

Fiscal Year End: \_\_\_\_\_, 202\_\_

Include neighborhood association background, if desired.

*This self-audit tool only a guide and should be revised, ONLY as needed, to fit requirements of each annual audit.*

Step #	Objective	Results
<b>0.0</b>	<b>Administration</b>	
0.1	<u>Auditor Information</u> Document the names and contact information of the neighbors who were selected to complete the annual audit	
0.2	<u>Budget</u> Prepare an estimated timeline (start, completion report due date, file report due date, presentation at Annual Meeting)  If necessary, prepare a small budget for expenses, like printing, and submit to the Treasurer for approval	
0.3	<u>Officers/Leadership Team</u> Prepare a list of officers/leadership team members, including contact information	
0.4	<u>Audit Commencement Notification</u> Prepare an email documenting the audit purpose, scope, and duration; send the notification to officers/leadership team	
<b>1.0</b>	<b>Planning</b> To establish an understanding of neighborhood policies and procedures, accounting systems, and activities	
1.1	<u>Prior Audit</u> Review prior year’s audit. 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 ear audit.	
1.2	<u>Officer Interviews</u> Interview the Treasurer to obtain an understanding of internal controls, accounting, document flower, and activities; if necessary, interview other officers/LT members	

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<b>2.0</b>	<b>Testing</b>	
2.1	<p><u>NACOK Guidelines</u>                  Review the following and determine compliance:</p> <ul style="list-style-type: none"> <li>- Bylaws (while reviewing bylaws, identify any audit requirements and suggest amendments as needed)</li> <li>- Incorporation from Secretary of State (if it is up to date)</li> <li>- Bank accounts and EIN</li> <li>- Strategic planning, if exists</li> <li>- Leadership</li> <li>- Officer roles/committee chairs/block captains</li> </ul>	
2.2	<p><u>Meeting Minutes</u>                  Obtain and review all general and Board of Director meeting minutes for the audit period</p> <p>Summarize important details of each meeting; important details could include:</p> <ul style="list-style-type: none"> <li>- Explanations of budget changes or amendments</li> <li>- Explanation of large repair items</li> <li>- Discussion of reserve funding needs</li> <li>- Opening or closing of bank accounts</li> <li>- Bad debt or uncollectible funds</li> <li>- Unpaid liabilities or bills</li> <li>- Transactions made</li> </ul>	
2.3	<p><u>Association Funds</u>                  To ensure the accuracy of the funding balance and to understand the money going in and out, obtain bank statements for all NA account for the last 12 months</p> <ul style="list-style-type: none"> <li>- Enter information from bank statements into a spreadsheet</li> <li>- Review bank statement activity to determine accuracy of debit and check transactions; identify and investigate missing checks or unauthorized electronic payments</li> <li>- Ensure payments are appropriate and supported by receipts</li> <li>- Ensure deposits are appropriate and dues are recorded properly</li> </ul>	
2.4	<u>Analytical Review &amp; Budget</u>	

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	<p>Obtain the financial records from prior audit periods. Compare income and expenditures for the current audit period against the prior audit period. Investigate any discrepancies.</p> <p>Obtain a copy of the current period’s budget and review significant discrepancies with the NA Treasurer. If available, obtain a copy of the budget for the year following the period under audit and not any significant changes. Compare the budget to the cash flow and determine if it appears to be feasible.</p>	
<p>2.5</p>	<p><u>Vendor Selection &amp; Qualifications</u>                  Following discussions with leadership and review of expenses for the past 12 months, identify vendors used (e.g., landscaping, bounce house rental). Determine if there were adequate controls in place to select vendors, such as a bid process; for each vendor, determine if they were qualified to provide the good or service (did they have appropriate insurance, licensing, etc.)</p> <p>Any “related party” transactions (ex: hiring friends or family as outside vendors or contractors) should be evaluated for any conflicts of interest</p>	
<p>2.6</p>	<p><u>Bank Account Reconciliations</u>                  Select a sample of three bank statements from the past 12 months</p> <p>Determine if these bank statements were reviewed by the Treasurer in a timely manner after being issued by the banking institution; if there is more than one bank account, do for each separate account</p>	
<p>2.7</p>	<p><u>Invoicing &amp; Collection of Dues</u>                  Determine if invoices are distributed to neighbors for annual dues; if so, ensure the invoice template suggest payment be made to the neighborhood, not an officer/LT member</p> <p>Determine controls in place to ensure proper recording and application of annual dues from neighbors</p>	

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	For current audit period, determine percentage of neighbors who paid annual dues; if the percentage is low, brainstorm to identify recommendations for increased participation	
2.8	<u>Funding for Major Repairs and Replacements</u> If applicable, obtain information on any funding programs for major repairs and/or replacements; determine if the neighborhood is following any requirements or restrictions related to the funding or its source	
2.9	<u>Other Considerations</u> Determine, then review, any of the following: <ul style="list-style-type: none"> <li>- Prepaid expenses (e.g., insurance)</li> <li>- Unpaid expenses</li> <li>- Non-cancellable leases or contracts</li> <li>- Taxes</li> <li>- Commitments, contingencies, or subsequent events (e.g., litigation in process)</li> </ul>	
<b>3.0</b>	<b>Reporting</b>	
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 matches the audit findings  Review the report to identify and correct any spelling and grammatical errors  Issue the final report to officers/LT members	
3.2	<u>Final Report</u> Revise the final report for any feedback from leadership  Ensure audit findings are updated for report revisions, if applicable  Review the report to identify and correct any spelling and grammatical errors  Issue the final report to neighborhood leadership	
3.3	<u>Report Presentation</u> Present the audit results and the final audit report at the annual NA meeting.	

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	Provide an electronic copy of the audit report, work papers, and other relevant documentation to the NA Leadership and Treasurer for retention.	
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