

Quick-Reference Checklist: Audit & Grant Readiness for Nonprofits

Use this as a starting point — not a complete list, but a solid foundation:

FINANCIAL PROCESSES

- Month-end close process is documented and followed consistently
- Bank accounts are reconciled monthly.
- Transactions are entered and categorized in a timely manner.

INTERNAL CONTROLS

- Approval processes are clearly defined.
- Duties are separated where possible (especially in smaller orgs).
- Financial roles and oversight responsibilities are in writing.
- A single audit point of contact has been designated.
- All documentation is digitized, centralized, and securely backed up.

STAFFING & SYSTEMS

- Your bookkeeper and/or controller has nonprofit-specific experience.
- Your accounting software is set up to track programs, functions, and restrictions.
- A fractional CFO or controller is in place to review month-end closes (if needed).

IF A FINDING OCCURS

- Acknowledge the issue promptly and transparently.
- Develop a corrective action plan with clear owners and timelines.
- Communicate with your board and funders as appropriate.
- Aim to implement corrections within six months.

GRANT MANAGEMENT

- Every grant has its own documentation folder (invoices, contracts, time records).
- Restricted funds are tracked separately from general operating funds.
- A calendar of reporting deadlines is maintained and reviewed regularly.
- Grant agreements reviewed for allowable costs and special conditions.
- Assistance Listing number is identified, and OMB compliance requirements are understood.
- All charged expenses are verified as allowable, necessary, and reasonable.
- Personnel activity reports / timesheets are maintained for any salary charged to grants.
- A subrecipient monitoring process is in place (if passing through funds).
- Grant activity is reconciled at least quarterly (not just at year-end).

Ready to Build More Confidence Going Into Your Next Audit?

Whether you're preparing for your first audit, navigating a grant review, or just trying to get your processes in better shape, LGA, LLP works with nonprofits to create the kind of financial structure that holds up under scrutiny and supports your mission every step of the way.