

## Council Audit Process

Dated December 2018

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Worthy Grand Knights,

### Introduction

As we learn in our Ceremonials, Knights must continually fit themselves for the challenges of leadership. As the elected leader of your Council it is critical that you live this lesson and lead by example. One method to grow in your skills is to take advantage of the Training programs and material supplied by the Supreme Council. We encourage you and your officers to also attend local training being planned and sponsored by our State Deputy Tom Kalisz.

As part of this I have been asked by our State Deputy to provide some information and insight for the Council Audit process. You and your Council Trustees are responsible to review the financial and membership records of the Council twice a year. This requirement serves several purposes.

First, it allows Council membership records to be reconciled with Supreme Records. This is important for bonding, per capita assessments, and accidental Insurance benefits for your members. Note, if there is conflicting information, Supreme's records prevail. It is the Council's responsibility to assure they are accurate and submit the necessary information to keep these up to date.

It is also a way to ensure that money is being handled and tracked in compliance with the Supreme guidelines and the Council remains financially healthy.

### Key Points

- The Semi-Annual Audit is conducted by the Council Trustees and Grand Knight, not the Financial Secretary and Treasurer. You are reviewing their work and records, not their report of their records.
- The audit is for a specific six-month period. For Audit period ending December 31, 2018, don't include member billing for 2019.
- Check your math. Addition and subtraction errors are a Red Flag that there may be other problems with the report.
- Complete all items. Use NONE instead of N/A if no figures are presented. File form as listed on bottom of Form 1295.

## Common Problems to Watch for and Avoid

### Schedule A –

- Transfers to and from Insurance to Associate recorded incorrectly
- Total Numbers at end of period don't match Supreme Records
- (Note – if Council uses Member Management software, just complete the Schedule A – Alternative box)

### Schedule B –

- Cash on Hand at beginning and end of period duplicated.
- Note, there is a Financial Secretary side and a Treasurer side to the Schedule. Treat them as distinct.
- Net Balance on Hand (Treasurer). This should match the Treasurer Ledger. The Treasurer's Ledger should balance to the Bank accounts.

### Schedule C –

#### Assets

- Due from Members – Be honest but don't include the next billing.
- Due from Members – Include amount due from Suspended Member only for the period when he was suspended. Afterwards, the amount he had owed is no longer part of this calculation.

#### Liabilities

- Due to Supreme or State Councils – Only include amounts not yet paid. If you paid them, they will be included in the Disbursements section of Schedule B.
- Supreme and State will bill Per Capita as of January 1 or July 1. Don't include these amounts if the Audit period ends the day before.
- Advance Payment from Members – Audit is for 6 months. Most Councils bill members annually. Most often the June 30 audit would include half a year's dues as prepaid.

## Records and Items needed to prepare the Audit

### From the Financial Secretary:

- Cash Receipts
- Vouchers
- Receipts, Treasurer to Financial Secretary
- January 1 or July 1 roster, as appropriate
- Billing Statements (from Supreme) for the audit Period
- Cash and checks on hand, if any
- Bills or Invoices requiring payment

- Copy of last Audit
- Member ledger (or Outstanding Balance Report in Member Billing)

**From the Treasurer:**

- Treasurer's Cash Book
- Check book, bank statements, cancelled checks for the audit period and the month just prior to the audit period
- Vouchers for the audit period
- All Bank books, regardless of purpose of account
- All documents reflecting cash or liquid assets such as stocks, bonds, notes, etc.

**From the Recorder:**

- Minute Book or Recorders Book

**Process**

The Supreme Council and our State Deputy want you and your Council to be successful. Proper completion of the Semi-Annual Audit on time is one tool in your tool box. I strongly encourage you to review at least one of the first two resources listed below to provide even more details for each of the steps in this process.

If you need further assistance, contact your District Deputy, your Assigned State Officer, me or our State Deputy.

Vivat Jesus,

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Immediate Past State Deputy  
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**Resources**

- 1) Financial Secretary Faithful Comptroller Handbook. Form 1410 10/12 – Audit Section  
<https://kofc-az.org/handy-council-guides>
- 2) Officers Online – Publications Tab/ Leadership Handbook / Leadership Resources (Form 5093 8/18) / Grand Knight section / Council Audit [pg. 11-14]  
<https://kofc-az.org/handy-council-guides>
- 3) Form 1295 – Semi Annual Council Audit Report  
<https://kofc-az.org/state-forms%2Freports>