



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 District Audit Committee are responsible for reviewing and substantiating whether District funds have been spent in accordance with the mission and governing documents of Toastmasters International.

Each Finance Manager is responsible for preparing the following 12 Profit and Loss Statements for the Toastmasters fiscal year that runs from July 1 through June 30 of the subsequent year:

- ▶ Monthly Profit and Loss Statement — July
- ▶ Monthly Profit and Loss Statement — August
- ▶ Quarter 1 Profit and Loss Statement — September
- ▶ Monthly Profit and Loss Statement — October
- ▶ Monthly Profit and Loss Statement — November
- ▶ Mid-year: Quarter 2 Profit and Loss Statement — December
- ▶ Monthly Profit and Loss Statement — January
- ▶ Monthly Profit and Loss Statement — February
- ▶ Quarter 3 Profit and Loss Statement — March
- ▶ Monthly Profit and Loss Statement — April
- ▶ Monthly Profit and Loss Statement — May
- ▶ Year-end: Quarter 4 Profit and Loss Statement — June

These reports provide valuable information about the financial activities of the District and its actual 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 Profit and Loss Statements, it is essential that they be complete and accurate. The Finance Manager’s primary role is to complete 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 Profit and Loss Statement and the Year-end Profit and Loss Statement. Additionally, the Audit Committee is responsible for assessing the District’s compliance with Toastmasters International governing documents.

Membership on the District Audit Committee

Per the District Administrative Bylaws, the Audit Committee must include at least three (3) individual members who are:

- ▶ Members of Toastmasters International
- ▶ Annually appointed by the District Director
- ▶ Accounting experience or knowledge preferred

- ▶ Not part of the District Executive Committee for the program year being audited (District Director, Program Quality Director, Club Growth Director, Public Relations Manager, Administration Manager, Finance Manager, Division Directors, Area Directors, and Immediate Past District Director)

Audit Committee Responsibilities

The Audit Committee has a responsibility to ensure that the Mid-year and Year-end Profit and Loss Statements 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 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 District mission, the committee is obligated to report the matter to the District Finance team at World Headquarters immediately.

Preparing for the Audit

The Audit Committee must obtain the following from the Finance Manager:

- ▶ All monthly Profit and Loss Statements supporting the Mid-year or Year-end Audit report being reviewed
- ▶ All documents (monthly bank statements, receipts, District approvals, etc.) supporting all the non-Concur transactions related to the aforementioned Profit and Loss Statements.
- ▶ Concur Auditor Login information – up to 3 Concur auditor accounts will be provided to the District
- ▶ Receipts Register report.
- ▶ Bills Register report – to match Concur Transactions.
- ▶ Check Register report – to match non-Concur transactions.

With the exception of the mid-year and year-end reports, which have special due dates, Toastmasters International's policy requires that the Finance Manager complete the Profit and Loss Statements within 30 days following the end of each month. It is recommended that the Audit Committee Chair receives copies of the Profit and Loss Statements on a monthly basis throughout the year.

Preparing for the Audit

The audit procedures can be summarized in the following categories:

- A. Organization
- B. Substantiating transactions
- C. 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 (or Year-end Audit) Profit and Loss Statements and submit these documents to World Headquarters. Please note that we have access to Concur, so there is no need to print that transaction information and send it to us. However, in your submission, be sure to include all of the following the supporting documents.

- ▶ All monthly Profit and Loss Statements supporting the Mid-year or Year-end Audit report being reviewed
- ▶ All documents (monthly bank statements, receipts, District approvals, etc.) supporting all the non-Concur transactions related to the aforementioned Profit and Loss Statements.
- ▶ Receipts Register report.
- ▶ Bills Register report.
- ▶ Check Register report.

Submitting the Audit

Please submit the Audit to District Finance in one of the following ways.

- ▶ Submitted electronically through the District Finance Portal in District Central. The most current District Director and Finance Manager should have access to this option.
- ▶ Submitted electronically via an Email to [**districtreports@toastmasters.org**](mailto:districtreports@toastmasters.org)
- ▶ Submitted via mail to the following address – (Please send District Finance an email at [**districtreports@toastmasters.org**](mailto:districtreports@toastmasters.org) with the package tracking information)

Toastmasters International Attn: District Finance
9127 S. Jamaica St., Suite 400
Englewood, CO 80112

If you have questions, please email [**districtreports@toastmasters.org**](mailto:districtreports@toastmasters.org). The mid-year Audit documents are due to World Headquarters by **February 15** and the year-end Audit documents are due by **August 31**.



