

Conducting a 10-minute audit of your treasurer’s report:

A treasurer’s report can have a lot of meaningful information. But how do we know it’s accurate? How do we know that either through error or deliberate action, some vital piece of information isn’t missing? Here is a way for the treasurer, or any board member, to prove that the overall numbers are right.

(Note that this will NOT tell you whether a check should have been allocated to Donations instead of Donuts. But it will point out that a deposit that shows up on the treasurer’s report didn’t actually make it to the bank, or that a check cashed by the bank didn’t show up on the report!)

THE 10-MINUTE AUDIT:

Bank Balance at Start of Year

Checking	1,000	
Savings	2,500	
Total		3,500

Activity as reported on the Treasurer’s Report

All income so far this year	400	
All expenses so far this year	-1,600	
Net		-1,200

Expected Bank Balance 2,300

Bank Statement Balance as of Audit Date

Checking	375	
Savings	2,000	
Total		2,375
Less: Uncleared Checks	-75	
Less: Uncleared Deposits	0	
Net		-75

True Bank Balance 2,300

Every item here should be easy to verify.

Section 1: In this example we have 2 bank accounts. The Total Bank Balance at the start of the year is something that every organization should know. To that total, we add all income so far this year and subtract all expenses so far this year. This will tell us how much money should be in the bank.

Section 2: Now we look at the actual bank statements. Find the balances and add them together. Next subtract any checks that haven’t cleared and add any deposits that haven’t cleared. (It is important that these are listed in detail: we will want to know that the bank hasn’t recorded the Auction takings for \$5,000!)

If the treasurer’s report is accurate, these two totals will ALWAYS agree.