



APICS PHOENIX CHAPTER

POLICY NUMBER: 04-040

POLICY TITLE: Chapter Monthly Financial Audit Policy

REVISION NUMBER: B

DATE: 15 December 2000

1. PURPOSE

The purpose of this policy is to provide guidance to any Board of Director (BOD) member(s) of the Phoenix APICS Chapter (Chapter) who audit the monthly financial activities of the current Outside Administrative Service (OAS). The VP-Finance Member is the normal auditor of outside financial related activities, but other board members may act as surrogates when the need arises as determined by the Chapter BOD.

2. PHILOSOPHY

Accurate and timely financial management is critical to the ongoing success of the Chapter. The Chapter Board of Directors employs an OAS (currently SAMinc, or Southwest Administrative Management, inc.) to maintain daily Chapter financial transaction processing and report generation, to ensure continuity between Chapter fiscal years. However, the onus remains with the Chapter BOD to ensure that the information generated by the OAS is correct.

3. SCOPE

This policy is applicable to any Chapter BOD Member who audits the financial activities of the current OAS.

4. POLICY

- a. Ongoing preparation: The current OAS processes daily financial transactions on a cash basis including, but not limited to, bank deposits, expense disbursements, and general journal adjustments. The backup for these transactions is provided on a regular basis to the Chapter VP-Finance. The VP-Finance records all processed expense checks (as they are signed) on the Chapter Financial Transaction Register (attached). This preparation is similar to maintaining a personal checking account register in preparation to balance a personal checking account on arrival of a bank statement.
- b. Audit materials: The current OAS sends an audit package at month end to the Chapter VP-Finance. There should be enough information in the audit package to recreate all financial transactions processed by the OAS.
 - i. A full set of Peachtree financials including the consolidated Balance Sheet and Income Statement, departmental income statements, and general ledger detail.
 - ii. The current month end bank account statement and Peachtree bank account reconciliation.
 - iii. Income Reports and Credit Card Income Reports with supporting detail.
 - iv. Expense Reports completed but not yet recorded on the Chapter Financial Transaction Register.
 - v. Credit card service Merchant Statement with supporting detail.
 - vi. Any additional supporting documentation.
- c. Spot checks: VP-Finance performs the following:
 - i. Check the current month end balance sheet to be sure Total Assets equal Total Liabilities & Equity.
 - ii. Add the Net Funds Surplus (Short) from the current month Income Statement to the Total Liability & Equity from the prior month Balance Sheet to be sure it equals the Total Liability & Equity from the current month Balance Sheet.
 - iii. Add the Net Funds Surplus (Short) from the current month Income Statement to the year-to-date actual Net Funds Surplus (Short) from the prior month Income Statement to be sure it equals the Net Income from the current month Balance Sheet (for all periods but the first period in the new fiscal year when net income on the balance sheet equals the income statement net funds surplus (short)).

- d. Bank account audit: VP-Finance:
 - i. Reconciles every transaction from the current month bank statement with the Chapter Financial Transaction Register and current month general ledger account detail, and supporting Income and Expense Reports and backup detail.
 - ii. Total the unreconciled deposits and withdrawals, and add this number to the current month bank statement ending balance to assure the resulting number equals the bank account asset balance on the current month Balance Sheet.
 - iii. Check to assure that all of the above is in agreement with the Peachtree Bank Account Reconciliation provided by the OAS.
 - e. Reconcile the credit card service Merchant Statement with supporting detail.
 - f. Financial statement audit: VP-Finance reviews all current month general ledger account transactions for accuracy in account posting as well as representation on the departmental income statements.
 - g. VP-Finance reports any discrepancies to the OAS for statement correction and re-issue. When all audit figures are in agreement, the VP-Finance contacts the OAS to release the financial statements to the Chapter BOD, and reports any findings at the next scheduled BOD meeting.
5. ATTACHMENTS/OTHER CLOSELY RELATED POLICIES/PROCEDURES:
- a. Attachments
 - 1) Chapter Financial Transaction Register
 - b. Closely Related Policies/Procedures/Documents
 - 1) Policy 04-030 Chapter Income and Expense Reporting Policy
6. RESPONSIBLE FOR POLICY MAINTENANCE AND COUNSEL:
- a. Chapter VP – Finance