



Money Matters!

Part 1: How you can protect your League's funds

Shirley Eberly

LWVUS Secretary/Treasurer

Convention 2006

In order to ensure accurate financial reports and protect your League's assets from theft, your League should have written financial policies and procedures that reflect appropriate kinds of internal controls.

Good internal controls should be designed as a series of checks and balances, preventing one person from having total control. The same person should NOT

- Deposit funds
- Record them in the books
- Write checks
- Receive and reconcile bank statements

Does your League have appropriate controls regarding income?

- Who opens mail containing checks?
- How are incoming checks recorded? Are duplicate copies made?
- Who stamps the checks for deposit and how are they delivered to the bank?
- How is cash handled?

Does your League have appropriate controls regarding expenditures?

- Does the board authorize who may sign checks?
- Is more than one signature required for checks over a certain amount?
- Is approval obtained for each transaction, either through the budget or through the board?
- Is documentation provided for each check written?

What kinds of security measures are needed?

- Are the checks pre-numbered?
- Who has access to blank checks?
- Is access to computerized records limited and password-protected?
- Are computerized records backed up on a regular basis--and are the backups transported to another location?

**As added security, it is advisable
to have an annual financial
review or audit.**

What is the difference between a financial review and an audit?

- During a financial review, an accountant
 - Asks questions,
 - Reviews the financial statements,
 - Does NOT examine the underlying records.

The duties of an auditor include

- Verifying that a sample of dues and contributions agrees with the corresponding deposit slips and records
- Verifying that a sample of recorded expenses agrees with the corresponding bills and checks
- Reviewing internal control systems

What are the responsibilities of the League board?

- Make sure that appropriate internal control policies and procedures are in place
- Recommend adoption of a detailed budget
- Review and understand treasurer's statements
- Make sure that bills are being paid on time
- Approve unbudgeted expenses
- Provide for an annual audit and for fidelity bond coverage for those handling money.