

Nebraska Library Association (NLA) Auditing Committee Handbook September 2020

This document contains the Charge of Committee per the NLA Handbook, Procedures, and Recommendations submitted by previous Auditing Committees to Treasurer and Executive Director.

Charge of Committee per the NLA Handbook

It is the duty of the Auditing Committee to examine all financial records of the Association and report to the Board of Directors. The Committee audits these books annually for the period ending December 31 of the previous year. If the Treasurer resigns, an internal audit will be done immediately. The Executive Board may call for an internal or external audit at any time if it is deemed necessary.

For the annual internal audit, the Treasurer (and Conference Treasurer if there is be one) shall turn over the electronic records, statements, and paper documentation for all Association and Conference accounts to the Auditing Committee within the first quarter as soon as the entries for the previous calendar year have been closed. The Executive Director may be called upon to provide documentation from the website membership and event database.

The Auditing Committee shall meet to perform the audit according to the Committee Handbook and prepare a written report to be presented at the spring NLA Board meeting. Discrepancies in any of the accounts should be noted in the Audit Report.

Procedures

Notes:

- The NLA Treasurer currently handles the funds for NLA College & Universities Section, Special & Institutional Section, Intellectual Freedom Round Table, Information Technology & Access Round Table, New Members Round Table, and Technical Services Round Table. In keeping with the NLA Handbook, the sections and round tables will be referred to as subsidiaries in this handbook.
- As accounts may be set up or closed down during any year or the Treasurer's recording methods may change, the following procedures are to be considered a starting point, and revised or expanded for any audit as necessary.

1. The Auditing Committee Chair should recruit committee members and submit the names for approval at the first NLA Board meeting of the year.
2. The Auditing Committee Chair should work with the Treasurer and Executive Director to collect the electronic records, statements, and paper documentation for all Association and Conference accounts within the first quarter as soon as the entries for the previous calendar year have been closed. This includes but may not be limited to:
 - NLA General fund checking account
 - NLA Money Market account

- NLA Conference checking account
- NLA credit card account (credit cards issued to NLA Executive Director and Treasurer)
- NLA credit card receipt account (switched from Affinipay to PayPal in 2019)
- NLA certificates of deposit
- Louise A. Nixon Scholarship Fund at Lincoln Community Foundation
- NLA Legacy Fund at Nebraska Community Foundation
- Website membership and event database
- Treasurer's Annual Budget Report

3. The Auditing Committee should prepare to meet as soon as possible in February to review the documentation for the annual budget and all accounts as outlined in the following steps.

4. Monthly bank statements for the general fund checking account and the Conference checking account should be checked to verify the account balance against the check registers.

5. For each bank account, documentation should be checked to verify each receipt of income from all sources including credit card payments and electronic transfers.

a. Verify that there is a Deposit Transaction Form for each deposit with a bank deposit slip and/or a bank receipt attached for physical deposits, or a bank notification of an electronic transfer attached, and a notation as to the source of the income. This includes automatic deposits (for Amazon Smile, ALA/NLA joint memberships, etc.) and electronic transfers from other entities (e.g. payment from a city account for conference registration) as well as between NLA accounts.

b. Verify that single payments meant for more than one purpose (e.g. membership and conference registration) have been deposited in the general account and then the proper amount for the other purpose has been transferred to the appropriate account.

c. Verify that cash received has been documented appropriately: there should be an itemized listing of cash identifying source/purpose and signed by person giving cash to Executive Director or Treasurer and by the person receiving the cash.

d. Verify the correct amount was entered in the proper itemized NLA budget line or in the separate records tracking funds received for subsidiaries or special events.

6. For all accounts, each expenditure should be checked to verify the amount of the payment.

a. Verify that there is an Expense Disbursement Form for each payment with the proper itemized receipts attached. For specifics, see NLA Handbook 2.5 REQUESTS FOR REIMBURSEMENT.

b. Each payment should be checked to see that the correct amount was entered in the proper itemized budget line in the Treasurer's record or in the separate records tracking funds paid out for subsidiaries or special events.

c. Verify that State Sales Tax payments have been refunded to the NLA account by the appropriate subsidiary.

d. If an expenditure exceeds the budget line as approved by the NLA Board before the fiscal year began, verify that the Executive Committee approved the expenditure if the amount was less than \$1,000 and the Board was notified; or, if the amount exceeded \$1,000, verify that the Board approved the expenditure. (This may include emails and Board minutes.)

7. Use website membership and event database reports to verify income and subsidiaries' allocations.

8. The interest earned on checking, savings, or Money Market accounts should be entered in the Treasurer's record as income in the proper itemized budget line and recorded in the separate records maintained to show receipts, withdrawals, and balance for these accounts. Bank statements and end-of-year statements of interest earned should be used to verify the amounts posted.
9. The interest earned on the certificates of deposit should be recorded as income. A record of the interest should also be posted to the separate record maintained to show the interest accrued. Bank statements and end-of-year statements of interest earned should be used to verify the amounts.
10. Fees charged for credit card receipts, annual credit card fees, or other banking transactions should be recorded in the appropriate annual budget line.
11. Quarterly and year-end statements for the Scholarship Fund and Legacy Account should be checked against the Treasurer's records to verify receipts, withdrawals, and interest.
12. Review the Treasurer's annual report to verify the accuracy of each budget line entry.
13. Review any other financial documentation that may not have been specifically noted in these procedures.
14. Work with the Treasurer and Executive Director to find answers to issues raised and correct records as needed.
15. Discrepancies in any of the accounts should be noted in the Audit Committee Report to be submitted at the spring NLA Board meeting.
16. Return documentation to Treasurer so that it may be delivered to the Accountant for submission of tax forms.

Recommendations submitted by previous Auditing Committees to Treasurer and Executive Director

- Checking account statements should be balanced monthly.
- The Committee highlights the need for documentation:
 - All expense reimbursements need to have complete receipts.
 - Expenses approved by the Executive Committee that exceed the budget need to be reported to the full board and emails/minutes included with expense documentation.
 - Credit card income needs documentation to show what the payment is for.
 - All income received electronically (ALA/NLA joint memberships, Amazon Smile, EFT payments of dues, etc.) should be documented in the Income workbook.
 - Cash received should be recorded on separate sheet—itemized and signed by person giving to Executive Director or Treasurer and by person receiving cash.
- The Treasurer and Executive Director should work together to identify, document, and transfer funds from the credit card payment account to general account on a regular basis;

at least quarterly when activity is low; monthly or twice monthly when Conference income is being received.

- The Treasurer and Executive Director should work together to identify and pay Section and Round Table allocations on a quarterly basis.
- Transfer of funds received for the Nixon Scholarship Fund and NLA Legacy Fund should be made to the Lincoln Community Foundation and Nebraska Community Foundation at least quarterly if not when funds are received.
- Problems with invoices should be solved so that payments for lobbyist are made on time.
- Treasurer, Executive Director, and Scholarship Committee should document items sold including whether donated or purchased, winning bid (amount and name), and payment method.
- Executive Director should use NLA credit card to pay for NLA expenses rather than requesting reimbursement for payment with personal card.
- When giving gifts or gift cards, Sections/Round Tables/NLA member in charge should name the person an item is given to when requesting reimbursement. Optionally, a form could be created for the recipient to sign as proof they received item (required by some libraries including Lincoln City Libraries).