

Business Practice - Financial Internal Audit

This Financial Internal Audit business practice, based on Generally Accepted Auditing Standards, is intended to assist the Association's internal auditors to perform reviews of financial statements and processes to ensure financial information is complete and accurate with adequate internal controls. This reassures and supports the Board of Trustees in their duty to safe guard the assets and financial integrity of the Association.

Audit Committee Members

Audit Committee Members should have the following qualities:

- Familiarity with how the Association activities are reflected in the financial statements
- Understanding of the auditing process
- A willingness to match documents, such as expense vouchers to check numbers and bill payments of members to bank deposits.
- A working knowledge of regulations/laws that pertain to 501 c 12 tax status.

Audit Scope

Information Needed: check register, CD Statements, Bank Statements, Monthly Billing Income, paid bills, BOT Minutes, Annual Budget

The Audit Committee should select one or more focus areas, as presented below:

- The adequacy of internal controls
- The accuracy of the records and the reports given to the the Board of Trustees
- The proper authorization and classification of budgetary line items and expenditures (comparison of actual financials to the budgeted financials)
- The determination of the physical existence of assets
- Verification that signature cards on the bank accounts are up to date
- A review of the tax-exempt status and identification of risk to that status
- A review of billing cycle invoices, bank cash balances, creditors' balances and outstanding payments pass due
- Ascertaining that payroll taxes, licenses, Form 990, other taxes and corporate reports are properly filed in a timely manner
- Determination that the organization's activities remain consistent with its established exempt purpose and that sufficient controls are in place to determine and assure continued compliance.
- Bank reconciliations, matching all checks, cash, credit cards and in-kind) to deposit slips, matching all check numbers to expense vouchers, reviews of minutes, comparisons of current and previous financial reports.

The Audit Plan

An audit will vary with the size of our Association, its volume of income, the complexity of its operations and any special circumstances requiring an audit. The team should develop a written plan for each audit using focus areas presented above. The plan should indicate the audit objective and be the basis of a resulting report.