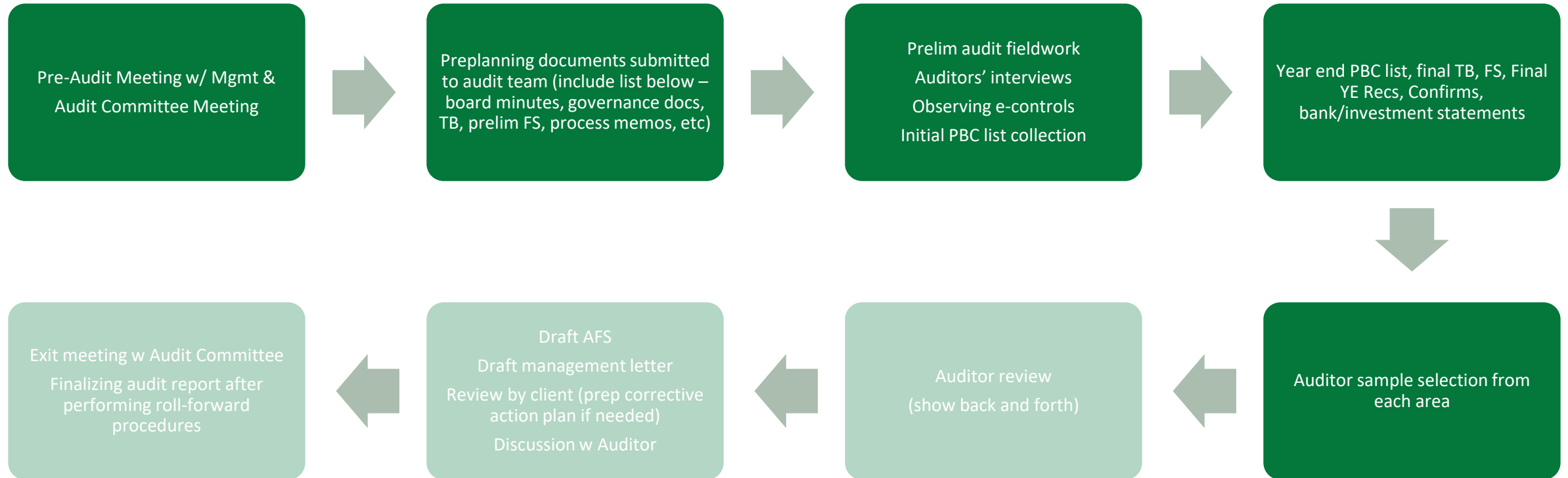


Audit Approach Overview

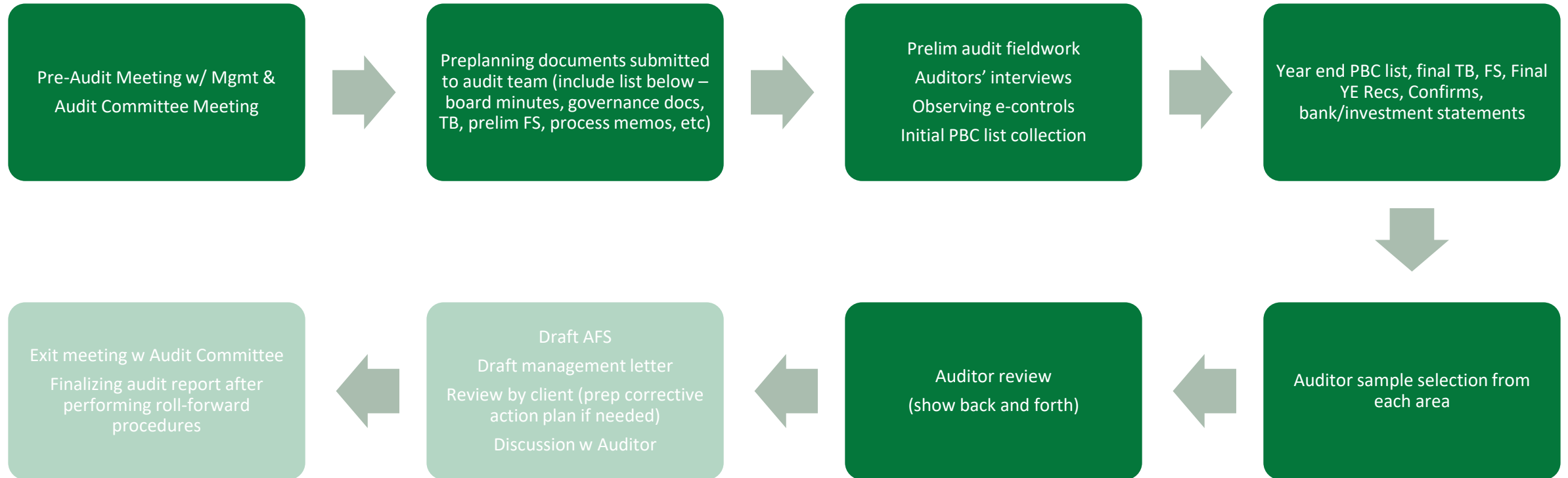
It's important to remember that auditing is primarily sampling. Exclusive reliance on prior year treatment of accounting determinations is not sufficient to ensure accuracy. It's important to reconcile all necessary accounts, consider revenue recognition, etc each and every year.