Audit Committee Guidelines

District # _____ Program Year: _____

Check one: Mid-year Audit Year-end Audit

Procedures To Be Completed	Initials
<p>A. Organization</p>	
<p>1. Obtain all supporting documents for the Mid-year or Year-end Profit and Loss Statements from the District Finance Manager, and sort the documents in the following manner:</p> <ul style="list-style-type: none"> ▶ Stack #1: Sort Profit and Loss Statements, bank statements and district reserve statements into separate groups, organize in chronological order and place in one stack. ▶ Stack #2: Sort all non-Concur supporting documents in the order they appear on the Receipt Register and Check Register. Receipt supporting documents should be placed behind the Receipt Register, and payment supporting documents should be placed behind the Check Register. <p>2. Obtain the Audit Committee Concur logins and related training materials from the Finance Manager or District Finance at WHQ</p>	
<p>B. Substantiating Transactions</p>	
<p>1. To ensure that all non-Concur 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 Check Register to their respective supporting documentation. ▶ Place a check mark (✓) on the Receipt Register and Check Register next to each transaction that has supporting documents. The only transactions that should not be check marked are the ones missing supporting documents. ▶ For the transactions missing supporting documents, contact the Finance Manager and ask if such documents exist. If they do, request copies. If they do not, make a note. <p>2. To ensure that all Concur transactions are adequately supported, perform the following procedures:</p> <ul style="list-style-type: none"> ▶ Use the Concur Auditor logins to emulate the District Director and Finance Manager’s profiles to access their previously approved reports. ▶ Trace and agree all transactions on the Bills Register to their respective supporting documentation in Concur. ▶ Place a check mark (✓) on the Bills Register next to each transaction that has supporting documents. The only transactions that should not be check marked are the ones missing supporting documents. ▶ For the transactions missing supporting documents, contact the Finance Manager and ask if such documents exist. If they do, request copies. If they do not, make a note. <p>***(If assistance is needed with Concur, please contact the District Finance Team at districtreports@toastmasters.org or districtconcur@toastmasters.org)***</p>	

Procedures To Be Completed	Initials
<p>C. Policy Review</p>	
<p>1. 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 Director and Finance Manager (checks made payable to the District Director or Finance Manager should be signed or approved in writing by the Program Quality Director or the Club Growth Director). ▶ Review all reimbursement requests and verify that they were approved by the District Director. Ensure that all expenses on the request have adequate documentation (receipts or other supporting materials). Copies of credit card and/or bank statements are not valid receipts or documentation. ▶ Identify all payments in excess of USD \$500 and verify that each expense was properly approved by the District Director and at least the Program Quality Director or the Club Growth Director. 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 is acceptable). ▶ Review all Debit Card transactions to ensure that all payments made by the District Director were authorized in advance in writing by the Finance Manager and either the Program Quality Director or the Club Growth Director. Payments made by the Finance Manager must be authorized in advance by the District Director and either the Program Quality Director or the Club Growth Director. ▶ Identify Other District Expenses (gifts, flowers, expressions of sympathy, etc.) to ensure they are not lavish or excessive and that they support the mission of the District. Tokens of appreciation are allowed up to \$25. Donations are not permitted in lieu of flowers or to any charitable fund. Cash and cash equivalents, including but not limited to non-Toastmasters gift certificates, gift cards, or any other stored-value products, are not permitted. ▶ Identify travel expenses and ensure the District is not expensing fuel costs or vehicle rentals. Instead, the District may reimburse for mileage. ▶ Review all meal expense reimbursements for District Leader August and Mid-year trainings to ensure that if the District Director, Program Quality Director, and Club Growth Director were reimbursed for their meals purchased, they only received up to \$50 a day with supporting receipts. (Meal expenses are NOT covered by a per diem.) 	

Audit Committee Member Signature

Date

Audit Committee Member Signature

Date

Audit Committee Member Signature

Date