

Audit Guidelines for Missouri County Extension Councils

An annual audit of county extension council fiscal records and operating procedures is recommended. Depending on the volume and complexity of transactions, a council may elect to:

- Engage a certified public accountant or audit firm
- Appoint a council audit committee.

If a CPA or auditing firm is engaged, that individual or firm will prescribe the audit process. If a council audit committee is selected, the committee should include at least three members, one of whom has a working knowledge of bookkeeping. The council may direct that such a committee include non-council members with fiscal and/or management expertise.

The following guidelines are intended to assist a council audit committee.

Getting Started

Arrange an "entrance" interview with the council bookkeeper and county program director to discuss the scope of the review and to identify the information and materials that will be needed to conduct the review.

Information and Materials Needed

- accounting guidelines (Accounting Handbook for County Offices)
- regular/monthly financial status reports
- checkbook — check stubs or check register receipt books, bank statements (checking, savings, investments)
- council/office management and fiscal policies and procedures documents
- vacation and sick leave records for council-paid personnel
- bank reconciliation reports: lists of outstanding checks, deposits, verified checks and verified deposits
- list of all transactions for the year
- detailed ledger report for the year. Monthly detailed ledger reports also should be on file
- List of accounts receivables and accounts payables
- budget overview vs. actual report - shows year-to-date income and expenses compared with budget allocations
- savings and investments reports
- annual financial report and balance sheet
- inventory report

Interviews

It is appropriate to interview any staff or council members who collect funds (fees, contributions), make or correct accounting entries, make deposits, receive, open and/or reconcile bank statements and prepare fiscal reports.

Suggested Interview Questions

- What information and/or training have you been provided concerning fiscal policies and procedures? Is training adequate?
- Bookkeepers: What training have you been provided regarding the accounting system?
- Who is responsible for receiving cash?
- Is a receipt written for each item or amount of income received?
- Are checks received endorsed with a restrictive "for deposit only" stamp when received?
- How often are deposits made? Who makes deposits?
- How are cash and checks secured during working hours and when office is closed?
- Are any payments made by means other than by check? If so, for what and by whom?
- Is a petty cash fund maintained? If so, how are disbursements and reconciliation handled?
- Do you have suggestions for improvements?

Verifying Records and Procedures

Select one month's financial records, and secure the complete fiscal file for that month. Randomly select 15-20 types of fiscal transactions from other months throughout the year. Review all transactions for the selected month and the other randomly selected transactions as follows:

- Review council minutes for authorizations of payments, purchases and other fiscal transactions.
- Review procedures, documentation and authorization process for any payments or purchases in excess of \$500.
- Match canceled checks with actual expense transactions.
- Match deposit slips with actual deposit/receipt transactions.
- Verify that deposit receipts indicate that deposits are made at least weekly.
- Match accounting system checkbook balance with bank reconciliation of checking account.
- Match investment report balance with bank reconciliation of savings account.
- Verify that cash and checks are kept in a secured location.
- Verify that petty cash funds, if any, are reconciled at least monthly.
- Verify that checks on hand are stamped "for deposit only."
- Review all documentation related to entry corrections in the accounting system.
- Verify that voided checks are accounted for.
- Verify that checks and receipts are consecutively numbered.
- Review documentation for all deposits and checks written.
- Review time sheets for signatures by individual and supervisor.
- Compare time sheets with payroll records for actual hours paid.
- Verify payment of payroll withholdings to state and IRS.
- Review vacation and sick leave records for currency and timely entries.

- Review record of accounts receivables and accounts payables.
- If monthly fiscal reports were prepared other than those provided by the accounting system, verify the amounts on such reports with accounting system information.
- Physically verify several items of equipment listed on the inventory report.
- Verify currency of the inventory report for entries of recently secured items.

Exit Conference

Before the close of the audit and completion of the final report, meet with the county program director, bookkeeper and others as appropriate to determine if clarifications are needed before preparing the final report.

Report to the Council

A written report is presented by an audit committee representative at a regular council meeting and made a part of the minutes. The audit report should be available to the public and county commission, and a copy provided to the regional director and through the regional director to MU Extension.

Recommended Report Outline

- Identify members of the audit committee.
- Date(s) within which the committee's work was completed.
- Identify staff, council members and others who were interviewed and/or provided assistance in collecting, reviewing and interpreting information.
- Report findings from interviews, observations and review of information.
- State any findings and/or recommendations, including corrective actions, changes in policies or procedures and improvements in practices.

Council Action

If the report recommends action, the council should identify the staff and/or council member(s) responsible for implementing those actions, the expected time frame for action to be taken and a stated time for the responsible parties to report to the council on actions taken.