



Legion of Mary Arlington Regia Audit Guidelines for a Council April 2007

The Legion Handbook requires the Treasurer's books be audited annually (Ch. 35, #8, p. 222). To facilitate the conduct of that annual audit and to ensure the integrity of Legion funds, the Regia issues the following guidelines for Councils. These guidelines, advised by a CPA, represent good business practice. In addition to the annual audit, an incoming treasurer should conduct a takeover audit to verify all monies and properties are present and accounted for and records verified. If there are any discrepancies, the president of the council is notified and corrective action taken. Formal annual audits follow the existing schedule.

Objectives

The objectives of the annual audit are to ensure all funds are accounted for and all expenditures are made for valid Legion purposes.

Treasurer's Records

The records maintained by the treasurer should consist of the following items:

1. A ledger (bound or electronic) which contains entries in ink for all income and expenditures.
2. Income logs or detailed deposit slips or both for all funds received and deposited.
3. A sales invoice (for sale of supplies etc.) or receipt (donations) for all income.
4. An invoice or bill for every expenditure.
5. A canceled check or a bank photocopy for every check written.
6. A bank statement for each month with a reconciliation done and examined by the council board at the monthly council board meeting.

Audit Procedures

As recommended by the Legion Handbook, the audit should be conducted by two members of the council, other than the treasurer. The auditors are proposed by the president and approved by the council body. In selecting the auditors, the appearance of partiality should be considered. The procedure consists of spot checking a sample of records. It is not necessary to check every record for the entire year unless something serious is found.

The Treasurer should provide all records and the results of the previous audit to the auditors. The following spot checks should be conducted:

1. Spot check donation receipts against the Income Logs/Deposit Slips or the Ledger.
2. Spot check Sales invoices against Income Logs/Deposit Slips or the Ledger.
3. Spot check Income Logs/Deposit Slips with the Ledger and bank statement.
4. Spot check disbursements against invoices and bills – follow the paper trail.
5. Spot check bank statement reconciliations – the balance should be the same as that on the Ledger for that date.
6. Spot check expenses for appropriateness to Legion business.
7. Examine several canceled checks per month to insure they were signed by two council officers and that they were cashed by the proper party. Concentrate on checks written to individuals and unknown companies.

Any discrepancies discovered should be noted and promptly corrected. The auditors will complete the attached report form, adding comments as necessary. A copy of the report is to be provided to the Treasurer of the next higher council and another copy filed.

**AUDIT FORM
LEGION OF MARY
ARLINGTON REGIA**

Council Name: _____

Date of last audit: _____

Treasurer: _____

Two auditors verify that:

1. Transactions reviewed (income and expenses) were recorded properly in the ledger. (Y/N)
2. Bank deposits reviewed matched to a corresponding deposit ticket. (Y/N)
3. Monies paid out (including reimbursements) were for the Legion's behalf and matched to a corresponding sales slip or reimbursement claim. (Y/N)
4. Council has a commercial checking account (not a credit union) in its name. (Y/N)
5. All monthly bank statements are present and reconciled. (Y/N)
6. Statements contain all canceled checks and/or facsimile. (Y/N)
7. Copies of bank records (signature card) reflect that all officers have access to the account and signature authority and reviewed cancelled checks displayed two signatures. (Y/N)

Auditor comments should explain any "no" found above.

AUDITORS

Printed name

Printed name

Signed

Date

Signed

Date

Keep this completed form on file and forward a copy to Arlington Regia; 820 Gibbon St., Ste. 203; Alexandria, VA 22314