



Audit, Assurance, Forensics & Advisory

Understanding Key Differences in Financial Oversight

Suffolk Public Schools
School Board Work Session
June 12, 2025



Agenda

- ▶ Introductions
- ▶ Meeting Objectives
- ▶ Overview of Cherry Bekaert Services
- ▶ Financial Oversight Engagement Overview
 - Key Differences
 - Engagement Comparison
 - Why It Matters
 - Key Stakeholders, Roles, and Responsibilities
 - Example of Phases, Project Plans, & Scope
- ▶ Areas For Review
- ▶ Next Steps

Cherry Bekaert Team

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Meeting Objectives

We will discuss types of financial oversight engagements, define terminology, and highlight key differences

Cherry Bekaert GPS Services

Cherry Bekaert's GPS practice combines the expertise of seasoned Accounting and Audit professionals

Our comprehensive range of services includes:

- ▶ Accounting Advisory
- ▶ Audit & Assurance
- ▶ Analytics & Automation
- ▶ Forensic Accounting & Fraud Investigation
- ▶ Risk and Compliance
- ▶ Tax
- ▶ Staffing & HR
- ▶ Cyber and Information Assurance

Cherry Bekaert's team brings a deep understanding of the complex challenges our clients face, with a focus on the areas of highest need.



Government & Public Sector Experience

Project Examples

Segments Served

- Municipalities
- Counties
- State Agencies & Departments
- Authorities, Boards & Commissions
- Public Universities & Community Colleges

Summary of Experience & Qualifications

With a deep understanding of the complex challenges you face, we focus on the areas of highest need to enable and improve the transparency, efficiency and effectiveness government. With many team members bringing first-hand experience in government and public sector roles, we leverage direct knowledge of business processes, technology, regulations, as well as experience collaborating with elected officials, career civil servants and board members. This knowledge enables us to help organizations effectively transform and modernize to meet evolving industry challenges.

Cherry Bekaert's team combines the expertise of seasoned accounting and audit professionals, and fraud examiners reflecting the knowledge you expect from a national accounting firm with a rich audit heritage, with advisory specialists who bring extensive business consulting experience.

George Mason University

Reviewed and updated Risk Control Matrices (RCMs) and internal workflows across the entire University, including procurements. Reworked financial reporting calendars and checklists, created detailed process mapping across many financial statement areas, and analyzed technologies and resources utilized for best practice recommendations.

City of Gastonia, NC

Procurement process evaluation and assistance with maximizing technology and understanding future state options. Work performed included resource analysis, performance metrics, internal communication quality, and other efficiency and effectiveness assessments.

County Tourism Department Forensic Audit

Conducted a forensic audit of the expenditures of the tourism department of a large, coastal, tourist destination county. Compared expenditures to written policies and procedures. Identified numerous inappropriate travel related expenditures, improper vendor payments with conflicts of interest, falsifying of records to conceal inappropriate spending, and inappropriate relationships between vendors and department management resulting in payments for services not performed. Provided recommendations for improving internal controls to safeguard county assets.

County Sheriff's Office Fund Forensic Audit

Conducted forensic audit of expenditures initiated by a large metropolitan county's Sheriff's office paid from a \$20MM fund with designated expenditure restrictions. Reviewed written policies concerning expenditure purpose, documentary support and approval requirements. Compared fund policy requirements to actual expenditures, supporting documents and approvals. Quantified inappropriate expenditures. Provided recommendations for improving internal controls to safeguard fund assets.

Financial Oversight Engagements

What Is Advisory Internal Control Assessment?

- ▶ A consultative engagement to evaluate and improve internal controls.
- ▶ Conducted by advisory professionals, not for issuing opinions.
- ▶ Focuses on identifying gaps and recommending improvements.
- ▶ Often includes implementation support and strategic guidance.

What Is an Audit?

