

CIVIL SERVICE EMPLOYEES ASSOCIATION, INC.

*** AUDIT COMMITTEE GUIDELINES ***

The purpose of the Audit Committee is to provide an independent review of the financial records of the Region, Local or Unit at least once a year at fiscal year end. The Audit Committee reports their findings to the Region, Local or Unit's Executive Board using CSEA's Annual Audit Report form. The Audit Committee may schedule more frequent reviews during the year. The Audit Committee must be made up of at least 3 members who are not voting members of the Executive Board (or have not been for the period being audited) of the Region, Local or Unit they are auditing.

Before you begin the audit, obtain a copy of CSEA's Financial Standards Code; this publication provides the rules governing financial activity. In addition, the publication also contains an Audit Committee Guide. This tip sheet provides only highlights; the Audit Committee Guide describes the audit process in greater detail and should be referred to during the audit.

The primary goal of the Audit Committee is to determine if:

- All the required financial records exist
- The financial activity conforms to the Financial Standards Code
- The Annual Financial Report prepared by the Treasurer is accurate

Financial Records

Article III of the Financial Standards Code lists all the required records that should be maintained by the Treasurer. The basic records you will need to conduct an audit are:

- Income Register (or some form of a cash receipts journal) for all bank accounts for the entire fiscal year – October 1st through September 30th.
- Expense Register (or some form of a cash disbursements journal) for all bank accounts for the entire fiscal year as well.
- Bank Statements for all bank accounts for the entire fiscal year together with deposit slips, canceled checks (if available) and the Treasurer's reconciliations.
- All paid bills (invoices) and travel vouchers along with the checkbook and check stubs.
- Minutes of all Executive Board meetings and general membership meetings held during the fiscal year.
- Last year's completed Annual Audit Report (for reference).
- All completed CSEA and IRS forms for the fiscal year just ended (and other governmental forms if required).
- Any payroll records, lease agreements, etc if applicable,

Important Questions

The following are some of the questions the Audit Committee must be able to answer at the conclusion of the audit:

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- Have all the bank accounts been reconciled both at year end and throughout the fiscal year?
- Has all the money received been deposited soon after its receipt?
- Are there two rebates from CSEA deposited? CSEA issues rebates usually in late January and then on June 15th each year if all the financial reporting requirements have been met.
- Do all the checks have two signature lines?
- Do all cancelled checks (or images) have two signatures?
- Do the endorsements match the payee?
- Is there sufficient documentation (back up) for all checks issued? Documentation can be invoices from businesses, travel vouchers or Executive Board motions.
- Are all the deposits correctly recorded on the Income Register?
- Are all the checks issued correctly recorded on the Expense Register?
- Are the totals from the Income and Expense Registers correctly transferred to the Annual Financial Report?
- Is the Annual Financial Report accurate? Does the opening balance reported plus total income minus total expenses equal the closing balance reported?
- Does the closing balance agree with the bank reconciliations at year end for all accounts?
- Have all the required governmental reports been filed by the due dates?

The Audit Committee (usually the Audit Committee chairperson) must complete the Annual Audit Report. **This report cannot be completed by any Officer of the Region, Local or Unit.** All three sections must have something entered in them to provide assurance that the Audit Committee performed all the necessary reviews. The final responsibility of the Audit Committee is to record their findings in the Mandatory Report section of the Annual Audit Report – they must write something in this space explaining what they found during the audit. The Audit Committee should use this opportunity to make suggestions to the Treasurer and the Executive Board.