



Legion of Mary Arlington Regia Audit Guidelines for a Council December 2006

The Legion Handbook requires the Treasurer's books be audited annually (Ch. 35, #8, p. 222). To facilitate the conduct of that annual audit and to ensure the integrity of Legion funds, the Regia issues the following guidelines for Councils. These guidelines, advised by a CPA, represent good business practice. In addition to the annual audit, an incoming treasurer should perform an informal audit for the period covering the last annual audit to the time he assumes responsibility to verify stated status. Formal annual audits follow the existing schedule.

Objectives

The objectives of the annual audit are to ensure all funds are accounted for and all expenditures are made for valid Legion purposes.

Treasurer's Records

The records maintained by the treasurer should consist of the following items:

1. A ledger (either computerized or manual) which contains entries for all income and expenditures
2. Income logs or deposit slips or both for all funds received and deposited.
3. A sales invoice (for sale of supplies etc.) or receipt (donations) for all income transactions
4. An invoice or bill for every expenditure
5. A canceled check for every check written
6. A bank statement for each month with a completed reconciliation and a report to the council each month

Audit Procedures

As recommended by the Legion Handbook, the audit should be conducted by two members of the council, other than the treasurer. The auditors are appointed and approved by the council body. The procedure consists of spot checking a sample of records. It is not necessary to check every record for the entire year, unless something serious is found.

The Treasurer should provide all records and the results of the previous audit to the auditors. The following spot checks should be conducted:

1. Spot check donation receipts against the Income Logs/Deposit Slips.
2. Spot check Sales receipts against Income Logs/Deposit Slips or the Ledger.
3. Spot check Income Logs/Deposit Slips against the Ledger and bank statement.
4. Spot check disbursements against invoices and bills – follow the paper trail.
5. Spot check bank statement reconciliations – the balance should be the same as that on the ledger for that date.
6. Spot check expenses for appropriateness to Legion business.
7. Examine several canceled checks per month to insure they were signed by two council officers and that they were cashed by the proper party. Concentrate on checks written to individuals unknown companies.
8. Reconcile two praesidia or curia records of annual donations with the council records.

Any discrepancies discovered should be noted and promptly corrected. The auditors must sign the audit report, and the treasurer should send a copy to the treasurer of the next higher council. The audit report is to be maintained as part of the treasurer records, and a copy is appended to the next semiannual report.