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Accounting • Tax • Business Insight

Virtual Auditing 101: How NFPs Avoid Common Issues

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Presenters



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Poll Question 1

- How many days a week are you working in the office?
 - Still fully remote
 - 1 – 2 days
 - 3 – 4 days
 - Fully in the office

Discussion Questions

- We've never done a virtual audit before — how can I ensure my auditor is addressing everything and that my team is prepared?
- Is going virtual going to make it harder or take longer to get my audit report?
- What can we do to minimize disruption to our team so we can focus on our mission?

Poll Question 2

- What is your preferred audit fieldwork method?
 - Fully remote
 - Hybrid approach
 - All on-site

Changes to Audit Approach

- Planning is critical
- Preliminary activities
- Document exchange/accessibility to information
- Communication and timeline
- Understanding of internal controls
- Walkthroughs

New Audit Risks

- Operational impacts
 - Program closures
 - Reduced staff
 - Decreases in revenue
 - New types of expenses
 - Changes in strategic plans
- Heightened fraud risks
- Remote working
 - Accessibility to information
 - Changes in internal controls
 - Segregation of duties concerns

New Audit Risks

- Accounting issues
 - Collectability of accounts and pledges receivable
 - Asset impairment
 - New disclosures for risks and uncertainties and subsequent events
 - Implementation of new accounting standards (ASU 2014-09)
 - Going concern
- New funding sources and compliance requirements
 - Federal awards/single audit implications
 - Paycheck Protection Program loan(s)
 - Employee retention credits

Poll Question 3

- Have you implemented any of the following as a result of COVID-19/remote work environment? Check all that apply.
 - Switched to ACH payments for vendors
 - Implemented a bill pay system
 - Obtained invoice approvals electronically (via email or workflow system)
 - Utilized a lockbox service for deposits
 - Upgraded accounting system to the cloud
 - Other significant changes

Changes in Internal Controls

- How are invoices being approved? Did you change to email approval or an approval workflow?
- How are checks being signed and mailed? Are the appropriate number of signatures still being obtained and checks mailed by someone outside of the check preparation process?
- Are ACH payments being utilized and with proper dual authorization?
- Who is opening the mail and how are checks being logged/deposited?
- Are reconciliations still being prepared in a timely manner and financial statements reviewed?

Poll Question 4

- What is your preferred method of communication during a virtual audit?
 - Emails
 - Phone calls
 - Virtual meetings (ie Microsoft Teams or Zoom)
 - Suralink or other document exchange systems
- What is your preferred frequency of communication with your auditor? Check all that apply.
 - Email every time there is a request
 - One update per day
 - 2 – 3 check-ins per week
 - Weekly updates during audit wrap-up

Best Practices for Remote Audit

- Discuss COVID-19 impacts throughout year and during audit planning
- Communicate potential audit efficiency barriers
 - Staff capacity
 - Information accessibility
- Update internal control narratives for changes in processes
- Provide audit requests in advance so selections can be made
 - Confirmations
 - Check registers, payroll reports, etc.
 - Grant expenditures, contracts, etc.
- Utilize online portals for document exchange (Suralink)
- Communicate often and utilize virtual platforms for audit discussions
- Set detailed timelines

Cloud Resources

- Accounting systems
 - Sage Inacct
 - Quickbooks Online
 - Blackbaud Financial Edge NXT
 - Microsoft Dynamics GP
- Invoice approval
 - PandaDoc
 - DocuSign
 - Bill.com
- Banking
 - ACH
 - Bill payment services
 - Lockbox services or remote deposit

Questions?



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