



Policy Name: Financial Review (Audit) Policy

Policy Number: 002

Effective Date: March 1, 2025

Board Approval Date: February 18, 2025

1. Policy Statement

The Hovedstad Lodge will conduct a financial review (audit) each year, in the first quarter of a year, reviewing the financial transactions of the previous calendar year.

2. Purpose

The purpose of the review (audit) is to verify that:

- a) The annual adopted budget OR meeting minutes include specific authorization for all expenditures and disbursements.
- b) Cash receipts are promptly deposited directly into the bank/credit union account in an FDIC insured facility.
- c) The date and nature of deposits are recorded in bank/credit union statements, a cash receipts book and/or checkbook, and that the checkbook balance or bank/CU statements show the present balance at all times.
- d) All disbursements are properly authorized and supported by bills, invoices or requests for reimbursement.
- e) Monthly bank/credit union statement reconciliations agree with receipts and disbursements in the checkbook as well as the treasurer's reports.
- f) Savings and investment statements have been reconciled and that transfers have been properly recorded.
- g) Financial statement reports are made at the meetings by the treasurer.
- h) All accounting practices are in agreement with the By-Laws and Generally Accepted Accounting Principles (GAAP).

3. Procedures

- a) The President will appoint three members to be auditors and names a chair to convene the group. None can be Officers or Executive Committee members who are authorized to sign checks or transfer funds.
- b) The Treasurer will make all check registers, authorization logs, receipts and bank/credit union/investment statements and Treasurer Reports available to the auditors.
- c) The Secretary will make Annual membership and Board meeting minutes available to the auditors.
- d) The Treasurer will give a copy of the approved budget to the Audit Chair.
- e) From the check register, each auditor randomly selects five (5) transactions, either by date or by check number from the twelve-month period, January 1, 20XX to December 31, 20XX

and writes them down on a work sheet so they can do verifications. This way at least fifteen (15) transactions are reviewed.

- f) 4. The Treasurer will produce copies of five (5) checks (randomly selected) so Auditor #1 can review them to assure two signatures and that no one has signed a check where they are the payee.
- g) Auditor #1 verifies for each check selected that there is an authorization for that expenditure in either the adopted budget or in the meeting minutes and that no one has authorized a payment to themselves.
- h) Auditor #2 verifies that for each check selected, there are bills, invoices or requests for reimbursement and receipts to support each check written/issued.
- i) Auditor #3 verifies that deposits and disbursements (checks written) match monthly bank/CU statements of deposits/withdrawals/expenditures and are properly reported in the Treasurer financial reports to members.
- j) The auditors will make a written report or statement about their findings and recommendations on a final report to the President, Board and membership.

Attachment: Financial Audit Worksheet

Attachment 1: Financial Audit Worksheet

Completed by: _____ Date: _____

CHECK AUTHORIZATIONS:

Check #	Date	Payee	In Budge (Y or N)	In Minutes (Y or N)