

Audit of NARFE Chapter Funds  
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An annual audit of NARFE Chapter Funds is strongly encouraged to assure accurate records of chapter income and expenses are kept, financial reports are prepared and presented to the chapter, financial records and bank statements are reconciled, and proper controls are maintained over chapter funds. The Texas Federation along with National Headquarters provide Form F-131, "Checklist for the Audit of NARFE Chapter Funds", on web site <http://www.narfe.org/site/TX> and <http://www.narfe.org/>, respectively.

Usually, the chapter president will call for the audit and specify the audit period. An audit should also be requested when there has been a change in the chapter treasurer or when a chapter closing is anticipated. Chapter officers are required to provide all necessary records and any assistance required to conduct the audit.

The audit committee (usually one or more chapter members) will arrange to meet with the chapter treasurer at a convenient location. A quick review of the monthly treasurer's reports should help **the committee decide** on what transactions or what time period's will be selected for the review. Selected transactions are verified to source documents and for reasonableness of type and amount of the transaction. Audits usually are based on samples of records and do not need to be 100% reviews.

Income transactions are verified to deposit slips and bank statements for accuracy and timeliness recording the transaction. If the chapter requires separate accounts for differing types of income, the accuracy of the recordings is verified. Savings accounts are verified to bank statements and chapter policies.

Disbursement transactions are verified to source documents (invoices, requests for reimbursements, etc.). Are the transactions authorized and/or approved as specified in the chapter's bylaws, policies and/or minutes? Do dispersed checks match the source documents. Are payments made in a timely manner? If cash disbursements are authorized by the chapter, are they supported by signed receipts and supporting documents? Are chapter dues remitted promptly to the federation treasurer? Chapter funds should NOT be used for check cashing purposes or loans to officers or members.

The audit should include an assessment of the accuracy and timelines of all financial records and reports, the performance of bank reconciliations, co-mingling of chapter accounts with personal accounts or with special accounts, and the existence of additional name or names on the account in case of the incapacity of the chapter treasurer.

The audit committee should present a written report of the audit to the chapter president and/or chapter executive committee. If possible, the audit report be presented to the membership for

review. If legal questions arise during the audit, it may be necessary to hold the report from the membership until the legal questions are resolved.

Any questions regarding an audit of chapter funds may be submitted to the Federation Treasurer or National Treasurer for resolution.