

Financial Controls and Audit Procedures

These Financial Controls and Audit Procedures apply to all financial activity related to the Laker Club including but not limited to all of the checking and savings accounts.

The current bank accounts are:

1. **The General Fund** – Revenue and expenses for all Laker Club events, committees and auction/fundraising other than Grad Night, and Concessions. This is the umbrella over the other funds.
2. **Graduation Night** - Revenue and expenses for the current graduation party. Any remaining funds after June 30 will be rolled over to the next graduating class.
3. **Concessions** – Revenue and expenses of concessions. The working groups (clubs, classes and sport teams) are given a share of the revenue. After operating expenses and working-group expenses are paid, the remaining profit, less start-up costs, is given to the Granting process.
4. **Savings/CD (Restricted Use)** – This account may hold money that has been allocated to a long-term capital improvement project (e.g. three-year funding of new baskets in gym). These funds may be kept in a CD to maximize income. Granting funds may be temporarily held here to earn interest. Individual class’ Grad Night savings may be held in this account. This account may be closed if low interest rates make it not worth maintaining.

FINANCIAL CONTROLS:

1. **Each Treasurer will maintain a standing file box containing the following tabs:**
 - Checkbooks
 - Deposits (Chronological. Each deposit should be documented by a stapled packet including a *Collection of Funds Form* or *LOHS Laker Club Cash Collection Form*, bank deposit slip, backup detail, etc.)
 - Payments (Chronological. Each payment/check should be documented by a stapled packet including a *Request for Reimbursement/Payment* form, invoice/receipt, email, notes, etc.)
 - Bank Statements
 - Financial Reports

Other tabs are at the discretion of the individual treasurer and may include:

- Contacts/Admin
- Summary Reports/Notes
- Forms and Procedures
- Misc

2. All payments and deposits should have a Laker Club form attached.

For deposits, use *Collection of Funds Form* or *LOHS Laker Club Cash Collection Form*
For payments/checks, use *Request for Reimbursement/Payment form*.

3. Two unrelated individuals must sign all payment forms and all checks.

“Unrelated” is defined as not residing in the same household and/or not being blood relatives.

Example: A check reimbursing a parent for supplies purchased should have supporting documentation including: *Request for Reimbursement/Payment form* with two signatures and a copy of the receipt issued when the item was purchased.

4. There will be no pre-signing blank checks.

5. The payee of a check must be unrelated to the check signers.

Example: A treasurer may not sign a check payable to him/herself or to his/her spouse.

6. Two unrelated individual must sign all deposit forms for cash and/or check deposits except in the case of one or two checks being deposited; a copy of the check(s) can be used as a substitute for the second signature. “Unrelated” is defined as not residing in the same household and/or not blood relatives.

Example 1: A deposit for collection of several Membership checks should be documented with a completed *Collection of Funds Form* with two signatures verifying the total deposit and the bank deposit slip.

Example 2: A check from Albertson’s for community donations can have a *Collection of Funds Form* attached with one signature, a copy of the check (or second signature) and the bank deposit slip as documentation.

7. One signature is required on all deposit forms for electronic fund transfers (EFT)/ Automated Clearing House (ACH) deposits and must be accompanied by documentation from the third-party transferring in the funds.

Example 1: For an event where credit cards are accepted, a copy of the credit card processor’s report for that event should be attached to a completed *Collection of Funds Form* with one signature.

Example 2: For each monthly eScrip EFT into the main account, a printout from the eScrip website documenting the amount transferred for that particular month must accompany a completed *Collection of Funds Form* with one signature.

8. Clear documentation is required for each payment for same item.

Example: When multiple payments are required (such as down payments for rental space for the auction location), each payment must be documented with: *Request for Reimbursement/Payment* form with two signatures, a copy of the credit card receipt (if used), and all paperwork to date showing any previous payments/deposits.

9. Clear documentation is required of cash box usage.

Example 1: A *Request for Reimbursement/Payment* form with two signatures is required for the start-up cash box.

Example 2: Deposits from events should be separated into two deposit packets – start-up cash return and event income received. Each deposit should show paperwork including: a *Collection of Funds Form* with two signatures verifying the amounts, the specific date the income was generated with detail on whether it was income generated or return of start-up cash, and the deposit slip from the bank.

