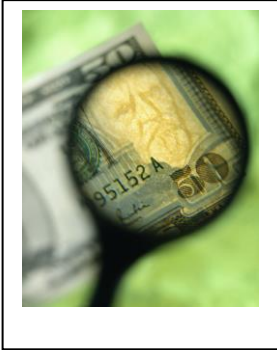




Club Audit Module

Sept. 2013



In performing an inspection of the records of an organization, there are two main types operations which can be undertaken – a Review or an Audit.

REVIEW

A Review is less intensive and therefore takes less time to complete. A Review is undertaken to determine that the numbers in the statement(s) are PLAUSIBLE (i.e. worthy of belief). Supporting documentation will only be investigated when one or more of the numbers doesn't seem to represent

what was originally expected.

AUDIT

An audit is more intensive as it looks more deeply into the numbers and will include the inspection of supporting documentation. The result of an audit is to determine that the financial statements “present fairly” the results of the year. As part of the audit, an “analytical review” will be performed. This analytical review is basically a comparison of the current year's numbers versus those reported in the prior year. It is really what is performed in a Review inspection with perhaps more delving into the supporting documentation.

An audit, because of the depth of investigation, tends to provide greater comfort with respect to the financial statements, but the Board of Directors of the Kiwanis club may determine that a Review is sufficient for the purposes of the club.

REVIEW APPROACH

1. Obtain a copy of the year end financial statements as well as all bank statements for the year and a copy of the year-end bank reconciliation.
2. Compare, line by line, the current year's income and expenses to the amounts shown in the prior years' statements as well as to the current year's budget. Where significant variances occur, determine that the differences are reasonable by discussion with the treasurer and/or by an inspection of any supporting documentation.
3. Ensure that the bank reconciliation agrees with the year-end bank statement as well as the year-end financial statements
4. Investment amounts should be agreed to the underlying certificates.
5. Assuming that the financial statements are plausible, the reviewer should report to the Board of Directors.



AUDIT APPROACH

The suggested procedures noted here will not result in sufficient work being done to be able to issue a professional accountant's audit opinion. Such components as a review of internal controls and proper segregation of duties are not being evaluated. Obviously, a proper audit performed by an independent professional accountant is preferable, but the cost involved will probably be significant.

1. Obtain a copy of the year-end financial statements as well as bank statements and bank reconciliations for the year. It will also be necessary to obtain all documentation supporting expenditures and income for the year.
2. Examine the year-end bank reconciliation by agreeing the bank balance to the bank statement and the ultimate reconciled balance to the general ledger. All outstanding deposits and cheques should be agreed to items processed in the next month's bank statement (i.e. the bank statement for the first month of the next fiscal year).
3. Any investments should be agreed to the supporting certificates or shares
4. Any accounts receivable should be agreed to collection and deposit in the following month(s)
5. Accounts payable and accruals should be agreed to supporting documentation and/or actual payment in post year-end months.
6. Minutes of the monthly Board of Directors meetings should be read to ensure that the appropriate approvals for actions during have been documented.
7. Expenses should be agreed to appropriate supporting documentation such as supplier invoices, lease terms, payroll records, approval in the minutes of the Board of Directors, etc. It is also desirable to compare the endorsement of paid cheques to the payee on the cheque and also to the supporting invoice.
8. For some types of income (e.g. cash donations) it will not be possible to verify the amount other than to agree that it was deposited in the bank. In other cases there may be opportunities to verify the amount to documentation e.g. investment income can be recalculated by multiplying the amount of investment by the appropriate interest rate; or ticket sales income can be verified by multiplying the number of tickets sold by the sales price per ticket; or lease income can be agreed in total for the year to the signed lease.
9. For the income statement in total, an analytical review should be undertaken similar to that described in Review item 2 above.
10. Some type of report should be provided to the Board of Directors. **(See next page).**

SAMPLE AUDIT/REVIEW CONCLUSION REPORT

The following is a **SAMPLE ONLY** and Can be used after a modified audit has been completed by members of a Kiwanis Club. Every situation is unique and the report should be tempered accordingly.

We have examined the financial statements of the Kiwanis Club of _____ for the year ended September 30, 20____. Our examination disclosed the following:

___ The following financial errors were **noted**:

___ The following accounting procedures prescribed by club by-laws were **not** followed:

___ The following changes in accounting procedures are **recommended** for the future:

Club members performing the modified audit were _____ and _____.

This report is to be attached with the review/audit and appended to the Board of Directors minutes.