



# INTERNAL AUDIT MANUAL

## National Internal Audit Committee

Delta Sigma Theta Sorority, Incorporated  
1707 New Hampshire Avenue, NW  
Washington, DC 20009

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## TABLE OF CONTENTS

INTRODUCTION .....	4
NATIONAL INTERNAL AUDIT WEBSITE INFORMATION .....	4
KEY AUDIT REPORTING DATES .....	5
ROLES AND RESPONSIBILITIES .....	6
ACCEPTANCE OF RESPONSIBILITY FORM .....	7
TRANSITION OF ROLE .....	7
QUARTERLY AUDITS OF CHAPTER ACCOUNTS .....	7
SAFEGUARDING CHAPTER ASSETS .....	8
COMPLIANCE REQUIREMENT – ANNUAL AUDIT OF CHAPTER ACCOUNTS .....	9
THE INTERNAL AUDIT COMMUNICATION PROCESS .....	10
PLANNING .....	12
SAMPLING METHODS .....	13
BANK BALANCES .....	13
BANK RECONCILIATIONS .....	16
MERCHANT ACCOUNTS AND DEBIT CARDS .....	17
ONLINE BANKING .....	19
AUTOMATIC CHECK DEPOSITS .....	20
RECEIPTS VERIFICATION .....	21
DISBURSEMENTS VERIFICATION .....	25
PAYPAL BUSINESS ACCOUNTS .....	29
BUDGET .....	30
DUES VERIFICATION .....	33
OVERALL AUDIT FINDINGS .....	35
SIGNATURE PAGE .....	36
SIGNATURE PAGE – INTERNAL AUDIT COMMITTEE .....	37
SIGNATURE PAGE – ASSISTING SOROR .....	38
ENTERING THE QUARTERLY INTERNAL AUDIT RESULTS INTO THE RED ZONE .....	39
ENTERING THE ANNUAL IAR-1 FORM INTO THE RED ZONE .....	55
HIRING A CPA .....	63
CPA ENGAGEMENT LETTER – REVIEW – EXAMPLE .....	64
CPA ENGAGEMENT LETTER – AUDIT – EXAMPLE .....	66

SUMMARY AUDIT REPORT – EXAMPLE.....	68
DETAILED AUDIT REPORT - EXAMPLE .....	69
FISCAL POLICIES AND PROCEDURES .....	72
APPENDIX A – ACCEPTANCE OF RESPONSIBILITY FORM .....	73
APPENDIX B – TROUBLESHOOTING GUIDE.....	74
APPENDIX C – GLOSSARY .....	83
NATIONAL INTERNAL AUDIT COMMITTEE MEMBERS.....	84

## INTRODUCTION

The information set forth in this document provides policies and procedures for the audits of local chapters of Delta Sigma Theta Sorority, Incorporated. It should be used to assist chapters in conducting audits to ensure appropriate internal controls are in place to safeguard and account for the chapter's assets.

Although chapters may set local audit policies, they must not be in conflict with the *Constitution and Bylaws*, *Chapter Management Handbook*, the *National Internal Audit Manual*, the *National Fiscal Officers Manual* and other governing documents of Grand Chapter.

All chapters should have fiscal policies and procedures in place that define in detail specific guidelines for the handling of the chapter's fiscal operations. (For more information, see the Red Zone for the most recent National Fiscal Officers Manual.)

All fiscal officers and the Chair, Internal Audit are strongly encouraged to attend finance and audit workshops at least once a year.

These workshops are normally offered at Regional Conferences, National Conventions, Cluster or State Meetings or local chapter meetings. In addition, training may be obtained via webinar.

**Note:** A Glossary has been provided at the end of this document as Appendix C. Terms that are defined are in **bold** print, as applicable, throughout the document.

## NATIONAL INTERNAL AUDIT WEBSITE INFORMATION

Audit information, forms, and publications can be found on the Delta Sigma Theta Sorority, Inc. National website at [www.deltasigmatheta.org](http://www.deltasigmatheta.org).

### Instructions

1. Enter the Members Only section using your credentials.
2. Navigate to the National area tab.
3. Scroll down to the Internal Audit Committee section.

### Disclaimer

Please be sure to check the National website regularly for any changes or updates to finance and audit policies, procedures, and guidelines.

## KEY AUDIT REPORTING DATES

ANNUAL SUBMISSIONS	DUE DATE
Annual Internal Audit Report (IAR-1)	August 31
External Review/Audit of Financial Statement	August 31
Annual Financial Report – Collegiate	August 31
Annual Financial Report – Alumnae	August 31
Acceptance of Responsibility Forms	August 31
QUARTERLY SUBMISSIONS	DUE DATE
Quarter 1 (July through September)	December 1
Quarter 2 (October through December)	March 1
Quarter 3 (January through March)	June 1
Quarter 4 (April through June)	August 1

All reports **MUST** be filed in the Red Zone.

*The schedule below is a recommendation that can be used for planning chapter audits. The only mandatory dates are the **Red Zone** filing deadlines.*

Transaction Period	Chapter Audit Committee Begins Audit	Report to Chapter by	Must File in the Red Zone by
<b>Q1</b> July 1 - September 30	2 <sup>nd</sup> week in October	2 <sup>nd</sup> week in November	Dec. 1
<b>Q2</b> October 1 - December 31	2 <sup>nd</sup> week in January	2 <sup>nd</sup> week in February	Mar. 1
<b>Q3</b> January 1 - March 31	2 <sup>nd</sup> week in April	2 <sup>nd</sup> week in May	June 1
<b>Q4</b> April 1 - June 30	2 <sup>nd</sup> week in July	Sept. Chapter meeting	Aug. 1
<b>Annual IAR-1</b>	N/A	Sept. Chapter meeting	Aug. 31
<b>External Audit/External Review</b>	N/A	Sept. Chapter meeting	Aug. 31

All audit reports **MUST** be presented to the fiscal officers first, then the executive board, and then the chapter.

## ROLES AND RESPONSIBILITIES

### Internal Audit Committee

The Internal Audit Committee should consist of an elected chair plus two to four members who perform quarterly and annual reviews of the chapter's financial records. If a chapter's membership is small, the size of the committee may be decreased.

### *Use of an assisting soror*

A chapter operating under special dispensation, or a chapter with less than four members, will need to use an **assisting soror** to complete the internal audits. The **assisting soror** cannot be a member of the chapter needing assistance. She may be a current or former financial officer of another chapter or a soror with financial/accounting expertise. The **assisting soror** will be approved by the Regional Director. Entitlements to the Red Zone will be assigned to the assisting **soror**, by the Regional Director for entering data on behalf of the chapter being supported.

**Note:** Chapter advisors are not permitted to conduct internal or external audits for chapters they advise.

### Internal Audit Committee Chair

The chair of the chapter's Internal Audit Committee is elected by her chapter. Her duties include:

- Preparing and submitting the Quarterly and Annual IAR-1 reports in accordance with current guidelines and procedures
- Meeting with the chapter fiscal officers regarding the financial review findings and recommendations
- Reporting audit findings and recommendations to the fiscal officers, executive board, and the chapter on a quarterly basis
- Documenting recommended improvements to internal control weaknesses
- Notifying the chapter of any weakness in financial structure and recommending improvements

### Members, Internal Audit Committee

All members, other than the chair, are appointed by the chapter president. The committee members assist in the preparation of the Quarterly and Annual IAR-1 reports in accordance with current guidelines and procedures. Audit Committee members are most effective when they have some knowledge of the chapter's fiscal operations. Members of the audit committee **may not** be current fiscal officers (president, financial secretary, treasurer or assistants to these positions) or members of the chapter's current Budget (Finance) Committee. **Immediate-past fiscal officers can be members of the committee as long as they are not auditing financial transactions that occurred during their tenure.**

Knowledge of the chapter's fiscal operations helps committee members fulfill their responsibilities which include:

- Assisting in the preparation of the IAR-1 reports (quarterly or annual)
- Ensuring adherence to budget line items
- Ensuring adherence to separation of fiduciary responsibilities
- Recommending for chapter approval an independent auditor for the annual review, as applicable
- Reviewing and proposing internal controls

- Reviewing the chapter financial records and indicating any material weaknesses in controls
- Verifying balances for all accounts
- Verifying expenditures and supporting documentation (receipts, invoices, etc.) for the period
- Verifying receipts for the period
- Verifying the existence of and chapter adherence of internal controls

## ACCEPTANCE OF RESPONSIBILITY FORM

In order to ensure that the Chair, Internal Audit Committee clearly understands, acknowledges, and accepts her responsibilities, she shall submit the Acceptance of Responsibility Form by August 31 of each year. **(See Appendix A.)**

## TRANSITION OF ROLE

All **Detailed Audit Reports**, **Detailed Audit Work Papers**, **Summary Audit Reports**, and electronic files should be transitioned to the incoming Chair, Internal Audit.

Details surrounding outstanding checks or other issues that may impact the next audit should be discussed and documented.

The incoming Chair, Internal Audit is responsible for completing and uploading the quarterly IAR-1 form due on August 1st of each year. The outgoing Chair, Internal Audit should assist in this process.

## QUARTERLY AUDITS OF CHAPTER ACCOUNTS

### Quarterly Audits

Quarterly chapter audits should consist of a detailed review of financial records. The audit activity verifies and ensures the accuracy of the dollar amounts, and assesses the chapter's procedures and internal controls. Audits are an important and irreplaceable tool in the effort to safeguard chapter assets. It is critical that the chapter's internal audit committee performs quarterly audits of the financial records.

Quarterly audits by the Internal Audit Committee should include:

- Verification of the receipts for the period being audited
- Verification of disbursements (expenditures) for the period being audited
- Verification of member **dues**
- Verification of savings and checking account balances
- Verification that account balances have been reconciled
- Ensuring that expenditure documentation exists (receipts, invoices, vouchers, etc.)
- Ensuring adherence to budget line items
- Ensuring adherence to separation of fiduciary responsibilities

In addition, the Chair, Internal Audit Committee must go into the Red Zone to complete and sign the **Quarterly Audit Form** for each quarter. The chapter president does not input audit data into the Red Zone but she has access to view the **Quarterly Audit Form**.

## SAFEGUARDING CHAPTER ASSETS

The chapter's fiscal officers have a fiduciary responsibility to safeguard chapter assets in order to prevent losses, limit unauthorized access to assets, promptly disclose discrepancies, and provide accurate financial information. Chapter assets include cash, checking accounts, investments, and other property.

*The misappropriation of funds is due primarily to fiscal officers not performing their duties and responsibilities as defined in the Chapter Management Handbook, the National Fiscal Officers Manual and the chapter's Financial Policies and Procedures.*

All chapters should have Policies and Procedures in place that define internal controls for safeguarding chapter assets and documents the responsibilities of each fiscal officer.

Internal control procedures should include but not be limited to the following:

- Preparing **account/bank reconciliations** monthly
- Depositing funds within two business days of receipt
- Preparing and presenting written monthly financial statements to chapter members; statements can either be written or disseminated electronically in a manner consistent with the *Delta Internet Guidelines* (DIG)
- Conducting internal quarterly audits and completing the Annual IAR-1 form
- Having adequate bonding of chapter fiscal officers (president, treasurer, financial secretary, assistant treasurer, assistant financial secretary)
- Requiring a minimum of two signatures on checks (Fidelity bond carrier requests countersignatures on all accounts)
- Transacting all financial business (collecting funds and writing checks) during, before or after chapter meetings, executive board meetings or any time or place designated by the president and fiscal officers
- Encouraging use of certified checks, personal checks and money orders as the preferred method of collecting all chapter **dues**, fees, and other funds. i.e., discouraging the collection of cash
- Issuing checks only when expenditures are authorized
- Using a voucher system for all transactions
- Obtaining sales slips, invoices, receipts, etc. to support payment vouchers
- Prohibiting the issuance of checks made payable to CASH
- Under **NO** circumstances should checks be pre-signed
- Under **NO** circumstances should fiscal officers sign checks made payable to themselves
- **Chapter credit cards/debit cards shall not** be obtained or issued to members
- All chapter correspondence with financial institutions including bank statements, checks, invoices or contracts shall be viewed online or mailed to the chapter's official mailing address, **not** to the home or work address of **anyone**. Bank statements may be obtained electronically.
- All receipts for funds collected shall be written immediately and distributed within 30 business days
- Removing the handling and recording of a transaction from start to finish by **one** person; this means the handling of income and disbursements must be the responsibility of different fiscal officers



## COMPLIANCE REQUIREMENT – ANNUAL AUDIT OF CHAPTER ACCOUNTS

### Annual Internal Audit Report

The *Constitution and Bylaws* require that: “The books of a chapter shall be audited by a certified public accountant or an audit committee within 60 days of the close of the fiscal year.” (2019 Edition, Article III Section 4E). **Note:** Each quarterly audit properly filed for the chapter in the Red Zone populates into the IAR-1 Annual Audit Form that serves as the annual audit by the chapter’s Internal Audit Committee.

The audit report shall be submitted using the online system in the Red Zone by August 31<sup>st</sup>.

Gross Receipts	Requirements	Performed By
<b>Level 1:</b> \$0 - \$50,000	IAR - 1Annual Audit Form	Internal Audit Committee
<b>Level 2:</b> \$50,001 - \$100,000	Review of Financial Statements  IAR - 1Annual Audit Form	Certified Public Accountant (CPA) with an active license  Internal Audit Committee
<b>Level 3:</b> More than \$100,000	Audited Financial Statements  IAR – 1Annual Audit Form	Certified Public Accountant (CPA) with an active license  Internal Audit Committee

In addition, the Internal Audit Chair must go online into the Red Zone to:

1. Verify that the information entered for the 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> quarters has accurately rolled up to the Annual IAR-1.  
**Note:** The **gross receipts** entered on the **Annual Financial Report** must equal the sum of the **gross receipts** calculated on the Annual IAR-1.
2. Upload the **Signature Page** documenting the Internal Audit Committee members who participated in the quarterly audits.  
**Note:** The **Signature Page** can only be uploaded during the Annual IAR-1 process. The signatures should be collected at each quarterly session and accumulated onto the same form. A sample **Signature Page** is included in this manual.
3. Provide an assessment of the chapter’s internal controls by completing the questionnaire.
4. If the services of a **CPA** are required, see the Hiring a **CPA** section for the vetting process.  
**Note:** Failure to submit the Internal Audit Report (IAR-1) and/or uploaded the version of the external audit to the Red Zone by August 31<sup>st</sup> is a violation of the *Constitution and Bylaws* and may be subject to sanctions and fines as stated in Section 1 E of the *Code of Conduct*.

## THE INTERNAL AUDIT COMMUNICATION PROCESS

Every successful audit is based on sound planning, constructive involvement, and effective communication. Reporting is one of the most important parts of the auditing process. After the attestation procedures have been completed and the committee has compiled its results and recommendations, the findings are provided in the written reports. The report should first be presented to the fiscal officers for review, then to the executive board, and lastly to the chapter.

### **A Collaborative Effort**

During each phase of the audit process, the Internal Audit Committee is encouraged to discuss any significant findings with the chapter's fiscal officers. Typically, these communications are oral; however, in more complex and delicate situations, written communication serves best in providing the chapter's fiscal officers and the chapter president a full understanding of the issue or concern.

The audit process works best when the chapter's fiscal officers and the Internal Audit Committee have a solid working relationship based on clear and continuous communication. The input and guidance of the Internal Audit Committee on sensitive matters can be very useful to effective communication in audit reports and in other chapter fiscal and operational issues. The goal of communication is that there are no surprises.

### **Advice and Informal Communications**

Generally, when a good working relationship has been established with the chapter's fiscal officers, the Internal Audit Committee can help evaluate the feasibility of making changes or modifications in how the chapter's fiscal operations are conducted.

