

Annual Audit or Review of Financial Records (Revised Aug 23, 2021)

The financial records of the League should be reviewed at the close of each fiscal year. Such a review assures that the League's books and records are being properly kept.

The treasurer can help with the audit or review but should not be responsible for its report. If the League does not have a member who is a professional who will do so, a small committee of members including off-board personnel, can do an informal review.

An informal review consists of the following procedures.

1. 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. Total all checks for the year; compare with amount on statements.
2. Then review dues... Check dues collected during the year against the current membership total. Understand reasons for discrepancies (transfers, life members, scholarship members, deaths).
3. 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?
4. Budget... Compare income and expenses with budget amounts.
5. 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).
6. Return to the bank statements... Verify amounts in checking and savings accounts at the beginning of the year and the end of the 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 (name) as of (last date of fiscal year), examined the 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 Fremont, Newark, Union City as of (last date of fiscal year) and the results of its operations and cash flows for the year then ended.

The process for reviewing the finances:

The Treasurer will provide the following document for review:

- a. Folders per month (12) that include (for that month) bank statement, bank reconciliation, and vouchers and receipts (with check number and category of disbursement written on the receipt or voucher)
- b. Detailed ledger of balance sheet by category
- c. Statement of Revenue and Expense for the year (P&L)
- d. List of members and dues paid. (305 and 401) with total of members reported to national in January.
- e. List of check numbers with expense (category) and titles (to use as a check off sheet)
- f. PayPal statements by date for the year.
- g. End of the year balance sheet and monthly balance sheets.

Process for Review:

Checklist #1: On the List of Checks create a checklist with four columns:

Check number. (a)

Check cleared. (b)

Voucher/receipt (c) tied to general ledger

Check number and amount in the general ledger(d)

(Review Records. Items #1, #3, #5)

In each folder (use month abbreviation for check off):

1. Does bank statement balance match the Reconciliation (circle each) -Cleared Statement?

Checklist #2

2. Check the bank statement checks that have cleared. (c)

3. Check off the voucher/receipts in the folder (b)

4. Check off check number for disbursements in the general ledger
(note category to find easily) (d)

Are the dollar amounts in the three steps above the same?

After we get the hang of it we will select sample months to see patterns.

(Review Records. Items #2 – Membership)

With the Membership dues payment list check the total amount collected for 406 and 305, add together and cross check with Statement of Revenues and Expense (P&L), Collected Dues.

(Review Records #4- Budget)... Compare income and expenses with budget amounts on annual P&L

(Review Records #6).

Return to the bank statements...Verify amounts in checking and savings accounts at the beginning of the year and the end of the year are the same for the P&L. This will be in the annual report.
