

Audit Committee Procedures

GENERAL & PRELIMINARY:

Audit Committee is elected by the TSID membership. Per our bylaws: "Annual Audit Committee: This committee shall be composed of three (3) persons, none of whom shall be current officers of TSID. The Chairperson and members of this committee shall be elected by the membership of TSID at the Annual Meeting. This committee will perform an audit of the financial records of TSID for the previous fiscal year."

Audit Committee will review the previous fiscal years books. The Committee may wish to partition areas to audit among members of the Committee, each taking a specific area, each part is then summarized in discussion with the other committee members. Review recommendations of previous year's Audit Committee to see if their recommendations were met in the **year being audited**.

The audit committee should be concerned with the following things, at a minimum:

- the adequacy of internal control (a system in which the operating or recording function can be broken down into elements that are performed by different people, each checking the work of the others)
- the accuracy of the records and the reports to the TSID Board
- the proper authorization of activities and expenditures
- a review of the tax-exempt status and identification of any activities that may endanger it
- ascertaining that licenses, sales taxes, other taxes and corporate reports are properly filed in a timely manner.

TIMELINE:

The Audit Committee will meet after the closing of the fiscal year, but prior to the Business meeting at the TSID annual conference. When sufficient funds are available the committee will meet in a central location with TSID paying mileage to and from the meeting location.

BANK STATEMENTS & RECONCILIATIONS:

Review to see if selected bank statement's balances have been reconciled with:

- the Cash Account(s) in the General Ledger

(If the Committee is uncomfortable with the situation or it feels there may have been some inappropriate handling of the funds, then it is recommended that the Committee obtain Bank Confirmations from each institution.)

RECEIPTS/DEPOSITS:

Look at documents:

- to see source of revenue
- for what it was designated, and,
- to which account credited

Compare randomly selected deposits made with deposits recorded on bank statements.
Trace these deposits:

- to the General Ledger
- to copies of the deposit

Dues – test to see where shown in

- Accounting program, and on
- Membership Roster

Contributions/Donations – review to see if designated funds (restricted) have been handled that way. (i.e. designated funds cannot be used for other than that for which they were given).

Interest – review to see that every interest-bearing account has earned interest and that it has been credited accordingly.

DISBURSEMENTS:

Detail review (look at randomly selected disbursements for period selected) to see that:

- checks have two signatures (if required by the by laws)
- checks have invoices/receipts/check request forms for every disbursement in the paid bills file
- disbursement has been charged to appropriate expense account (in General Ledger) and
- spot check (test) entries throughout entire fiscal year.

ADJUSTMENTS TO GENERAL LEDGER:

Review any and all General Journal entries to be sure they have been appropriately and reasonably recorded and explained.

MINUTES OF BOARD MEETINGS & GENERAL MEMBERSHIP MEETINGS:

Compare adopted Budget with Actual Budget as shown on YTD Budget Report

Review Minutes to see when assembly voted and approved non-budgeted items, follow randomly selected non-budget item through the payment process.

WRITING THE REPORT:

Follow the same procedures and outlines as used in previous years' reports. Copy of annual Treasurer's report for annual business meeting as prepared by the Treasurer should be attached to the Report unless changes have been determined, then Treasurer should be asked to make the year-end adjustments accordingly.

As a courtesy, review with Treasurer prior to filing the Report.

Audit Committee Chairman may present Audit Report to the General Membership at the Annual Business meeting or simply file with the TSID board. If report is presented, calling for a vote of acceptance is appropriate. One copy of the Report is filed with the Secretary to be attached to the business meeting minutes. Copies are provided the President in whose administration the audit covers, the Treasurer, and current President

DOCUMENT HISTORY

- Established 03/2003
- Revised 04/2004