

# Audits

## Sec. 309 – Arrearages Affecting Delegates

- Any Auxiliary in arrears for the following shall be deprived of Auxiliary representation on all levels.
  - Financial obligations to National Headquarters.
  - Failing to have the office of the President and a Treasurer bonded.
  - **Failure to make quarterly audits.**

## Sec. 802 & 804 – Election and Terms

- Trustees serve a three-year term.
- If the office of Trustee becomes vacant for whatever reason, the members will elect a member to fill the un-expired term of that particular Trustee position.
- The First year Trustee (also known as the Senior Trustee) will serve as the Chairman of the Trustees.

## Sec. 814 – Trustees, Duties of

- To properly audit the books and records of the Auxiliary Treasurer and Secretary.
  - No later than the end of the month following the expiration of each quarterly period.

Quarter	Months Covered	Audit Completed by	Approved Audit to Department Treasurer
First	Jan, Feb & March	April 30 <sup>th</sup>	May 31 <sup>st</sup>
Second	April, May & June	July 31 <sup>st</sup>	August 21 <sup>st</sup>
Third	July, August & Sept.	October 31 <sup>st</sup>	November 30 <sup>th</sup>
Fourth	Oct., Nov. & Dec	January 31 <sup>st</sup>	February 28 <sup>th</sup>

- All Audits are to be completed by the elected Trustees.
  - A minimum of 2 Trustees are to attend the Audit. At least one must be an elected Trustee. Under extenuating circumstances, a protem Trustee can be appointed.
  - The President, Secretary, and Treasurer should attend the audit. They are there to answer questions should they arise.
- The Trustees shall submit and read the written report during an Auxiliary meeting.
- A motion to accept the audit is required.
- A copy of the accepted audit shall be included in the minutes record book.
- The Trustees will sign and date all expenditures of the Auxiliary and certify by their signatures to the correctness of each bill before payment may be made of same by the Treasurer.
- They shall, in addition to the forgoing, audit the records and accounts of all committees, Officers, and members, having to do with the receipt and expenditure of the Auxiliary funds and perform such other duties incident to their office as the Auxiliary may direct or the law requires.
- **“Any negligence on the part of the Trustees in carrying out the mandates of this section, or in attending audits, shall make them individually and collectively responsible, with any others, for any discrepancy.”**
- **The Treasurer does not prepare the audit report.**

## Items to have for an Audit

- Permanent record books of the Treasurer and Secretary
- The checkbook
- Any savings book or investments
- Cash receipt book
- Receipts and bills
- Membership records
- All Treasurer's report given at each meeting
- Minutes of each meeting
- Bank statements along with cancelled checks
- Copy of the most recent audit
- Ending balances of pervious audit are beginning balances of current audit.
- Copy of Standing Rules
- Blank Audit Forms

## Performing an Audit

- Review and check Treasurer's book against the checkbook to ensure all receipts and expenditures are listed.
  - Cash receipt book and expenditures are listed.
  - Receipts in Treasurer's book – deposits
  - Expenditures in Treasurer's book – checks written
    - Expenditures – all expenditures were to be brought to the Auxiliary at the meeting and approved by the membership. Trustees were to sign them at that time for approval.
- Reconcile Bank Statements
  - Review canceled checks
  - List outstanding checks
  - List outstanding deposits
  - Balance bank statement + outstanding deposits – outstanding checks = balance of check book
  - Review and check Secretary's minutes to ensure that all expenditures other than membership transmittals were either authorized by a motion or are in the VFW Auxiliary's standing rules.
  - Compare Auxiliary dues against National's reports
    - You can get this off MALTA under reports
    - Ensure that every member that paid their dues shows on the National report.

