

REVISED

CRITERIA FOR THE REVIEW OF NEBCA FINANCIAL RECORDS

As developed by Bill Black—2/11/13

OVERVIEW

Per the By-laws, “**The Board of Directors shall appoint an audit committee of three members to conduct an examination of the financial records of the corporation each year.**”

The Chairman of the Audit Committee will report the committee’s findings to the Board at a reasonable time after the close of the year end, December 31st, to at least correspond with the meeting generally held in May.

The Treasurer and Secretary will provide copies of any and all material the Audit Committee deems necessary to be able to conduct a fair and accurate evaluation of the financial activity of the year under review.

For the year under review, the Treasurer will, at a minimum, provide the following documents from the accounting system currently in use (Quicken).

1. A listing of all checks and transfers processed for chosen month of review, in date order
2. A listing of all the deposits made to the Bank of America, to include PayPal transactions for a month chosen by the Audit Committee.
3. A detail listing of the General Ledger account activity for the year under review.
4. A copy of the combination listing of BofA activity.

In addition, the Treasurer will provide:

1. A copy of the year end statement from the Bank of America.
2. A copy of the year end statement from the ING account.
3. A copy of the latest 990N filing.
4. A write-up of the current bookkeeping procedures, if there has been significant changes.

The Secretary will provide:

1. A membership list of paid members as of year end.

OTHER THOUGHTS

1. The Audit Committee should consider being on the mailing list to receive copies of the Fall Foliage and Novice Final financial statements prior to the annual meeting. The copy they should get is the one the committee chairs get, which has detail of selected income and expense items. The statements distributed at the annual meeting are summary financial statements. This will give the audit committee the opportunity to raise question prior to the annual meeting.
2. The treasurer usually distributes interim financial statements in May and August. Along with, and related to, the statements are a list of comments generated by the treasurer.

REVIEW PROCEDURES

BANK STATEMENTS

1. The audit committee should chose a random month and trace all activity, both deposits and disbursements to the Bank of America statement. Because of the volume of checks disbursed each year, (30 to 35), all checks and deposits for the month chosen can be traced to the bank statement. However, a reasonable dollar amount, for example all amounts over \$50, can be chosen as a cut off.
2. For the month chosen, all the activity should be traced to the appropriate Quicken listing.
3. Trace the year end balance, per the December bank statement to the Quicken generated BofA activity listing and the year end financial statement.

PAYPAL

1. Because PayPal is not being used to renew membership, the activity is limited to purchases of merchandise. For the month of review chosen, a reasonable sample of PayPal transactions, as reported by PayPal, should be traced to the appropriate Quicken listing.

MEMBERSHIP LIST OF PAID MEMBERS

1. For the month under review, a sample of members paid should be traced to the Quicken list of deposit made and to the detail account distribution.

OTHER

1. If significant changes have been made to bookkeeping procedures, the Audit Committee should review the current write-up of procedures for compliance with good business practices and provide suggested changes.

THE REPORT

1. The review may generate questions which should be addressed and resolved, if they can be, prior to the report to the Board of Directors.
2. Any points not resolved should be included in the report to the Board of Directors for their action.
3. The report to the Board of Directors, should, if determined to be appropriate by the Audit Committee, contain recommendations and concerns and the current status of each one.