### **Purpose of the Audit Reports**

The culmination of the internal audit is two reports: The **Summary Audit Report** and the **Detailed Audit Report**. The **Summary Audit Report** notifies the chapter of any weaknesses in the financial structure of the chapter by way of findings and provides recommendations for improvement. These findings and recommendations should be expressed objectively, and contain all information necessary for the chapter to fully understand the reported issues. If the **Summary Audit Report** is communicated well, it can have a positive impact on prompting corrective action. See the back of this manual for samples.

**REMEMBER:** Every successful audit is based on sound planning, constructive involvement, and effective communications.

Writing an effective audit report starts with a clear understanding of how the report will be used, viewed, and acted upon. Written documentation stands alone and must always be **clear, concise, and correct**.

The **Summary Audit Reports** have three major objectives: to inform, persuade and obtain results.

- Inform- communicate audit results
- Persuade - convince leadership that the comments put forth are valid and worthwhile
- Obtain results - leadership takes appropriate action to address issues

The Internal Audit Committee uses this report to present the audit findings, discuss recommendations for improvements, and express an opinion. **Note:** Both the **Summary Audit Report** and **Detailed Audit Reports** can be made available to the chapter membership using a secure online storage mechanism in accordance with the *Delta Internet Guidelines* (DIG).

This report should be designed to assist chapter leadership in measuring its own performance, particularly with respect to the reliability of established internal controls as outlined in the chapter's policies and procedures and in the Sorority's *Chapter Management Handbook*. The Internal Audit Committee should report any audit findings and recommendations to the chapter after each audit.

To facilitate communication and ensure the practicality of recommendations presented, the Chair, Internal Audit Committee will review the **Summary Audit Report** with the chapter fiscal officers prior to the issuance of the report. The expectation is that the chapter's fiscal officers will explain how to report findings will be resolved and include a timeline as to when this will occur.

During this review, be sure to:

- Identify the key issues
- Suggest recommendations that address the identified issues
- Solicit the chapter's fiscal officers' response to the issues and recommendations
- Share the intended rating of the audit on the **Quarterly Audit Form**, represented as one of the following:
  - a. The chapter has **satisfactory financial internal** controls and the review supports the existence and utilization of these controls
  - b. The chapter has satisfactory financial internal controls but the review **does not** support the utilization of these controls.
  - c. The chapter **does not have** satisfactory financial internal controls and the review supports the lack of their existence.

When this review has been completed, the Internal Audit Committee should make any agreed upon changes to the audit reports and the Chair, Internal Audit Committee will then read the **Summary Audit Report**, including the IAR-1 rating, to the executive board and provide a copy of both the Summary report and the **Detailed Audit Report** (described below) to the Recording Secretary. Once this occurs the **Summary Audit Report** and the **Detailed Audit Report** may be either be disseminated electronically in a manner consistent with the *Delta Internet Guidelines* (DIG).

### **Detailed Audit Report**

The **Detailed Audit Report** contains the comprehensive results of the audit testing that supports the information in the **Summary Audit Report**. (See page 68.)

Remember to:

- Ensure that the report is clear, concise, and free of unnecessary detail
- Be consistent in any conclusions expressed
- Summarize any descriptions of operating policies and procedures referenced
- Provide a report that is easily understood, presented logically, and is to the point
- Make certain that the tone of the writing is constructive and balanced throughout
- Use graphics or attachments, as appropriate, which help to convey points or provide additional information (ex: show where a check was written without the two required signatures).

A copy of the **Detailed Audit Report** should be made available for review at the Executive Board meeting and also to the chapter when the recommendations and findings are presented to the chapter along with the **Summary Audit Report**.

All reports **MUST** be presented to the fiscal officers first, then the executive board, and lastly to the chapter. If the discussion meeting is forfeit, the report should be provided in advance as a courtesy.

## PLANNING

### Audit Schedule

- At the beginning of the fiscal year (July), meet with the fiscal officers and agree on the schedule and scope for completing the chapter's quarterly and annual audits. For example, the treasurer will present the books for quarterly audits no later than two (2) weeks following the end of the quarter.
- Agree on the date for completing and presenting the audit report.
- Determine if the services of a **CPA** will be needed. See page 63 for information on hiring a **CPA**.

### Audit Planning

Request the following documents from the fiscal officers indicated at least four (4) weeks prior to the planned start of the audit to ensure that the items requested are available based on the agreed-upon audit schedule. (See above).

#### ***President:***

- Copies of emails and or correspondence sent from the merchant and/or PayPal accounts if any

#### ***Treasurer:***

- Current internal control procedures (Chapter Policies and Procedures)
- Chapter **budget**
- Financial reports for the audit period
- Disbursements register/log
- Check stubs or copies for all bank accounts
- Bank statements (including copies of canceled checks for checking accounts)
- Bank reconciliation(s) for all bank accounts
- Duplicate deposit slips for all bank accounts
- Vouchers and supporting invoices for all disbursements during the audit period
- Financial correspondence from banks and merchant accounts
- Dues transmittal forms

#### ***Membership Roster***

- Receipt records register (log)
- Receipts book for the audit period
- Financial reports for the audit period
- Membership records for the audit period

***Recording Secretary***

- Copies of the chapter minutes
- Copies of the executive board minutes

## **SAMPLING METHODS**

### **Audit Procedures**

#### ***Sample Selection Process***

When an auditor examines less than 100% of the transactions, a sample is selected by the auditor. When selecting samples, the auditor should make sure that each transaction has an equal chance of selection. There are four common sampling methods, which are divided between Statistical and Non-statistical. Chapter Internal Audit committees should only use statistical sampling methods when selecting samples for audit purposes.

#### **Statistical Sampling**

1. *Random sampling* - Ensures that all combinations of sampling units in the population have an equal chance of selection.
2. *Systematic sampling* - Relies on arranging the study population according to some ordering scheme and then selecting elements at regular intervals through that ordered list. Systematic sampling involves a random start and then proceeds with the selection of every *k*th element from then onwards. In this case,  $k = \text{population size} / \text{sample size}$ . It is important that the starting point is not automatically the first in the list, but is instead randomly chosen from within the first to the *k*th element in the list. A simple example would be to select every 10th voucher from the population of vouchers created during the quarter.

#### **Non-statistical Sampling**

Non-statistical samples are less likely to be representative of the population.

1. **Haphazard sampling** - members of the population are chosen based on their relative ease of access. Example: Selecting vouchers that are on hand rather than waiting for all of the vouchers created during the quarter to be provided.
2. **Judgmental sampling** – The auditor selects all transactions meeting specified criteria such as all transactions over a specific dollar value or with a specific characteristic such as **dues** payment.

## **BANK BALANCES**

The bank balances represent the amount of cash available in the chapter's bank accounts.

### **Objectives of the Review**

- Ensure the chapter bank balances are accurate
- Ensure the chapter discloses all bank accounts and balances
- Ensure the bank account reconciliations are performed monthly and are accurate

**Records Needed to Perform the Audit of Bank Balances**

- Chapter financial reports
- Check registers
- Bank statement and cleared checks or images
- Validated bank deposit slips
- Receipt books
- Receipt register/logs
- Fiscal Policies and Procedures

**Detailed Audit Steps**

*Download the **Audit Work Papers** from the National website*

1. Identify all of the chapter's bank accounts.
  - a. Examine the chapter's financial reports and/or the **Annual Financial Report** and identify all bank accounts.
  - b. Identify the type, account number, and bank (institution).
  - c. Identify the names and positions of the check signers.
  - d. Identify the number of check signers required for each account.
2. Perform a "sanity check" on the ending bank balances.
  - a. Use the equation below to ensure that the treasurer's reports have captured all bank activity.
  - b. Transfers between accounts (i.e., general checking to savings, or scholarship to general checking) should not be included in the determination of Total Receipts or Total Disbursements.

$$\text{Beginning Bank Balance} + \text{Current Quarter Receipts} - \text{Current Quarter Disbursements} = \text{Ending Bank Balance}$$

The following illustration is an excerpt from the **Audit Work Papers**, which can be found on the National website.

**DETAILED AUDIT STEPS**

1. Identify all of the chapter's bank accounts.

(Include **ALL** accounts. Ex. checking, savings, CD, CIA, money market )

How many accounts does the chapter have?

	Type of Account	Account Number	Bank/Institution Name	Chapter Book Balance (Ending)	Bank Statement Balance (Ending)	# of check signers required?
a.						
b.						
c.						
d.						
e.						

Grand Total

Authorized Check Signers	
<b>Note:</b> This Check Signers name and position must be <b>MANUALLY</b> entered each quarter in the <b>Red Zone</b> where indicated.	
Name	Position

Has the monthly bank reconciliation been completed by the Treasurer? ☐ **Yes** ☐ **No**  
(If requested, you must provide a copy of the bank reconciliation)

Does the reconciliation done by the Treasurer match the reconciliation done by the audit committee? If no, explain. ☐ **Yes** ☐ **No**

Has the audit committee verified and recalculated the data used in the reconciliations by the Treasurer? If no, explain. ☐ **Yes** ☐ **No**

**Beginning Bank Balance + Current Quarter Receipts - Current Quarter Disbursements = Ending Bank Balance.**

**[Text in green/teal above was already highlighted when Tam received the file. Not sure why.]**

**Note:** Investigate any differences greater than 5%.

**Provide the Name(s) and Positions of the Bonded Chapter members:**

Name	Position
a. _____	_____
b. _____	_____
c. _____	_____
d. _____	_____

## BANK RECONCILIATIONS

The bank reconciliation is prepared monthly by the chapter treasurer. It explains the difference between the balances on the bank statement versus the balance in the chapter's check register as of a specific date. The bank reconciliation identifies any differences or irregularities, such as:

- **Deposits in Transit** – deposits not yet added to the bank balance
- **Outstanding checks** – checks that are recorded in the check register that have not been presented to the bank, thus, not deducted from the bank balance
- **Service charges – deductions are shown on the bank statement (deduct this amount from the book balance)**
- **Interest Income** – additions are shown on the bank statement (add this amount to the book balance)
- **NSF (nonsufficient funds)** – a check that has been returned due to insufficient funds in the drawer's account

**Note:** The chapter's **Book Balance** does **NOT** have to equal (be the same as) the **Bank Balance**. For example, there may be outstanding checks or deposits that will cause a difference.

### SAMPLE BANK RECONCILIATION

Ending Balance per Bank Statement (4/30/XX)		\$ 40,392.09
Deposit in Transit		\$ 925.00
Outstanding Checks		
5428 City of XYZ	\$ 10.00	
5438 Staples	\$ 82.75	
5460 Faith Fellowship	\$ 150.00	
5465 Jackson Elementary	\$ 400.00	
5472Kinko's	\$ 19.98	
Total Outstanding Checks		(\$ 662.73)
Reconciled Balance		\$40,654.36
Balance per Check Register(4/30/XX)		\$40,654.36

**Note:** If the treasurer is not preparing monthly bank reconciliations, this is a finding that should be reported along with a corresponding recommendation. The reconciliation should reflect that it was completed by the treasurer and reviewed by the chapter president

1. Bank Reconciliation (all accounts)
  - a. Obtain the bank statement for the end of the audit period and compare the balance per the bank statement with the balance amount in the check register.
  - b. Obtain copies of the bank reconciliation and verify that the bank reconciliation explains any difference between the bank balance and the check register balance.
2. Verify the accuracy of the bank reconciliation for each account.
  - a. Verify the math accuracy.
  - b. Ensure the bank balance per the bank reconciliation matches the balance on the bank statement.



- c. Ensure the bank statement's beginning balance matches the prior month's bank statement ending balance to confirm that there are no missing interim statements.
  - d. Ensure the **check register balance** at the end of the quarter matches the balance on the bank reconciliation.
3. Verify the bank reconciliation's outstanding checklist.
  - a. Compare the prior month's bank reconciliation list of outstanding checks with the current month's bank statement to identify cleared checks. Checks that do not appear on the bank statement should be listed as outstanding checks for the current month.
  - b. Obtain the check register for the month and reconcile the check amounts and dates to the bank statements. Issued checks that do not appear on the bank statement should be listed as outstanding checks.
  - c. Review the subsequent month's bank statement to identify outstanding checks omitted from the bank reconciliation. Checks with issue dates on or before the end of the audit period should be listed as outstanding.
4. Verify the deposits on the bank reconciliation.
  - a. Compare the prior month's deposits in transit amounts with the current month's bank statement to identify cleared deposits. Deposits that do not appear on the bank statement should be listed as outstanding and compared to validated deposit slips.
  - b. Obtain the check receipts register for the month and reconcile the checks/cash received amounts and dates to the bank statement deposits. Deposits that do not appear on the bank statement should be listed as deposits in transit.
  - c. Reconcile the deposits in transit to a validated deposit slip.

## MERCHANT ACCOUNTS AND DEBIT CARDS

- CHAPTERS **MAY NOT** SECURE OR ISSUE CREDIT OR DEBIT CARDS.
- Chapters **may obtain** merchant accounts or secure online payment systems such as PayPal to accept credit and debit card charges for fundraisers and **dues**.
- Chapters **may use** online software or event services such as Eventbrite and Constant Contact to accept charges for fundraisers and events.
- The sale of Delta merchandise through chapter websites or online payment systems is prohibited.
- The Merchant Account must be in the name and Tax Identification Number (TIN) of the chapter.
- The application to obtain a merchant account must be in the name of the chapter and be signed by the chapter president.
- The chapter does not have to assume the fees associated with the account. Associated fees can be passed on to the consumer/soror.
- All statements and correspondence regarding the merchant account(s) must be mailed to the chapter's official mailing address.
- All funds received through merchant accounts must be credited to the applicable chapter account. Chapters must establish and maintain written policies and procedures for the acceptance of credit/debit cards including the secure retention/storage/destruction of credit card information.
- Chapters must safeguard cardholder information and restrict access to credit card data and equipment.

- Chapters are required to conduct quarterly/annual audits and must include the merchant account in the chapters auditing program.
- The electronic receipts provided by the online payment systems are acceptable.
- The systems should be set up to deliver the receipts to the payor and the chapter financial secretary electronically.
- The receipts should include the name, the contact information, a description and the amount of the transaction.
- The financial secretary's report should detail the number of receipts received via the online payment system for each line item in her report, as applicable.

**Note:** The electronic receipts still need to be documented in the financial secretary's log indicating that they were received via the online payment system.

### Detailed Audit Steps

*Download the **Audit Work Papers** from the National website*

1. Obtain a list of all applicable transactions.
2. Verify that no Delta merchandise was sold using the merchant account.
3. Verify that the account is in the name and tax identification number (TIN) of the chapter.
4. If this is the first year of having such an account, verify that the account is in the name of the chapter and signed by the chapter president.
5. Review correspondence and statements received regarding the merchant account.
6. Review the written policies and procedures for the acceptance of credit/debit cards including the secure retention/storage/destruction of credit card information and ensure that it is being followed.

The following illustration is an excerpt from the **Audit Work Papers**, which can be found on the National website.

#### DETAILED AUDIT STEPS

1. Obtain list of all applicable transactions.

	Yes	No	Not Applicable	COMMENTS
Was Delta merchandise sold using a merchant account ?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Is the account is in the name and tax identification number (TIN) of the chapter?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
If this is the first quarter having this account, is the account in the name of the chapter and signed by the Chapter President?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Has the correspondence and statements received regarding the merchant account been reviewed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Have the written policies and procedures for the acceptance of credit/debit cards including the secure retention/storage/destruction of credit card information been reviewed to ensure that it is being followed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Have fees charged by the merchant account been passed on to individuals who used the account to pay dues?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

## ONLINE BANKING

### Online Banking

Online banking allows chapters' access to bank deposit accounts through the Internet to perform various financial activities. Many major banks offer account management services that provide:

- Individual and customized authorized access levels to accounts including Bill Pay
- Flexibility to limit or block certain transactions
- Manage users in a centralized control center
- Are compatible with money managing programs such as Quicken, QuickBooks and Microsoft Money
- Allow the chapter to set up e-mail alerts for notification when checks clear or when the balance slips below a certain level

To perform online banking functions, chapters must use account management services that allow online dual authorization for the movement of funds such as bill payment or funds transfer. The account must allow the chapter to set up an email alert to ensure both the President and the treasurer in the event of an online transaction. Please note that minimum balance requirements or monthly services fees may be assessed when using account management services.