- ▶ A process to analyze financial data for accuracy.
- ▶ Conducted internally or by external auditors.
- ▶ Ensures financial statements reflect the true financial position.
- ▶ Commonly used for compliance, investment readiness, and fraud detection.

What Is Assurance?

- ▶ A process to independently verify the accuracy of an audit.
- ▶ Always conducted by an external party.
- ▶ Provides a second opinion to validate audit findings.
- ▶ Builds trust with stakeholders and governing bodies.

What Is A Forensic Accounting Investigation

- ▶ An accounting investigation to identify and quantify fraud, waste and/or misuse of a corporation's or governmental entity's assets.
- ▶ Conducted by Certified Fraud Examiners or similarly credentialed accounting professionals
- ▶ Consists of analysis of accounting and financial records and information including: financial statements, accounts receivables and payables supporting documents, payroll records, bank records and interviews of knowledgeable parties
- ▶ Can result in findings that lead to request for the return of misappropriated assets, termination and potential prosecution of bad actors, improvement in internal controls

Key Differences

- ▶ **Advisory:** Offers insights and recommendations; collaborative and strategic
- ▶ **Forensics:** Investigates potential inappropriate actions and expenditures and quantifies impact to client
- ▶ **Audit:** Evaluates financial data accuracy; may be internal or external
- ▶ **Assurance:** Confirms audit reliability; always external



Engagement Comparison

Purpose	Timing	Conducted By	Focus
<ul style="list-style-type: none">• Audit: Evaluate financial data accuracy• Assurance: Confirm audit reliability• Advisory: Improve internal controls and processes• Forensics: Identify and Quantify Misappropriated Assets and Other Fraud	<ul style="list-style-type: none">• Audit: Conducted first• Assurance: Follows the audit• Advisory: Flexible, often proactive• Forensics: Anytime Fraud is suspected	<ul style="list-style-type: none">• Audit: Internal or external auditors• Assurance: Only external entities• Advisory: Advisory professionals• Forensics: Certified Fraud Examiners	<ul style="list-style-type: none">• Audit: Financial reporting and compliance• Assurance: Validity and completeness of audits• Advisory: Strategic improvement and implementation support• Forensics: Identification and recovery of misappropriated assets

Why It Matters



Key Stakeholders, Roles & Responsibilities

- ▶ **School Board:** Review and approve the scope of work, initiate engagement, and receive results

- ▶ **Cherry Bekaert Team:** Conduct the engagement, analyze data, and prepare reports

- ▶ **School Staff:** Provide access to data and documents and assist with inquiries



Example of Project Phases

Planning

- Define the scope, objectives, and timeline
- Identify key risk areas and select what will be reviewed
- Meet with leadership to understand operations and gather background information

Fieldwork

- Collect documents, records, and data (e.g., payroll, contracts, transactions)
- Interview staff and observe processes
- Perform testing and analysis to verify compliance and detect anomalies

Analysis & Evaluation

- Analyze findings from fieldwork.
- Identify control weaknesses, policy violations, or potential fraud
- Evaluate the effectiveness of internal controls and procedures

Reporting

- Prepare requested/required reports
- Present the report to leadership
- Determine recommendations to implement

