

Audit Committee Guidelines



Overview and Purpose

Areas, divisions and districts (all referred to hereafter as “district” or “districts”) are legally considered a part of Toastmasters International. Therefore, regardless of the source, district funds are considered funds of Toastmasters International. Members of the audit committee have a fiduciary responsibility to determine if district funds have been spent in accordance with the mission and policies of Toastmasters International.

Each district treasurer is responsible for preparing the following 12 Treasurer’s Reports for the district’s fiscal year that runs from July 1 through June 30 of the subsequent year:

- ▶ Monthly Treasurer’s Report — July
- ▶ Monthly Treasurer’s Report — August
- ▶ Quarter 1 Treasurer’s Report — September
- ▶ Monthly Treasurer’s Report — October
- ▶ Monthly Treasurer’s Report — November
- ▶ Mid-year Audit Treasurer’s Report — December
- ▶ Monthly Treasurer’s Report — January
- ▶ Monthly Treasurer’s Report — February
- ▶ Quarter 3 Treasurer’s Report — March
- ▶ Monthly Treasurer’s Report — April
- ▶ Monthly Treasurer’s Report — May
- ▶ Year-end Audit Treasurer’s Report — June

These reports provide valuable information about the financial activities of the district and its performance compared to the budget. In addition, the information in these reports is used in Toastmasters International’s audited financial statements, and federal and state nonprofit tax returns.

Because district leaders, World Headquarters staff, external auditors and tax authorities rely on these monthly Treasurer’s Reports, it is essential that they are complete and accurate. The treasurer’s primary role is completing these reports. The audit committee’s role is to provide an independent and objective assessment of the reliability of the data contained in the district reports by applying the guidelines outlined in this document twice a year: on the Mid-year Treasurer’s Report and on the Year-end Treasurer’s Report. Additionally, the audit committee is responsible for assessing the district’s compliance with Toastmasters International policies.

Membership on the District Audit Committee

Per the district administrative bylaws, the audit committee must include at least three (3) individual members who are:

- ▶ Annually appointed by the district governor
- ▶ Trained in basic accounting or have accounting experience
- ▶ Not part of the District Executive Committee (district governor, immediate past district governor, lieutenant governor, secretary, treasurer, public relations officer, division governor or area governor).

Audit Committee Fiduciary Duties

The audit committee has a fiduciary duty to ensure that the Mid-year and Year-end Audit Treasurer’s Reports accurately reflect district income and expenses. Both district audits are included in the World Headquarters tax information filed with the U.S. Internal Revenue Service every year. Incorrect or inappropriate expenses may result in the loss of Toastmasters International’s tax-exempt status.

Any unauthorized use of district funds that is not consistent with the district's mission is a violation of the California Charitable Trust Act and is illegal. Even if the district is not in California, a diversion of charitable trust funds puts the organization at risk, because districts worldwide are administrative arms of Toastmasters International and are subject to the same laws and guidelines.

If the audit committee becomes aware of any financial irregularities or a diversion of funds that is either unauthorized and/or does not serve a business purpose consistent with the mission of the district, the committee has a legal obligation to report the matter to World Headquarters immediately.

Preparing for the Audit

The audit committee must obtain the following from the district treasurer:

- ▶ All monthly Treasurer's Reports supporting the Mid-year or Year-end Audit report being reviewed
- ▶ All documents (bank statements, receipts, etc.) supporting the transactions related to the aforementioned Treasurer's Reports.
- ▶ Receipts Register report.
- ▶ Payment Register report.

With the exception of the Mid-year and Year-end Audit reports, which have special due dates, Toastmasters International's policy requires that the district treasurer complete a Treasurer's Report within 30 days following the end of each month. It is recommended that the audit committee chairman receive copies of the Treasurer's Reports on a monthly basis throughout the year.

Performing the Audit

The audit procedures can be summarized in the following three broad categories:

- ▶ Organization
- ▶ Substantiating transactions
- ▶ Policy review

The following Audit Committee Guidelines outline the detailed steps to be followed by the Audit Committee members. Once these procedures are completed, please sign the Audit Committee Guidelines as well as the certification page of the Mid-year Audit (or Year-end Audit) Treasurer's Report and mail these documents to World Headquarters at the address listed below. Please be sure to include all documentation mentioned in the Preparing for the Audit section.

Toastmasters International
Attn: District Finance
23182 Arroyo Vista
Rancho Santa Margarita, CA 92688

If you have questions, please email districtfinancialreports@toastmasters.org. The Mid-year Audit documents are due to WHQ by February 15 and the Year-end Audit documents are due by August 31.

Audit Committee Guidelines



District #:

Circle one: **Mid-year Audit** or **Year-end Audit**

PROCEDURES TO BE COMPLETED	COMPLETED BY
A. ORGANIZATION	
<p>1. Obtain all supporting documents for the Mid-year or Year-end Treasurer’s Report from the district treasurer, and sort the documents in the following manner:</p> <ul style="list-style-type: none"> ▶ Stack #1: Sort Treasurer’s Reports, bank statements and district reserve statements into separate groups, organize in chronological order and place in one stack bound by a rubber band. ▶ Stack #2: Sort all other supporting documents in the order they appear on the Receipt Register and Payment Register. Receipt supporting documents should be place behind the Receipt Register and payment supporting documents should be placed behind the Payment Register. Bind both registers along with supporting documents together with a rubber band. 	
B. SUBSTANTIATING TRANSACTIONS	
<p>2. To ensure that all transactions are adequately supported, perform the following procedures:</p> <ul style="list-style-type: none"> ▶ Trace and agree all transactions on the Receipt Register and Payment Register to their respective supporting documentation. ▶ Place a check mark on the Receipt Register and Payment Register next to each transaction that has support. Only transactions missing support should not be checked. ▶ For those transactions that do not have support, contact the district treasurer and ask if support exists and request a copy. 	

PROCEDURES TO BE COMPLETED	COMPLETED BY
C. POLICY REVIEW	
<p>3. To ensure that transactions were executed within the company policies, perform the following procedures:</p> <ul style="list-style-type: none"> ▶ Review all cancelled checks and verify that they were signed by both the district governor and district treasurer (checks made payable to the district governor or district treasurer should be signed or approved in writing by the lieutenant governor education and training or the lieutenant governor marketing). ▶ Review all reimbursement requests and verify that they were approved by the district governor. Ensure that all expenses on the request have adequate documentation (receipts or other support). ▶ Identify all payments in excess of USD\$ 500 and verify that each expense was properly approved by the district governor and at least one lieutenant governor. Any individual expense in excess of USD\$ 500 must be authorized in advance; there should be approval included in the supporting documentation and some indication of when the expense was approved (an email approving the expense would be acceptable). 	

AUDIT COMMITTEE MEMBER SIGNATURE

DATE

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