



AUXILIARY AUDITOR

Duties, Responsibilities. & Instructions

May 2020

This workshop has been prepared to assist you in the performance of your duties as the Auditor and while we cover most of the phases of auditing the Local Auxiliary books and records, sound judgment must also be used in the performance of your various duties. As it would be next to impossible to cover every phase of your duties, we do hope that you will find this information both useful and helpful.

We are ready and willing to help you at all times; therefore, if you find problems that are not specifically covered here today, please feel free to ask questions.

One of the most important appointments that the Madam President will make when she is installed into office is the position of Auxiliary Auditor.

Section 21.1 of the Ladies Auxiliary Rules and Regulations provides for the appointment of the Auxiliary Auditor by the Madam President, who may be a qualified member of either the Aerie or Auxiliary.

No bonded officer may serve as the Auxiliary Auditor.

Duties

- Procure a copy of the Rules and Regulations and By-Laws upon assuming office.
- Do not write in the books.
- Examine and audit the books of the financial officers and/or committees of the Auxiliary, at the close of business at the last meeting of each month.
- Include records kept by the Secretary, Treasurer, or any person bonded and keeping records that reflect the financial status
 - of the Auxiliary.
- Determine whether books and records are posted currently and correctly and are in balance.
- Audit should be done immediately after the close of business at the last meeting of each month.
- Report of findings shall be submitted to the Auxiliary in writing and read on the floor at the first meeting of the next month and entered in the minutes.

Duties continued

- Complete the Financial Statement, which encompasses the financial transactions for the fiscal year June 1st through May 31st
- Immediately report, in writing, to the President with a copy to the Grand Aerie/Auxiliary CFO, any delinquency in books, reports and accounts of the financial officers of the Auxiliary and any misappropriation of funds.
- Make a written report to the Auxiliary of the audit findings at the first meeting following the last audit.
- The Local Auxiliary By-Laws contain specific laws governing local conditions, such as the hour and day, also the place of the Auxiliary's regular meetings, distribution of the annual dues into the Auxiliary's various funds, the amount of the initiation fee charged, the amount of Sick and Funeral Benefits paid by the Auxiliary, the salaries of the various officers, Etc., all of the information needed by you each month as you make the monthly Audit of the Auxiliary's books and records.
- It is also your duty to review the Auxiliary Bond to verify that the Auxiliary Officers are properly bonded.
- Compensation as defined in the By-Laws and not payable until all reports are completed and transmitted.

INSTRUCTIONS FOR AUDITING

- Check official receipts issued in MMS against the deposits.
- Check each weekly and semi-monthly total turnover for:
 - **a.** Correct addition
 - **b.** Correct distribution to the Auxiliary's various funds as provided for in the By-Laws.
- Each turnover should be checked with the Secretary's Cash Book to see if all money received from dues have been properly credited.
 - **a.** Compare to Distribution of Receipts for cash breakdown.
- Compare Miscellaneous receipts with invoices/bills and entries in the Secretary's Cash Book.
- Check to see if the Treasurer has properly receipted for money received.
- Check the stubs of the checkbooks to see if the expenditures have been entered in the Cash Book.

INSTRUCTIONS FOR AUDITING CONT'D

- Check to see if the Checkbooks have been reconciled and balanced each month.
- Check the correctness of the Treasurer's annual report.
- Inspect any Safe Deposit Boxes the Auxiliary may have for evidence of any investments.
- Examine the accounts of the Board of Trustees.
- Check the Petty Cash inventory
- Verify that all required officers, committee persons and employees are bonded.

RECORDS AND FORMS NEEDED FOR AN AUDIT

- Current copy of the Rules and Regulations.
- Current copy of the Auxiliary By-Laws.
- Membership File Cards or MMS printout of payment history.
- Official Dues Receipt Records from MMS.
- Completed Membership Applications for the month.
- Report of Applications – Auxiliary file copy.
- Delinquency Report – Auxiliary file copy.
- Secretary's Minute Book.
- Secretary's Cash Book.
- Miscellaneous Receipt Book.

RECORDS AND FORMS NEEDED FOR AN AUDIT

Continued

- Treasurer's Cash Book.
- Bank Statements.
- Bank Deposit Slips.
- Savings Account Statement. (monthly or quarterly depending on posting of interest by the bank)
- Records of Investments and Securities. (time may vary as to maturity dates and this may involve a trip to the Auxiliary safe deposit box at the bank)
- Minute Book of the Board of Trustees.
- Copies of Chairman's Financial Reports. (this is for money advanced to a chairman from Auxiliary funds). These should be accompanied by receipts for expenditures and in some cases, proof of income, i.e. – beginning and ending ticket numbers on raffles, dinners, etc.

RECORDS AND FORMS NEEDED FOR AN AUDIT

Continued

- Ledger or Account Book of Earmarked funds.
- Verify Petty Cash Funds of Financial Officers or Chairman. (example – kitchen funds, bingo funds, etc.)
- Monthly Report of Auditor to Auxiliary.
- Auxiliary Auditor's Annual Report – received by the Auxiliary Secretary prior to June 1st.

MISCELLANEOUS RECEIPTS AUDIT

YOU WILL NEED:

- Miscellaneous Receipt Book.
- Auxiliary Minute Book.
- Secretary's Cash Book.