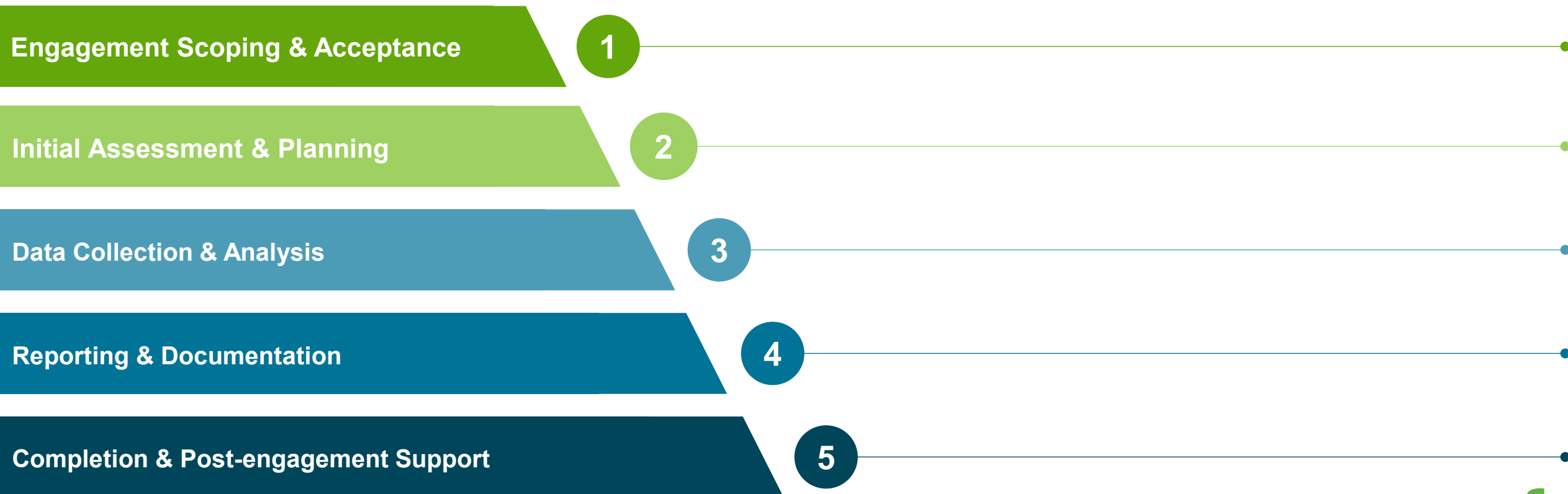
Follow-Up

- Monitor the implementation of recommendations
- Conduct follow-up reviews if needed
- Provide agreed upon ongoing support



Sample Project Plan

This example of an engagement project plan outlines the key phases which follows general practices. This plan can be tailored based on the specific objectives, scope, deliverables, and specific needs.



Sample Project Scope

Project Objectives

Identify internal control gaps within CDI's high-risk finance, accounting, and project management processes.

Define and recommend measures to remediate identified internal control gaps

Provide performance improvement recommendations for in-scope processes

Provide recommendations to help facilitate finance and accounting operational continuity and a smooth transition of duties and responsibilities between the outgoing and incoming CFO.

In-Scope Processes

Cash Receipts

Cash Disbursements

Cash Transfers

Accounts Receivable

Materials Inventory

Purchasing

Payroll

Timekeeping

Financial Close & Reporting

Employee Expense

Reimbursement

Project Management

Methodology

Interviews with key personnel, assessment of internal controls against companies of similar size and scale, and performance improvement opportunity identification against industry best practices.



Areas for Review

▶ Payroll & HR Integrity

▶ Fringe Benefits & Leave Payouts

▶ Contractor Classification & Adjustments

▶ Grant Fund Compliance

▶ Procurement & Vendor Oversight

▶ Contract Management & Deliverables

▶ Fixed Assets & Equipment

▶ Departmental Spending

▶ P-Card & Transactional Oversight

▶ Fraud Detection & Conflict of Interest

▶ Policy & Internal Control Compliance

▶ Documentation, Retention & Audit Trails



Next Steps



- **Suffolk School Board to determine engagement services requested, availability of stakeholders, and timeline**
- **Cherry Bekaert to provide fee quote and estimated timeline upon request**
- **Schedule follow up meetings**

Questions?



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About Cherry Bekaert

"Cherry Bekaert" is the brand name under which Cherry Bekaert LLP and Cherry Bekaert Advisory LLC, independently owned entities, provide professional services in an alternative practice structure in accordance with applicable professional standards. Cherry Bekaert LLP is a licensed CPA firm that provides attest services, and Cherry Bekaert Advisory LLC and its subsidiary entities provide tax and advisory services. For more details, visit cbh.com/disclosure.

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