

Industry Expert Mike Pocrnich on Strengthening Internal Audits: A Guide to the Five C's

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Minneapolis, Minnesota Feb 26, 2025 ([IssueWire.com](https://www.issuewire.com)) - Internal audits play a critical role in ensuring organizations' financial integrity, compliance, and efficiency, particularly in the nonprofit and government sectors. With over 20 years of experience in nonprofit accounting, auditing, and financial analysis, Mike Pocrnich is an industry expert who understands the nuances of effective internal audit

processes.

As a Finance Manager at Element Financial Advisory, Pocrnich provides CFO and Controller services to clients ranging from nonprofits to organizations with revenues exceeding \$20 million, offering invaluable insights into risk assessment and financial compliance.

Pocrnich's extensive background in accounting began with a BA in Accounting from St. John's University. His early career as a Senior Auditor at CliftonLarsonAllen gave him firsthand experience managing nonprofit audits, developing internal controls, and training junior staff.

Over the years, he has gained a reputation for his expertise in financial forecasting, reporting, and the use of ERP and CRM software, making him a trusted advisor in the financial landscape.

The Five C's of Internal Audit: A Framework for Success

One key framework that guides audit professionals is the "Five C's" of internal audit: criteria, condition, cause, consequence, and corrective action. This structure helps ensure that audit reports are comprehensive and actionable. Below, Mike Pocrnich outlines how organizations can apply this framework effectively.

Criteria: Auditors must first identify the issues at hand and the reasons for conducting the audit. This step determines whether the audit was initiated internally or by external regulatory bodies and establishes the standards against which financial activities are measured.

Condition: The audit must assess whether financial transactions and internal controls align with organizational goals and policies. If discrepancies exist, auditors must determine whether a policy was violated or a financial target was missed.

Cause: Understanding why an issue arose is crucial. Whether the problem stems from mismanagement, inadequate oversight, or lack of compliance, auditors must trace the root cause and evaluate which processes were ineffective.

Consequence: The audit must detail the impact of identified issues. Are there financial or regulatory repercussions? Will governance processes need revision? Assessing the broader impact allows organizations to prepare for potential risks.

Corrective Action: Finally, auditors must propose tangible solutions. This includes internal monitoring mechanisms, policy updates, and process improvements to prevent future issues.

To learn more about the 5 Cs of Audits visit:

<https://www.auditboard.com/blog/internal-audit-101/#>

Common Internal Audit Findings and Challenges

Internal audits frequently reveal key weaknesses in financial operations. Mike Pocrnich shares some of the most common audit findings and potential risks that organizations must address:

Segregation of Duties: Organizations must ensure that financial tasks have proper checks and balances. For instance, the individual responsible for collecting payments should not also handle deposits and reconciliation.

Lack of Documented Policies and Procedures: Clear documentation of financial procedures is essential.

Without written guidelines, internal controls can be inconsistent, leading to compliance risks.

Absence of Formal Approvals: Proper approvals and independent reconciliations must be documented. Financial transactions should always have clear records indicating who authorized them.

Insufficient Supporting Documentation: To maintain transparency and accountability, transactions should be backed by records such as purchase orders, invoices, and approval documentation.

In addition to these findings, internal audit teams face several challenges, particularly in the modern work environment.

Talent Shortages: Recruiting skilled internal auditors has become increasingly difficult. Organizations must offer flexible work arrangements and growth opportunities to attract top talent.

Remote Work Complications: Audits often require extensive data gathering and interviews. While digital documentation tools and video conferencing help streamline the process, they also introduce complexities in collaboration and oversight.

Evolving Skill Requirements: Today's auditors must possess financial expertise and skills in data analytics, cybersecurity, and risk assessment to effectively identify and mitigate emerging threats.

Technology Gaps: Many organizations struggle with outdated financial systems that hinder efficient auditing. Investing in advanced audit management software can significantly improve audit processes and reporting.

The Future of Internal Auditing: Leveraging Technology

As financial regulations evolve, leveraging technology is becoming increasingly critical in the auditing process. Mike Pocrnich advocates for the use of purpose-built audit management software, such as AuditBoard, to streamline workflows and enhance communication within audit teams.

"Technology has transformed the way audits are conducted," says Pocrnich. "With the right tools, organizations can automate compliance tracking, improve data accuracy, and ensure that findings are communicated efficiently to leadership."

AuditBoard, for example, centralizes audit processes, reduces manual errors, and enhances collaboration between departments. As financial landscapes grow more complex, adopting advanced software solutions is no longer optional—it's necessary for maintaining financial transparency and compliance.

Mike Pocrnich's Expertise: A Trusted Voice in Financial Oversight

With a deep understanding of nonprofit financial management, risk assessment, and internal auditing, Mike Pocrnich has established himself as a leading voice in the industry. His extensive work in financial forecasting, ERP and CRM integration, and compliance management has helped numerous organizations navigate financial complexities.

Through his role at Element Financial Advisory, Pocrnich continues to guide clients in strengthening financial governance and operational efficiency. His insights on internal audits and financial oversight make him a sought-after expert in accounting and financial management circles.

Mike Pocrnich's expertise is an invaluable resource for organizations looking to refine their internal audit processes, mitigate financial risks, and enhance compliance.

About Mike Pocrnich

Mike Pocrnich is a seasoned accounting professional with over two decades of experience in nonprofit accounting, auditing, and financial analysis. Based in Minneapolis, he holds a BA in Accounting from St. John's University. His career includes roles such as Senior Auditor at CliftonLarsonAllen, where he managed nonprofit audits, trained junior auditors, and developed internal controls. Currently, as Finance Manager at Element Financial Advisory, he provides CFO and Controller services to clients, specializing in financial forecasting, reporting, and ERP/CRM software solutions.

As a Finance Manager at Element Financial Advisory, Mike Pocrnich provides CFO and Controller services for a range of clients, from government and non-profit organizations to entities with revenues exceeding \$20 million. He specializes in financial forecasting and manages all aspects of state and federal grant administration. His prior role as Controller at Beltz, Kes, Darling & Associates (now BerganKDV) involved similar duties and the leadership of annual audits and client financial facilitation.

Mike's professional skill set includes staff management, client relations, and a high emotional IQ, making him a strong communicator and customer service expert. He efficiently oversees accounts payable, payroll, and financial compliance, leading his team effectively. Mike Pocrnich's extensive use of accounting principles like GAAP, FASB, and GASB throughout his career demonstrates his commitment to financial accuracy and strategic leadership. His experience and approach position him as a key resource for organizations looking to strengthen their financial practices and oversight.

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