

CHAPTER 14
AUDIT PROCEDURES

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4 Section 1. Introduction. An audit of the State KPR financial records and those of each
6 chapter shall be conducted by the State Audit Committee (SA Committee) within ninety (90)
8 days after the close of each fiscal year. The SA Committee comprises the State Audit Chair
(SA Chair) and two members appointed by the State President in consultation with the SA
Committee Chair.

10 The SA Chair is responsible for initiating and coordinating the audit process with directives
12 to the presidents and Chapter Audit Chairs (CA Chairs) for timely completion of annual
audits.

14 Section 2. Audit of Chapter Financial Records. Each chartered chapter shall appoint a
16 chapter audit committee (CA Committee) to be staffed by a chair (CA Chair) and one or two
members who are not the chapter treasurer or assistant treasurer.

18 A. The members of the CA Committee should have some work experience in handling
20 and accounting for monies.

22 B. It shall be the responsibility of the CA Committee to perform an annual audit of the
accounts and records of the chapter treasurer.

24 C. For the purpose of audit, the treasurer of the chapter shall, immediately after the close
of the calendar year:

- 26 1) Reconcile the chapter bank account(s), using and completing the Treasurer's
Annual Financial Summary report (see "Exhibits").
28 2) Package the following for the entire year just ended: Treasurer's Annual Financial
30 Summary report, deposit slips, bank statements, cancelled checks, invoices and
32 receipts, expense vouchers, any minutes of meetings or memorandums necessary
for documenting expenses, and a copy of ledger pages or monthly balance reports
or computer records showing the chapter financial activity for the entire calendar
34 year.
3) Forward the package to the CA Chair for review by the CA Committee.

36 D. Each CA Committee shall, in like manner, receive for audit the financial records of the
chapter treasurer. The CA Committee shall then:

- 38 1) Audit the chapter records. The Audit Report form (see "Exhibits") may be used as
40 a minimal guideline and final report. This final report is not intended to be
restrictive to any auditor who deems it necessary to add comments or
42 recommendations.
2) Route the prepared audit report to the State Audit Chair.
44 3) Return all financial records to the chapter treasurer.

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- E. The SA Committee shall review the chapter's audit report and prepare and issue its report of findings to the CA Chair, with a copy to the chapter president, treasurer, the State Board, and the Administrative Manager (AM). The report shall include any exceptions or recommendations.
- F. The respective CA Committee shall review the SA Committee report of findings and present it, along with any exceptions or recommendations, to its membership for review and adoption at the next meeting after completion of the financial audit. If the chapter disagrees with exceptions or recommendations, the chapter postpones action on the findings and refers the matter to the State Board of Directors for resolution.

Section 3. Audit of State Financial Records. The SA Committee shall audit the State financial records on a yearly basis. Any travel expenses will be paid by the State Board.

- A. For the purpose of audit, the State Treasurer shall, immediately after the close of the fiscal year:
 - 1) Reconcile the State KPR bank account(s), using and completing the Treasurer's Annual Financial Summary report (see "Exhibits").
 - 2) Package the following for the entire year just ended: Treasurer's Annual Financial Summary report, deposit slips, bank statements, cancelled checks, invoices and receipts, expense vouchers, any minutes of meetings or memorandums necessary for documenting expenses, and a copy of ledger pages or monthly balance reports or computer records showing the chapter financial activity for entire calendar year.
 - 3) Forward the package to the State Audit Chair.
- B. The SA Committee shall review the financial package received from the State Treasurer and prepare and issue an audit report to the Board, with a copy to the President, the Treasurer, and the AM.
- C. The SA Committee shall present its audit report, including any exceptions or recommendations, to the Board for review and adoption at its next meeting after completion of the financial audit. Disagreement with exceptions or recommendations shall be resolved by the KPR Board of Directors.
- D. The State KPR financial records shall also be audited by an independent professional accounting firm which shall be conducted on a five- year cycle. The SA Chair shall be responsible for negotiating with a qualified firm to perform this work and making a recommendation to the Board. Based on the opinion of the selected firm, a review may be conducted instead of an audit and will satisfy this requirement.

Section 4. General Audit Rule

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- 1) Audits shall include a review of expenditures to determine if disbursements have been made in accordance with the KPR Bylaws and/or any special authorizations made by the Board
- 2) An invoice or receipt shall be maintained by the Treasurer for all expenditures made during the fiscal year. All supporting documents shall reflect an indication that they have been reviewed for mathematical accuracy.
- 3) Disbursements made without an invoice or receipt must be explained by memorandum and approved by the State/Chapter President.
- 4) All income/receipts from whatever source shall be adequately described in the Treasurer's ledger and deposited in a KPR bank account.