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:

Quarter 1
- July Monthly Profit and Loss Statement
- August Monthly Profit and Loss Statement
- September Monthly Profit and Loss Statement

Quarter 2 (Mid-year)
- October Monthly Profit and Loss Statement
- November Monthly Profit and Loss Statement
- December Monthly Profit and Loss Statement

Quarter 3
- January Monthly Profit and Loss Statement
- February Monthly Profit and Loss Statement
- March Monthly Profit and Loss Statement

Quarter 4 (Year-end)
- April Monthly Profit and Loss Statement
- May Monthly Profit and Loss Statement
- June Monthly Profit and Loss Statement

These reports provide essential 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 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: during the Mid-year Audit and the Year-end Audit. 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:
- Current members of Toastmasters International, which are annually appointed by the District Director.
- Trained in basic accounting or have accounting experience (preferred but not required).
- Not part of the District Executive Committee: District Director, Program Quality Director, Club Growth Director, Public Relations Manager, Administration Manager, Finance Manager, Division Director, Area Director, and Immediate Past District Director.

Audit Committee Responsibilities

The Audit Committee has the responsibility to ensure that the Mid-year and Year-end Profit and Loss Statements accurately reflect District revenue 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:

- The Concur Audit Role walkthrough and Concur Auditor login details.
- All monthly Profit and Loss Statements supporting the Mid-year or Year-end Audit report.
- All documents (vouchers, bank statements, receipts, etc.) supporting every financial transaction.
- Receipts Register report.
- Bills Register report.
- Check Register report.

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 Quarter 2 (mid-year) or Quarter 4 (year-end) report, and email (districtfinancialreports@toastmasters.org) or 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**
- **9127 S. Jamaica St., Suite 400**
- **Englewood, CO 80112**

Alternatively, the audit can be uploaded in District Central by the Finance Manager and/or District Director.

If you have questions, please email districtfinancialreports@toastmasters.org. The Mid-year Audit documents are due to World Headquarters no later than February 15, and the Year-end Audit documents are due no later than August 31.

Audit Committee Guidelines

District # 112

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

PROCEDURES TO BE COMPLETED	COMPLETED BY
A. ORGANIZATION	
1. Obtain all documents, from the **Preparing for the Audit** section, for the Mid-year or Year-end Audit, and sort them in the following manner: ➢ Stack #1: Sort Profit and Loss Statements, Bank Statements, and District Reserve Statements into separate groups, and in chronological order. ➢ Stack #2: Sort all other supporting documents in the order they appear on the Receipts Register, and then Check Register. Receipts supporting documents should be placed behind the Receipts Register, and the payment supporting documents should be placed behind the Bills and Check Registers.	
B. SUBSTANTIATING TRANSACTIONS	
2. To ensure that all transactions are adequately supported, perform the following procedures: ➢ Trace and agree all transactions on the Receipt Register, Bills Register, and Check Register to their respective supporting documentation. ➢ Place a checkmark (✓) on the Receipt Register and Check Register next to each transaction that has supporting documents. The only transactions that should not be marked are the ones missing supporting documentation. ➢ 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 note of it in your Audit Committee Report, and provide a copy to the District Leadership team.	

PROCEDURES TO BE COMPLETED	COMPLETED BY
C. POLICY REVIEW	
3. To ensure that transactions were executed within the company policies, perform the following procedures: • 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. • Review all meal expense reimbursements for District Leader August and Mid-year trainings to ensure the district director, program quality director, and club growth director were reimbursed for their meals purchased, up to $30 a day with supporting receipts. (Meal expenses are NOT covered by a per diem.)	NA - checks not used 21/7/22 21/7/22 21/7/22 21/7/22 21/7/22

AUDIT COMMITTEE MEMBER SIGNATURE — DATE: 21-7-22

AUDIT COMMITTEE MEMBER SIGNATURE — DATE: August 29, 2022

AUDIT COMMITTEE MEMBER SIGNATURE — DATE: 29 Aug 2022