

The 10-Minute Audit

“An audit? Agghh!” To many, this means stacks of boxes with manila folders and endless miles of adding machine tape. There is no getting away from it: every organization needs to do a full financial review at least once a year. But a year is a long time to go without knowing whether the reports you are looking at every month are accurate. The secret is doing a 10-Minute Audit to ensure your Treasurer’s Report reflects reality. And all that you need is probably right at your fingertips, or reasonably easy to get.

How to do the 10-Minute Audit:

The premise of the 10-Minute Audit is straightforward: if you know how much money you started with, add in the deposits that your Treasurer’s Report shows, and subtract the withdrawals that your Treasurer’s Report shows, then the number you come up with should match what’s in the bank.

To get easy step-by-step directions go to <http://www.MoneyMinder.biz>. Click on the Resource page and select “The 10-Minute Audit.” Download the PDF file and print it out. It will guide you through the steps required to determine the Big Question: Is the information your Treasurer is providing in the Treasurer’s Report accurate?

If you’re doing your books manually, using spreadsheets or business software, you can conduct a 10-Minute Audit using just treasurer reports and bank balances.

Why Do It?

For the Treasurer: It’s an opportunity to prove that the paper reports you generated are accurate and true to life.

For the rest of the Board: Your entire executive board is responsible for the financial affairs of your organization. Look at the Audit Report results carefully, especially at deposits and checks that have not cleared the bank. This is an easy thing to do every month and will put everyone’s mind at ease. Or let you know that additional research is needed!

Little known fact: It is possible for the Treasurer to reconcile the bank account and still produce reports that are inaccurate. Protect your organization. Do a 10-Minute Audit every month.

What the 10-Minute Audit Will and Won’t Do:

You perform the 10-Minute Audit and find that there is \$1,000 less in the checking account than it appears there should be, or that the \$5,000 deposit from the Auction hasn’t cleared the bank yet. The 10-Minute Audit has done its job: you will know not to wait until the end of the year to conduct a full audit. But the 10-Minute Audit can’t tell you that the Treasurer accidentally allocated the \$100 that came in for Memberships to Concessions. Or that the check he shows that he wrote to Costco for Office Supplies was actually used to purchase a DVD player for his home. That’s why every organization needs to do a full financial review at least once a year!

Conclusions:

Every organization needs to do a full-blown financial review every year to ensure that the funds it is collecting and distributing on behalf of its membership are being used appropriately and reported accurately. A 10-Minute Audit is an excellent tool that can be used every month to alert a Board to a potential problem long before it would otherwise be apparent.

Information courtesy of NonProfit Central. www.MoneyMinder.biz.

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