	Audit Area	Nature of Procedure
Internal Control Review and Risk Assessment	Revenue, Receivables & Receipts; Expenses, Accounts Payable & Other Liabilities; Payroll and Related Liabilities; Investments, Debt, Financial Close & Reporting	Obtain an understanding of control environment Document workflow and controls Test sample of transactions
	Cash	Confirmation of balances and test reconciliations
	Investments	Confirm balances and activity, verify valuation, test earnings
Substantive Tests (Focus on high risk, significant areas)	Receivables	Substantiate balances, examine collectability and subsequent receipts, review allowance and discount
	Accounts Payable and Accrued Expenses	Validate balances and cut-off/ perform a search for unrecorded liabilities
	Debt	Confirmation of balances, review of current year activity, examine compliance with covenants
	Net Assets	Verify proper classifications and releases
	Revenue	Test of details, analytics, review of agreements
	Expenses	Analytics
	Functional Allocations	Review methodology
	Accounting Estimates and Financial Statements	Financial Statement Disclosure and Presentation
Assess reasonableness of estimates		
Review financial statement presentation and disclosure for completeness and accuracy		

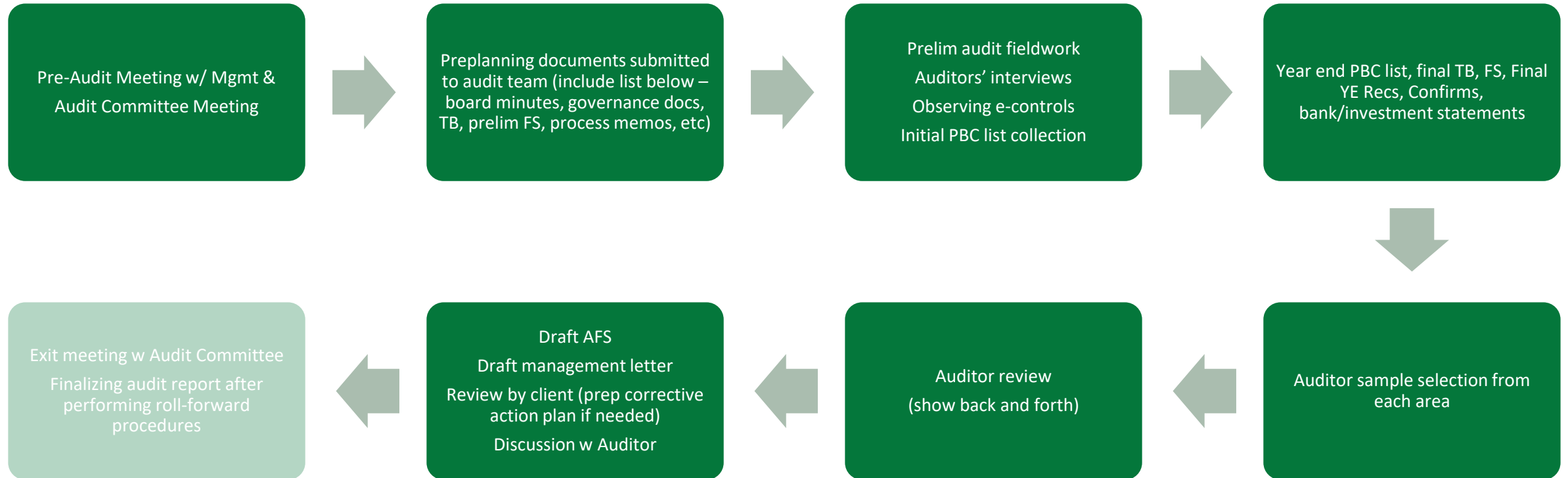
Audit Timeline – Key Dates



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Audit Timeline – Key Dates



Executive Session

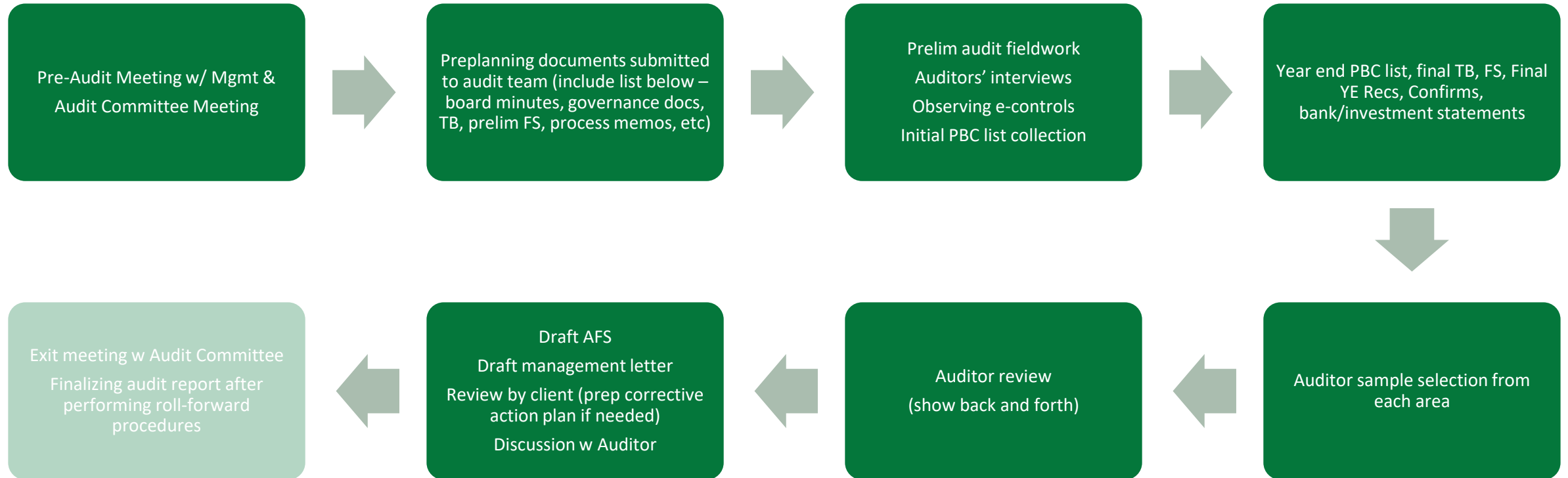
This is an opportunity for the auditor to hear from the audit/finance committee directly. It does not mean that there is anything negative being said about the finance team/staff. It is an important step in the audit process to ensure that any concerns observed throughout the year are addressed during the audit process.