PROCEDURE

- Make sure all receipts have been issued according to the minutes of the Auxiliary meetings. Also, that all income on miscellaneous receipts is recorded in the minutes.
- Verify that each receipt written is posted correctly in the Secretary's Cash Book.
- Each receipt should show what page number of the Secretary's Cash Book.
- When you are sure that all receipts have been properly written and posted in the Secretary's Cash Book, including voided receipts, total the receipt columns.
- Ascertain that all receipted monies in Part 1 of the Secretary's Cash Book have been turned over to the Madam Treasurer for deposit, as indicated by the signature of the Treasurer, which testifies that she has received the money.
- Verify correct entry in Treasurer's Cash Book.
- Verify that the Secretary and Treasurer's books show the same totals for each fund.
- Confirm that the receipts have been properly deposited against the bank deposit slips. Check to make sure that the deposits are made within 48 hours as required by the Rules and Regulations.
- Post total receipts for the month to the Monthly Auditors' Report line 2.

EXPENDITURE AUDIT

YOU WILL NEED:

- Minute Book.
- Secretary's Cash Book.
- Treasurer's Cash Book.
- Check Books and stubs for each account of the Auxiliary.

PROCEDURE:

- Verify that all checks have been issued in accordance with the minutes of the meeting showing approval of the Finance Committee and a vote of the Auxiliary.
- Verify the Secretary's check stubs against the Treasurer's Cash Book for accuracy. All checks must be accounted for including voided checks.
- Verify that both the Secretary's and Treasurer's Cash Books have a proper and accurate posting of each check either issued or voided.

BALANCE THE CASH BOOKS

PROCEDURE:

- Enter balance forward from previous page.
- Add receipts.
- Subtract expenditures.
- Equals – closing Balance – this balance should be the same for both the Secretary and Treasurer.
- Post total expenditures for the month to the Monthly Auditors' Report line 4. (See exhibit 1)

BONDS, SAVINGS, INVESTMENTS OR ASSETS

PROCEDURE:

- Examine the investments of the bank safety deposit box in the presence of the Madam President, Secretary, and Treasurer.
- If the investment is the type paying interest by check, determine the dates the interest was paid. If Miscellaneous Receipts were issued for this money, verify that credit was given to the fund holding the investment.
- Savings Accounts should be submitted to the bank for regular interest credit.
- If the Auxiliary makes an investment, the Cash Book merely reflects the check that was issued.
- On the Semi-Annual Reports, investments are reflected as assets of the fund holding them.
- Post total bonds, savings, and investments or assets for the month to the Monthly Auditors' Report lines 6, 7, & 8 respectively.

LIABILITIES AUDIT

YOU WILL NEED:

- All bills pending payment by the Auxiliary.
- The balance of Sales Contracts Outstanding.

PROCEDURE:

- Total all debts outstanding by fund.
- Enter totals on your audit sheet for the month.
- Post total liabilities for the month to the Monthly Auditors' Report line 10.

EARMARKED FUNDS AUDIT

YOU WILL NEED:

- Auxiliary Minute Book.
- Secretary's Cash Book.

PROCEDURE:

- Verify that each earmarked fund has been properly credited with receipts for that fund.
- Verify that all expenditures for the funds have been deducted.
- Verify from the Minute Book that all funds taken from the earmarked funds have been correctly voted on by the membership.
- Make the required additions and subtractions to determine the net balance of your Auxiliary funds.
- Post total earmarked funds for the month to the Monthly Auditors' Report line 12.

MEMBERSHIP AUDIT

YOU WILL NEED:

- Membership file from MMS.
- Official Dues Receipt records from MMS.
- Copies of report of applications and delinquent reports for the month being audited.

PROCEDURE:

- Check copies of Official Receipts issued against the membership file card and applications pending.
- Verify that the amount of each receipt has been carried over correctly in the proper column on the right side of the page.
- Verify the totals of each column for the weekly or bi-monthly posting to the Secretary's Cash Book.
- Make sure the monies have been properly distributed into the Auxiliary funds in accordance with the Auxiliary By-Laws.
- Post for the month to the Monthly Auditors' Report lines 14 thru 19.

BANK STATEMENTS AUDIT

YOU WILL NEED:

- Bank Statements with cancelled checks (or copies thereof) and deposit slips.

PROCEDURE:

- Verify that all deposits are credited on Bank Statement against the deposit slips. Check Statement total deposits for accuracy.
- Verify deductions on statement against cancelled checks. Check statement totals for accuracy.
- Put checks in order numerically and check against the Treasurer's Cash Book. Using a small dot, show which checks the bank has returned.
- Using the form on the back of most bank statements, list all outstanding check numbers and amounts.
- To reconcile the statement, enter the ending balance as shown on the bank statement, add all deposits not shown by the bank and subtract all outstanding checks as shown in the Treasurer's Cash Book. This balance should be the same as both the Secretary's and Treasurer's Cash Book balances.
- When you are satisfied that all accounts are in balance, enter the totals on your Monthly Audit Form.
- Answer question on line 21 of the Monthly Auditor's Report.

COMPLETING THE MONTHLY AUDIT

- Copy previous month's balance to line 1 for each fund.
- Add line 1 and 2 – post the total to line 3. (titled Total)
- Subtract line 4 from line 3 – post total to line 5. (titled Balance)
- Add lines 5,6,7, & 8 – post total to line 9. (titled Total)
- Subtract line 10 from line 9 – post to line 11. (titled Balances)
- Subtract line 12 from line 11 – post to line 13. (titled Net Balances)
- Enter any recommendations to the Auxiliary.
- Complete the front page of the Monthly Report of the Audit.
- Sign your report and present it to the Auxiliary for approval, signature of the Madam President.