10. Bank Account Controls – All withdrawals must be by check. No ATM, EFT or bankcards may be used. There shall be no online access to any and all bank accounts. All checking accounts must be set up with an institution that can provide monthly statements with check images front and access to images of back. No refunds are allowed by credit card transaction. Refunds for credit card purchases must follow all procedures for expense reimbursement (ie *Request for Reimbursement/Payment* form with two signatures and a copy of the receipt of the credit card transaction to be refunded) and a check will be issued.

11. Duplicate set of Bank Statements -- Monthly bank statements will be sent to LOHS, to the attention of the individual committees/bank accounts. In addition, the bank will be directed to send a second, duplicate set of monthly statements to the home address of the Audit Chairman, a Laker Club member preferably a past officer who does NOT have signing privileges on any account. This member will check these statements for glaring irregularities. This is an essential control measure that will not be discontinued without a vote, regardless of any bank fees associated with the service.

12. Imaging of checks -- The bank shall be directed to provide images of all checks and deposit slips in the monthly statements, clearly showing the front of all checks written. This will allow auditors to clearly compare payees on a check against payees listed in the check register and to verify the existence of two authorized signatures on each check. This is an essential control measure that will not be discontinued without a vote, regardless of any bank fees associated with the service. The bank shall be able to provide images of the back of any cancelled check upon request.

13. All treasurers should reconcile bank accounts with bank statements within ten (10) days of receiving bank statements; All Treasurers should close their books by August.

Bills will be paid within one month of receipt. All reimbursement requests should be submitted within two weeks of expense occurring.

14. **Assistant Treasurers** shall serve until their books have been closed and final balances have been reported to the Treasurer.
15. **The General Treasurer** shall serve until all tax returns have been filed.
16. **Savings account management** will be the responsibility of the General Treasurer. Work papers must be kept current to accurately reflect how much savings is in each subaccount (ie. Class of 2016, Class of 2017, etc...). Grad Night savings for a particular class will be transferred to the Grad Night account during the Fall of that class' Senior year.

AUDIT PROCEDURES:

Monthly Spot Check of Each Account:

The Audit Chairman (preferably the Past President, or any current member without General Treasury signature privileges) shall conduct periodic reviews of all bank activity throughout the fiscal year. These procedures must include all controls necessary to satisfy our current Liability and D&O (Directors and Officers) insurance. The Audit Chairman may not be a signer on Deposit Slips, Verification of Funds forms, nor be a second signer on Reimbursement/Payment Forms. In the event the Audit Chairman needs to be reimbursed or paid from Laker Club funds, an additional unrelated signer, for a total of three (3) unrelated signers, is required (see Financial Controls, Item 3.)

For the current month, the following should be checked:

1. **Deposits** – randomly choose two. See if *Collection of Funds Form* or *LOHS Laker Club Cash Collection Form* is attached. Two signatures on form OR one signature and documentation provided. Trace deposit to bank statement.
2. **Expenditures** – randomly choose two. See if *Request for Reimbursement/Payment* form is attached. Two signatures on reimbursement form AND documentation provided. Trace check to bank statement. Verify two signatures on check.
3. **Monthly statements** - Verify there is a monthly reconciliation and bank statement for activity that balances with bank statement. Verify every check image on bank statement has two signatures.
4. **Initial and Date the top of each Bank Statement after Review.**

Annual Year-End Audit Procedures:

At the end of a fiscal year, an auditing committee of at least three (3) Laker Club members shall be appointed by the President to audit all financial accounts of the Laker Club. This committee shall report their findings by the second meeting of the following fiscal year.

The Audit committee shall collect the standing file folders from each treasurer and randomly choose four months from each folder. For each of the four months, the following should be checked:

1. **Deposits** – randomly choose three. See if *Collection of Funds Form* or *LOHS Laker Club Cash Collection Form* is attached. Two signatures on form OR one signature with documentation provided. Trace deposit to bank statement.
2. **Expenditures** – randomly choose three. See if Request for *Reimbursement/Payment* is attached. Two signatures on reimbursement form AND documentation provided. Trace check to bank statement. Verify two signatures on check.
3. **Monthly statements** - Verify there is a monthly reconciliation and bank statement for activity that balances with bank statement. Verify every check image on bank statement has two signatures.
4. **Initial and Date the top of each Bank Statement after review.**
5. **Confirm starting balance matches ending balance from previous year.**
6. **Confirm tax returns were correctly filed the previous year.**
7. **Record any errors or omissions.**

Once the five accounts have been reviewed, the audit committee will write up their findings and report to the Laker Club. (See Sample Audit Report from previous year.)

Updated and Approved 9/20/2017