

Name Neighborhood Association**Fiscal Year Ended Month Year****Audit Program**

Include neighborhood background, if desired.

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This audit program is only a guide and is not intended to replace the auditors' judgment. The audit program should be revised, as necessary, to fit the requirements of each annual audit.

Provided by Rita Armer, Walnut Creek Estates Neighborhood Assoc.

Step #	Objective	Results
0.0	Administration	
0.1	<u>Auditor Information</u> Document the names and contact information of the neighborhood residents who were selected to complete the annual audit.	
0.2	<u>Budget</u> Prepare an estimated time budget and document key dates (e.g., commencement, conclusion, draft report issuance, final report issuance, and discussion of final report at NA meeting). If determined necessary, prepare an expense budget. Submit the expense budget to the NA President and Treasurer for approval.	
0.3	<u>WCENA Officers</u> Prepare a list of NA officers, including contact information. If available, include information for both outgoing and incoming officers.	
0.4	<u>Audit Commencement Notification</u> Prepare an e-mail documenting the audit purpose, scope, and duration. Submit the notification to the NA officers.	
1.0	Planning To establish an understanding of NA internal controls, accounting system, document flow, and activities.	
1.1	<u>Prior Audit</u> Review prior year audit (e.g., work papers, memoranda, financial statements, tax returns, report, and any other documents considered relevant). Determine whether the work done by the prior auditors can be relied upon with regard to beginning balances. Contact the prior year auditors to determine if there were any unusual problems or information that would be applicable to the current year audit.	
1.2	<u>Officer Interviews</u> Interview the NA Treasurer to obtain an understanding of the internal control structure, accounting system, document flow, and activities. As determined necessary, interview other NA officers.	
2.0	Testing To determine 1) compliance with the Neighborhood	

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	Alliance of Central Oklahoma (Neighborhood Alliance) guidelines, 2) adequacy of internal controls, 3) effectiveness and efficiency of the accounting system and document flow, and 4) existence, ownership, and availability of recorded cash balances.	
2.1	<p><u>Neighborhood Alliance Guidelines</u> Review the Neighborhood Alliance guidance on the following and determine NA compliance:</p> <ul style="list-style-type: none"> • By-Laws (<i>while reviewing NA by-laws, identify any audit requirements and update the audit program as appropriate</i>) • Incorporation • Bank Accounts • Strategic Planning • New Leadership • Officer Roles & Block Captains <p>Compliance with the Neighborhood Alliance guidelines is not required, but variances with NA operations may identify opportunities for improvements.</p> <p><i>If testing was completed during the prior audit, review changes only.</i></p>	
2.2	<p><u>Meeting Minutes</u> Obtain and review all NA meeting and NA Board of Director minutes for the audit period.</p> <p>Summarize important details of each meeting. Important details include, but are not limited to the following:</p> <ul style="list-style-type: none"> • Explanations of budget variances • Explanations of large repair items • Discussion of replacement reserve funding needs • Opening and closing of bank accounts • Bad debt or uncollectible receivables • Unpaid liabilities or payables • Transactions with relates parties 	
2.3	<p><u>NA Funds</u> To determine 1) the existence, ownership, and availability of recorded cash balances and 2) the propriety of account inflows and outflows obtain the bank statements for all NA accounts for the past 12 months and complete the following:</p> <ol style="list-style-type: none"> 1. Input activity from the bank statements into an Excel schedule. 2. Review bank statement activity to determine check completeness. Identify the last check issued from the prior audit period and the next unused check to determine the range of checks from the audit period. Determine if checks were issued sequentially and accounted for. Identify and investigate missing checks. 3. Test credits (payments) and reconcile to NA 	

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	<p>register. Ensure payments are appropriate and supported by receipts and that checks are signed by two NA officers (or one officer, but not the officer writing the check).</p> <p>4. Test debits (deposits) and reconcile to NA register. Ensure that incoming NA dues are applied properly, etc.</p> <p>5. Prepare a cash flow.</p>	
2.4	<p><u>Analytical Review & Budget</u> Obtain the cash from the prior audit period. Compare income and expenditures for the current audit period against the prior audit period. Investigate any material variances.</p> <p>Obtain a copy of the current period's budget and review significant budget variances with the NA Treasurer. If available, obtain a copy of the budget for the year following the period under audit and note any significant changes. Compare the budget to the cash flow to determine if it appears to be feasible. Consider disclosing any significant changes and or deficiencies.</p>	
2.5	<p><u>Vendor Selection & Qualification</u> From discussions with NA officers and review of the expenses for the past 12 months, identify vendors used (e.g., common area lawn vendor). Determine if there were adequate controls in place to select vendors (were services competitively bid). Also, for each vendor, determine if they appear to be qualified to provide the goods / services and, if applicable, do they possess the necessary insurance.</p> <p>Any related party transactions (e.g., hiring friends or family as outside contractors, vendors, etc.) should be evaluated for propriety.</p>	
2.6	<p><u>Bank Account Reconciliations</u> Select a sample of three bank statements from the past 12 months. Determine if the bank reconciliations were completed timely and accurately. Ensure that bank reconciliations were signed by the preparer and were reviewed and approved by a second NA officer.</p>	
2.7	<p><u>Invoicing & Collection of NA Dues</u> Determine if invoices are distributed to neighborhood residents for annual dues. If so, ensure that the invoice template suggests that payment be made to the NA, not an officer.</p> <p>Determine the controls in place to ensure proper recording and application of annual dues from residents.</p> <p>For the current audit period, determine the percentage of residents who paid annual dues. If the percentage is low, brainstorm to identify recommendations for an increased payment percentage.</p>	

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2.8	<u>Funding for Major Repairs and Replacements</u> Obtain information on any funding programs for major repairs and replacements. Determine if the NA is in compliance with any requirements or restrictions related to the funding.	
2.9	<u>Other Considerations</u> Determine if the NA has any: <ul style="list-style-type: none">• Prepaid expenses (e.g., insurance)• Accrued liabilities• Non-cancellable leases• Taxes• Commitments, contingencies, or subsequent events (e.g., litigation in process) If so, review these items as determined necessary.	
3.0	Reporting	
3.1	<u>Draft Report</u> Prepare a draft report documenting the audit scope and background, key operating highlights, distribution list, and audit results. Ensure the report reconciles to the audit work papers. Review the report to identify and correct any spelling and grammatical errors. Present the draft report to the NA officers for input.	
3.2	<u>Final Report</u> Revise the final report for any input from the NA officers. Ensure work papers are updated for report revisions, as applicable. Review the report to identify and correct any spelling and grammatical errors. Issue the final report to the NA officers.	
3.3	<u>Report Presentation</u> Present the audit results and the final audit report at the annual NA meeting. Provide an electronic copy of the audit report, work papers, and other relevant documentation to the NA President and Treasurer for retention.	

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Neighborhood Map

Include neighborhood map, if desired.