

## **AUDIT COMMITTEE**

**PURPOSE:** The Audit Committee is responsible for examining and reconciling the financial records, accounts, and books of the Association from the prior fiscal year, January through December, and for issuing any recommendations for improving the accounting and bookkeeping practices.

### **RESPONSIBILITIES:**

1. Obtain all financial records from the Association treasurer.
2. Examine all records to ensure that recommendations from previous committees have been complied with.
3. Issue audit report with recommendations and present it to the Board no later than May 31.
4. Review biennially EVERY ODD YEAR (FOR PREVIOUS TWO YEARS) the CGFOA/CMCA Conference Books.
5. Review, at least biennially, the policies, procedures, guidelines, and regulations governing the activities of the committee and recommend updates and changes to them to the Executive Board.

**NUMBER OF COMMITTEE MEMBERS:** Between three and five. (This number serves only as a guideline for the committee chair. The chair may appoint any number of members necessary to carry out the responsibilities of the committee.) Experience as a treasurer or with finances is a desirable, but not necessary, qualification to serve on this committee. It is recommended that the treasurer, whose records are being audited, should be present at the audit to answer questions.

**REPORTS REQUIRED:** A final written audit report is created for the business meeting held at the Colorado Municipal League Conference. The same report is presented at the business meeting held at the CMC Institute. Another written report, including all activities for the year, is created for the business meeting held at the fall conference. Reports for all CMCA meetings should be sent, in duplicate, to the Secretary prior to the meeting. The original of all reports will be preserved by the Historian.

### **SPECIFIC ACTIVITIES:**

1. Maintain the financial policies and reporting procedures used by the treasurer in a current and workable format.

### **BUDGET:**

Refer to current budget for committee allocation amount.

### **ATTACHMENTS:**

1. Audit Procedures

## POLICIES AND HISTORICAL NOTES:

1. Prior to 1998, the financial statements listed net proceeds only for major educational sessions. Beginning in 1998, the gross revenues and expenditures were recorded in order to reveal the total investment in educational programming.
2. Prior to 1996, CMCA's financial data was maintained in a manual bookkeeping system. In 1996, 1997, and 1998, the data was maintained using Quattro Pro spreadsheet software. In 1999, CMCA purchased QuickBooks accounting software.
3. The Chart of Accounts has seen a number of minor changes over the years, which were made according to the philosophy and preferences of the Treasurer. Report formatting and account numbers also have changed according to preferences. This is a first attempt at documenting the account descriptions and the list was built using a few major categories so that reporting can easily be "collapsed" into a summarized version. A condensed summary provides the membership with a snapshot of CMCA's financial status and funding priorities. Account numbers were eliminated for the sake of simplicity.
4. A scholarship fund was established in memory of Jean L. Rogers, Lakewood's first City Clerk. The Scholarship Committee is charged with awarding Jean L. Rogers scholarships annually. The fund is replenished periodically. (See 1/22/99 Executive Board minutes).
5. It has been the practice to have the CMCA President and Treasurer as signatories on all CMCA accounts. Only one signature is needed for signing checks.
6. Pursuant to an annual contract, CMCA has on account with C.U. Boulder \$6,000 as a retainer for the expenses associated with Institute and Advanced Institute. This amount is included in CMCA's fund balance and is accounted for in the monthly Cash Statements.
7. In order to assist in maintaining financial health, CMCA will carry an ending balance in an amount equal to at least fifty percent of current revenues. (Policy adopted by Executive Board 1/22/99).
8. Maintain a CMCA/CGFOA \$20,000 conference retainer, or an amount as directed by the Conference Committee.

## AUDIT PROCEDURES

Treasurer should deliver to the Chairman of the Audit Committee by February 15 the information needed to perform the audit.

1. Send letter to banking facilities to verify ending balances.
2. Review any correspondence sent to the treasurer or from the treasurer.
3. The following should be included within the treasurer's books:
  - a. Copy of current budget
  - b. Any treasurer's reports and monthly financial reports
  - c. Copies of bank statements
  - d. Copies of invoices and checks
  - e. Complete list of municipalities and organizations paying membership dues and donations
  - f. Copies of deposit receipts
4. Review deposits and confirm
5. Verify outstanding checks in the month and follow through until time of credit on bank statement.
6. The books should be in an orderly and easy to follow fashion.

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