The permissible online banking activities include:

- Viewing account balances and transactions
- Funds transfer between chapter accounts
- Viewing images of canceled checks
- Printing copies of canceled checks or duplicate bank statements
- Requesting stop check payment requests
- Conducting bill payment transactions
- Downloading bank transaction activity into compatible money managing programs

### Documentation

When performing transfers of funds between chapter accounts or bill payment transactions, a check voucher request should be completed by the committee chair, if applicable and approved by both the chapter president and treasurer. Next, the transfer or bill payment confirmation should be printed and attached to the voucher to document the transaction.

### Chapter policies and procedures

Chapter policies and procedures should designate chapter president and treasurer as the only authorized users of online banking. Therefore, the user names and passwords should be restricted to authorized users. Passwords should change after each administration. Other topics that should be addressed are:

- Whether bills can be paid online and which types of bills are permissible.
- Who can pay the bills online.
- What verification or document images of the transactions must be maintained.
- Internal Audit procedures need to include the quarterly review of online transactions.
- Computer and mobile phone security policies to guard against ID theft and to safeguard assets.

**Note:** If the chapter receives paper bank statements, they should always be mailed to the chapter post office box.

**Detailed Audit Steps***Download the **Audit Work Papers** from the National website*

1. Obtain list of all applicable transactions.
  - a. Review the chapter's policies and procedures to verify that online banking has been addressed.
  - b. Obtain documentation of all balances affecting online transactions. (i.e., transfer between accounts, disbursements of funds).
  - c. Verify that a voucher request was completed by the committee chair, if applicable and that it has been approved by the president and treasurer.
  - d. Verify that the transfer or bill payment confirmation is attached to the voucher
  - e. Review the attached documentation of the completed payment and verify that the details match the voucher request.
  - f. The Chair, Internal Audit shall verbally verify that the incoming president and treasurer have changed the usernames and passwords

The following illustration is an excerpt from the **Audit Work Papers**, which can be found on the National website.

**DETAILED AUDIT STEPS**

1. Obtain list of all applicable transactions.

Quarter	Do the chapter's policies and procedures address online banking?		Does documentation exist for all transactions?		Does a voucher approved by the President and Treasurer exist for each transaction?		Is the transfer or bill payment confirmation is attached to the voucher?		Do the completed payment details match the voucher request?		Did the Chair, Internal Audit verify the exchange of usernames and passwords, if applicable?		Comments
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

**AUTOMATIC CHECK DEPOSITS****AUTOMATIC CHECK DEPOSITS**

- Chapters must establish and maintain written policies and procedures for the acceptance of checks including the secure retention/storage/destruction of checks when using an automatic check acceptance solution.
- Chapters should obtain the appropriate automatic check acceptance equipment for processing check written to the chapter.
- Chapters must safeguard check writer information and restrict access to check processing data and equipment.
- The safeguard of check writer information includes restricted access to processed checks. Processed checks should not be retained at a soror's home.
- Chapters must retain the original checks with the rest of the chapter's historical financial records until **the end of the current sorority year**, but no less than 60 days after the check has cleared the bank and has been reconciled to cash receipts report (check retention period).
- After the check retention period, chapters should securely destroy copies of checks (i.e., shred).

**Note:** Cell phones are NOT an acceptable form of automatic check processing.

**Detailed Audit Steps***Download the **Audit Work Papers** from the National website*

1. Verify that the chapter has written policies and procedures for the acceptance of checks including the secure retention/storage/destruction of checks when using an automatic check acceptance solution.
2. Verify that processed checks are not retained beyond the retention period.
3. Verify that the original copy of the check has been retained for at least 60 days after the check has cleared the bank.
4. Verify that the check has been reconciled to cash receipts report.
5. Verify that copies of checks are securely destroyed (i.e., shredded) once the check retention period has passed. (i.e., until the end of the current sorority year)

The following illustration is an excerpt from the **Audit Work Papers**, which can be found on the National website.

**Detailed Audit Steps:**

Quarter	Verify that the chapter has written policies and procedures for the acceptance of checks including the secure retention/storage/destruction of checks when using and automatic check acceptance solution.		Verify that processed checks are not retained beyond the retention period.		Verify that the original copy of the check has been retained for at least 60 days		Verify that the check(s) has been reconciled to cash receipts report.		Verify that copies of checks are securely destroyed (i.e. shredded) once the check retention period has passed.		Comments
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

**RECEIPTS VERIFICATION**

The receipts represent the total funds collected from **dues**, conferences, fundraising, etc. Receipts are generally recorded in a receipts register.

**Objectives of the Review**

- Ensure that all cash/check receipts are deposited in a timely manner (within two (2) business days of receipt)
- Confirm that the receipts are recorded accurately

**Records Needed to Audit the Receipts**

- Chapter financial reports
- Finance committee minutes/reports
- Bank statement(s)
- Validated bank deposit slips
- Receipt books
- Receipt register/logs

**Detailed Audit Steps**

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**Verify Gross Receipts** for the audit period

1. Compare the financial secretary's total monthly receipts with the Bank Statement deposits.
  - a. Calculate the month and audit period-to-date totals to identify total receipts per the financial secretary and total receipts per the bank statements.
  - b. Identify differences as audit exceptions.

The following illustration is an excerpt from the **Audit Work Papers**, which can be found on the National website.

**Verify Gross Receipts**

	Monthly Receipts per the Financial Secretary's log/report	Total Monthly Receipts per the bank statement deposits	Difference	Comments
<b>1. Compare the Financial Secretary's total monthly receipts with the Bank</b>				
<b><u>MONTH</u></b>				
July			\$ -	
August			\$ -	
September			\$ -	
<b>Total</b>	\$ -	\$ -	\$ -	

2. Compare the financial secretary's total monthly receipts with the monthly treasurer's reports.
  - a. Calculate the month and audit period-to-date totals to identify total receipts per the financial secretary and total receipts per the treasurer's reports.
  - b. Identify differences as audit exceptions.

The following illustration is an excerpt from the Audit Work Papers, which can be found on the National website.

<u>Verify Gross Receipts</u>				
	Total Receipts per the Financial Secretary	Total Receipts per the Treasurer's Report	Difference	Comments
<b>2. Compare the Financial Secretary's total monthly receipts with the monthly Treasurer's Reports.</b>				
<u>MONTH</u>				
July	\$ -		\$ -	
August	\$ -		\$ -	
September	\$ -		\$ -	
<b>Total</b>	\$ -	\$ -	\$ -	

3. Compare the treasurer's total monthly receipts with the Bank Statement deposits:
  - a. Calculate the month and audit period-to-date totals to identify total receipts per the treasurer and total receipts per the bank statements.
  - b. Identify differences as audit exceptions.

The following illustration is an excerpt from the **Audit Work Papers**, which can be found on the National website.

<u>Verify Gross Receipts</u>				
	Total Receipts per the Treasurer's Report	Total Receipts per the bank statements	Difference	Comments
<b>3. Compare the Treasurer's total monthly receipts with the Bank Statement deposits.</b>				
<u>MONTH</u>				
July	\$ -	\$ -	\$ -	
August	\$ -	\$ -	\$ -	
September	\$ -	\$ -	\$ -	
<b>Total</b>	\$ -	\$ -	\$ -	

### **Review of Receipt Controls**


Obtain a copy of the chapter's policies and procedures to determine and evaluate the following internal controls:

1. Procedures for handling returned (non-sufficient funds (NSF)) checks from chapter members
2. Procedures for handling returned (NSF) checks from the public
3. Procedures for handling receipts
4. Review the bank statements to identify NSF checks and validate that the NSF checks were handled consistent with the policy

5. Procedures for handling receipts from merchant accounts or secure online payment systems such as PayPal

**If there are no documented internal control procedures regarding receipts, this is a finding that should be reported, along with a corresponding recommendation.**

The following illustration is an excerpt from the **Audit Work Papers**, which can be found on the National website.

Enter quarter Number: 

	Yes	No	COMMENTS
a. Are there procedures for handling returned (non-sufficient funds (NSF)) checks from chapter members?	<input type="checkbox"/>	<input type="checkbox"/>	
b. Are there procedures for handling returned (NSF) checks from the public?	<input type="checkbox"/>	<input type="checkbox"/>	
c. Are there procedures for handling receipts?	<input type="checkbox"/>	<input type="checkbox"/>	
d. If applicable, were the NSF checks handled consistently with the policy?	<input type="checkbox"/>	<input type="checkbox"/>	
e. Are there procedures for handling receipts from merchant accounts or secure online payment systems such as PayPal?	<input type="checkbox"/>	<input type="checkbox"/>	

### **Testing Deposits**

Select a sample of 50% of the deposit slips per quarter and perform the following steps to validate compliance with procedures and internal controls. **Note:** a deposit typically contains a collection of individual receipts.

1. Compare the date the funds were received as per the financial secretary's receipt book with the date on the bank's validated deposit slip to ensure the deposit was made within two business days.
2. Validate that the **source** of the receipts included in the deposit was recorded accurately in the treasurer's monthly report by comparing the account classification.
3. Validate that the **amount** of the receipts included in the deposit was recorded accurately in the treasurer's monthly report by comparing the amount.
4. Validate that an individual numbered receipt was issued for all funds listed on the deposit slip.
5. Verify that the individual items on each deposit slip have the same amount, description and date as shown on the related receipt in the financial secretary's receipt book or log.
6. Verify that if the deposit contained cash, the President's initials were on the deposit slip.
7. Review the bank statements to ensure there are no unexplained or unusual deposits.



The following illustration is an excerpt from the **Audit Work Papers**, which can be found on the National website.

Bank Deposit Slip		Financial Secretary's Receipt Book			TESTS										
Description	Date on Deposit Slip	Description	Date on Receipt	Number of Days to make deposit  Note: Public holidays should be manually excluded	Source of receipt properly reflected on Treasurer's Report?		Amount of receipt properly reflected on Treasurer's Report?		Individual numbered receipt issued for all funds listed on the deposit slip?		Details on deposit slip match the details in Financial Secretary's receipt book?		If the deposit contained cash were the President's initials on the deposit slip?		Comments
					Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	
1				0	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2				0	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3				0	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

## DISBURSEMENTS VERIFICATION

The disbursements (expenditures) represent the check and non-check transactions that have occurred during the audit period.

### Objectives of the Review

- Ensure that all disbursements are recorded in a timely manner
- Disbursements are properly supported and approved
- Disbursements are recorded accurately

### Records Needed to Audit the Disbursements

- Bank statements
- Canceled checks or images
- Chapter financial reports
- Checkbook and stubs
- Disbursement vouchers and supporting documentation for the audit period
- Disbursements register/log
- Finance committee minutes/reports
- Chapter meeting minutes

### Detailed Audit Steps

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### General Disbursement Questions

1. Obtain the Cash Disbursements Register for the audit period.
  - a. Examine the Check Register and observe that all check numbers are accounted for.
  - b. Reconcile the checkbook stub amounts with the check register to ensure that all checks issued are recorded.
  - c. Obtain an explanation for checks issued out of sequence.
  - d. Verify unused check stock.
    - i. Examine the unused checks for breaks in sequence.
    - ii. Examine the unused checks for signed blank checks.

- iii. Confirm that the unused checks match the inventory of unused checks.
- e. Examine checks recorded as void.
  - i. Verify that all voided checks are stored securely or attached to the related documentation if applicable.
  - ii. Verify that voided checks are listed in the check register.

The following illustration is an excerpt from the **Audit Work Papers**, which can be found on the National website.

	Quarter 1		COMMENTS
	Yes	No	
Are all check numbers accounted for in the Check Register?	<input type="checkbox"/>	<input type="checkbox"/>	
Do the checkbook stub amounts agree with the Check Register amounts?	<input type="checkbox"/>	<input type="checkbox"/>	
Were any checks issued out of sequence? Ex. Check #125 was issued before check #100?	<input type="checkbox"/>	<input type="checkbox"/>	
Were unused checks examined for breaks in sequence?	<input type="checkbox"/>	<input type="checkbox"/>	
Do any unused checks have signatures on them?	<input type="checkbox"/>	<input type="checkbox"/>	
Do unused checks agree with the inventory of unused checks?	<input type="checkbox"/>	<input type="checkbox"/>	
Are all voided checks stored securely?	<input type="checkbox"/>	<input type="checkbox"/>	
Were voided checks listed in the check register?	<input type="checkbox"/>	<input type="checkbox"/>	

### **Verify Disbursements**

1. Select 25% of the total checks issued and perform the following tests:
  - a. Examine supporting documentation for the disbursement – vendor invoice or original receipts. The supporting document should agree with the check amount. A proper receipt is confirmation that goods or services have been paid for, reflecting cost and date of payment.
  - b. Reconcile the completed voucher for the disbursement and document the budget line item amount.
  - c. Verify that the disbursement was properly approved. Obtain the completed voucher form

for the disbursement. The disbursement should have the approval of the president, treasurer and committee chair.

- d. Compare the expenditure date, amount, description, budget line item and payee to the disbursements register.
- e. Compare the voucher to the check copies or images to verify recording and accuracy.
- f. Verify that there were two authorized check signers for each check issued.
- g. Verify that the check payee is not the check signer. (i.e., there is a **Separation of Duties**)
- h. Calculate the total expenses recorded in the Disbursements Register for each month and compare it to the total expenditures recorded on the chapter's monthly financial reports.
- i. Compare the total calculated expenses with the Annual Finance Report cash disbursements and explain any differences.

**Note:** No more than 48 disbursements can be entered in the Red Zone per quarter. The first 48 disbursements tested will be entered into the relevant section of the Quarterly 1AR-1 form in the Red Zone.

The following illustration is an excerpt from the **Audit Work Papers**, which can be found on the National website.

Check#	Date mm/dd/yy	Check Made Payable To:	Voucher Exists		Dual Signatures		Separation of Duties?		Documentation		Approval of President, Treasurer and Committee Chair?		Compared total expenses in Register to Financial Reports?		Budget line item?		Remarks
			Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	
1			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

### Verify Other Disbursements


#### **Test 10% of non-check disbursements.**

Non-check disbursements consist of wire transfers, EFTs, and cashier's checks.

**Note:** PayPal transactions will be tested separately.

1. Verify that documentation exists to support 100% of non-check disbursements in the sample selected (10%)
2. Ensure that proper approvals exist to support the issuance of the non-check disbursements.
3. Verify documentation and authorization for non-check disbursements.

The following illustration is an excerpt from the **Audit Work Papers**, which can be found on the National website.

Enter quarter Number: 

	Yes	No	COMMENTS
Does documentation exist to support 100% of non-check disbursements in the 10% sample?	<input type="checkbox"/>	<input type="checkbox"/>	
Do proper approvals exist to support the issuance of the non-check disbursements?	<input type="checkbox"/>	<input type="checkbox"/>	
Does documentation and authorization exist for the non-check disbursements?	<input type="checkbox"/>	<input type="checkbox"/>	

### **Review Disbursements Controls**


1. Obtain a copy of the chapter's internal control procedures to determine and evaluate the following controls:
  - a. Procedures for handling cash advances
  - b. Procedures for handling honorariums
  - c. Procedures for disbursements made under extenuating or emergency circumstances

**Note:** If there are no documented internal control procedures regarding disbursements, this is a finding that should be reported along with a corresponding recommendation.

The following illustration is an excerpt from the **Audit Work Papers**, which can be found on the National website.

### **Review Disbursements Controls**

Obtain a copy of the chapter's internal control procedures to determine and evaluate the following controls:

Enter quarter Number: 

	Yes	No	COMMENTS
Are there procedures for handling cash advances?	<input type="checkbox"/>	<input type="checkbox"/>	
Are there procedures for handling honorariums?	<input type="checkbox"/>	<input type="checkbox"/>	
Are there procedures for disbursements made under extenuating or emergency circumstances?	<input type="checkbox"/>	<input type="checkbox"/>	

## PAYPAL BUSINESS ACCOUNTS

A PayPal Business account allows a business to receive funds through credit, debit and PayPal accounts and allows funds to be sent or withdrawn from the PayPal Business account to **any account**. The PayPal Business account can be linked to a regular checking or savings account, so funds can be electronically transferred at no charge within three to four business days. The funds can be withdrawn by check, which PayPal will process for a small fee.

