

Operating Guidelines Audit Committee

1. Gather the following materials before doing anything else:
 - A. Check register—balanced monthly
 - B. Bank statements for
 - 1) December of prior year
 - 2) The complete year you are auditing
 - 3) January of the current year
 - A. “Request for Check” worksheets for audit year
 - B. Monthly reports showing income and expenses for the year
 - C. CD information off the bank statements

1. Verify beginning balance shown on January bank statement against prior year closing balance.

2. Verify the check register against the bank statement for all deposits and interest earned.

3. Verify CD balance from the bank statement in December of the prior year to the amount shown on the January bank statement. To calculate the interest earned for the month of December do the following:
 - A. Subtract the YTD (year to date) balance on the November statement from the YTD balance on the December statement. (a)

EXAMPLE

| | |
|-------------------|--|
| \$5,025.02 | (=CD YTD balance on December statement) |
| <u>- 5,023.86</u> | (=CD YTD balance on November statement) |
| \$ 1.16 | (a) This is the interest earned the first part of December |
 - B. Subtract the YTD balance on the December statement from the YTD balance on the January statement (b).

| | |
|-------------------|--|
| \$5,026.21 | (=CD YTD balance on January statement) |
| <u>- 5,025.02</u> | (=CD YTD balance on December statement) |
| \$ 1.19 | (b) This is the interest earned the last part of Dec./first part of Jan. |
 - C. Add amount from (a) and (b) together, and subtract the YTD interest earned on the January statement.

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|--|
| \$1.16 (a) |
| <u>+1.19 (b)</u> |
| \$2.35 |
| <u>- .34</u> (=YTD interest earned on January statement) |
| \$2.01 This should be the interest earned for December. |

1. Verify monthly reports generated by the Treasurer by checking the interest earned each month by the CD and the checking account. (See back or next page.)

A. To calculate the interest earned on the CD for each month other than December, subtract the YTD CD balance of the previous month's bank statement from the CD balance of the current month's statement.

EXAMPLE

\$9,579.18 (= CD February bank statement balance)

-9,547.57 (=CD January bank statement balance)

\$ 31.61 Interest earned in February

1. Randomly check the "Request for Check" worksheets against the check register entries to ensure the correct funds were dispensed.

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