

# **AUDITING MADE SIMPLE**

## **What you'll need:**

1. Check stubs or check register or computer generated printout of checks written
  2. Bank statements with cancelled checks or photocopies of checks
  3. Receipts, invoices, purchase orders for all purchases
  4. Deposit records (Your league may want to create a form specific to the needs of your league)
- If the league is using Quickbooks: 1) print a Reconciliation Report each time the bank statement is reconciled, 2) print a General Ledger for the specific time period being audited, beginning at the last audit to current, 3) save a backup of electronic file.

## **Step One: Check the checks**

Who signed the check? Who was it made out to? Verify that each check was endorsed by the same entity it was made out to on the front of the check. If it was made out to Gateway Pro Am, it should be endorsed by Gateway Pro Am. Some checks are not endorsed, only stamped by bank processing. Verify against the receipt matching date and amount. Make a phone call and track it down if the check is suspicious. Make a list of any missing checks. A voided check should always be kept with the rest of the cancelled checks. Don't open the door for an embezzler to hide a check for a year and then see it pass through the bank after he or she is no longer a league volunteer.

## **Step Two: Verify the check amount**

Using the bank statement, verify that the check cleared the bank for the same amount recorded on the general ledger. The embezzler can show in Quickbooks that the check was written for \$200, but it cleared the bank for \$300. Match two figures from two separate sources, bank statement and league record. If a check is missing, track that check number. If it was voided, clearly mark "Void", and keep with the reconciliation. Keep the copies of the two reports you've used to verify ready for the next audit, with check marks on both bank statements and general ledgers.

## **Step Three: Receipts**

All expenditures must have a corresponding receipt or invoice. If it was a reimbursement to a league volunteer, the reimbursement check is written only after receipts are submitted to the board and the board votes to approve. It may help to label each receipt with the check number used to pay the reimbursement. Keeping receipts in the same order as the general ledger keeps it simple. If the concessions manager needs to look up a receipt from several months ago, you'll know where to find it by the looking at the ledger.

## **Step Four: Deposits**

Are all funds given to the league being deposited into the bank? A two-person system was utilized to collect and count monies at registration. A deposit form should be created and used each time money is collected. This form contains: total amount, source of income and signatures of those handling the money. Audit deposits in the same manner as expenses and verify against corresponding paperwork. Do the deposits on the bank statement match the deposit forms?

## **Report to the Board**

The Audit Committee reports to the Board of Directors any irregularities; they will proceed with any further action. The Board is also responsible for maintaining the bank statements (the independent record) and general ledger (with tick marks), receipts and deposit records used to perform the audit. This could become evidence for the prosecution of embezzlement.