### Approval and Accountability

The use of PayPal must be approved by chapter vote and detailed guidelines for the use and management of the PayPal Business account must be included in the chapter Policies and Procedures. **The use of PayPal is not a mandate and is optional for all chapters. Chapters should thoroughly evaluate the advantages and disadvantages of using PayPal and ensure adequate controls are in place to alleviate misappropriations, embezzlement, and theft.**

All existing procedures and responsibilities currently in effect from Grand Chapter, the National Finance Committee, the National Internal Audit Committee, the National Scholarship and Standards Committee, and local Chapter Policies and Procedures apply to the use of PayPal as a payment tool for the chapter. A procedure for transferring ownership of the PayPal Business account due to changes in chapter leadership (transition of officers) should be created and added to the Chapter Policies and Procedures. Passwords associated with the PayPal Business account must be transferred and immediately changed during the transition.

### PayPal Fees

PayPal currently assesses a per transaction fee. The fees can be passed on to individuals who use PayPal or any merchant account.

### Account Access

The PayPal account must be set up in the name of the chapter with the chapter president being the "Owner". User accounts will be set up for the treasurer and the financial secretary.

**Note:** This section applies to PayPal and acceptable Electronic Payment Services. Chapters would consider providers that meet the Sorority's guidelines for fiscal accountability and security. Peer-to-peer methods (i.e. CashApp, Venmo, etc.) do not qualify, for deficiencies in criteria.

### Detailed Audit Steps

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1. Select a sample of 10% of the emails sent to the primary address.
  - a. Review the chapter's Policies and Procedures for detailed guidelines for the use and management of the PayPal account.
  - b. Verify that the chapter president is the "Owner" and that the treasurer and financial secretary are listed as "users".
2. Verify that the funds were reflected on the treasurer's report.

The following illustration is an excerpt from the **Audit Work Papers**, which can be found on the National website.

#### Detailed Audit Steps

Quarter	Do the chapter's policies and procedures address PayPal?		Have fees charged by PayPal been passed on to individuals paying dues?		Is the chapter President listed as "owner" and the Treasurer and Financial Secretary listed as "users"?		Comments
	Yes	No	Yes	No	Yes	No	
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	



#### Detailed Audit Tests

1. Select a sample of 10% of the emails sent to the primary address.

Email Date	Are the funds reflected correctly on the Treasurer's report?		Comments
	Yes	No	
	<input type="checkbox"/>	<input type="checkbox"/>	
	<input type="checkbox"/>	<input type="checkbox"/>	

## BUDGET

Chapters are required to establish a **budget** to monitor expenditures and streamline the disbursement process. The Internal Audit Review should include procedures to validate that the chapter adhered to the **budget**.

#### Objectives of the Review

- Ensure the chapter has an approved **budget**
- Ensure the chapter adheres to the **budget** during the year
- Ensure the **budget** revisions are properly approved and documented

#### Records Needed to Perform the Audit

- Chapter financial reports with **budget** vs. actual data
- Finance committee minutes/reports
- Chapter minutes should document the original **budget** approved and reflect any approved amendments
- **Budgets** and revisions

**Detailed Audit Steps**

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**Examine Approved Budget**

1. Verify that the chapter has an approved **budget**
  - a. Obtain a copy of the chapter's **budget** and reconcile the **budget** with what was documented in the chapter's meeting minutes.
  - b. Compare the chapter's budget line item amounts to the monthly chapter financial reports to ensure the **budget** has not been exceeded.
  - c. Ensure the current quarter's beginning expenditures (disbursements) balance matches the prior month's ending balance for each line item.
  - d. Obtain the chapter financial reports or other documents in order to monitor the **budget** versus actual expenditures.

**Examine Budget Revisions, (if applicable)**

2. Obtain documentation to support the approval of **budget** revisions.
  - a. Reconcile the revision to the treasurer's or finance committee report.
  - b. Verify that the revised **budget** was approved in the chapter meeting minutes.
  - c. Verify that the revised **budget** was approved prior to approving the expenditures for the month.
  - d. Verify the revised **budget's** math accuracy.
  - e. Document **budget** variances that were not approved and obtain the reason for not approving the **budget** variance from the fiscal officers.

The following illustration is an excerpt from the **Audit Work Papers**, which can be found on the National website.



Enter quarter Number:			
	Yes	No	COMMENTS
1. Does the chapter have an approved budget?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1a. Verified that the budget amount agrees with what was documented in the chapter's meeting minutes?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1b. Compared the chapter's budget line item amounts to the monthly chapter financial reports to ensure the budget has not been exceeded?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1c. Ensured the current quarter's beginning expenditures (disbursements) balance matches the prior month's ending balance for each line item?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1d. Obtained the chapter financial reports or other documents in order to monitor the budget versus actual expenditures?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Examine Budget Revisions, (if applicable)</b>			
2. Obtained documentation to support the approval of budget revisions?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2a. Agreed the revision to the Treasurer or Finance Committee Report?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2b. Verified that the revised budget was approved in the chapter meeting minutes?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2c. Verified that the revised budget was approved prior to approving the expenditures for the month?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2d. Verified the revised budget's math accuracy ?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2e. Documented budget variances that were not approved and obtain the reason for not approving the budget variance from the Fiscal Officers?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



## DUES VERIFICATION

The objective of **dues** verification testing is to validate that national **dues** are submitted to National Headquarters (NH) within 30 days of receipt, credited to the correct member, and were recorded in the correct fiscal period.

**Dues** consist of both local and national **dues**. Consult the Dues and Fees section of the *National Fiscal Officers Manual* for additional details.

### Records Needed to Perform the Dues Verification Internal Audit

- Receipts register/log record of **dues** collected during the audit period.
  - Copies of transmittals submitted during the audit period.
  - Evidence that transmittals were closed (financial roster from the Red Zone for the fiscal year in question)
1. Obtain a listing of 100% of all member **dues** payments received during the audit period.
    - a. Verify that members paid the correct amount based upon the membership code/type prior to submission of **dues** to National Headquarters.
    - b. Verify that national **dues** and fees were transmitted within 30 days of the date the funds were deposited. **Note:** In the instance where the incorrect amount of **dues** were submitted by a member, the 30 days begins after the full amount owed has been received by the financial secretary and deposited by the treasurer.
    - c. Verify the soror's name, **dues** fiscal year, fees, membership code/type and payee amount on the transmittal payment to National Headquarters agrees with the receipt book/financial secretary's **dues** log.
    - d. Verify that funds received via personal check were **not** submitted to National Headquarters prior to the funds having cleared.
    - e. Verify that funds received were **not** submitted to National Headquarters prior to receiving the local **dues**.
    - f. Examine documentation to support the transmittal payment to National Headquarters (copy of the certified check payable to the Grand Chapter, wire transfer or deposit slip to the Grand Chapter's checking account).
    - g. If the general disbursement testing is not performed at the same time as the testing of **dues**; reconcile the **dues** disbursements to the bank statements for a date, amount and payee.

The following illustration is an excerpt from the Audit Work Papers, which can be found on the National website.

	Soror's Name	Correct amount paid based upon the membership code/type prior to submission of dues to NH?		Date National Dues and Fees deposited by chapter	Date National Dues and Fees sent to NH	Days to Remit	Do details on the transmittal payment to NH match the Financial Secretary's records?		Were dues submitted to NH prior to the funds having cleared?		Were dues submitted to NH prior to receiving the local dues?		Comments
		Yes	No				Yes	No	Yes	No	Yes	No	
1													
2		<input type="checkbox"/>	<input type="checkbox"/>			0	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3		<input type="checkbox"/>	<input type="checkbox"/>			0	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4		<input type="checkbox"/>	<input type="checkbox"/>			0	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

1. For **dues** transmittals that are pending as of the audit date:
  - a. Examine documentation to support the treasurer's follow-up with National Headquarters where transmittals are more than 30 days old.
  - b. Verify that the payment was submitted where transmittals are less than 30 days old. (See step 1d.)

The following illustration is an excerpt from the **Audit Work Papers**, which can be found on the National website.

		PENDING DUES				Comments
		If Dues have been pending for <u>more</u> than 30 days, has Treasurer followed up with HQ?		If Dues have been pending for <u>less</u> than 30 days, verify that the payment was submitted		
Soror's Name		Yes	No	Yes	No	
1		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

**Dues** Exceptions should be noted and reported in the Red Zone. The following list contains examples of **dues** exceptions.

**Dues** that were not sent to National Headquarters within 30 days.

**Dues** that were sent prior to the soror's check having cleared.

**Dues** that were sent without local **dues** having been received.

**Dues** that were not properly reflected in the chapter's receipt books and corresponding reports.

**Dues** that were submitted in the incorrect amount.

**Dues** whose transmittal name, **dues** fiscal year, fees, membership code/type and payee amount **DO NOT** agree with the receipt copy or financial secretary's **dues** log.

**Note:** Although the instructions explicitly state to "Review 100% of total **dues** collected" it **does not** mean that you are to ENTER 100% of all **dues** collected. Only enter the **dues** exceptions as discussed above.

## OVERALL AUDIT FINDINGS

### OVERALL AUDIT FINDINGS

The following options are available as an Overall Audit Finding:

**"A"** - After review by the Chapter Internal Audit Committee or their designee, it has been determined that the chapter **has** satisfactory financial internal controls and the review supports the existence and utilization of these controls.

**"B"** - After review by the Chapter Internal Audit Committee or their designee, it has been determined that the chapter has satisfactory financial internal controls but the review **does not** support the utilization of these controls.

**"C"** - After review by the Chapter Internal Audit Committee or their designee, it has been determined that the chapter **does not** have satisfactory financial internal controls and the review supports the lack of their existence.

If either "B" or "C" is selected, then the Internal Audit Committee must notify the chapter of any weaknesses in the financial structure and make recommendations for improvements.

Examples of factors to consider when selecting the **Overall Audit Finding**:

- Missing or incorrect bank reconciliations
- Improper use of Merchant Accounts or Debit Cards
- Irregularities with online banking activity
- Improper storage/handling of unused checks
- Unresolved differences in fiscal officer reports regarding receipts
- Unsupported disbursements
- Unsupported other disbursements
- Large percentages of **dues** exceptions (i.e., greater than 25%)
- Missing funds
- Unorthodox banking situations
- Undocumented **budget** variance approvals in the minutes

## SIGNATURE PAGE

The **Signature Page** is used to document (via manual signatures), which members of the Internal Audit Committee participated in the audit.

**Note:** This is **NOT** referring to the signatures that the chapter president and Internal Audit Chair provide in the **Audit Work Papers** or to the signatures they provide in the Red Zone.

An example of the **Signature Page** is provided on pages 37-38. The template is included in the **Audit Work Papers**, which can be found on the National website.

The Internal Audit Committee should consist of an elected chair plus two to four members, who are not current fiscal officers. Each member participating in the audit should sign the **Signature Page** at the conclusion of each audit. The Internal Audit Chair must upload the **Signature Page** in the Red Zone when completing the Annual IAR-1 form.

If the chapter's Internal Audit Committee did not complete the audit, the **assisting soror** will sign where indicated and the chapter president will the completed IAR-1 form in the Red Zone as part of the annual compliance process by August 31.

If the chapter does not have an Internal Audit Chair, then the **current** chapter president will obtain the **Audit Work Papers** from the **assisting soror** and will document the audit results in the Red Zone.

Once finished, the chapter president will provide her electronic signature where indicated and then email the chapter's National Internal Audit Committee liaison to review the completed audit. Once the review is complete, the liaison of National Internal Audit Committee will sign as Internal Audit Chair on behalf of the chapter.

**Note:** An audit is not considered complete until two (2) signatures are provided at the completion of each quarterly audit report. In addition, chapters should ensure that all signatures are completed prior to the start of the Annual IAR-1. Failure to complete this step will result in the entire quarterly IAR-1 reports being deleted by the system and will **NOT** be rolled up into the Annual IAR-1 form.

## SIGNATURE PAGE – INTERNAL AUDIT COMMITTEE

List Members of the Internal Audit Committee for Chapter \_\_\_\_\_ :  
*(Signature verifies that member participated in conducting this audit)*

<u>NAME (printed)</u>	<u>Position</u>	<u>Period</u>	<u>SIGNATURE</u>
_____	Chair	Q1	_____
_____	Member	Q1	_____
_____	Member	Q1	_____
_____	Member	Q1	_____
_____	Member	Q1	_____
_____	Member	Q1	_____

<u>NAME (printed)</u>	<u>Position</u>	<u>Period</u>	<u>SIGNATURE</u>
_____	Chair	Q2	_____
_____	Member	Q2	_____
_____	Member	Q2	_____
_____	Member	Q2	_____
_____	Member	Q2	_____
_____	Member	Q2	_____

<u>NAME (printed)</u>	<u>Position</u>	<u>Period</u>	<u>SIGNATURE</u>
_____	Chair	Q3	_____
_____	Member	Q3	_____
_____	Member	Q3	_____
_____	Member	Q3	_____
_____	Member	Q3	_____
_____	Member	Q3	_____

<u>NAME (printed)</u>	<u>Position</u>	<u>Period</u>	<u>SIGNATURE</u>
_____	Chair	Q4	_____
_____	Member	Q4	_____
_____	Member	Q4	_____
_____	Member	Q4	_____
_____	Member	Q4	_____
_____	Member	Q4	_____

Complete each section, one form per chapter. Upload the signed form with the Annual Internal Audit Report.

**SIGNATURE PAGE – ASSISTING SOROR**

**If an ASSISTING SOROR conducted the audit, list her name, chapter, and position.**  
*(Her signature verifies that she conducted the audit)*

*Chapter Being Assisted:*

\_\_\_\_\_

*Chapter of Assisting Soror:*

\_\_\_\_\_

<u>NAME (printed)</u>	<u>Position</u>	<u>Period</u>	<u>SIGNATURE</u>
_____	_____	Q1	_____
_____	_____	Q2	_____
_____	_____	Q3	_____
_____	_____	Q4	_____
_____	_____	Annual IAR	_____

***This form must be uploaded electronically in the Red Zone by August 31<sup>st</sup> as part of the Annual IAR-1 process.***

***NOTE: It is not be uploaded per quarter.***

*An Assisting Soror has been identified and approved by the Regional Director to support a chapter with three or less members. This request has to be processed through Headquarters to gain entitlements into the Red Zone.*

## ENTERING THE QUARTERLY INTERNAL AUDIT RESULTS INTO THE RED ZONE

Once the audit has been completed and fully documented in the **Audit Work Papers**, the **current Internal Audit Chair**, Internal Audit will document the audit results in the Red Zone.

If the chapter does not have an Internal Audit Chair, then the **current** chapter president will obtain the **Audit Work Papers** from the **assisting soror** and will document the audit results in the Red Zone.

