

## **Guidelines for the Review of SCFCL Treasurer Financial Records**

A review of the treasurer's records ensures that all monies received and all monies spent have been accurately accounted for. A review also verifies that the actual bank account balances match the dollar amounts reported by the treasurer for each account and/or fund.

- A. The President with approval of The Board shall appoint a Financial Review Committee of three members at the January Board Meeting consisting of an Executive Board member as chair and two qualified individuals.
- B. SCFCL policies/standing rules specify the treasurer financial records are to be reviewed annually.
- C. Treasurer shall be present at meeting(s) to answer questions.
- D. The committee chair shall present the Financial Review Checklist signed by all committee members at the April Board Meeting. (Financial Review Checklist on scfcl.com)
- E. A copy of the financial review checklist and tax documents shall be on file with the President, Treasurer, State Advisor, and included in archival materials/documents.

### **Records that are needed for the review:**

1. Transaction report with itemized listing of all receipts and expenses
2. Checkbook registers for each account
3. Financial reports (annual and/or meeting) for the period under review
4. Financial report for the period immediately preceding the period under review
5. Bank statements for each account, certificates of deposits, etc.
6. Cancelled checks or duplicate check copies
7. Deposit receipts or duplicate deposit slips

### **Suggested Review Process**

1. If one bank account is being reviewed, follow the review process as outlined.
2. If there are multiple bank accounts and each account is reported separately on the financial reports, follow the review process for each account.
3. If multiple bank accounts have been combined on the financial report and only the total is given, follow the steps to review each bank account and then add the balances together to compare with the financial report total.

### **A. Verify the beginning balance**

1. Look at the current annual financial report and the previous year's annual report. Verify that the current annual reports beginning balance matches the previous year's ending balance.
2. Look at the bank statement that shows the account's beginning balance for the year. Verify that the current financial reports beginning balance matches the bank accounts beginning balance.
3. Look at the ledger or transaction report. If the ledger or transaction report shows the beginning balance, verify that it matches the current annual financial reports beginning balance.

### **If there is a discrepancy, the reason for the difference must be determined.**

#### **THINGS TO LOOK AT:**

- Were all outstanding (or 'void') checks accounted for?
- Was all interest added as income?
- Are there bank charges that weren't deducted?
- Were any funds transferred from one account to another?

### **B. Verify total income and total expenses**

1. Verify current annual financial report totals
2. Add all receipts as listed on the report. Verify that the total matches the Total Income as shown on the report.
3. Add all expenses as listed on the report. Verify that the total matches the Total Expenses as shown on the report.
4. Verify that this calculation gives the correct ending balance:
5. Beginning Balance + Total Income – Total Expenses = Ending Balance

**C. Verify ledger (transaction report) totals**

1. (Computer transaction reports usually have the totals already calculated.)
2. Add all ledger receipts. Verify that this total matches the total income shown in the ledger.
3. Add all ledger expenses. Verify that this total matches the total expenses shown in the ledger.
4. Verify that the Total Income and the Total Expenses in the ledger (transaction report) match the totals on the annual financial report.

**If there is a discrepancy, the reason for the difference must be determined.**

THINGS TO TRY:

- Calculate the amount of the difference, and look for that dollar amount in the ledger and in the annual report. It could be a single number or the sum of two or more numbers.
- Compare income and expense amounts in the ledger and the annual report. Look for differences, such as incorrect or transposed numbers.

**D. Verify the ending balance**

1. Look at the current annual financial report and the bank statement that shows the account's ending balance for the year. Verify that the current annual financial reports ending balance matches the bank accounts ending balance.
2. Look at the ledger or transaction report. If the ledger or transaction report shows the ending balance, verify that it matches the current annual financial reports ending balance.

**If there is a discrepancy, the reason for the difference must be determined.**

THINGS TO LOOK AT:

- Were all outstanding (or 'void') checks accounted for?
  - Was all interest added?
  - Were all bank charges deducted?
  - Were funds transferred?
1. **If the reason for a discrepancy could not be determined using the above suggestions,** additional searching is required.  
The review committee will have to look at each individual transaction (item received and/or payment made) and verify that it was recorded correctly.
  2. **If there is a discrepancy in Total Income, verify deposits made:**  
Using the ledger, check register, bank statements and deposit slips or deposit receipts, look at each item received to determine when it was deposited. Add the items listed on each deposit to determine if the total deposited is correct.
  3. **Verify that this calculation gives the correct total income:**  
 $\text{all deposits} + \text{all interest} + \text{funds transfers} = \text{Total Income}$
  4. **If there is a discrepancy in Total Expenses, verify checks written:**  
Verify that all check numbers are accounted for. Look for 'void' check amounts that weren't added back to the account. Verify that each ledger entry matches the check register, cancelled check (or duplicate check stub), and the amount deducted from the account as shown on the bank statement.