

Is Your Nonprofit Audit Ready?

Audit Preparation Should Be Ongoing Throughout The Year

5 Steps Your Nonprofit Organization Can Take Now!



Step #1- Organizational documents to be assembled, scanned and maintained in a central location:

- Approved Board of Directors and oversight committee minutes;
 - Bank and investment account documents for new accounts opened during the course of the year;
 - Organization Chart with updates made as of year-end;
 - Updated list of Board of Directors with the dates when members join or leave the Board during the year.
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Step #2- Update your Accounting Policies and Procedures Manual.

An Accounting Policies and Procedures Manual documents the policies of the organization and the procedures to be followed in order to carry out those policies. The manual should be reviewed throughout the year and updated annually with approved changes. The policies and procedures should include proper checks and balances and follow best practices.



Step #3- Review and scan all contracts and agreements entered into or terminated during the year.

- Maintain a database of all executed and terminated contracts and agreements;
- Ensure that all contracts and agreements are properly executed;
- Scan all executed contracts, agreements and supporting documentation onto the organization's share drive for easy access during the audit.

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Step #4- Perform general ledger account reconciliations on a monthly or quarterly basis to facilitate the year-end closing process.

General ledger account reconciliations should be performed on a monthly or quarterly basis with adjustments made timely. The reconciliations should be filed onto the organization's share drive, sorted by financial statement category for easy access. If this process is followed, only year-end adjustments will need to be made prior to closing the books.



Step #5- Scan and maintain supporting documentation for substantial transactions throughout the year.

Auditors request supporting documentation for substantial transactions that occurred during the year. Examples of such transactions are: donor contributions, capital expenditures and equipment purchases. Scanning and filing this documentation onto the organization's share drive when the transactions occur facilitates access to them when requested by the auditors.