

Links Finance: Chapter Audit Guidelines


Presenters:
The National Finance Committee

Carolyn E. Lewis, National Treasurer
Glenda Newell-Harris, M.D., National President




Linked in Friendship, Connected in Service

Agenda

- Why is it important to conduct a Chapter Audit?
 - Why establish new Chapter Audit Guidelines?
 - What is our current process?
 - Roles & Responsibilities of Internal Audit Committee
 - Chapter Audit Requirement
 - Audit Definitions
 - Chapter Audit Guidelines
 - Internal Audit Certification Form
 - Thank You
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Why is it important to conduct a Chapter Audit?

- To demonstrate our organizations commitment to fiscal accountability and transparency.
 - To foster fiscal confidence with our members.
 - To assure that our donors and potential donors have confidence in our fiscal practices.
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Why establish new Chapter Audit Guidelines?

- Chapters requested an updated process that would allow them to achieve the following:
 - Accountability
 - Transparency
 - Cost effective audits
 - To operate under consistent and concise guidelines

What is our current process?

- Audit thresholds are established by gross receipts
 - Process does not define clearly the requirements
 - Does not foster chapter accountability
 - May result in costly Audit procedures
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Chapter Audit Guidelines

Internal Audit Committee

- shall consists of three to five members, appointed by the President,
- shall review the chapter's records annually.
- members are not the current financial officers or members of the Finance Committee.
- shall have some knowledge of the chapter's fiscal operations (i.e. past financial officers).
- immediate past financial officers can be members as long as they are not auditing financial transactions that occurred during their tenure.

The Internal Audit Committee shall:

- Recommend an independent auditor for the annual review
- Provide at least 2 bids to the Executive Committee of the Chapter
- Review the chapter's records, indicate any material weaknesses and propose internal controls

The Internal Audit Committee review of activities shall include:

- Verification of receipts for the period
- Verification of expenditures for the period
- Verification of balances for all accounts
- Ensure presence of expenditure documentation (receipts, invoices, etc.)
- Ensure adherence to budget line items
- Ensure adherence to separation of fiduciary responsibilities
- Shall meet with the fiscal officers to present the findings of audit report, prior to submission to the executive committee.
- Present the audit report to the chapter, and if needed, the findings/recommendations.

Chapter Audit Requirement

^Gross Receipts	Requirement	Performed By
\$0-\$50,000	*Internal Audit Certification Form & Annual Treasurer's Report in Appendix A-13	Chapter Audit Committee Chapter Treasurer
\$50,001-\$100,000	^^Review of Financial Statements *Internal Audit Certification Form & Annual Treasurer's Report in Appendix A-13	Licensed CPA Chapter Audit Committee
More than \$100,000	^^^Audited Financial Statements *Internal Audit Certification Form & Annual Treasurer's Report in Appendix A-13	Licensed CPA Chapter Audit Committee


Audit Definitions

Audit Definitions

Review of Financial Statements- The licensed CPA will apply analytical procedures to your financial records/data and make inquiries of company management and merely state whether he or she is aware of any material modifications that should be made to the financial statements for them to be in conformity with generally accepted accounting principles (GAAP). (limited assurance)

Audited Financial Statements- The licensed CPA examines your accounting records and financial statements and conducts an independent investigation to test the accuracy of your accounting records and internal controls. At the conclusion of the audit, the auditor issues a report in the form of a letter stating whether, in the auditor's professional judgment, your accounting records and year end financial statements fairly represent the nonprofit's financial position according to generally accepted accounting principles (GAAP).

Chapter Audit Guidelines

- When there is a change in chapter Treasurer, an internal audit is required.
 - A extension will NOT be granted for submission of the Internal Audit Certification Form and Annual Treasurer's Report.
 - If not submitted by September 15th, a fine of \$500.00 will be assessed.
 - If not submitted by December 15, the chapter will be subject to disciplinary action including, but not limited to, a fine in the amount of an additional \$500.00, as approved by the Executive Council.
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Chapter Audit Guidelines

continued

Chapters that require an External Audit:

- If an extension is required for an external audit:
(a Review of Financial Statements or Audited Financial Statements)
 1. A written request must be postmarked to headquarters to the National Treasurer by September 15th.
 2. If the extension request is emailed, it must be emailed by 11:59 pm EDT on September 15th.
 3. The maximum period of time for an extension is 60 days.
- The chapter's Internal Audit must be completed by June 30th. (to allow at least 60 days for the chapter records to be provided to the external auditor for review)
- The Chapter shall not engage an external accountant or licensed CPA who is a Link, Connecting Link, Heir-o-Link or any family member) to audit or review the chapter's financial statements.

Internal Audit Certification Form

Effective fiscal year May 1, 2015 - April 30, 2016

The Internal Audit Certification Form

- will be prepared by the chapter internal audit committee
 - signed by the chapter president online.
 - the form will ask the chapter for certain fiscal/internal control information
 - the form will verify that the committee conducted an internal audit of the chapter books and records.
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- Internal Audit Form Due Date: September 15th
 - Fine for late filing after September 15th - \$500

Internal Audit Certification Form 2015-2016

Form to be submitted VIA EMAIL, no later than September 15th, along with Treasurer's Year End Financial Report

Chapter: _____

President: _____


Treasurer: _____

Internal Audit Committee Chair: _____

Gross Receipts: _____

Total Expenditures: _____

Have all deposits, with documentation, in accordance with stated guidelines in the Financial Handbook, been reviewed? Yes ___ No ___



Were all expenditures paid, utilizing a voucher system, with required receipts, approvals and signatures? Yes__ No __ If No, explain_____

Were all budget line items adhered to? Yes___ No___ If No, were budget modifications communicated to the Financial Officers, Executive Committee and Chapter membership? Yes___ No ___

Bank reconciliations were performed by the Treasurer monthly? Yes___ No ___
If No, explain_____

Financial Secretary and Treasurer reports were presented at each chapter meeting? Yes ___ No ___ If No, explain_____

Were all members notified by the Financial Secretary of her financial obligations? Yes___ No ___

Were all chapter budgets (restricted and unrestricted) prepared and approved by the chapter by February 1st? Yes___ No___ If No, explain

Were all findings of the internal Audit Committee communicated to the Financial Officers, Executive Committee and Chapter membership? Yes___ No___ If No, explain

If the chapter has gross receipts of over \$50,001 or over \$100,000, were independent accountants or licensed CPA's recommended by the internal audit committee to the chapter? Yes___ No___ If No, explain

Signature_____


Chapter President

Signature_____

Internal Audit Chair

Date_____



- **Stay Tuned for:**
 - Internal audit certification form to be uploaded to The Links, Inc website.
 - Chapters will complete the form online.
 - External audit reports will be uploaded to The Links, Inc website.
 - Look forward to a paperless system.
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Thank You

for participating in the

**2015 Chapter Audit Guidelines
Overview**

