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AYSO Regional Auditor

Identifier	MGT-12
Revision	3
Effective Date	March 2003
Class Length	1 hour 15 minutes

Change Summary	
January 2003	Original Lesson Plan
March 2003	Updated to clarify the fact that the audit is a spot check
July, 2003	Revised instructor notes, inserted new job descriptions, revised checklist
November, 2004	Revised outline format
September, 2005	Lesson Plan Modified
September, 2006	Lesson Plan Updated

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1. Lesson Plan Goals

To train volunteers to serve as auditors in accordance with the position description, policies and procedures of AYSO as they relate to this position.

2. Class Length

1 hour, 15 minutes

3. Instructor Requirements

Advanced Management Instructor familiar with AYSO financial policies

4. Learning Objectives

- To understand the importance of the auditor position in the operation of a section/area/region.
- To understand the auditor's position description and the importance of following it.
- To review the recommended AYSO audit procedure.

5. Student Skills Acquired

The student will use a step by step checklist procedure to effectively conduct a financial audit to protect program assets.

6. Prerequisites

None

7. Materials

AYSO Treasurer Manual

Budget Form

NAP Report (sample)

Optional - Samples of:

- Bank statement
- Cancelled checks
- Deposit tickets
- Deposit worksheet
- Bank signature card
- Paid invoice
- Monthly Deposit Report Form

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8. Equipment

Flip chart
Markers

9. Special Instructor Notes

This workshop is intended to provide guidelines for the conduct of a financial audit. The instructor should stress that the depth and time spent performing an audit should commensurate with the audit observations and finances involved.

The instructor should emphasize to the students that the AYSO audit procedure is essentially a spot check. It is designed to allow someone with little or no accounting or auditing experience to confirm that proper financial procedures are followed and to correct any improper procedures or controls. It does not use a statistical sampling of records nor is it intended to follow formal auditing rules found in the business world. The depth of any specific audit should be directly related to observations made during the periodic review of reports or any unusual transactions discovered during the year.

These are the icons that will be used throughout the lesson:

-  Activity
-  Key (Critical) Point
-  Question
-  Instructor Note
-  Handout
-  PowerPoint
-  Nuts and Bolts

10. Body (Lesson Procedure)

Introduction

Introduce yourself as the workshop leader and any co-instructors, as well as your topic.

-  Distribute handout in Management book (available at Section Conferences)

? WHY DO WE TEACH THIS SUBJECT?

A. Why do we need auditors?

- 1) AYSO is a single, non-profit corporation
 - a) IRS and State laws require that certain financial rules must be followed to maintain this non-profit status
 - b) The assets of each region (money, equipment, etc.) belong to the entire organization
 - c) The liabilities of each region (bills, leases, lawsuits, losses due to carelessness, fraud & embezzlement, etc.) belong to the entire organization
- 2) Most regions are really like a small business, run by people who do not necessarily have business experience. Sadly, in a few isolated instances, regions have been victimized by the unethical or criminal actions of fellow volunteers. Relate a story or two about financial problems and losses faced by AYSO (could be actual or hypothetical – but do not use people’s names!). The following are examples:
 - a) Un-coded deposits - regions not forwarding Monthly Deposit Report Form to the NSTC. Potential tax bill of \$9.6 million for fiscal 2003 alone!
 - b) Regional commissioner, whose wife is also the regional treasurer, paid the rent on his business with region monies – as much as \$120,000 found missing after audit
 - c) A region shuts down and the board transfers all the assets to another organization
 - d) An RC takes his family on a trip to Hawaii on region funds, saying he earned it for all the time he put in.
- 3) AYSO has well-established financial procedures and controls
 - a) Outlined in treasurer manual
 - b) Simple to follow – many treasurers are just moms or dads, not sophisticated money managers
 - c) The National Accounting Program (NAP) is there to relieve regional treasurers from a lot of the busy work, but is only as good as the info provided.
- 4) We need independent, third parties to lend an eye and provide a check to be sure procedures are followed and that the right info is forwarded
 - a) Make reference to the memo from the national treasurer included in the handouts
 - b) Reinforces why we need auditors

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B. Job Description ( distribute job description handout to each participant or refer to it in the Management Handbook)