1. **Use your username and password to enter the Red Zone.**

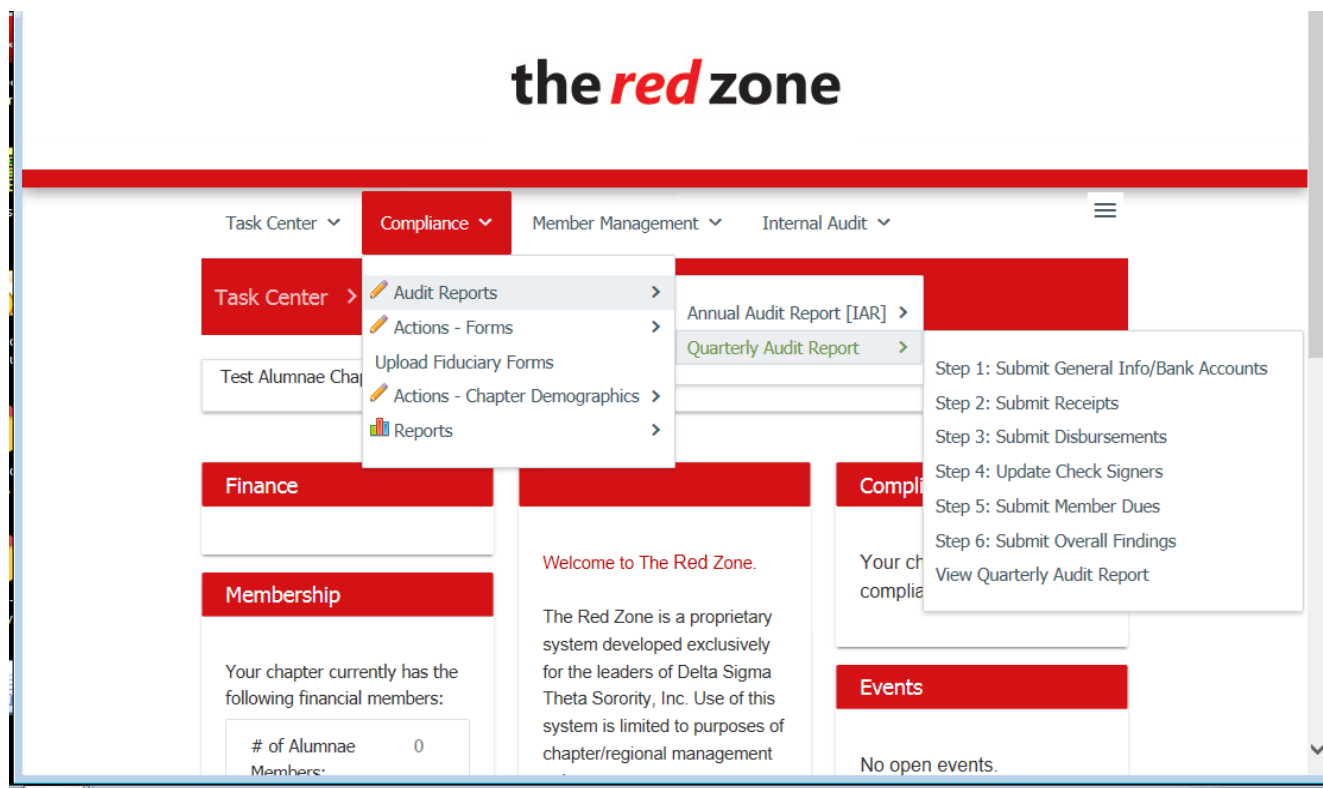
**NOTE:** Only the current president and current Internal Audit Chair can access the audit module portion of the Red Zone. The president shall not enter any audit data.

the **red** zone

Welcome to the red zone. Delta Sigma Theta Privacy Statement  
Unauthorized acquisition, disclosure, or distribution of access information,  
passwords, or electronically transmitted confidential membership or financial  
information and improper use of the organization's membership data and  
information through misuse of proprietary computer software is subject to  
sanctions and fines per the Code of Conduct, Section 4.D.

**Sign In**  
Username  
Enter your Username  
Password  
Enter your Password  
☐ Remember me  
**SIGN IN**  
TROUBLE LOGGING ON?  
I FORGOT MY PASSWORD

2. **The next screen is the Task Center. Navigate to the Compliance Tab on the menu.**
3. **On the selection menu, go to Action – Forms then Audit Reports.** The series of drop-down menus will include the choice to access the Annual or Quarterly Audit Report. Select Quarterly Audit Report to enter a new record or view previously recorded quarterly data.



To enter each component, repeat this sequence and select:

Step 1 – General Information and Bank Accounts

Step 2 – Submit Receipts

Step 3 – Submit Disbursements

Step 4 – Update Check Signers

Step 5 – Submit Member **Dues**

Step 6 – Overall Findings

**In this order, begin with Step 1 – General Information and Bank Accounts**

**Note:** If entering past data, ensure to select the correct Quarter and Fiscal Year and proceed in chronological order, such as Quarter 1, Steps 1-6 then Quarter 2, Steps 1-6, etc. This prevents unnecessary reporting errors in the wrong period. All Steps **must** be electronically signed and submitted in order to be deemed complete for compliance.



- Each **component will begin with an introduction to the segment**. Press Continue to advance to the data entry screen.

The screenshot displays the internal audit submission interface. At the top, navigation tabs include Task Center, Compliance, Member Management, and Internal Audit. A red breadcrumb trail shows the path: Compliance > Audit Reports > Quarterly Audit Report. Below this, a red box indicates the current step: Step 1: Submit General Info/Bank Accounts. A dropdown menu shows 'Test Alumnae Chapter (0000)'. A progress bar at the top of the main content area shows five steps: Overview (green circle), Selection (yellow circle), Enter Information (red circle), Validation (red circle), and Receipt (red circle). The 'Overview' step is currently active. Below the progress bar, the text 'Step: Overview' is displayed next to a green 'CONTINUE' button, with '(Selection)' written below the button. The main content area is titled 'Part 1: Submission of General Information and Bank Accounts' and contains a paragraph explaining that this section allows chapter Internal Audit Chairs to enter data for general information and bank accounts, which must be submitted for the corresponding quarter to receive credit towards submission. It also notes that chapters can save throughout the process but only once.

Task Center ▾ Compliance ▾ Member Management ▾ Internal Audit ▾

Compliance > Audit Reports > Quarterly Audit Report

> Step 1: Submit General Info/Bank Accounts

Test Alumnae Chapter (0000) ▾

Overview Selection Enter Information Validation Receipt

Step: Overview

CONTINUE  
(Selection)

Part 1: Submission of General Information and Bank Accounts

This section of the Quarterly Audit submission process allows chapter Internal Audit Chairs to enter data pertaining to the chapter's general information and bank accounts. This section of the process must be submitted for the corresponding Quarter in order for the chapter to receive credit towards submission. Chapter's have the ability to Save throughout the process but once

5. **Select the On Demand Choice.** This will initiate a new record.

**Note:** If mistakes are made within the record, they must be corrected. Restarting the same record does not override the entry and will create duplicate complications.

Test Alumnae Chapter (0000)

Overview

**Selection**

Enter Information

Validation

Receipt

PREVIOUS  
(Overview)


Step: Selection

CONTINUE  
(Enter Information)

To begin completing this form select the 'On Demand' form to begin a new form. Please Note: Once you move to the next step you will be able to select the Quarter and the Fiscal Year you are submitting for. If you are attempting to update the data and your form is not submitted and in a saved state, you may also select that corresponding form.

Select	Quarter/Fiscal Year	Status	Date Submitted	Date Posted
<input checked="" type="checkbox"/>		On Demand	2/14/2019	
<input type="checkbox"/>	Q2 (October 1st - December 31st)/July 1, 2017 - June			3/31/2018

## 6. Enter the data for General Information.

 Tip: You may save your progress and come back to it at anytime, however until you have completed the validation step, this form will not be marked as 'Complete'

**SAVE & EXIT**

**Quarterly Audit General**

\* Quarter  
Q1 (July 1st - September 30th) ▼

\* Fiscal Year  
July 1, 2018 - June 30, 2019 ▼  
July 1, 2017 - June 30, 2018  
July 1, 2018 - June 30, 2019

\* Audit Chair (if none, enter vacant)  
Kelly Lowry

\* Financial Members  
255

\* What were the Chapter's Expenses for the quarter?

- Quarter
- Fiscal Year
- Chapter president (auto-populated as of current record from AROCO form)
- Financial Members (from financial secretary's report)
- Chapter Expenses for the Quarter
- Chapter **Gross Receipts** for the Quarter
- Bank Account(s)
  - a. Type (checking, savings, CD, etc.)
  - b. Institution
  - c. Checkbook Balance
  - d. Statement Balance

7. All of the chapter's bank accounts listed in the Audit Work Papers will need to be entered. Enter the requested information for each account. Verify that the Information has been entered correctly.

Press Continue. Review the data.

* Account Type 1	Checking
* Institution 1	JPM Chase
* Account Number 1	7654321
* Checkbook Balance 1	\$31,800.00
* Statement Balance 1	\$32,502.76
<input type="checkbox"/> This account has been closed 1	
Account Type 2	Checking
Institution 2	Bank of America

**Note:** The **checkbook balance** is the balance as per the treasurer's report as of the quarter end. The audit committee should not be recalculating or considering the adjusted balance to coincide with the statement balance.

8. A confirmation receipt will be generated on completion of each component after the soror has virtually signed the last page within each step. Retain this for the file.

**NOTE:** It is recommended that a copy of the submission be printed for:

- The chapter's records
- The chapter's advisor (if applicable)
- The **assisting soror** (if applicable)

The screenshot displays a web application interface for the Delta Sigma Theta Sorority. At the top, a dropdown menu shows 'Test Alumnae Chapter (0000)'. Below this is a progress bar with five steps: Overview, Selection, Enter Information, Validation, and Receipt. The 'Receipt' step is currently active, indicated by a green dot and text. Below the progress bar, the text 'Step: Receipt' is displayed next to a green button labeled 'GO TO TASK CENTER'. A 'Summary' section follows, containing a table with the following information:

Title:	Quarterly Audit Receipts
Description:	
Batch #:	190217I-000-1
Transaction #:	1079024
Date Submitted:	2/17/2019 7:04:44 PM
Submitted By:	FARVER, SORAYA

At the bottom of the summary section, the text 'Step: Receipt' is displayed next to another green button labeled 'GO TO TASK CENTER'. A circular icon with a document symbol is visible on the right side of the interface.

**Proceed to the next component.**

9. Enter the results of the receipts testing by clicking “Submit Receipts”

**Note:** Select Quarterly Forms from the menu on the left side of the screen.

Task Center ▾ Compliance ▾ Member Management ▾ Internal Audit ▾

Compliance > Audit Reports > Quarterly Audit Report > Step 2: Submit Receipts

Test Alumnae Chapter (0000) ▾

Overview Selection Enter Information Validation Receipt

Step: Overview

CONTINUE  
(Selection)

Part 2: Submit Receipts

This section of the Quarterly Audit submission process allows chapter Internal Audit Chairs to enter data pertaining to the chapter's receipts for the quarter. This section of the process must be submitted for the corresponding Quarter in order for the chapter to receive credit towards submission. Chapter's have the ability to Save throughout the process but once the form is submitted it cannot be modified.

**10. Enter the information regarding the testing of receipts from the Audit Work Papers that were completed in advance.**

**Note:** The two-business-day requirement should not be confused with calendar days. Saturday banking hours are not to be factored into the determination. Banking holidays are also excluded.

Date Received on Financial Secretary's Log 5	9/1/2018
Date of Bank Deposit 5	9/5/2018
Source of Deposit Properly Reflected on Treasurer's Report 5	Yes
Amount of Deposit Accurately Reflected on Treasurer's Report 5	Yes
Remarks 5	
Date Received on Financial Secretary's Log 6	9/15/2018
Date of Bank Deposit 6	9/18/2018
Source of Deposit Properly Reflected on Treasurer's Report 6	Yes

**11. Enter the results of the disbursement testing by clicking “Submit - Disbursements”**

Test Alumnae Chapter (0000) ▼

Overview

Selection

Enter Information

Validation

Receipt

PREVIOUS  
(Overview)

Step: Selection

CONTINUE  
(Enter Information)

To begin completing this form select the 'On Demand' form to begin a new form. Please Note: Once you move to the next step you will be able to select the Quarter and the Fiscal Year you are submitting for. If you are attempting to update the data and your form is not submitted and in a saved state, you may also select that corresponding form.

Select	Quarter/Fiscal Year	Status	Date Submitted	Date Posted
✓		On Demand	2/21/2019	

PREVIOUS

Step: Selection

CONTINUE



**12. Enter the information regarding the testing of disbursements from the Audit Work Papers that were completed in advance.**

No more than 50 disbursements can be entered per quarter. However, the Internal Audit Chair has discretion regarding how many disbursements are tested during the audit as long as a minimum of 25% is tested.

**Note:** Separation is “yes” if there is a **separation of duties** in the authorization process where the payee is not shown as a signer on her own check.

Documentation is proof of the expense that was provided at the time the check was written and is present at the time of audit review.

Quarterly Audit Disbursements

\* Quarter

Q1 (July 1st - September 30th)

\* Fiscal Year

July 1, 2018 - June 30, 2019

July 1, 2017 - June 30, 2018

July 1, 2018 - June 30, 2019

Check # 1

1001

Date 1

7/23/2018

Payable To 1

Empress Printing

Voucher Exists? 1

Yes

Dual Signature? 1

Yes

### 13. Enter the Check Signer and Bonded Member information.

**Note:** The Check Signer information can be modified if it is pre-populated. Select “Add Check Signer” and identify the sorors who should be reflected (i.e., president, treasurer, and financial secretary). The names of the sorors who signed checks during the quarter will not need to be re-entered in subsequent quarters, to avoid duplicate names from appearing.

**Note:** The BONDED MEMBER information **WILL BE** pre-populated based on the information in the Red Zone at the time the form is being completed; no adjustments are required by the chapter.

**the red zone**

Task Center ▾ Compliance ▾ Member Management ▾ Internal Audit ▾ Request Help ▾

Compliance > Audit Reports > Quarterly Audit Report > Step 4: Update Check Signers ⓘ

Test Alumnae Chapter (0000) ▾

● Overview ● Selection ● Additional Info ● Validation ● Receipt

Step: Overview

**CONTINUE**  
(Selection)

**Part 4: Check Signers**

This section of the Quarterly Audit submission process allows chapter Internal Audit Chairs to update their Check Signers for the quarter if needed. This section of the process must be submitted for the corresponding Quarter in order for the chapter to receive credit towards submission. Chapter's have the ability to Save throughout the process but once the form is submitted it cannot be modified.

14. Begin documenting the results of the dues testing by entering only the number of DUES that had **EXCEPTIONS**. Use the drop-down menu to locate the affected member and record the exception.

The screenshot shows a web application interface for submitting member dues. At the top, a red navigation bar contains the breadcrumb: Compliance > Audit Reports > Quarterly Audit Report > Step 5: Submit Member Dues. Below this, a dropdown menu is set to 'Test Alumnae Chapter (0000)'. A progress bar indicates five steps: Overview (green), Selection (green), Additional Info (yellow), Validation (red), and Receipt (red). The current step is 'Selection', with 'PREVIOUS (Overview)' and 'CONTINUE (Additional Info)' buttons. Instructions state: 'Select each member that the chapter submitted dues for this quarter with exceptions. If no members were submitted with exceptions please do not select a member and click continue until you reach the signature page.' A 'Show All Members' link is on the right. A table with headers 'Member Number', 'First Name', 'Last Name', 'Member Type', and 'Currently Financial' is shown, but it is empty, with a message 'No records to display.' at the bottom.

Compliance > Audit Reports > Quarterly Audit Report > Step 5: Submit Member Dues

Test Alumnae Chapter (0000)

Overview Selection Additional Info Validation Receipt

PREVIOUS (Overview) Step: Selection CONTINUE (Additional Info)

Select each member that the chapter submitted dues for this quarter with exceptions. If no members were submitted with exceptions please do not select a member and click continue until you reach the signature page.

Show All Members

Member Number	First Name	Last Name	Member Type	Currently Financial

No records to display.

**Note:** If there are no exceptions for the quarter then proceed with the form by selecting Continue. This affirms that data has not been entered. Select Continue then electronically sign and date.

