

Internal Auditing Process

This outline is to document a process that is used by Camp Haccamo to provide assurance to ourselves, and to an external auditor, that financial transactions have been properly made. When this process is followed, there will be little chance that significant errors will occur without being discovered in the normal process of internal audit.

The Job of the Camp Haccamo Treasurer

- 1) Record Deposits made by others to the bank, and keep proper accounting.
- 2) Pay all Dues, Bills, Requests for Reimbursement that are properly authorized by someone other than the Treasurer.
- 3) Provide periodic reports and presentations to the Board and members as requested, and answer all questions to the Board's satisfaction.
- 4) Provide updates on Income and Expenses to help keep us within budget.
- 5) Assist the Finance Committee in preparing a budget for the following year.

An internal audit is performed by a two person audit committee to provide confidence that the Treasurer's accounting appears to comply with standards that the Board has agreed to. It is work done in preparation for an external audit performed by professionals acting to Generally Accepted Accounting Practices. It is preferred that members of the audit committee be selected from the directors on a rotating basis for a one year assignment, with staggered assignments each six months. Auditors are appointed by the President.

An audit seeks to provide reasonable assurance that the statements are free from material error.

The Job of Internal Auditors

- 1) Review Bank Statements and related documents.
- 2) Is there documentation for deposits showing what the funds were to be deposited for?
- 3) Were the deposits entered to the proper accounts in the Quickbooks system?
- 4) Is there documentation for expenses showing authorization from someone other than the Treasurer?
- 5) Are the expenses entered to the proper accounts in the Quickbooks system?

Our internal auditors do not verify the math done by Quickbooks. If each entry has been properly done, we have confidence that the summary reporting by Quickbooks is acceptable.

Preparation for a periodic audit package

These will correspond to meetings of the board, either monthly, or bi-monthly

The Treasurer will provide one set of:

- 1) Copies of the Bank Statement for each account. (Three accounts)
- 2) Copies of deposit slips related to each statement/account.
- 3) Copies of invoices/receipts/requests for reimbursement that justify each payment made for that periods statement.
- 4) A Quickbooks Transaction listing for all transactions that period that include the Payee and account transactions are posted to.

STEP ONE

With the bank statements, and the deposit/invoice information, the internal auditors can verify that each transaction in the bank statement has proper documentation to support it. All copies are for use of the auditors and may be marked in any way they desire. It is acceptable to sample only some of the transactions.

Note on the bank statement which transactions were verified.

STEP TWO

Review the Quickbooks transaction sheets for that period. Do the deposits/expenses look like they were posted in the proper accounting category? Do you see lawn mowers in the office supplies category? Please note any questions you have on any of the sheets so you can later question either the Treasurer or members of the Finance committee.

Note on the Quickbooks summary which transactions were verified.

When the audit is complete, and you have your questions answered, (answers noted on the sheets also), **Please sign the sheets.** Present the sheets and review comments to the Camp President. Then give the package to the Camp Manager for filing. This provides documentation to our external auditor that we are using an internal audit process to provide reliable information. It should make their job easier and less costly for us.