



# Recommended Club Audit Committee Guidelines

## **CLUB AUDIT COMMITTEE GUIDELINES**

An audit committee shall be appointed (by club President) to review the financial and secretarial records of the club at the end of the fiscal period each year. The Secretary, Treasurer and President shall not serve on the committee. The annual audit is the closing step before handing over financial and secretary documents to the incoming officers.

## **WHO COMPLETES THE AUDIT?**

It is the responsibility of the club Treasurer and Secretary to provide documents to the Audit Committee or outside audit agency and remain available to field questions regardless of their term having expired. The current year's members are required to complete the audit before the 1<sup>st</sup> club meeting the following year. The President, Secretary and Treasurer should remain available to the Audit Committee to answer questions.

## **AUDIT SCOPE & DUE DATE**

Audits should cover the period between October 1 and September 30. It is ultimately the responsibility of the club Treasurer or Secretary or President to submit the club audit on time to the membership. The report should be presented to the club prior to the installation of the officers of the New Year.

## **AUDIT CHECKLIST**

The following checklist will assist you with the audit. If items do not apply, please skip.

## **FINANCIAL OVERSIGHT**

Are there systems or procedures in place intended to make sure the assets of the club are properly used, consistent with the mission of Ruritan National?

Does the club annually approve a budget?

Does deviation from the budget require club approval?

Does the club have a written policy for document retention?

Does the club use the approved conflict of interest policy established by Ruritan National?

Does the club use the approved ethics policy established by Ruritan National?

Does the club use the whistleblowers policy established by Ruritan National?

Are policies in place to assure that no individual receives financial benefit from their membership in the club? Legitimate and approved expenses are not financial benefit.



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## **BANK RECONCILIATIONS**

Are monthly financial statements prepared on a timely basis and submitted to the Club?

Do the financial statements include all funds managed by the club?

Are account balances in the financial records reconciled with amounts presented in the financial reports?

Verify bank reconciliations are performed within 30 days of bank statement end date. Follow up on items that did not clear in the prior month. If items remain outstanding over the course of several months, ask if the check was voided or if the check was lost and a new check reissued. Is there a policy in place for handling outstanding checks over 90 days?

The audit committee should test arbitrarily selected months during the year tracing transactions from the bank statements and financial records for completeness and timeliness. Are the bank reconciliations presented to the club along with the financial report of the club Treasurer?

## **SAVINGS AND INVESTMENT ACCOUNTS**

Are all savings or investment accounts recorded in the financial records?

Are all savings or investment accounts reconciled on a timely basis?

Are all savings or investment accounts included in the financial reports from the treasurer to the club?

Are all earnings or losses from savings and investment accounts reported in the treasurer's report to the club?

## **LAND, BUILDING, AND EQUIPMENT RECORDS**

Are there detailed records of land, building, equipment including the date acquired, description and cost or fair market value at date of acquisition?

Does the club conduct a physical inventory of all assets annually?

## **DEPOSITS & DONATIONS**

Verify addition on deposit totals. Compare deposit slip amount to what is posted on the bank statement. Is money deposited within 5 days of receipt? Are donors given a receipt for their donation? Verify all deposits have supporting documentation (e.g., keep copies of checks or a member roster with method of payment documented for specific purposes, print copies of PayPal, Square or other electronic receipting methods, include a cash count sheet for cash or coin that is deposited). Examine Treasurer's report. Review the beginning and ending balances to verify balances were carried forward correctly. Is other information presented correctly? Randomly pick bank statements and compare to Monthly Club Treasurer's Report.



# Recommended Club Audit Committee Guidelines

## **CASH RECEIPTS**

- Does the club have written policies that establish a procedure for handing cash?
- Are at least two unrelated members present when cash receipts are counted?
- Are money counters rotated so the same people are not handling cash receipts at every event?
- Is counted cash recorded in a cash receipts journal either manually or electronically?
- Is cash deposited on the same or next business day?
- Are cash deposits verified from the cash receipts journal?
- Is the cash receipts journal reconciled to cash deposits on bank statements?
- Is cash stored in a safe or other secure place if not deposited on the same day?
- Are all cash receipts deposited intact? (Cash collected should not be used to pay expenses creating a net deposit)

## **RECORDS/RECEIPTING**

- Are records kept so that individual payments are recorded separately from club dues, individuals, donations and other miscellaneous receipts?

