

## ANNUAL AUDIT

The financial records of your League, including those of a local League education fund if you have one, should be reviewed at the close of each fiscal year. Such audits assure that your League's books and records are being properly kept. They can be important to the state and federal governments, to donors and members who trust that contributions and dues are being handled properly, and to your own confidence in the accuracy of your bookkeeping.

The treasurer can assist with the audit but should not be responsible for its report. Your League may be fortunate enough to have a member who is an accountant and willing to audit the books for a small fee or no charge. If not, a small committee of members, including off-board personnel, can do an informal review. The following procedures should be used by such a committee.

Start with bank statements...

Check the cash receipts journal against the deposits on bank statements and investigate discrepancies. Are all interest payments recorded?

Verify bank reconciliations throughout the year. Account for all checks by number (recorded on the statement, outstanding or voided). Total all checks for the year and compare with amount reported on statements.

Then review dues...

Check dues collected during the year against current membership total. Understand reasons for discrepancies (transfers, scholarship members, deaths, etc.)

Vouchers...

Check journals against vouchers and investigate discrepancies. Are all expenses backed by an invoice or voucher? Are items being debited to the proper account?

Taxes...

If applicable, recalculate sales/use tax owed New York State and compare with amount paid.

Budget...

Compare income and expenses with budgeted amounts.

and LWVUS Education Fund and LWVNYS Education Foundation...

If applicable, check transactions between your League and both of these funds. What amount is available to your League? Is the fund being used? If not, why not?

Then do some math...

Recalculate a sample month and verify totals overall and for individual categories of income and expenditures. Check beginning balance, receipts and expenditures, and balance. Make necessary adjustments (corrections).

You may have to check other months and make adjustments if a consistent error is found or balances are discrepant.

Return to the bank statements...

Verify amounts in checking and savings accounts at beginning of year and end of year.

The goal of the review is to assure accuracy. Discrepancies should be understood and adjustments made before an auditing report is made. The signed report may be worded as follows: "We have reviewed the books of the League of Women Voters of \_\_\_\_ as of (last date of fiscal year), records of revenue and expenditures, and traced beginning and ending cash balances to bank statements. The books are an accurate reflection of the financial condition of the League of Women Voters of \_\_\_\_ as of (last date of fiscal year) and the results of its operations and cash flows for the year then ended."

Note that handling all transactions by check facilitates the treasurer's job and that of the auditor. If you have cash income, receipts with duplicates should be made. If you have many small transactions, establish a petty cash fund, obtain appropriate receipts for

expenditures and periodically charge them to the appropriate budget line item. Then reimburse the fund. Insist on receipts for everything. You and your auditor won't regret it.

\*\*\*Thanks to the League of Women Voters of New Jersey and the League of Women Voters of Massachusetts for providing the basis for this memo.