The screenshot shows a web-based form interface for the Internal Audit Manual. At the top, there is a navigation bar with five steps: Overview (green dot), Selection (green dot), Additional Info (green dot), Validation (yellow dot), and Receipt (red dot). The current step is 'Additional Info'. Below the navigation bar, there are two buttons: 'PREVIOUS (Selection)' in red and 'CONTINUE (Validation)' in green. The main content area contains the text 'Once the members are selected, enter the following information:' followed by a bulleted list of instructions: 'Date National Dues Received: The date the chapter received the dues from the member.', 'Date National Dues Sent: The date the chapter sent the member's dues to the National Headquarters office.', 'Matches Financial Secretary's Receipt Log: Does this match the Financial Secretary's receipt log?', 'Fiscal Year: The fiscal year this form applies for.', 'Quarter: The quarter the member's dues were submitted.', and 'Comments: Any additional comments you may have.' Below the list is a table with columns: Member Number, First Name, Last Name, Member Type, Currently Financial, Action, and Additional Information. The table is currently empty, displaying 'No records to display.' At the bottom of the form, there are again two buttons: 'PREVIOUS (Selection)' in red and 'CONTINUE (Validation)' in green, with the text 'Step: Additional Info' centered between them.

Overview Selection **Additional Info** Validation Receipt

PREVIOUS (Selection) Step: Additional Info CONTINUE (Validation)

Once the members are selected, enter the following information:

- Date National Dues Received: The date the chapter received the dues from the member.
- Date National Dues Sent: The date the chapter sent the member's dues to the National Headquarters office.
- Matches Financial Secretary's Receipt Log: Does this match the Financial Secretary's receipt log?
- Fiscal Year: The fiscal year this form applies for.
- Quarter: The quarter the member's dues were submitted.
- Comments: Any additional comments you may have.

Member Number	First Name	Last Name	Member Type	Currently Financial	Action	Additional Information
No records to display.						

PREVIOUS (Selection) Step: Additional Info CONTINUE (Validation)

## 15. Enter the overall findings information.

Task Center ▾ Compliance ▾ Member Management ▾ Internal Audit ▾ Request Help ▾

Compliance > Audit Reports > Quarterly Audit Report > Step 6: Submit Overall Findings

Test Alumnae Chapter (0000)

Overview Selection Enter Information Validation Receipt

PREVIOUS Step: Selection CONTINUE  
(Overview) (Enter Information)


To begin completing this form select the 'On Demand' form to begin a new form. **Please Note:** Once you move to the next step you will be able to select the Quarter and the Fiscal Year you are submitting for. If you are attempting to update the data and your form is not submitted and in a saved state, you may also select that corresponding form.

Select	Quarter/Fiscal Year	Status	Date Submitted	Date Posted
✓		On Demand	2/21/2019	

#### 16. Electronically sign the audit form.

If the Overall Findings component is not selected or electronically signed, the record for the quarter will be reflected as incomplete. Subsequently, an incomplete quarter will not register to populate the Annual IAR-1.

Generally, the Internal Audit Chair signs the form after entering the results of the audit. If an **assisting soror** conducted the audit, she will sign electronically and provide the documentation to the chapter.

SAVE & EXIT		
Quarterly Audit Overall Findings		
* Quarter	Q1 (July 1st - September 30th)	
* Fiscal Year	July 1, 2018 - June 30, 2019	
* Overall Findings	tisfactory financial internal controls and the review supports the existence and utilization of these controls	
	Does not have satisfactory financial internal controls and the review supports the lack of their existence	
	Has satisfactory financial internal controls and the review supports the existence and utilization of these controls	
	Has satisfactory financial internal controls but the review does not support the utilization of these controls	
Assisting Soror Chapter		
Assisting Soror Contact Information (email)		

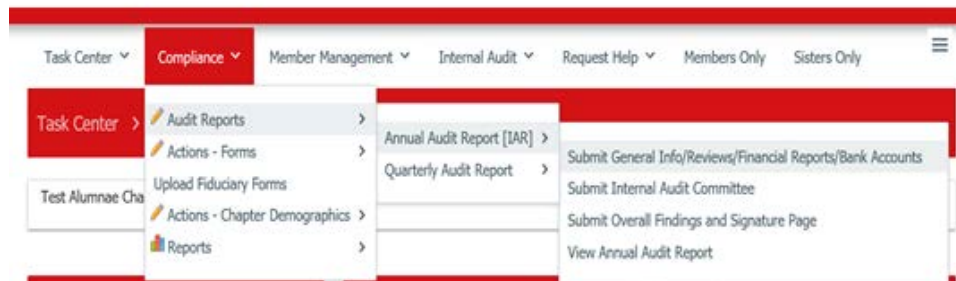
## ENTERING THE ANNUAL IAR-1 FORM INTO THE RED ZONE

Once the **Annual Financial Report** has been entered in the Red Zone **AND ALL** four quarterly audits have been submitted **AND** signed by the Internal Audit Chair, the Annual IAR-1 form can be started.

1. Follow steps 1-2 above for ENTERING THE QUARTERLY INTERNAL AUDIT RESULTS INTO THE RED ZONE.
2. To start the Annual IAR-1 go to Compliance, Audit Reports, Annual Audit Report. The Annual Audit Report has four (4) parts:
  - a. Submit General Info/Reviews/Financial Reports/Bank Accounts
  - b. Submit Internal Audit Committee
  - c. Submit Overall Findings and Signature Page
  - d. View Annual Audit Report

You will follow these steps to begin each section.

**the red zone**



Each section will begin with a respective informational page. Read the page and select **Continue**.

The screenshot shows the 'Overview' step of a five-step process: Overview, Selection, Enter Information, Validation, and Receipt. The 'Overview' step is highlighted with a green dot and bar. The page title is 'Submit General Info | Reviews | Financial Reports | Bank Accounts'. The text explains that this section allows the Chapter Internal Audit Chair to enter data for general information, reviews, financial reports, and bank accounts. It also states that this section must be submitted for the corresponding fiscal year to receive credit towards submission. A note mentions that chapters can save and exit throughout the process by clicking 'Save & Exit' at the top of the form, which is highly recommended as the form cannot be modified after submission. At the bottom right, there is a green 'CONTINUE' button with '(Selection)' below it.

3. Section 1: Submit General Info/Reviews/Financial Reports/Bank Account
4. Select the year for which you need to complete a report and select **Continue**. Remember to select the 'On Demand' form **ONLY** to begin a new form.

The screenshot shows the 'Selection' step of the five-step process. The 'Selection' step is highlighted with a green dot and bar. The page title is 'Select the 'On Demand' form ONLY to begin a new form.' Below the title is a table with columns: Select, Year, Status, Date Submitted, and Date Posted. A red arrow points to the 'Select' column, which contains a checkbox. The 'Year' column shows 'July 1, 2017 - June 30, 2018'. The 'Status' column shows 'On Demand' in a yellow box. The 'Date Submitted' column shows '2/22/2019'. At the bottom right, there is a green 'CONTINUE' button with '(Enter Information)' below it.

Select	Year	Status	Date Submitted	Date Posted
<input type="checkbox"/>	July 1, 2017 - June 30, 2018	On Demand	2/22/2019	



Answer and verify the Annual Audit General information on the next page and select **Continue** to validate. Please note that some information will be prepopulated from the Quarterly reports. Use the drop-down information where available.

**Annual Audit General**

\* Fiscal Year  
July 1, 2017 - June 30, 2018

\* Date Internal Audit was Completed  


\* Please select current President  
Select a value

\* Financial Members  
0

Reviews

\* Does the chapter have written fiscal policies and procedures?  
Select a value

## Section 2: Submit Internal Audit Committee

If your chapter only has one (1) member on the audit committee, place a check mark next to the committee member. If your chapter has more than one member, use the 'Add Duplicate Position' button until there are enough spaces for each member on the committee. Once you are done selecting the members on the committee, select **Continue**.

Overview Selection Additional Info Validation Receipt

PREVIOUS (Overview) Step: Selection CONTINUE (Additional Info)

If your chapter only has one Internal Audit Committee Member, click the check box next to Internal Audit Committee Member.

If your chapter has multiple Internal Audit Committee Members, click 'Add Duplicate Position'. For example, if your chapter has 4 Internal Audit Committee Members continue to click 'Add Duplicate Position' until 4 rows of Internal Audit Committee Member under the Position column is displayed. Click the check box for each row next to Internal Audit Committee Member. Click 'Continue'.

Select	Position		Start Date	Thru Date
<input type="checkbox"/>	Internal Audit Committee Member	Gabrielle Christina Davis	07/01/2018	
<input type="checkbox"/>	Internal Audit Committee Member	Nyla Lizzie Williams	07/01/2018	
<input type="checkbox"/>	Internal Audit Committee Member	Sydney Reynolds	07/01/2018	
<input type="checkbox"/>	Internal Audit Committee Member	KyAchia Rakell Joinay Atkins	06/30/2018	
<input type="checkbox"/>	Internal Audit Committee			

For each member on the committee, use the next page to search for the member and enter their name. You can look up a member by selecting **Find a Member**.

Overview Selection Additional Info Validation Receipt

PREVIOUS (Selection) Step: Additional Info CONTINUE (Validation)

To look up the member of your committee, click 'Find A Member'.

Enter the member's information, click 'Search'.

Once the member is found, click the check box next to their name.

Enter the Effective Date that they joined your committee for the fiscal year in referenced. For example, if you adding a member for your 2018 FY enter 7/1/2017 as the start date.

Enter the Fiscal Year you are submitting the name for and click 'Continue'.

Position	New Officer	Additional Information
Internal Audit Committee Member	Find a Member	

PREVIOUS (Selection) Step: Additional Info CONTINUE (Validation)

Below is the **Find a Member** screen to search for members on the audit committee.

Delta Sigma Theta

First Name

Last Name

Member Number

SEARCH

☐ Vacant Position

No records to display.

After adding the members. enter the effective date. This is the date the member began on the committee. Enter the respective fiscal year for which the member started on the committee. If the information is the same for all the members being added use the **Apply to all**. Select **Continue** once you have completed these steps for all the members on the committee.

Overview Selection **Additional Info** Validation Receipt

**PREVIOUS** Step: Additional Info **CONTINUE**  
(Selection) (Validation)

To look up the member of your committee, click 'Find A Member'.

Enter the member's information, click 'Search'.

Once the member is found, click the check box next to their name.

Enter the Effective Date that they joined your committee for the fiscal year in referenced. For example, if you adding a member for your 2018 FY enter 7/1/2017 as the start date.

Enter the Fiscal Year you are submitting the name for and click 'Continue'.

Position	New Officer	Additional Information
Internal Audit Committee Member	Shanta Belyeu	* Effective Date: 2/20/2019 * Fiscal Year: July 1, 2017 - Ji

**PREVIOUS** Step: Additional Info **CONTINUE**  
(Selection) (Validation)

Validate the information on the next screen and select **Continue** to get a receipt and submit the information.

### Section 3: Submit Overall Findings and Signature Page

Once selecting **Continue** on the informational page, select the 'On Demand' form for the fiscal year being completed. Select **Continue**.

Select	Year	Status	Date Submitted	Date Posted
✓	July 1, 2017 - June 30, 2018	On Demand	2/23/2019	

From the drop-down menu, select the overall findings for the chapter.

#### Annual Audit Overall Findings

\* Fiscal Year

July 1, 2017 - June 30, 2018

\* After review by the Chapter Internal Audit Committee or their designee, it has been determined that the chapter

Does not have satisfactory financial internal controls and the review supports the lack of their existence

Has satisfactory financial internal controls and the review supports the existence and utilization of these controls

Has satisfactory financial internal controls but the review does not support the utilization of these controls

**Upload the Signature Page.** The signature page should contain the signatures of the members as they participated in the Quarterly Audits and the Annual Audit. If the chapter used an Assisting Soror, use the Assisting Soror form instead.

Select 'Choose File' and find where the file is saved on the computer or cloud drive.

If the chapter Internal Audit Committee did not complete the IAR-1 form, use the Assisting Soror Signature Page instead of the Committee form. Provide the name(s) and position(s) of external assistance.

\* Upload Signature Document

No file chosen

**Chapters with Assisting Sorors, complete the following information and select [Continue](#) to validate the information and submit.**

#### **Section 4: View Annual Audit Report**

Use this section to view all of the submitted information.

## HIRING A CPA

If your chapter requires the services of a **CPA**, follow the following process before a contract is signed:

1. If this is the first year that a **CPA** will be used, the Internal Audit Chair, Internal Audit should work with the audit committee to produce a candidate for recommendation to the Executive Board.
2. The Internal Audit Chair should:
  - a. Ask the **CPA** for his or her license number as it appears on their license.
  - b. Go to [www.CPAVerify.com](http://www.CPAVerify.com) to verify that the **CPA** has a license that is active and in good standing.
  - c. Take a screenshot of the license information for the chapter's records and to be uploaded during the Annual IAR-1 process.
3. The Budget/Finance Committee is not a part of the **CPA** hiring process.
4. The **CPA** cannot be a member of the chapter.

**Note:** If the chapter has used the same **CPA** for the past seven consecutive years, the audit committee should consider entertaining proposals from other **CPAs** or **CPA** firms to ensure the chapter is receiving the best service at a competitive price.

### Engagement Letter

1. The Internal Audit Chair and, Internal Audit Committee should review the **Engagement Letter** to ensure that:
  - a. The proper service will be provided (i.e., a review or an audit). See sample **Engagement Letters** on pages 64-67 before the chapter president signs it.
  - b. The **CPA** will prepare the financial statements using the Cash-Basis of accounting as required by the National Finance Committee.

### Conclusion

1. The **CPA** should return the chapter's books, records, and documents at the conclusion of the review or audit.
2. The Internal Audit Chair and Committee should review the draft of the **CPA's** opinion prior to it being finalized to ensure any issues, comments or concerns have been addressed.
3. The Internal Audit Chair and Committee should request that a .pdf version of the **CPA's** Opinion Letter and the chapter's financial statements be provided to the chapter at the conclusion of the audit.

## CPA ENGAGEMENT LETTER – REVIEW – EXAMPLE

CPA NAME AND LOGO

REVIEW ENGAGEMENT LETTER

(Date)

Chapter Name

Chapter president's name

(Client name) – (purpose)

(Delta Sigma Theta) – (external review)

Dear:

This letter is to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services I will provide.

I will perform the following services:

I will review the balance sheet of (chapter name), as of June 30, (year) and the related statements, retained earnings, and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. If (chapter name) has not prepared these statements, I will prepare and review the following statements on their behalf:

- 1.
- 2.
- 3.

My review will consist primarily of inquiries of the chapter's fiscal officers and analytical procedures applied to financial data and I will require a representation letter from the fiscal officers. A review does not contemplate obtaining an understanding of the internal control or assessing control risk, tests of accounting records and responses to inquiries by obtaining corroborating evidential matter and conducting certain other procedures ordinarily performed during an audit. Thus, a review does not provide assurance that I will become aware of all significant matters that would be disclosed in an audit. Our engagement cannot be relied upon to disclose irregularities, or illegal acts, including fraud or defalcation that may exist. However, I will inform you of any material errors, irregularities, or illegal acts of which I become aware during my engagement. I will not perform an audit of such financial statements, the objective of which is the expression of an opinion regarding the financial statements taken as a whole, and, accordingly, I will not express such an opinion on them.

My report on the financial statements is presently expected to read as follows:

I have reviewed the financial statements (listed above) of (chapter name) as of June 30, (year), and for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the fiscal officers of (client's names).

My review consists principally of inquiries of company personnel and analytical procedures applied to financial data; it is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.



Based on my review, I am not aware of any material modifications that should be made to accompanying financial statements in order for them to be in conformity with generally accepted accounting principles generally accepted in the United States of America.

If for any reason, I am unable to complete my review of your financial statements, I will not issue a report on such statements as a result of this engagement.

It is my policy to keep work papers related to this engagement for seven years. Upon the expiration of the seven years, the work papers will be destroyed. During the engagement, I will only take copies of the original records and it is your responsibility to retain and protect your records for possible future use.

My fees for this will be at our hourly rates for the individual's involved plus direct out-of-pocket expenses. Payment for service is due when rendered and interim billing may be submitted as work progresses and expenses are incurred.

