

Choosing an Auditor

The auditor that your organisation selects ought to be someone who can reputedly report your financial practices and who can help advance your organisation. Before you solicit offers for an audit, your organisation should clearly articulate what it expects from its auditor. Your organisation can use a variety of processes to make sure that you select the auditor that's right for you.

- Establish an audit committee on your board of directors to select the group that best aligns with the criteria that will advance the goals of your nonprofit. This committee will be crucial in selecting your auditor and should be prepared to vet candidates through correspondence.
- Determine with this committee your methodology for assessing the candidate auditors.
- Use available support, such as information provided by your State Association of Nonprofits, experiences and recommendations shared by peer institutions, and information provided by your State Board of Accountancy to create a list of potential firms you might ask to complete your audit and to supplement your evaluation criteria of these firms.
- Set a timeline in place for when you expect to select an auditor and when you expect them to complete their audit.

Once you understand your expectations, you are ready to solicit offers for your organisational audit. Your organisation should strongly consider sending out requests for qualifications, as well as proposals for services and their related costs, from the firms you identified.

As you engage in your search, you should seriously consider meeting with representatives from the firms that you're considering in order to make sure that they are the right fit for your organisation. There are a variety of questions you should prepare to ask in order to pick the best auditor.

- Does the firm have relevant experience auditing similar nonprofit organisations? Can the firm provide sound references from previous nonprofit clients?
- What are the qualifications of the individual CPAs who may be working on your organisation's audit? How available is the firm's staff if you have questions?
- What is the firm's philosophy, and how does it relate to that of your organisation? How would the firm communicate with you about an outstanding issue in your financial records? What differentiates this auditing firm from any other?
- What is the firm's reputation for successfully meeting the expectations of tax law and of their clients? Are they prepared to successfully accord with the Generally Accepted Audit Standards and attestation standards?
- Are there potential conflicts-of-interest between your employees or members of your advisory boards and your potential auditor?

Once you have carefully vetted your potential options for the audit, choose the firm that you think will best accomplish your predetermined audit goals. You should then meet with your auditors to finalise preparations before they begin their audit. At this meeting determine what the auditor(s) need from your organisation so that they can complete their audit. Work with them to determine what documents they will need and which employees at your organisation will be available to support them in their process. Once you have settled on how your organisation and your auditor will work together, you're both well positioned for future success!