

**MINNESOTA SECTION 1203
AMERICAN SOCIETY FOR QUALITY
SECTION POLICY**

POLICY NUMBER: MSP-F-003	SUBJECT: Annual Audit Procedure
ORIGINATION DATE: 7/31/97	ACCOUNTABILITY: Senior Director
APPROVAL DATE: 8/5/97	APPROVAL BY:
REVISION DATE: 5/7/02	PAGE NO: 1 OF 3

1.0 OBJECTIVE

- 1.1 This procedure defines the audit procedure for the Section Treasurer and the Auditing Committee.

2.0 SCOPE

- 2.1 This procedure is applicable to the audits of the Minnesota Section and for audits of member units of the Section by Section Auditors.

3.0 RELATED POLICIES AND PROCEDURES

- 3.1 National ASQ Bylaws
3.2 Minnesota Section Bylaws
3.3 MSP-F-002, Position Description, Treasurer

4.0 SUPERSEDES

- 4.1 MSP-F-003 approved 8/5/97

5.0 AUDIT COMMITTEE MEMBERS

- 5.1 The Audit Committee chaired by the Senior Director shall consist of:
- 5.1.1 Past Chair
 - 5.1.2 Chair
 - 5.1.3 Treasurer
 - 5.1.4 Chair Elect
 - 5.1.5 At least two Directors, including the Senior Director
 - 5.1.6 Professional Accountant (if desired)

6.0 AUDIT PROCEDURE

- 6.1 Prior to the Audit, the Treasurer shall provide to the Audit Committee the beginning and ending check numbers and a list of voided checks.

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- 6.2 The Audit Committee Chair shall establish the date, time and place for the Audit and make necessary reservations. The Audit Committee Chair shall provide a copy of this procedure for the Treasurer and each member of the committee at least one week prior to the audit.

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6.3 The Audit Committee shall sign the Certificate Of Audit and the Audit Committee Chair is responsible to provide copies to all persons present at the audit, insure that a file copy is provided for office records and the original is mailed to the Section accountant at National ASQ.

7.0 AUDIT MATERIALS NEEDED

7.1 The Treasurer of the Section shall bring to the Audit:

7.1.1 Monthly bank statements and canceled checks (including the final bank statement for the end of the previous year).

7.1.2 Checkbook record.

7.1.3 Any financial communications from National ASQ.

7.1.4 Original invoices and bills.

7.1.5 Audited financial statements from all Section Sub-Treasurers, including but not limited to Conferences, Task Groups, educational funds, and joint conferences.

7.1.6 Completed and balanced Treasurer's Year End Financial Statement. Copy include with this procedure.

7.1.7 Bank signature card for transfer of signatures to new officers.

7.1.8 Other documents or work sheets deemed necessary to support year's financial records such as Monthly Financial Reports.

8.0 AUDIT REQUIREMENTS

8.1 The Treasurer shall present a summary of the Annual Financial Report.

8.2 Members of the Audit Committee shall divide the following tasks:

8.2.1 Reconcile gross deposits and gross withdrawals, as well as the ending balances.

8.2.2 Compare the deposits per the bank and per the Section Treasurer's books.

8.2.3 Verify that each of the monthly bank statement reconciliations were done by the Section Treasurer. This should include ascertaining that all reconciling items (outstanding

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checks, deposits in transit, and bank service charges) from each previous month are included in the following month's bank activities and the Section accounting records.

8.2.4 Account for the numerical sequence of all checks.

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8.2.5 Determine that each canceled check is in agreement with the cash disbursements record (checkbook stubs if these are the only records) with respect to: check number, date, payee and amount. Review endorsements on checks, especially second endorsements. Review all checks made out to "Cash."

8.2.6 Any single expenditure of greater than \$1,000.00 classified as miscellaneous requires an explanation for so classifying. Help can be obtained from Past Treasurer or Directors.

8.2.7 Match the canceled checks listing with the invoices and trace to the Treasurer's accounting record on a sampling basis.

8.2.8 Examine the invoices for the proper approvals.

8.2.9 For year-beginning and year-ending reconciliation items (outstanding checks and deposits in transit), obtain the supporting invoices or transmittal letters, and trace to Section Treasurer's records. Inspect the invoices for proper approval.

8.2.10 Any fixed asset additions during the year are to be physically verified.

8.2.11 Ensure that the financial statements cover the correct period from July 1 to June 30.

8.2.12 Determine that the Treasurer's Year End Report is complete and balanced.

8.3 Signature cards are to be completed for Treasurer and Chair.

8.3.1 It will be the responsibility of the Treasurer to deliver the completed signature cards to the bank and signed letters to relinquish bank rights to the Section office.

8.4 Upon completion of the audit, the Audit Committee Chair shall cause to be published in the Section newsletter a consolidated report of the financial affairs of the Section.

9.0 APPROVAL

9.1 Approved by the Minnesota Section ASQ Executive Board:

Section Chair

Section Secretary

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