Billings become delinquent if not paid within 30 days of the invoice date. If billings are past due in excess of days, we will stop all work until your account is brought current, or withdrawn from this engagement. (Client) acknowledges and agrees that we are not required to continue work in the event of (client's) failure to pay on a timely basis for services rendered as required by this engagement letter. (Client) further acknowledges and agree that in the event we stop work or withdraw from this engagement as a result of (client's) failure to pay on a timely basis for services rendered as required by this engagement letter, we shall not be liable to (client) for any damages that occur as a result of our ceasing to render services.

If any dispute arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Rules for Professional Accounting and Related Services Disputes before resorting to litigation. The costs of any mediation proceedings shall be shared equally by all parties.

I am pleased to discuss this letter with you at any time.

If the foregoing is in accordance with your understanding, please sign the copy of this letter in the space provided and return it to us.

Sincerely,

NAME of CPA

Acknowledged:

\_\_\_\_\_  
Firm Name

\_\_\_\_\_  
Representative

\_\_\_\_\_  
Date

## CPA ENGAGEMENT LETTER – AUDIT – EXAMPLE

### *Purpose of this Tool*

The following is an example of an audit engagement letter for an audit of general purpose financial statements prepared in accordance with accounting principles generally accepted in the United States of America, as promulgated by the Financial Accounting Standards Board. This letter is not authoritative but is intended only to be a guide that may be used in conjunction with the considerations outlined in this Statement on Auditing Standards. The letter will vary according to individual requirements and circumstances and is drafted to refer to the audit of financial statements for a single reporting period. The auditor may seek legal advice about whether a proposed letter is suitable.

To the appropriate representative of those charged with governance of NFP Organization:

### *[The objective and scope of the audit]*

You have requested that we audit the financial statements of NFP Organization, which comprise the statement of financial position as of December 31, 20XX, and the related statements of activities, cash flows [and statement of functional expenses, if applicable] for the year then ended, and the related notes to the financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

### *[The responsibilities of the auditor]*

We will conduct our audit in accordance with generally accepted auditing standards (GAAS) in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS.

In making our risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

### *[The responsibilities of management and identification of the applicable financial reporting framework]*

Our audit will be conducted on the basis that *[management and, when appropriate, those charged with governance]* acknowledge and understand that they have responsibility

- a. for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
- b. for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and
- c. to provide us with
  - i. access to all information of which *[management]* is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
  - ii. additional information that we may request from *[management]* for the purpose of the audit; and
  - iii. unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit.

*[Other relevant information]*

*[Insert other information, such as fee arrangements, billings, and other specific terms, as appropriate.]*

**[Reporting]**

*[Insert appropriate reference to the expected form and content of the auditor's report. Example follows:]*

We will issue a written report upon completion of our audit of ABC Company's financial statements. Our report will be addressed to the board of directors of ABC Company. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other- matter paragraph(s), or withdraw from the engagement.

We also will issue a written report on *[Insert appropriate reference to other auditor's reports expected to be issued.]* upon completion of our audit.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities. XYZ & Co.

Acknowledged and agreed on behalf of NFP Organization by

---

*[Signed]*

*[Name and Title]*

**[License # and Licensing State]**

*[Date]*

## SUMMARY AUDIT REPORT – EXAMPLE

### Review of the Financial Records

#### ABC Chapter

#### Delta Sigma Theta Sorority, Incorporated

#### For the Period July 1, 20XX to June 30, 20XY

#### Summary Audit Report

The Internal Audit Committee completed a review of the financial records of ABC Chapter of Delta Sigma Theta Sorority, Incorporated for the period July 1, 20XX to June 30, 20XY. The review included a 25% validation of disbursements, receipts, deposits, and 100% of membership **dues** collected during the period.

A summary of the findings is listed below.

No material loss of the financial assets exists. However good fiscal controls were not used during the period of review, which led to a misrepresentation of the financial health of the chapter. Continued processing of the financial records in this manner can lead to losses of money in the future. Changes need to be made immediately to avoid potential losses to the chapter. The findings are as follows:

1. Deposits are not being made in accordance with the Sorority requirement of two (2) business days from the receipt of funds.
2. Member **dues** are not being submitted to National Headquarters in accordance with the *Constitution and Bylaws* requirement of 30 days from receipt.
3. The financial secretary's logs are not being reconciled to the treasurer's reports.
4. Bank reconciliations are not being performed in a timely manner nor are adjustments made to the checkbook check register.
5. Approximately 30% of disbursements are not supported by a properly documented and approved voucher.
6. Financial reports do not accurately represent the financial status of the chapter's assets.

All calculations have been reconciled and balances as of June 30, 20XY are accurately reflected in the financial records. A copy of the **Detailed Audit Report** has been provided for the chapter's records.

## DETAILED AUDIT REPORT - EXAMPLE

### Review of the Financial Records

#### ABC Chapter

#### Delta Sigma Theta Sorority, Incorporated For the Period July 1, 20XX to June 30, 20XY

The Internal Audit Committee completed a review of the financial records of ABC Chapter of Delta Sigma Theta Sorority, Incorporated for the period July 1, 20XX to June 30, 20XY. The review included a 25% validation of disbursements, receipts, deposits, and 100% of membership **dues**.

A summary of the findings is listed below. Detailed information and recommendations follow the summary remarks.

No material loss of the financial assets exists. However good fiscal controls were not used during the period of review, which led to a misrepresentation of the financial health of the chapter. Continued processing of the financial records in this manner can lead to losses of money in the future. Changes need to be made immediately to avoid potential losses to the chapter. The findings are as follows:

1. Deposits are not being made in accordance with the Sorority requirement of two (2) business days from receipt of funds.
2. Member **dues** are not being submitted to National Headquarters in accordance with the *Constitution and Bylaws* requirement of 30 days from receipt.
3. The financial secretary's logs are not being reconciled to the treasurer's reports.
4. Bank reconciliations are not being performed in a timely manner nor are adjustments made to the checkbook check register.
5. Approximately 30% of disbursements are not supported by a properly documented and approved voucher.
6. Financial reports do not accurately represent the financial status of the chapter's assets.

Detailed worksheets and schedules are provided in addition to revised financial reports, bank reconciliations, a check register, receipt logs and member logs. All numbers have been reconciled and balances as of June 30, 20XY are accurately reflected in the financial records.

## **DETAILED FINDINGS AND RECOMMENDATIONS**

### **Financial Reports**

Financial reports do not accurately reflect receipts, disbursements, and encumbrances. Some receipts have not been reported, and balances from one period to the next are not the same. Some periods are not represented by a financial report. Some examples are detailed below:

1. June 20XY – Beginning balance \$11,400.89 is not the ending balance of the May 20XY report.
2. There is no report that represents the disbursements and receipts for June and July.
3. The current month's disbursements for April 20XY are \$700 less than the recorded checks for the month.
4. Financial reports do not reflect the reconciled cash balance.
5. There is a \$2,722.88 unexplained difference between what was collected and what was reported. The financial secretary reported receipts totaling \$12,722.88, while the treasurer reported only \$10,000.00 on the monthly financial reports.

### **Disbursements**

Disbursements are not being made based on good fiscal policy. No approval was available for the **budget** overrun. In addition, non-check disbursements, which make up 25% of all disbursements, violate the requirement to have two signatures on disbursements.

Vouchers mandated by the Fiscal Officers Manual were used, but not in all cases. The detailed findings are as follows:

1. Vouchers are not used for all disbursements. Only 62% of all disbursements tested were supported by a voucher.
2. No committee chair approval existed on 35% of vouchers.
3. Approximately 27% of the vouchers did not agree with the supporting documents.
4. A reimbursement amount to XYZ vendor was made with supporting documentation indicating it represented an overpayment. There was no documentation existing in the financial secretary's logs to support an overpayment of this amount.
5. Late fees totaling \$75 were disbursed without collections from the members.

### **Receipts**

The following discrepancies were noted:

1. In May of 20XY, the treasurer deposited \$10,207.88 in the bank. The financial secretary's logs however indicate that \$10,907.88 was collected during May. The amount in question was \$700.00 of cash that was unaccounted for.
2. The source and purpose for \$2,890 in receipts was not described.
3. The financial secretary's records did not include documentation for a June 18 deposit totaling \$5,000.

Other findings with regard to receipts are as follows:

1. The financial secretary's logs are not consistent from month to month and do not provide an easy means of determining the total receipts by category for the period.
2. Non-cash or check amounts were recorded in the logs and included in the balances.
3. Member logs were not maintained to track member financial status.

Fifteen percent of the receipts that were tested were not made within two (2) business days as required. This renders the chapter ineligible to receive assistance from the liability insurer in the event of a loss of the chapter's funds. Additionally, deposits could not be readily reconciled to receipts.

### **Bank Reconciliations**

There was no evidence that the bank statements had been reconciled. We noted the following:

1. The **checkbook balance** varied significantly from the actual reconciled checking account balance. The check register as of June 24, 20XY was \$28,348.73. The actual reconciled checking account balance was \$26,336.46.

If disbursements were made based on the balance appearing in the checkbook check register, the chapter could write NSF (non-sufficient funds) checks.

### **Member Dues And Validation**

Overall member status is accurate. National **dues** were submitted within thirty days of receipt in most cases. The following findings were noted however:

1. No member log exists (or was made available) to capture and track **dues** receipt and payment to Grand Chapter. There is also no easy way to determine who is financial from the information provided.
2. The Red Zone financial roster for the applicable sorority year is not being reviewed to ensure the members are properly credited.
3. Members have been overcharged national **dues/fees**. In some cases, both reinstatement and late fees were charged. Either one or the other applies, not both. These errors appear to have been noted and corrected. However, the amounts due these sorors have not been reimbursed.
4. Ten sorors' **dues** were submitted before their personal checks had cleared.
5. In twelve cases, the sorors' **dues** were submitted in excess of 30 days.
6. Three members' **dues** were incorrectly posted to the prior fiscal year.
7. Payments had not been submitted for three (3) members.

### **General Comments and Findings**

The chapter is required to maintain bonding insurance on all fiscal officers. No bonding insurance could be found for the assistant financial secretary position. A transmittal appears in the records; however, no actual disbursement can be found. The current bonding amount of the president and treasurer is sufficient to cover current receipts.

### **Recommendations**

1. Detailed fiscal policies and procedures need to be developed, documented in the chapter's policies and procedures, which are submitted to the National Scholarship and Standards Committee, and followed by the fiscal officers and chapter members.
2. Bank statements should be reconciled monthly and financial reports should reflect any unrecorded charges and credits. The check register should be updated to reflect the reconciled balance.
3. Member logs should be maintained and reconciled to Grand Chapter's records on a regular basis.

4. Member's **dues** (national and local) must be collected at the same time. National **dues** must be submitted within 30 days of receipt. In the instance where the incorrect amount of **dues** was submitted, the 30 days begins after the full amount owed has been received by the financial secretary and deposited by the treasurer.
5. Deposits should be made within two (2) business days of receipt as required by the Fiscal Officers Manual.
6. Financial secretary logs should be balanced and reconciled to actual cash and checks given to the treasurer. All monies should be turned over to the treasurer promptly upon receipt.
7. Monies should be collected only during, before or after chapter meetings, executive board meetings or any time or place approved by the president and fiscal officers.
8. Encumbrances should be recorded for amounts that are restricted from use such as national **dues**, scholarship funds, etc.
9. All fiscal officers must be bonded based on the amount of funds it is anticipated they will handle.
10. Vouchers must be used for all disbursements. These vouchers should be approved by the appropriate committee chair, treasurer and president, and supported by actual receipts, invoices and other documentation.
11. Receipt logs need to have a consistent format and reflect actual receipt of money. A summarization by category of receipts is recommended to make it easy to reconcile the financial secretary's receipts to what is reported to the chapter by the treasurer.

## FISCAL POLICIES AND PROCEDURES

The Internal Audit Chair and the Internal Audit Committee members are responsible for reading the chapter's Financial Policies and Procedures.

**Note:** The National Fiscal Officers Manual contains sample Financial Policies and Procedures. Please refer to the Scholarships and Standards policies and procedures template for additional information.



## APPENDIX A – ACCEPTANCE OF RESPONSIBILITY FORM

In order to ensure that the Chair, Internal Audit Committee clearly understands, acknowledges, and accepts her responsibilities, she shall submit the following Acceptance of Responsibility Form by August 31 of each year:

### Chair of Internal Audit's Acceptance of Responsibility

As Chair, Internal Audit Committee, you have a responsibility to the chapter to ensure that the chapter's resources (cash, investments, etc.) are appropriately safeguarded, used and accounted for during your term in office. Your duties are summarized below. Your signature on this document reflects a clear understanding, acknowledgement, and acceptance of the most important trust the chapter has placed in you. In order to ensure that this responsibility is clearly understood, the signed Acceptance of Responsibility Statement will serve as your acknowledgment and acceptance of this most important trust the chapter members have placed in you.

I, \_\_\_\_\_, as the duly elected and installed Chair, Internal Audit Committee, of the \_\_\_\_\_ Chapter of Delta Sigma Theta Sorority, Inc., for the Fiscal Year of 20 do hereby acknowledge and affirm my responsibility to the above named chapter.

As the Chair, Internal Audit Committee, I will

1. Conduct quarterly audits and the annual audit according to the due dates established by the National Internal Audit Committee
2. File the IAR-1's and the Annual IAR-1 in the Red Zone according to the due dates established by the National Internal Audit Committee
3. Discuss the draft recommendations and findings on a quarterly basis with the Fiscal Officers
4. Report the findings and recommendations of the audits to the Executive Board and then to the chapter on a quarterly basis.

I have read and understand the duties of the Chapter Chair, Internal Audit Committee as outlined in the Internal Audit Manual and other governing documents of Delta Sigma Theta Sorority, Inc.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name

\_\_\_\_\_  
Signature

Submit original by August 31 to:  
Delta Sigma Theta Sorority, Inc.  
Attention: Director of Finance  
1707 New Hampshire Avenue, NW  
Washington, DC 20009

Maintain Copy for chapter records.

**Note:** This form is not to be uploaded in the Internal Audit module on the Annual IAR's overall findings component. Those prompts are reserved for the Signature Page and CPA Report, as applicable.

## APPENDIX B – TROUBLESHOOTING GUIDE

### Troubleshooting

Despite best efforts, there will be data entry errors that have occurred or calculations that require correction. This area will address the most common user errors and the action the Internal Audit Chair must take to resolve. In the midst of any uncertainty or apprehension, it is recommended to connect with the chapter's designated liaison to properly guide the user. This section covers **incomplete reporting, incorrect entry, wrong reporting period, and duplicate files**.

**Note:** An On-Demand report is only selected when there has not been a file submitted for the quarter. Any correction requires that the EXISTING file is retrieved. A new On-Demand report cannot be entered with the expectation that the system will overwrite the previous error. **Do not select On-Demand for any of these scenarios.**

### Incomplete Reporting

The quarter report has not been electronically signed, or the report has been saved instead of submitted. The existing file must be located. Return to the component.

