

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 and committees 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. *Up to \$4000 of funds remaining after June 30 may be rolled over to the next graduating class. At the Board's discretion, any excess funds above \$3000 may be given to the Granting process.*
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. *Some funds may be held in the Concession account for future repair and/or replacement of Concession equipment and facilities.*
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). Granting funds may be temporarily held here to earn interest. Individual class' Grad Night savings may be held in this account. These funds may be kept in a CD to maximize income. 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 completed Laker Club form and supporting documentation 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) Payments/Checks

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

- Two unrelated individuals must sign all reimbursement/payment forms and all checks. “Unrelated” is defined as not residing in the same household and/or not being blood relatives.

- 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.

- Clear documentation is required for each payment for same item (Down payments, installment payments, balance due payments)

Example: When multiple payments are required (such as down payments for rental space for the Grad Night 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.

- Bills will be paid within one month of receipt.

Reimbursement requests should be submitted within two weeks of the expense occurring

- There will be no pre-signing blank checks.

- 4) Deposits

- 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 Donation 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 single check from Kroger’s for community donations can have a completed *Collection of Funds Form* with one signature and a copy of the check and bank deposit slip as documentation.

- 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. Nominal deposits, such as interest and eScrip will not require a collection of funds form.

Example 1: For an event/donation 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 collection of funds form will not be required and the Bank statement will serve as verification.

- 5) Cash box usage requires clear documentation.

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.

- 6) Transfers between accounts – Checks will used to transfer between accounts. The exception will be transfers of individual class savings from the Savings Account (which does not issue checks) to the Grad Night Account. All transfers will follow payment/deposit rules (3) and (4) and, if not previously authorized in this document, be accompanied by Board or General meeting minutes approving transfer.
- 7) 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 (i.e., *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.
- 8) 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.
- 9) 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.

10) Treasurer Duties

- 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.

- Assistant Treasurers shall serve until their books have been closed and final balances have been reported to the Treasurer.

- The General Treasurer shall serve until all tax returns have been filed.

- **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 (i.e. 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:

1. Monthly Spot Check of Each Account:

The Audit Chair (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 Chair may not be a signer on any collection of funds forms nor be a second signer on reimbursement/payment forms. In the even the Audit Chair needs to be reimbursed by the Laker Club, an additional unrelated signer, for a total of (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.

2. 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 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 four 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.)

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