- **Items for discussion**

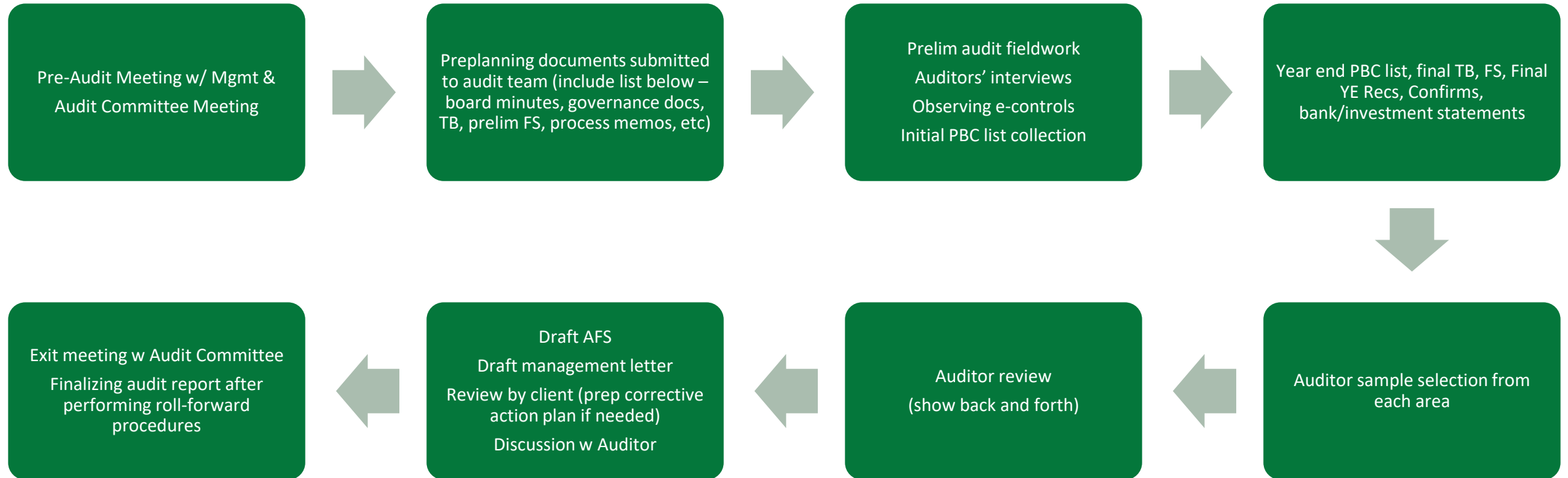
- What is Committee's view about the risks of fraud?
- Does the Committee have any knowledge of fraud or suspected fraud?
- Is the Committee aware of any significant relationships or related party transactions and, if so, what is the nature?
- Has there been any tips or complaints regarding the entity or financial reporting? Have there been any tips or complaints through the whistleblower program and, if so, what was management's response?
- Does the Committee have an active role in the oversight of the assessment of risk of fraud and programs and controls established to mitigate risks?
- To your knowledge, is the entity in compliance with laws and regulations or do you have any knowledge of any noncompliance?
- Are there other matters relevant to the audit that should be communicated to us?

- **Other matters and concerns from the Budget and Finance Committee**

Audit Timeline – Key Dates



Audit Timeline – Key Dates



Close Out Requirements

The data collection form needs to be filed with the audit clearing house. The deadline is 9 months after year end or 90 days after the date of the audited financial statements. Whichever comes first.

Any state filings needs to be completed

Get started on your NICRA application

Audit Findings

Finding

Missing adjustments

People taking short cuts

Issues with procurement procedures

Inconsistent treatment of costs when allocating and assessing allowability

Issues with subrecipient monitoring

Not documenting and tracking a match correctly

Root Cause

Lack of staff training.

Lack of internal controls

Limited internal communication between the program staff and the finance department.

Lack of documentation that evidences the functioning of **internal controls**.

Not understanding the compliance requirements stipulated in the Uniform Guidance and the Compliance Supplement.

Failure to fully read the terms and conditions of award agreements.

Significant Risks in 2026

- Management override of internal controls
- Improper revenue recognition
- Any new or upcoming pronouncements, regulations, accounting standard changes
- Cash management
- Potential delays in funding
- Cuts to Medicaid and SNAP
- Potential limits to rental assistance
- Staffing shortages in Federal grantee offices

Best Practices

- Prepare throughout the year
- If something weird happens check in with the auditors then don't wait for the audit
- Maintain organized records
- Prep staff ahead of time
- Review the appropriate guidance for your programs

Links to Helpful Guidance

The "Uniform Guidance"
(2 CFR Part 200)

U.S. Chief Financial Officers Council 2
CFR Frequently Asked Questions

2025 Compliance Supplement

May 2024 Compliance
Supplement

For grants issued after
10/1/2024

For grants issued before
10/1/2024



Thank You

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