



MODEL AUDIT COMMITTEE MEETING AGENDAS

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The following Model Audit Committee Meeting Agendas suggest the timing, objectives, specific actions to be performed, and communications to be made to the board for certain audit committee meetings.

The agendas were prepared assuming a two- or three-meeting schedule, and are not intended to be all-inclusive. Rather, meetings should reflect the organization's specific circumstances and the audit committee's particular concerns. Meetings typically begin with a discussion of matters of mutual interest among the audit committee, management, and external and internal auditors, if applicable. The audit committee may then meet privately with each to candidly discuss sensitive or confidential matters. It may also be appropriate for organization counsel and/or outside counsel to attend certain meetings. Material to be discussed at meetings should be clearly prepared and sent to the committee members in sufficient time for them to digest it, so the actual meeting time can be used most productively. While the audit committee's activities should be carefully planned, its operating structure should not be immutable. Even if the organization's business has not changed recently, the audit committee should re-examine its duties and performance level over the last year. This regular self-assessment and review of the audit committee charter¹ should be built into the meeting calendar.

AUDIT PLANNING MEETING

Timing

Several weeks or months before the start of the audit.

Meeting Objectives

To review the external auditors' audit plan and anticipated non-audit services, and the scope and activities of the internal auditors for the past year. Consider the following:

Risks and Internal Controls

- Operational business and financial risks identified by management and the auditors
- Management overview
- Industry conditions
- External auditors' most recent management letter
- Problem areas noted in prior year's audit
- Sensitive matters
- Internal auditors' reports

Audit Scope in Light of Current Business Circumstances

- Accounting and auditing developments
- Significant changes in the organization's activities
- Changes in accounting policies
- Audit timing
- Locations to be examined
- Personnel being assigned to the audit
- Assistance to be provided by the internal auditors
- Involvement of other auditors
- Planned reliance on internal accounting controls (including computer security programs) to be used in conjunction with the integrated audit
- Use of computer assisted auditing techniques
- Areas for special procedures (i.e., senior staff and volunteer travel and expense reports)
- Review for fraud or other improprieties
- Rotation of audit procedures
- Estimated audit fees
- Proposed non-audit services
- Comparison of operating results with prior year

¹ Refer to the BDO Audit Committee Self-Assessment and Illustrative Audit Committee Charter practice aids.

► MODEL AUDIT COMMITTEE MEETING AGENDAS continued

AUDIT PLANNING MEETING continued

Action

Approve external auditors' audit plan, the scope of the internal audit plan and non-audit services.

Report to Board

Discuss any issues carried over from the prior year; describe scope and timing of the audit which includes internal control over financial reporting; highlight all significant matters affecting the financial statements; describe non-audit services to be provided by the external auditors; and conclude whether such services could impair independence.

POST-AUDIT MEETING

Timing

At completion of the audit and receipt of draft financial reports and the external auditors' management letter.

Meeting Objectives

To review the audit findings, the drafts of the financial statements and, if applicable, the management letter. To review the year's work and recommended improvements in internal controls not otherwise communicated; approve internal audit plan for coming year; and recommend external auditors for the coming year.

Review of Audit

- Deviations from audit plan
- Accounting, auditing and tax developments
- Difficulties or delays
- Auditors' judgment about the quality of the accounting policies and financial disclosure practices
- Significant matters and discoveries
- Restrictions encountered
- Unresolved matters
- Disagreements with management
- Significant audit adjustments and those waived because of immateriality
- Significant deficiencies and material weaknesses identified
- Independence issues

Review of Preliminary Draft of Financial Statements

- The auditors' responsibility under generally accepted auditing standards
- Management's significant judgments and accounting estimates
- Significant audit adjustments made or waived
- Consistency of other information in documents containing the audited financial statements
- Timing of release
- Completeness and transparency of disclosures, including risks and uncertainties
- Consistency of annual report text with financial statements
- Wording of auditors' report – qualifications or modifications
- Management's assessment of internal controls and suggested changes
- External auditors' management letter recommendations
- Internal auditors' recommendations and audit plan for next year
- Review of Form 990 (if responsibility of the audit committee)

► **MODEL AUDIT COMMITTEE MEETING AGENDAS** continued**POST-AUDIT MEETING** continued**Action**

Approve audit and preliminary draft of annual financial statements. Approve internal audit plan for the coming year and decide upon the recommendation of external auditors to the board.

Report to Board

Discuss conduct and findings of the audit; significant deficiencies and material weaknesses identified; any disagreements between external auditors and management; and recommend approval of basic financial statements. Summarize the year's work including recommended improvements in internal controls or changes in accounting methods, discuss reporting issues, recommend external auditors for the coming year, and recommend changes to the audit committee charter, as necessary.

OTHER MEETINGS**Performance Review** (could be done at post-audit meeting)

- Evaluation of external auditors by:
 - Management
 - Internal auditors
- Retrospective review of prior year's audit to determine how to improve efficiency and effectiveness
- Evaluation of internal auditors and staff by external auditors
- Evaluation of financial and accounting personnel by external auditors
- Recommendations from all parties for improvements in audit approach and financial disclosure
- Review of auditors' fees for the work performed
- Self-assessment of audit committee and review of charter²

² Refer to separate BDO Audit Committee Self-Assessment and Illustrative Audit Committee Charter practice aids.

The online guide, *Effective Audit Committee for Nonprofit Organizations*, incorporates specific recommendations, guidelines and rules of governmental and private sector bodies concerned with such matters. The purpose of this online tool and its supplemental materials is to provide an overview of the common functions and responsibilities of an audit committee in order to help nonprofit organizations: (1) form and maintain an effective audit committee, and (2) set an appropriate agenda for its ongoing activities. We hope this document and the accompanying site offer comprehensive guidance to nonprofit organizations as they establish and maintain audit committees that will, ultimately, ensure the financial wellbeing and future success of the organization.

The guide, *Effective Audit Committee for Nonprofit Organizations*, can be viewed in its entirety in PDF form by visiting <http://www.bdo.com/download/2127> or on the microsite Nonprofitblog.bdo.com/index.php/auditcommitteeguide/.

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