

Conducting Year-End Audit of Chapter Finances and Activities

Step-by-step guide for those auditing chapter records

Getting Started

A two-part audit will need to be conducted - a **financial audit** and a **performance audit**. This is an "internal audit", and is not conducted under the standards that would be required for independent audits of financial statements by licensed or certified public accountants. The persons on the Audit Committee are not acting as licensed or certified public accountants in conducting their review.

Ask the chapter leadership board for the following documents:



- Chapter meeting notes.
- Monthly bank statements.
- Checkbook ledger(s) and duplicate check register(s).
- Copies of, or access to, the list of Care Abounds in Communities® activities and Manage Income and Expense transactions reported online.
- Operating Funds by Category Report (available on Reports/Listings on Chapter Leadership Administration). This report is generated based on the Operating Funds transactions categorized in the Manage Income and Expenses screens.
- Receipts for operating funds expenditures.
- Report for Funding Activity Results (26691) and receipts for each current year Care Abounds in Communities® activity.
- Chapter Expense Reimbursement Requests (24509) and receipts for all disbursements for chapter leaders.
- Year-end Chapter Summary Report (CSR).
- Explanation of Chapter Summary Report* quick reference guide (available in Member Leader Resources).

Tip: *Because all reporting is completed online, it's a good idea to have a few chapter leaders available during the audit to answer questions and provide access to online records, if needed.*

Conducting the Financial Audit

Step 1 - Income

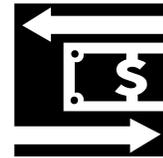
- Verify that the deposits the chapter received from Thrivent Financial appear on the checking account bank statement.

Step 1 – Income (*continued*)

- Conduct a random check of some of the deposits made by the chapter into their chapter checking account. *Note: Time may not permit this for every chapter activity. Review enough deposits until you feel comfortable with the chapter's reporting.*
 - If a deposit was made for an activity, verify the amount matches the online reporting (e.g., the chapter reported that \$500 was raised for an activity, therefore there should be a \$500 deposit into the chapter checking account for that activity).
 - If the amount reported differs from the deposit amount, verify that there is a "Letter of Acknowledgement" from the co-hosting organization that verifies the amount reported was raised and explains where the raised funds were deposited.

Step 2 - Disbursements

- Review the duplicate checks in the checkbook(s) and verify that all are intact and legible, with no duplicates missing.
- Trace each disbursement or withdrawal to a bill, receipt or reference in the chapter meeting minutes of the chapter leadership board that authorizes the disbursement.



Each operating funds disbursement should be included on the Operating Funds by Category report. *Note: If there is a discrepancy on the report, category modifications will need to be made to the related transaction on the Manage Income and Expense screens on Chapter Leadership Administration. The Operating Funds by Category is updated nightly and will show the correction the next day.*

All checks written to reimburse expenses should have an accompanying receipt. Reimbursements for mileage should include:

- *Dates of travel.*
- *Purpose of travel, including beginning and ending destinations.*
- *Beginning and ending mileage.*

- Verify that a check has been written for each Care Abounds in Communities® activity.
- Verify that a logical relationship exists between the payee and the service used or contribution made. *Examples: Joe Jones, chapter president, is being reimbursed \$10 for postage charges he incurred for a small mailing to other leadership board members (logical); a check is issued to a local restaurant for dinner for a leadership board meeting on a date for which meeting minutes exist (logical); a check is issued to a local store for 'supplies' for \$100 with no corresponding receipt and no mention in meeting minutes that this expense was approved (will require clarification from the leadership board).*

Step 3 - Ending Balances

- Verify that the checkbook(s) ending balance matches the balance on the December 31 bank statement for the account. *Note: Allow for any discrepancy that is a result of a check that was written, but had not cleared by year-end.*



Step 4 - Chapter Summary Report (CSR)

This report is not meant to balance. A summary of the activities reported online that contribute to each line total on the report is attached to the Chapter Summary Report (CSR).

Note: Use the "Explanation of Chapter Summary Report" quick reference guide for additional help.

- Compare the CSR with what was reported online for a randomly selected group of activities.
Note: It may be easier to review this report with a few of the chapter leaders to determine if there are any concerns or discrepancies.
- After the audit has been completed, the Audit Committee chairperson must sign the Chapter Summary Report and Group 990 Tax Return Verification .
- Give the signed verification page to a chapter leader for his/her signature and submission.
Note: The chapter leader is responsible for signing and sending the Verification page to the Operations Center in Appleton, WI, by March 31.



Important: If, during the course of the audit, you have questions about anything you are reviewing, contact the chapter leadership to discuss. If you need further direction after speaking with chapter leaders, contact the Member Connection Center at **800-847-4836**, and say **'fraternal'**.

Conducting the Performance Audit

- Verify that all chapter activities, as well as chapter meetings were reported online.
- Verify that meetings were documented and that each chapter meeting includes a report from the financial director.
- Review chapter meeting minutes to ensure that there is documentation of the chapter leadership board voting-on and approving the Care Abounds in Communities® activities reported online. The meeting minutes should clearly reflect which activities were approved and denied.
- Review chapter meeting minutes to ensure there is documentation that new members were admitted to the chapter.

Congratulations!

You have successfully completed the chapter year-end internal audit.

Questions? Please contact a representative from the Member Connection Center.

- ◆ Call **800-THRIVENT** (800-847-4836) and say "Fraternal" when prompted.
- ◆ Send an email to fraternal@thrivent.com.