## Duties of Each Trustee

### Tasks of 1<sup>st</sup> Year Trustee (Senior Trustee)

- Sets the date of the Audit.
- Review checkbook against cancelled checks and deposits.
- List outstanding checks and deposits
- Reconcile bank statement with checkbook
- Read totals from previous audit as beginning balances of current audit.
- Sign reverse side of last checkbook stub, last receipt stub, last bank statement, and Secretary's book and Treasurer's book
- Review, date and sign the completed audit form

### Tasks of 2<sup>nd</sup> Year Trustee

- Review and check the bank statement and cancelled checks to match expenditures
- Review and check the deposits and compare with receipts
- Total all receipts; total all disbursements and calculate new cash balances
- Read totals to 1<sup>st</sup> year Trustee for incorporation into audit form

- Ensure that all appropriate tax forms have been filed.
- Sign reverse side of last checkbook stub, last receipt stub, last bank statement, and Secretary's book and Treasurer's book
- Review, date, and sign the completed audit form

### Tasks of 3<sup>rd</sup> Year Trustee

- Read from Treasurer's book receipts and expenditures
- Review Secretary's minutes for authorization of expenditures
- Prepare the audit report form on basis of information from the other Trustees
- Sign reverse side of last checkbook stub, last receipt stub, last bank statement, and Secretary's and Treasurer's books
- Review, date, and sign the completed audit form
- Mail a copy of the completed audit to the Department Treasurer after it has been accepted by motion as read at a VFW Auxiliary meeting

### Completing the Audit – See Bylaws book, yellow pages, pages 22 for a list of item for Audit

- Pull the ending balances from the last audit as the beginning balances for the current audit.
- Add up all the receipts for all each fund for the last three months. Place them under receipts for their funds.
- Add up all the disbursement from each of the funds for the last three months. Place them under disbursements for their funds.
- Going down, add each entry in cash balance last audit report, receipts, disbursements, and cash balance this report.
- Take the beginning balance of the fund, add the receipts, and subtract the disbursements to get the ending balance of each fund.
- Add all the ending balances together to get the "Total" Cash balance this report.
  - **If you add and subtract going across and add going down, you will come up with the same answer. If not, you need to go back and redo.**
- Bank Statement Reconciliation
  - Take the bank statement from the last month of the quarter and put the ending balance on the first blank.
  - Add up all outstanding checks and place the total in the next blank on the far right.
  - Add up all outstanding deposits and place the total in the third blank on the far right.
  - Subtract the outstanding checks from the ending bank statement balance and add any outstanding deposits. This adjusted bank balance will match the total cash balance this report. (This does not include Bingo, CDS, savings, etc as they are separate accounts.)
- Trustees prepare and sign the audit report
- A copy of the accepted audit must be given to the Secretary for incorporation into the minutes.
- The audit should be conducted in an environment conducive to conducting business
- At the 2<sup>nd</sup> quarter audit, the outgoing Treasurer and incoming Treasurer should attend the audit.

## **Correction of the Treasurer's Books**

- **Trustees must report, not correct, any errors found in the Treasurer's book or the Secretary's Book.**
  - If any mistakes are reported, the Treasurer or the Secretary shall be directed by the President to make the necessary correction(s) in the books. The Trustees shall sign the audit after all mistakes have been corrected. (See "Booklet of Instructions" page 22, number 5.

## **Terminology**

- MALTA – Membership Auxiliary – the system the National VFW Auxiliary uses to keep track of our members.
- Receipts, Credits – Money coming into the Auxiliary.
- Disbursements, Debits, Expenses – Money going out of the Auxiliary.
- Bank Statement – a report on money going in and out of a bank account. This comes out monthly.
- ACH – an electronic withdrawal from the banking account.
- Treasurer Ledger – a report the Treasurer puts together to keep an account of where the money has been spent and received.
- Checkbook register – an account of checks going in and out of the account.

## **Issues with Audits:**

- Not using the previous audit's balance on various accounts as your "Cash Balance Last Report".
- Not checking totals.
- Not completing the "Bank Statement Reconciliation" and using the ending balance of the last bank statement for the quarter.