

CHAPTER 14
AUDIT PROCEDURES

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4 Section 1. Introduction. An audit of the State KPR financial records and those of each chapter
6 shall be conducted by the State Audit Committee (SA Committee) within ninety (90) days after
8 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 to
the presidents and Chapter Audit Chairs (CA Chairs) for timely completion of annual audits.

12 Section 2. Audit of Chapter Financial Records. Each chartered chapter shall appoint a chapter
14 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.

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

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

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

24 1) Reconcile the chapter bank account(s), using and completing the Treasurer's
Annual Financial Summary report (see "Exhibits").

26 2) Package the following for the entire year just ended: Treasurer's Annual Financial
28 Summary report, deposit slips, bank statements, cancelled checks, invoices and
receipts, expense vouchers, any minutes of meetings or memorandums necessary
30 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
year.

32 3) Forward the package to the CA Chair for review by the CA Committee.

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

36 1) Audit the chapter records. The Audit Report form (see "Exhibits") may be used as
38 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
recommendations.

40 2) Route the prepared audit report to the State Audit Chair.

42 3) Return all financial records to the chapter treasurer.

44 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

46 State Board, and the Administrative Manager (AM). The report shall include any
47 exceptions or recommendations.

- 48 F. The respective CA Committee shall review the SA Committee report of findings and
49 present it, along with any exceptions or recommendations, to its membership for review
50 and adoption at the next meeting after completion of the financial audit. If the chapter
51 disagrees with exceptions or recommendations, the chapter postpones action on the
52 findings and refers the matter to the State Board of Directors for resolution.

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

- 56 A. For the purpose of audit, the State Treasurer shall, immediately after the close of the
57 fiscal year:

- 58 1) Reconcile the State KPR bank account(s), using and completing the Treasurer's
59 Annual Financial Summary report (see "Exhibits").
60 2) Package the following for the entire year just ended: Treasurer's Annual Financial
61 Summary report, deposit slips, bank statements, cancelled checks, invoices and
62 receipts, expense vouchers, any minutes of meetings or memorandums necessary
63 for documenting expenses, and a copy of ledger pages or monthly balance reports
64 or computer records showing the chapter financial activity for entire calendar year.
65 3) Forward the package to the State Audit Chair.

- 66 B. The SA Committee shall review the financial package received from the State
67 Treasurer and prepare and issue an audit report to the Board, with a copy to the
68 President, the Treasurer, and the AM.

- 69 C. The SA Committee shall present its audit report, including any exceptions or
70 recommendations, to the Board for review and adoption at its next meeting after
71 completion of the financial audit. Disagreement with exceptions or recommendations
72 shall be resolved by the KPR Board of Directors.

- 73 D. The State KPR financial records shall also be audited by an independent professional
74 accounting firm which shall be conducted on a five- year cycle. The SA Chair shall
75 be responsible for negotiating with a qualified firm to perform this work and making a
76 recommendation to the Board. Based on the opinion of the selected firm, a review
77 may be conducted instead of an audit and will satisfy this requirement.

78 Section 4. General Audit Rules

- 79 A. Audits shall include a review of expenditures to determine if disbursements have been
80 made in accordance with the KPR Bylaws and/or any special authorizations made by
81 the Board

- 88 B. An invoice or receipt shall be maintained by the Treasurer for all expenditures made
90 during the fiscal year. All supporting documents shall reflect an indication that they
91 have been reviewed for mathematical accuracy.
- 92 C. Disbursements made without an invoice or receipt must be explained by
93 memorandum and approved by the State/Chapter President.
- 94 D. All income/receipts from whatever source shall be adequately described in the
95 Treasurer's ledger and deposited in a KPR bank account.

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