## **CASH DISBURSEMENTS**

- Are there at least two names listed on the club's checking, saving and investment accounts? (Ruritan National recommends that at least three club member names be listed on the club checking account and that any two of the three should be required to write checks).
- Does more than one person receive a copy of the bank statements?
- Are two signatures required on all checks written? (Ruritan National recommends that at least three check signers be listed and that two signatures should be required to write a check).
- Are all disbursements paid by check except for minor expenditures paid through the petty cash fund?
- Is written documentation available to support all disbursements? (Receipts, lists for petty cash, disbursements journal)
- Does the club use pre-numbered checks?
- Does the club account for all the check numbers including voided checks?
- Are there any occurrences of backdating or forward dating documents? (Documents should not be forward or backdated).
- If a petty cash fund is used for disbursements of small amounts, is the petty cash fund periodically reconciled and replenished based on proper documentation of the cash expenditures?
- Is a club approved policy established for the use of petty cash that establishes thresholds for using petty cash versus check writing?



# Recommended Club Audit Committee Guidelines

## **PAYMENTS & PURCHASES**

Examine checks. Who are the authorized signers? Are two signatures required on all checks or checks that are over a stated amount (e.g., two signatures required on checks >\$250.00). Are checks clearing in sequential order? If not, why? Are there missing checks (were they marked VOID, lost, never cashed?) Are checks clearing the bank for the amount written? Are all checks or electronic debits supported by a receipt or invoice? Were checks written for cash (for a change fund or other purpose)? Was the purpose documented and how was the cash documented (who was it given to, in what denominations and when was it redeposited (if applicable))? Does each check have an associated documentation to support the expense?

## **AMORTIZATION OF DEBT**

Is there a schedule of debt such as mortgages, notes or other loans outstanding?  
Can balances owed to all lenders be verified by the lenders?  
Have the verified balances of all mortgages, notes or other loans outstanding been compared to the obligations outstanding as recorded in the balance sheet (financial records)?

## **SECURITIES, NEGOTIABLE DOCUMENTS, AND SAFE DEPOSIT BOXES**

Does the club own any marketable securities or bonds (or any other type of negotiable document)?  
Are the marketable securities, bonds or other negotiable documents stored in a safe deposit box?  
Have the contents of the safe deposit box been examined and recorded?  
Do at least two members of the club have access to the safe deposit box?

## **MEMBERSHIP AND DUES**

Have all Club members paid their club dues quarterly or annual? Has membership payments been made to Ruritan National quarterly for membership dues? Has Club made annual payment to District for District dues?

## **INSURANCE**

Does the club have liability or property insurance? If so make sure that policies are current. Also does club take advantage of Ruritan National's General Liability Insurance, if so are the documents filed in the Secretary's Binder?  
Is there a schedule of insurance coverage in force (other than that provided by Ruritan National)?  
Does the schedule reflect effective dates and expiration dates?



# Recommended Club Audit Committee Guidelines

## **FUND-RAISERS**

Review cash handling procedures (how to establish a change fund, are proceeds counted under dual control, when are funds required to be deposited)? Ensure tax-exempt forms were used to purchase eligible items. Ensure fund-raiser application was prepared and submitted to the campus on time. Did the Treasurer provide a fund-raiser recap noting if the fund-raiser was profitable? Ensure that there is documentation to support each transaction.

## **FEDERAL TAXES**

Confirm federal taxes have been filed with the IRS (990). Look for an e-mail confirmation or printed copy of the filing.

## **SECRETARY'S DOCUMENTATION**

Review Secretary's minutes by randomly picking board and club meetings to make sure that attendance, votes, and actions taken by the club at that meeting are properly documented.

## **TREASURER BONDING**

It is recommended that the club's treasurer be bonded

## **AUDIT REPORT**

The audit committee should endeavor to answer the following questions in their report to the club President:

Do you believe that the financial statements fairly and accurately present the financial position of the club?

Do you believe that the information is presented in a way that the average reader would accurately understand the financial position of the club?

Is the committee aware of any instance that seemed to be an income or expense manipulation?

Was there any evidence of fraud?

Are there any weaknesses in the policies of the club that would contribute to the likelihood of fraud?

List any business practices that you believe would strengthen club's current practices.

Did you find any practice or activity that you felt uncomfortable with or would consider unusual?

Is there any situation that you feel warrants further investigation?

Was the treasurer and secretary cooperative with regard to financial records being delivered to the committee?

Is there any situation, activity or practice that if exposed to the general public would cause embarrassment to the organization?

Describe any improvement that you believe would add value.