



**Association Nationale des Étudiants en Actuariat
Actuarial Students' National Association**

ACTUARIAL STUDENTS' NATIONAL ASSOCIATION 2003-2004 AUDIT REPORT

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SECTION 1: Purpose of the Audit Committee

The Actuarial Students' National Association should appoint a group or an individual annually for the purpose of auditing the financial state of the organization annually. The minimum subjects of concern of this entity shall be:

1. The adequacy of internal control
2. The accuracy of the records and the reports to the governing body (i.e. Board of Directors, or the Executive Committee in our case)
3. The proper authorization of activities and expenditures
4. The determination of the physical existence of assets (i.e. sponsorship)
5. A review of the tax-exempt status and identification of any activities that may endanger it
6. Ascertaining that, where applicable, taxes and reports are properly filed in a timely manner.

The timely and accurate accomplishment of the above tasks depends on the records from the Treasurer. Thus, the Treasurer and the Auditor shall work together throughout the year to ensure the proper procedures are being followed and member activities recorded.

As more and more Universities join ASNA from across the country, it may be a feasible idea to assign one University to be the Audit Committee specifically.

SECTION 2: Comment on the Records of 2003-2004

Based on receipts received from last year's records, expenditures for the activities of the annual conference have been overall well spent. Funds have been spent on:

- Box and Storage material
- ASNA Magazine printing
- Hallmark Thank you cards
- Traveling cost reimbursements (Greyhound)
- Wine and Cheese for the career fair
- Games for Casino Night
- Convention T-shirts
- Hotel Payments (to Hilton Toronto)
- Website reimbursement
- Refund cheques (only one in the records)

According to Transaction Records from end of April 2004, the balance on the ASNA account at Canada Trust is 21,666.71\$.

SECTION 3: Comment on Internal Control

All cheques from the 2003-2004 year for the convention have been signed by Denise Cheung (Treasurer) and Mandy Lui (Convention Committee of University of Toronto). Hence we see effort of internal control from the Association.

The report recommends the Association to continue to have multiple people in the decision making process when funds are involved to ensure activities are recorded correctly. Separate people, whenever possible, should be involved in

- Collecting funds,

- Disbursing the funds,
- Recording the financial transactions,
- Signing the checks,
- Recording the minutes
- Preparing financial reports.

This will help with maintaining consistency in the financial information as ASNA's funding sources and activities gets more complex in the future.

SECTION 4: Future Recommendations

The 2003-2004 Financial Records received by the Auditor only has sponsorship information from CIGNA. In the future, sponsorship records should also be kept with other financial transaction information to verify the sources of our funds. This also means The Sponsorship Committee's reports should be part of the Financial Records.

The budget and committee meeting minutes are usually the source of verifying ASNA's activities and should also be readily accessible by the Audit Committee. ASNA Objectives and bylaws should be reviewed periodically to determine all activities comply with the organization's purpose and individuals are performing proper functions, and updated to reflect the most current state of the organization. This will allow specific transactions to be followed from source to sink by the Audit Committee and aid in an adequate internal control procedure.

APPENDIX I: Suggestions for controlling cash disbursements

Taken from Audit Guide for Audit Committees of Small Non-profit Organizations (see Reference section)

- Checks should be pre-numbered, used in sequence with adequate controls over supplies of blank checks.
- Checks should be prepared by persons other than those who approve invoices.
- Checks should be prepared from original vendor invoices with attached copies of purchase orders, invoices and receiving reports and presented for signature with these attached.

- Checks should be entered in the disbursement journal exactly as they have been prepared.
- The governing board should authorize all check signers.
- Signing of blank checks should not be permitted.
- An officer or executive director should receive the unopened bank statement before turning it over to a person, other than one who handles the receipt and disbursement of cash, for reconciliation. This officer should review the bank reconciliation, then date and initial it.

APPENDIX II: Suggestions for controlling cash receipts

- Incoming mail should be opened and listed by persons other than those with access to cash receipts journals and accounts receivable records.
- A person with no access to cash should compare cash receipts records and authenticate deposit slips with mail listing.
- Checks should be stamped "For Deposit Only" by the person opening the mail.
- Pre-numbered receipts should be given for contributions, gifts, etc.
- Cash receipts should be entered in journals by persons other than those opening mail and listing receipts.
- Receipts of checks and cash should be deposited each day intact.
- Individuals handling cash should not make entries to the general ledger or subsidiary ledgers.
- The NPO board should authorize bank accounts and the signers of checks annually.
- Individuals handling cash should be bonded.

REFERENCES

Audit Guide for Audit Committees of Small Nonprofit Organizations
available at: www.vscpa.com/PR/Non-Profit/audit_guide.htm

***** END OF 2003-2004 AUDIT REPORT *****