

**4-1**  
**AUDIT PROCEDURE**

General Description

The purpose of the audit is to determine the completeness and accuracy of the Society's financial records. The Treasurer delivers the financial records to the Vice President at the first Board meeting following the close of the fiscal year.

The Vice President presents the audit report to the Board of Directors at the second Board meeting following the close of the fiscal year.

The audit consists of tracing transactions from source documents to registers and bank statements, verification of signature approvals and timely filings of tax/corporation reports, and conformance with written procedures.

Responsibilities

1. Verify that each check of payment or reimbursement has a corresponding "Expense Claim" form or other statement authorizing the check to be drawn.
2. Verify that each "Expense Claim" form or other statement has the required support documentation and that the amount of the payment check matches that of the request.
3. Match each check to its entry in the check register to verify payee, amount, and clearance through the bank.
  - a. Verify that "voided" checks were not cashed.
4. Match each deposit to its entry in the check register to verify amount deposited and support for that deposit.
5. Verify that each of the following corporate reports were filed with the appropriate agency on time and with any required filing fees or payments.
  - a. Internal Revenue Service: Form 990 "Return of Organization Exempt from Income Tax." Due May 15.
  - b. Franchise Tax Board: Form 199 "California Exempt Organization Annual Information Statement or Return." Due May 15.
  - c. Secretary of State: S/O 100 "Statement of Domestic Nonprofit Corporation." Due whenever the agent of service of process changes (president), and annually at the end of the calendar month of the anniversary date of incorporation (November 30).
  - d. State Board of Equalization:
    - i. BT-400-MCO "Application for Seller's Permit and Registration as a Retailer (Corporations/Organizations." Due with every change in officers.
    - ii. BT-401-A "State, Local, & District Sales & Use Tax Return." Due January 31.
    - iii. Change in Point-of-Sale Site. Filed verbally by phone with every sale site change, e.g. when Publications Chair changes, and sites from which orders are filled alters.
6. Verify that the Treasurer's reports to the Board of Directors accurately report all transactions of monies paid out of or received into the treasury.
7. Verify that all payments were budgeted and/or authorized by the

appropriate parties as delineated in the Treasurer's procedures.

AUDIT 5/93 jab; 7/93 dmc; 7/95 jw