

## **AUDITS**

### **PURPOSE**

These policies and procedures describe how audits of financial and other records will be performed. The purpose of financial audits is to ensure that the Club's financial matters are conducted legally, ethically, and efficiently. The purpose of records audits is to ensure that the Club's records are maintained in a way that meets legal requirements, fulfills the reference needs of members and directors, and maintains the organization's history.

### **POLICIES**

1. Financial and other permanent records of the Club are audited several times throughout the year by an Audit Committee. The Audit Committee acts on behalf of the Board to fulfill the Board's responsibilities to protect the Club's financial interests and to comply with legal requirements.
2. The Audit Committee is composed of individuals who have no relationship with the Treasurer, Secretary, or members of the Finance Committee that would create a conflict of interest. Committee members also will have basic understanding of general accounting principles and the ability to read and interpret financial statements and to work with bank statements online.
3. Any irregularities, discrepancies, or errors discovered by the Audit Committee must be reported to the Board promptly.

### **PROCEDURES**

1. **Audit Timing:** Financial audits should take place four times a year, but not on a regular schedule. At least twice a year, the audit should be unannounced: not announced to anyone except the Audit Committee until the day of the audit. Unannounced records audits should take place twice a year.
2. **Scheduling Audits:** The Chair of the Audit Committee decides that it is time for an audit to be conducted. The Chair schedules the audit with the other members of the Audit Committee. For an unannounced financial audit, a way should be found to ensure that the Treasurer and therefore her records will be available, without alerting the Treasurer that there will be an audit.
3. **Financial Audit:** The Audit Committee retrieves and checks the items shown in the table "Financial Audit." Items selected should be primarily from the time since the last audit, although a few older items could be randomly selected. Bank statements can be retrieved online, if preferred by the committee. The Treasurer provides all needed information as soon as possible upon request. If any irregularities or errors are discovered, note is made, but no other investigation or action is taken.
4. **Records Audit:** The Audit Committee verifies that the items shown in the table "Records Audit" are in the files. The committee also verifies that the files are adequately secured. Officers assist as needed to provide access to records. If any missing records or other irregularities are discovered, note is made, but no other investigation or action is taken.
5. **Reporting:** If any financial irregularities or errors are discovered during the audit, the Chair of the Audit Committee shall notify the President immediately. The Chair of the Audit Committee presents a written report to the Board at the next board meeting. The report includes whether the audit was financial or records, when the audit was conducted, what specific items were checked, the findings, and the signatures of the auditors. If there were any concerns, those are documented. If there are any recommendations for Board action, those are included in the report. The audit report is retained in the permanent files.
6. **Follow-up:** If the board requests, the Audit Committee will perform a more in-depth audit by examining more items, to better understand the situation. If the Board considers financial discrepancies or errors significant or widespread, they can vote to initiate an audit by a professional auditor.