Step: Selection

**PREVIOUS**  
(Overview)

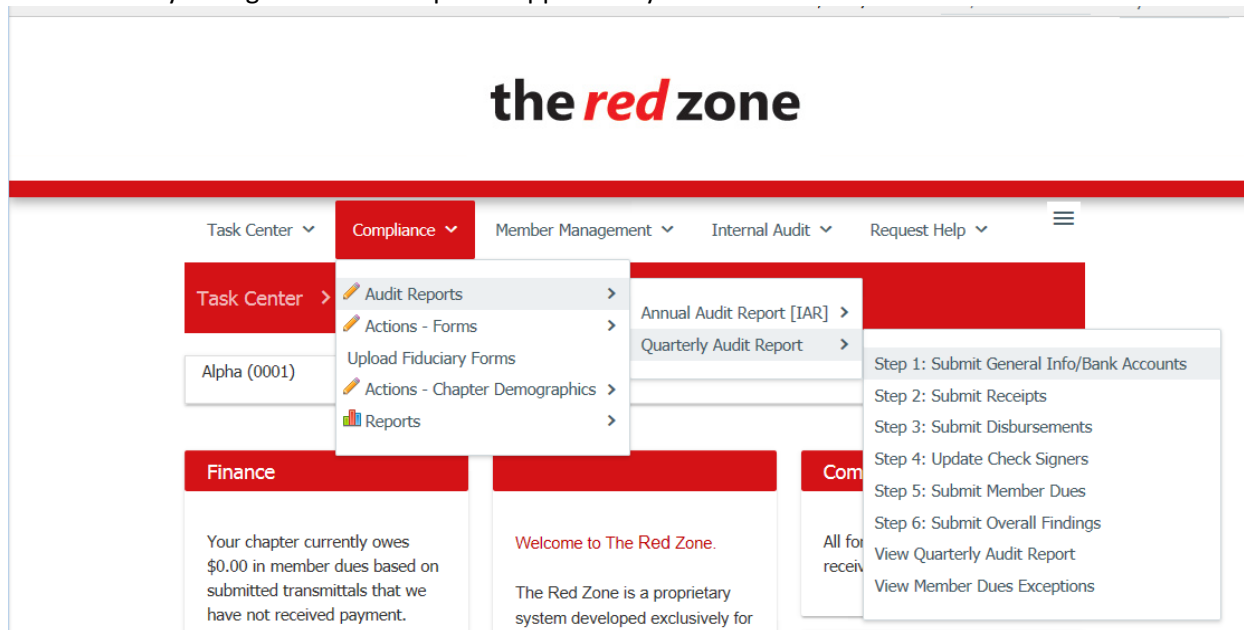
**CONTINUE**  
(Enter Information)

To begin completing this form select the 'On Demand' form to begin a new form. Please Note: Once you move to the next step you will be able to select the Quarter and the Fiscal Year you are submitting for. If you are attempting to update the data and your form is not submitted and in a saved state, you may also select that corresponding form.

Select	Quarter/Fiscal Year	Status	Date Submitted	Date Posted
<input type="checkbox"/>		On Demand	11/27/2019	
<input type="checkbox"/>	Q1 (July 1st - September 30th)/July 1,	Submitted by Allen		<a href="#">View Note</a>
<input type="checkbox"/>	Q1 (July 1st - September 30th)/July 1,	Submitted by Allen		<a href="#">View Note</a>
<input checked="" type="checkbox"/>	Q2 (October 1st - December 31st)/July 1, 2018 - June 30, 2019	Last Saved by Allen		<a href="#">View Note</a>

- In the Selection Screen, choose the saved file on the menu.
- Press Continue.

- Review the information for completeness or enter any remaining data.
- Press Continue.
- Confirm the entries are those you intend. If you need to fix, press Previous. If you are finished, electronically sign and date the file to validate the entry. Press Continue.
- The system generated receipt will appear for your records.



### Incorrect Entry – Quarterly

This remedy is for a host of corrections, for example:

- Wrong amounts entered for Bank Account balances      General Information and Banking
- Disbursement detail or criteria      Disbursements
- Deposit detail or dates      Receipts
- The Chair will go to Red Zone and make the following selections from the banner:  
Compliance

### **Audit Reports**

#### **Quarterly Audit Reports**

- Submit Step # (Determine which component needs correcting)
- Press Continue on the Overview screen
- *HERE you will choose the file to edit by selecting the quarter to correct*
- Locate the error and replace with the correct entry.
- Press Continue
- Review the modified entries, electronically sign and date to submit
- Press Continue
- Receive a system receipt for your records to confirm this entry

**Note:** When an existing report has been corrected, then select “Continue” to verify the correction has been reflected, then electronically sign to validate the file. A newly validated file is how to retain the changes. **Do not press the save icon intending to save changes.**

**Incorrect Entry – Annual IAR-1**

*For the Internal Audit Chair.* Once the totals have been confirmed, any corrections determined, and they reconcile with an amount, the same **Gross Receipts** total is the balance figure for the Treasurer as well. The identified corrections must be made onto the respective quarterly report to modify the Annual IAR. Current records for the **Gross Receipts** in the database reflect:

Q1 -	450.00	Reconciled at quarterly review
Q2 -	3,570.00	Reconciled at quarterly review
Q3 -	5,225.61	Reconciled at quarterly review
Q4 -	1,585.39	(\$210.85 error discovered for revenue included after the fiscal year-end)
	<u>10,831.00</u>	

10,831.00 is the sum, which will be the system-calculated **Gross Receipts** total on the Annual IAR.

The amount reported as Total Revenue was also the amount on the Treasurer's AFR and the Internal Audit Chair manually entered here as 10,620.15. Because these amounts are not equal, the adjustment to the report requires a correction to account for the difference of \$210.85. **Note:** if the correction is to be made to the AFR amount, the Treasurer instead will need to initiate the correction with the support of the National Finance Committee.

Fiscal Year: 2018-2019	
1 of 1 Find   Next	
<b>General Information</b>	
Report for Fiscal Year:	F Anytown Alumnae
Chapter Name:	L 1913
Chapter Number:	A MW
Region	O Alumnae
Chapter Type:	C 987654321
Chapter EIN:	A Anita B. Dean
Chapter President:	7 PO Box 276
Chapter Address:	T Chicago IL
	P 60613-0276
	L 8/1/2019
	7 76
Date Internal Audit Completed:	8 1
Financial Members:	2 \$10,831.00
Audit Level:	1 \$9,595.15
What were the Chapter's Gross Receipts for this audit/fiscal period?	\$9,595.15
<b>Reviews</b>	
<b>Financial Reports</b>	
1. What date was the Annual Financial Report and Federal Income Tax Group Return Authorization submitted?	8/28/2019
2. Have all monthly chapter reports been completed within the review period and presented to the chapter during a chapter meeting?	YES
3. Utilizing the monthly chapter financial reports, complete the following:	
Total Revenue for the review period:	\$10,620.15
Total Expenses for the review period:	\$12,149.73

Regardless if there is an adjustment needed on the AFR or the Internal Audit module, the following equation must be true for your report to be accepted in the system:

$$Q1+Q2+Q3+Q4= \text{AIAR Gross Receipts} = \text{Total Revenue AIAR} = \text{AFR Gross Receipts}$$

Keep in mind, edits can be made to the:

- Quarters' **Gross Receipts**, and ultimately the amount calculated on the AIAR by retrieving the existing file in the Audit Reports > Quarterly Audit > Submit Step 1 screen. Make the appropriate edits, electronically sign to validate the file.
- Total Revenue, if necessary, by retrieving the existing file in the Audit Reports > Annual Audit > Submit Step 1 screen. Make the appropriate edits at the Total Revenue line, electronically sign to validate the file.

- AFR only via the Treasurer, by corresponding with the Member of National Finance and coordinating with headquarters to make the adjustment onto the AFR if needed. The AFR module may be locked, even if Internal Audit is not.

The Chair will go to Red Zone and access the banner:

#### **Compliance**

#### **Audit Reports**

##### **Quarterly Audit Report**

- Submit Step 1 - General Info  
Press Continue on the Overview screen
- *HERE you will choose the file to edit (Q1 FY20XX – 20XY, for example)*
- Go to the **Gross Receipts** and Total Disbursement/Expenses area, and make any necessary edits.
- Press Continue
- Review the modified entries, electronically sign and date to submit.
- Press Continue
- Receive a system receipt for your records to confirm this entry
- 

Proceed if it is necessary to edit and update the AIAR, if the Total Revenue Amount entered was incorrect.

#### **Compliance**

#### **Audit Reports**

##### **Annual Audit Report**

- Submit General Info
- Select existing file
- Continue
- Locate Financial Reports area to enter corrected Total Revenue for the period
- Continue
- Electronically sign and date to validate the modified report
- Receive a system receipt for the modified report.

### **Wrong Reporting Period**

This correction only applies when the data provided is correct but the user has accidentally selected the wrong quarter or wrong fiscal year. This is to salvage the report without having to re-enter the data. Retrieve the incorrect report following the steps for "INCORRECT ENTRY – QUARTERLY REPORT".

Immediately upon entering the Information screen, select the correct quarter and fiscal year intended for the reporting period.

- Press Continue.
- Verify the data is reflected properly.
- Electronically sign and date the report to validate the file.
- Retain the system-generated receipt for your records.

### **Duplicate Files**

On the Selection screen of any component, if within the allowable edit period, the file menu will reflect the duplicate reports. Both have been submitted and will require action prompted by the NIAC liaison. Provide the submitted date and/or posted date of the file that needs to be deleted from the database. Do not attempt to manipulate the data or make edits.

Select	Quarter/Fiscal Year	Status	Date Submitted	Date Posted
<input type="checkbox"/>		On Demand	11/27/2019	
<input type="checkbox"/>	Q1 (July 1st - September 30th)/July 1,	Submitted by 1		<a href="#">View</a> <a href="#">Note</a>
<input type="checkbox"/>	Q1 (July 1st - September 30th)/July 1,	Submitted by		<a href="#">View</a> <a href="#">Note</a>

When accessing the historical annual reports or the completed report with the View Report function, extraneous data can be detected if quarterly totals do not calculate as intended or there are duplicate records (i.e., two sets of entered check numbers, doubling of chapter members in exceptions, doubling in membership total). To confirm if duplicate entries that have been made, the content will display on the View Report screens or the inventory of eligible reports on the Selection screen.

The Chair will go into Red Zone and access the banner:

- Compliance
- Audit Reports

- Annual Audit Report
- View Annual Audit Report
- Select the desired Fiscal Year on the drop down menu
- Scroll to the far right of the screen to “View Report” in order to load the report. (If you neglect to click “View Report” the system might default to a different period)
- Expand each of the sections.

If duplicate data appears in one of the sections, there is a duplicate component that has been entered. You will need to determine which component will need to be deleted, then coordinate with the chapter's NIAC liaison. Take note of the section reflecting the duplicate.



### Other System Notifications – Annual Reporting

If all calculations are sound and each of the four quarters has been input correctly, the **Gross Receipts** total on the Annual IAR and the AFR will be in balance in Step 1. However, if the reports balance and there remains to be a “NO” on the Compliance Checklist, check for the Annual IAR’s Overall Findings section being completed with electronic signature and the **Signature Page** upload.

**Note:** Step 2 for the Internal Audit Committee and Step 3 Overall Findings sections must be completed for the Annual IAR to register. Despite balanced totals, it will be rendered incomplete until fixed.

In pursuit of Corporate Compliance, the chapter President and Internal Audit Chair must monitor the status of the Annual Internal Audit Report. The chapter President will be able to view the chapter’s Compliance Checklist (below) to see that report has an “N for No” (if any balancing or component entries have not been resolved) or “Y for Yes” (if the report has been accepted because it also balances with the AFR).

Chapter Compliance

Compliance Year 2020

[Refresh](#)

1 of 1

Find | Next

### Chapter Compliance 2019/2020

8/26/2019

**Your chapter is not currently Compliant**

Number of Financial Members:	4	Special Dispensation:	03-Approved
National Corp Fee Paid:	No	Regional Corp Fee Paid:	No
Liability Insurance Paid:	No	Bond Insurance Paid:	No
CCOL			

**Forms Received**

Awards:	Yes	International Awareness:	Yes
Foundation:	Yes	Fundraising:	Yes
Program:	Yes	Scholarship Program:	Yes
Economic:	Yes	Chapter Property:	Yes
Education:	Yes	Transition:	Yes
Physical & Mental Health:	Yes	Rules of Order:	Yes
Political Awareness:	Yes	Federal Tax Authorization:	Yes
Compliance GPA S/Q1:	Required	Annual Audit Report:	No
Compliance GPA S/Q2:	Completed	Fiduciary Forms Upload:	Yes
Compliance GPA S/Q3:	Completed	Policies & Procedures:	Yes
Compliance GPA S/Q4:	Completed	Advisor Certification:	Yes
Heritage & Archives:	Yes		
Risk Management:	Yes	AROCO Part 2:	Yes

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1707 New Hampshire Ave, NW  
Washington, DC 20009

If the chapter has other Compliance requirements that remain unresolved, the appropriate actions must be taken. Fiduciary forms and fees are not associated with internal audit, despite the fiscal references. The objective is to complete the checklist and to have the Compliance panel reflect ***“All forms and fees have been received for Compliance.”***

The President and the Internal Audit Chair will be able to see the notifications related to the Annual IAR on the Task Center Snapshot (below). On this homepage, any outstanding issues related to the Annual Internal Audit Report will be prominently displayed in the Compliance panel. Despite any contact with or

justifications forwarded to the NIAC, the actions to correct must have been taken by the chapter Internal Audit Chair; otherwise the report will remain outstanding and the error messages will show. Only when the errors are resolved will the notifications disappear. The NIAC does not “fix the report” on the chapter’s behalf.

**Note:** An auto-reply email, indicating that the Annual IAR has been received, is merely an acknowledgment of the submission. It does not represent the report is correct or in balance. A submitted report may have outstanding error messages in the Task Center that must be addressed by the Internal Audit Chair.

## the *red* zone

Task Center ▾ Compliance ▾ Member Management ▾ Internal Audit ▾ Request Help ▾

Task Center > Snapshot

Search

### Finance

Your chapter currently has the following financial members:

# of Collegiates:	0
# of New Members:	0
# of Transition Members:	0

### Welcome to The Red Zone.

The Red Zone is a proprietary system developed exclusively for the leaders of Delta Sigma Theta Sorority, Inc. Use of this system is limited to purposes of chapter/regional management only.

If you experience problems, the Help Desk is available 8:30 a.m. - 5:30 p.m. ET (M-F) at 202.988.2400 ext. 300. In addition

### Compliance

Your chapter is not in compliance.

**Alert!** Gross receipts from annual audit does not equal gross receipts from annual financial report. [Please click here to view report.](#)

### Events

No open events.

## APPENDIX C – GLOSSARY

Term	Definition
Account/Bank Reconciliation	The process of comparing the organization's records to corresponding banking information reflected in the same point in time. The purpose is to identify appropriate adjustments and account for any differences between the two to agree to the reconciled total.
Annual Financial Report	The Annual Financial Report is the annual report of the chapter's financial activity. It was formerly called the 990.
Assisting Soror	The Assisting Soror is a soror who conducts audits on behalf of a chapter other than her own.
Audit Work Papers	The Audit Work Papers are used to document the audit tests that are performed each quarter. The latest version can be found on the National website in the Members Only section. Click on National Committees and then scroll down to Internal Audit.
Budget	A projected financial plan for the organization consisting of the estimated income and expenses for a defined period of time.
Checkbook Balance	The cumulative total of recorded transactions in the organization's register maintained for the checking account.
CPA	A Certified Public Accountant or a CPA firm that has an active license in good standing to provide professional services for a fee.
Detailed Audit Report	The Detailed Audit Report contains the comprehensive results of the audit testing including findings and statistical data that supports the information in the Summary Audit Report.
Dues	Annual payment remitted for active membership; represents local and national dues.
Gross Receipts	The sum of all monies received by the chapter from revenue sources.
Quarterly Audit Form	The online form in the Red Zone used to report the results of each chapter's quarterly audit review.
Separation of Duties	Also known as "segregation of duties"; the concept of having more than one person required to complete a task. In business the <b>separation</b> by sharing of more than one individual in one single task is an internal control intended to prevent fraud and error.
Signature Page	Designated form <b>with the handwritten signature of</b> every soror who participates in the audit each review session. The signatures are accumulated onto one form and uploaded by the Chair, Internal Audit when the Annual IAR-1 is completed in the Red Zone.
Summary Audit Report	Formal report prepared by the chapter Internal Audit Committee notifying the chapter of the current assessment for the financial operation and any weaknesses in the financial structure.

## **NATIONAL INTERNAL AUDIT COMMITTEE MEMBERS**

Chair, Soraya Williams Farver (Midwest Region)

Summer Anderson (Southwest Region)

Hilton Cooper (South Atlantic Region)

Monique Daniels (South Atlantic Region)

Dionne Greenfield (Central Region)

Shanta Belyeu Mack (Midwest Region)

Dr. Tonya Smalls (Southern Region)

Veda Stanley (South Atlantic Region)