

## **CONDUCTING A PERI CHAPTER AUDIT**

### **There are three primary purposes for a Chapter Audit Committee.**

1. To verify and insure that the funds, under the chapter's stewardship, are in accounts that meet all of the requirements of the chapter bylaws.
2. To verify and insure the financial integrity and accounting accuracy of the chapter's books and records.
3. To verify that the chapter's executive committee has approved all expenditures; and that each is compliant with the purpose clause of the PERI Constitution.

### **The goals of the audit are accomplished by carrying out the following:**

1. Becoming knowledgeable of the account setup requirements set forth in the Chapter Bylaws.

HOW: By reading the chapter bylaws, or asking the PERI Administrator, if any clarification is necessary.

2. Examining the chapter's income and expense records.

HOW: By utilizing an audit check list in order to:

- Verify that the treasurer's final year-to-date (ytd) balances match the actual bank statement.
- Checking random treasurer reports with corresponding bank statements.
- Checking the petty cash and verifying that cash balance and receipts = the petty cash allocation.
- If any, verify that the investment documentation = the stated investment amounts and locations.
- If any, verify security deposit amounts and locations.

3. Examining the income and income sources.

HOW: By utilizing an audit check list in order to:

- Balance dues income amounts to stated number of members.
- Check special events income against amounts stated in the meeting minutes
- Verify interest earned on accounts or Certificates of Deposit.

4. Examining the physical receipts given to support an expense.

HOW: By utilizing an audit check list in order to:

- Review the expenses paid and the corresponding receipts or invoices.
- Reviewing Gift, Other, and Annual Meeting deposits and balances.

5. Examining the approval documentation use to pay an expense.

HOW: By utilizing an audit check list in order to:

- Review the chapter minutes for approval to pay reoccurring general expenses.
- Spot checking for proper authorization for payment of unusual expenses.

6. If, during your audit, you see things that might help the accounting system or preserve the integrity of the chapter's assets, make recommendations to the chapter Executive Committee for changes or improvements.
7. If your audit reveals anything that the committee feels is questionable or needs professional scrutiny, make a recommendations to the PERI Board of Trustees for an outside audit.