<b>FINANCIAL AUDIT</b>	
<b>What to Look At</b>	<b>What to Check</b>
<b>BANK BALANCES: Check one monthly financial report, selected from a month since the last audit.</b>	
<ul style="list-style-type: none"> <li>• Treasurer’s report</li> <li>• Bank statement(s) for the same dates</li> </ul>	<ul style="list-style-type: none"> <li>• Balances of all bank accounts shown on the report match account balances shown on the bank statement(s).</li> </ul>
<b>DEPOSITS: Check at least 2 deposits, randomly selected from the ledger.</b>	
<ul style="list-style-type: none"> <li>• Treasurer’s ledger*</li> <li>• Treasurer’s monthly reports for the dates of those deposits</li> <li>• Bank statements showing those deposits</li> <li>• Receipt book</li> </ul>	<ul style="list-style-type: none"> <li>• The deposits appear on bank records.</li> <li>• The deposit date shown on bank records is within 1 business day of the date shown on the treasurer’s ledger and report.</li> <li>• The bank’s deposit date was within a reasonable length of time after the funds were received by the GCC.</li> <li>• The treasurer’s reports show those deposits either individually or included in a sum of similar deposits.</li> <li>• The treasurer’s ledger contains explanatory memos that are appropriate and easily understandable.</li> <li>• A copy of a receipt exists for each deposit.</li> </ul>
<b>BILL PAYMENTS: Check at least 2 payments, randomly selected from the ledger.</b>	
<ul style="list-style-type: none"> <li>• Treasurer’s ledger</li> <li>• Each actual bill or invoice</li> <li>• Treasurers monthly reports for the dates of those payments</li> <li>• Bank statements showing those payments</li> </ul>	<ul style="list-style-type: none"> <li>• The payments appear on bank records.</li> <li>• The check was written (or EFT took place) before the bill’s due date and for the correct amount.</li> <li>• The treasurer’s reports show those payments either individually or included in a sum of similar payments.</li> <li>• The treasurer’s ledger contains explanatory memos that are appropriate and easily understandable.</li> </ul>
<b>REIMBURSEMENTS: Check at least 2 reimbursements randomly selected from the ledger, at least one from each account that has reimbursements.</b>	
<ul style="list-style-type: none"> <li>• Treasurer’s ledger</li> <li>• Reimbursement form for each reimbursement</li> <li>• Treasurer’s monthly reports for the dates of those reimbursements</li> <li>• Bank statements showing those reimbursements</li> </ul>	<ul style="list-style-type: none"> <li>• The reimbursements appear on bank records.</li> <li>• The check was written for the correct amount.</li> <li>• The treasurer’s reports show those reimbursements either individually or included in a sum of similar reimbursements.</li> <li>• The treasurer’s ledger contains explanatory memos that are appropriate and easily understandable.</li> <li>• A reimbursement form is in the files and contains appropriate supporting documentation.</li> </ul>
<b>BINGO RECORDS: Check receipts from at least one Bingo night.</b>	
<ul style="list-style-type: none"> <li>• Bingo Session Summary</li> <li>• Treasurer’s ledger</li> <li>• Bank statements showing those deposits</li> </ul>	<ul style="list-style-type: none"> <li>• Each Bingo Session Summary is correctly and completely filled out.</li> <li>• Concession and gaming monies are reported separately as required by state regulations.</li> <li>• Net receipts match both Treasurer’s ledger and bank statements.</li> </ul>

\* “Treasurer’s ledger” means whatever record book or electronic software and files are used to record individual transactions and memo notations.

<b>RECORDS AUDIT</b>		
	<b>What to Look At</b>	<b>What to Check</b>
<b>MINUTES</b>		
	<ul style="list-style-type: none"> <li>• Board meeting minutes</li> <li>• Membership meeting minutes</li> </ul>	<ul style="list-style-type: none"> <li>• All minutes since previous audit are on file.</li> <li>• Files exist for previous years' minutes.</li> </ul>
<b>MEMBERSHIP RECORDS</b>		
	<ul style="list-style-type: none"> <li>• Membership list</li> <li>• Membership forms</li> </ul>	<ul style="list-style-type: none"> <li>• Up-to-date membership list is on file, containing the information required by ORS 65.224.</li> <li>• Signed membership forms for each household are on file.</li> </ul>
<b>TREASURER'S REPORTS</b>		
	<ul style="list-style-type: none"> <li>• Treasurer's financial reports to board</li> <li>• Treasurer's financial reports to membership, if different</li> </ul>	<ul style="list-style-type: none"> <li>• All reports since previous audit are on file.</li> <li>• Files exist for previous years' reports.</li> </ul>
<b>TAX RETURNS</b> (check only once per year)		
	<ul style="list-style-type: none"> <li>• Form 990 (IRS)</li> <li>• Form CT-12 (Oregon)</li> </ul>	<ul style="list-style-type: none"> <li>• Reports since previous audit, if any, are on file.</li> <li>• Reports for previous years are on file.</li> </ul>
<b>OTHER ITEMS</b>		
	<ul style="list-style-type: none"> <li>• 2 other items randomly selected from the list of records required by the Records Management policy</li> </ul>	<ul style="list-style-type: none"> <li>• Reports from the specified retention period are on file.</li> </ul>