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ATTACHMENT J: ANNUAL TREASURY AUDIT GUIDELINES
(Approved at ASC October 2014)

The primary benefit of an annual audit is the confidence it gives SVGNA members that the SVGNA's financial house is in order. Basically, the audit verifies the numbers, ensures accuracy, and assesses procedures. A comprehensive audit also identifies internal controls that should be implemented to improve the integrity of our financial systems. Furthermore, the audit gives closure to departing treasurer and sets a starting point for the new treasurers activities. This audit should be conducted within 60 days after SVGNA administration body elections. An audit is also the primary tool for uncovering financial mismanagement. Hopefully we won't need to conduct an audit for this reason, but an annual audit can uncover problems before they become significantly more serious. SVGNA might also choose to include in our audit a review of how closely our treasury income and expenditures matched the year's budget. This type of review can be a strong planning tool.

Who Does The Audit?

A Sub Committee consisting of the outgoing and newly elected signers on the ASC bank account and the outgoing Secretary as well as interested GSR's and members is to be created at the time of election.

The Treasurer should organize the year's financial records. This preparation alone can highlight areas for improvement in record-keeping and reporting. If you use good financial controls throughout the year, you should be able to gather the necessary information rather easily. Here is a checklist of records that are typically used for a comprehensive annual review. Providing these records makes the auditor's job easier. However, don't avoid an audit just because you don't have any of these.

- Bank statements for the year
- Bank account reconciliation reports
- Check register (remove it from your checkbook and keep the blank checks in your possession)
- Canceled checks
- A list of transactions (the transactions journal if you use a computer-based bookkeeping system)
- Reimbursement and check request forms, including receipts/invoices for all expenditures
- Deposit slips
- Monthly treasurer reports and annual budget
- Any written treasurer procedures or training materials

If the scope of your review includes SVGNA's performance to budget, then you should also include your minutes from all meetings at which spending decisions were approved, which are typically included in the monthly treasurer's report.

What the Audit Does

These guidelines can make the whole process much easier to grasp, especially if your auditors are volunteers unfamiliar with public accounting. These are the basic audit steps.

- Verify that all checks written during the year are accounted for, approved, signed, substantiated, and not defaced, and that they have been posted to the proper budget category.
- Verify that all deposits made during the year have been logged accurately and assigned to the proper budget category.
- Review the bank statements for any unusual fees or withdrawals (check printing fees, for example). Verify proper recordkeeping for these items. Ensure the account was reconciled each month.
- Verify that the treasurer reports add up from month to month.
- Complete a worksheet that summarizes the year's financial activity, including beginning bank balance, total receipts during the audit period, disbursements, and ending cash balance, among others. This is often called the financial review worksheet.
- Suggest improvements to internal controls such as record-keeping and cash-handling, if needed.

The Auditor's Report

At minimum, the auditors should submit a signed statement that the review has been completed and the books have been found to be in order. If the auditors found any exceptions during the course of the review, such as an unrecorded check or a mathematical error, those should be noted and included in the report, along with the steps taken to correct the exception. The report should also include the completed financial review worksheet.