

Let us serve like Jesus - Let us Journey together

**SUGGESTED AUDIT PROCEDURES**[[1]](#footnote-1)

Each local Fraternity shall conduct an audit of the Fraternity’s financial status at least **once** every three years (i.e., before the conclusion of the current Council’s term of office has expired). The audit should be conducted by one (1) *professed member* selected by the Local Fraternity Council who are not currently on Council.

An examination of the Fraternity’s financial records should focus primarily on cash receipts and cash disbursements. It is recommended that one of the two auditors examine case receipts and the other cash disbursements. The intent is to confirm that the Local Fraternity Council is keeping accurate records and diligently reporting the financial activities of the Local Fraternity.

**HANDLING CASH IN GENERAL**

1. Verify that a bank account exists. All Fraternity cash activity should be recorded in a statement from a local bank account.
2. Verify with the local bank that a current bank signature card exists and is correct; that is, after any election, make sure the names of the Minister and Treasurer are on the account as signors.
3. Obtain separate record books (journals) to record specific detailed cash receipts (money received) and disbursements (money spent).
4. Perform bank reconciliations monthly.

**CONDUCTING THE AUDIT**

Obtain Fraternity’s financial record books (journals) from the Treasurer, then decide which auditor will perform what task; *i.e.*, who will review receipts and who will review disbursements.

**A. Cash Receipts**:

1. Trace cash receipts from the record book (journal) to the bank statements.
2. Review the nature and extent of the recorded items for reasonableness. If there are unusual items or a large volume of items to reconcile, perform additional tracing and consult with the Fraternity Treasurer.
3. Make sure that totals on deposit tickets are clearly traceable to the record book (journal).

**B. Cash Disbursements**:

1. Trace cancelled checks to the cash disbursements journal noting that the name of the payer, amount of the check and endorsement are the same.
2. Verify that the written dollar amount on the checks match the bank’s “cleared” amount.
3. Spot-check the backup for disbursements (receipts for expenses) for reasonableness.
4. If there are any checks outstanding for one year, add them back into cash.

**Conclusion**:

1. Record any findings and recommendations in a written report detailing the procedures taken by each auditor.

State a one-sentence conclusion on the written report indicating the overall results of the audit and whether the records have been reasonably maintained

1. See also, *General Constitutions*, Article 54.3; *National Statutes*, Articles 4.5 and 18.11 [↑](#footnote-ref-1)