- 1) Purpose:
 - a) Executive members (i.e. RC, AD or SD) have the ultimate responsibility over finances
 - b) Financial auditor assists executive members through a review and reporting mechanism
 - c) Executive member is to follow up if necessary – not auditor
- 2) Duties and responsibilities
 - a) Perform an annual “check up” using the questionnaire/checklist described later
 - b) Just a spot check – not a real “audit” as is done in the business world
 - c) A little more frequently, look at the NAP report
 - d) May be asked to check out another region or area
 - e) Must report to NSTC and section director anything that looks suspicious or where there are large, unexpected outflows of money or assets
- 3) Qualifications and desired skills
 - a) Do not have to be a professional money manager – (it would be recommended)
 - b) Good to have experience as an AYSO Treasurer – but is not required
 - c) Must be independent and objective, and possess a reputation for honest and ethical behavior
 - d) Restrictions
 - i) Cannot be a voting member of the board and serve as Auditor
 - ii) If previously a treasurer, cannot audit an account you once controlled until an audit is completed by someone else and approved by the AD or SD.
 - iii) May even be restricted from auditing such an account if there are plenty of other auditors.
 - iv) May not have an immediate family member who is the RC, treasurer, area director or section director of any account you may audit
- 4) Supervision Protocols
 - a) Be familiar with Treasurer Manual, Reference Manual, Regional Guidelines, etc.
 - b) The Executive member is your boss
 - i) Regional auditor reports to regional commissioner or above
 - ii) Area auditor reports to area director or above

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- iii) Section auditor reports to section director or NSTC
 - c) If in a situation where kids are present
 - i) Ensure there is one adult for every eight kids
 - ii) Never be left alone with kids (other than your own)
- 5) Time Commitment
 - a) One year term
 - b) Periodic checks should take no more than one hour to complete
 - c) Spot check audit should take [X] hours to complete
 - d) Post-audit report should take no more than two hours to complete
- 6) Training
 - a) Orientation by RC
 - b) Entry level AYSO Management course (BASIC)
 - c) Treasurer workshop (if not completed previously)
 - d) Auditor workshop
 - e) Any Annual Auditor updates as they are offered
- 7) Activity Locations
 - a) Periodic reviews and spot check audits usually at home of treasurer or at regional board meeting sites
 - b) Analyses and reports prepared at your home or office
 - c) Training takes place somewhere in your area or section or at the annual section conference

C. General

- 1) Where appropriate, support may be given by the NSTC staff.
- 2) Under certain circumstances, it may become necessary to engage the service of a paid professional auditor. This may only be done with the approval of the Section Director.
- 3) The costs of such service will be the responsibility of the region, area or section being audited.

D. ~~X~~The Audit Procedure

- 1) Contact the treasurer and schedule a time to begin the audit at his/her convenience
 - a) Any treasurer or RC who refuses to setup an appointment, who insists on a date more than 4 weeks ahead or who keeps canceling appointments should send up a red flag. Report this to the RC or the next highest executive member.

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- 2) Send the Request for Documents Memo to the treasurer asking to have the following documents and records available for you to see at the audit:
 - a) A list with the names of all the people who are on the board
 - b) A copy of the annual budget as submitted
 - c) A schedule of the fees charged to participants (registration fee schedule, tournament entry fees, referee deposits, concession stand price list, commemorative apparel prices, etc.)
 - d) The total number of registered players
 - e) An annual calendar showing all scheduled activities (registration dates, game days, tournament dates, etc.)
 - f) Selected (or all) bank statements for all accounts (checking, savings, CD, reserve account, field development account, credit card accounts, etc.)
 - g) Selected (or all) reconciliations of those accounts
 - h) Selected (or all) cancelled checks or copies of cancelled checks
 - i) Selected (or all) NAP reports supplied by the NSTC
 - j) Selected (or all) Monthly Deposit Report Forms
 - k) Cash receipt books
 - l) Selected (or all) paid and unpaid invoices
- 3) Direct the students to the audit checklist included in the handouts.
- 4) Use questioning techniques to guide the students into an understanding of how to conduct the audit to get the answers that the checklist seeks. For instance:
 - a) "How can you determine if the treasurer has received the AYSO training?"
 - i) Ask them.
 - ii) Look them up on eAYSO.
 - iii) Call the NSTC and have someone check.
 - b) It is poor practice to have signed, blank checks around. Cash Disbursements question 4 asks about this.
 - i) You could merely ask the question as written; or
 - ii) You could ask, "Show me where you keep the signed, blank checks?"
 - c) Cash Receipts question 1 asks, "When handling cash, are at least 2 people present?" How do you find this out?
 - i) Ask them.
 - ii) Ask to see a cash reconciliation report

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- iii) Drop by registration or by the concession stand at the conclusion of the day
- 5) Call on several participants and ask them how they would secure the requested information for the following questions on the checklist:
 - a) General Question 3: The bank accounts are reconciled monthly
 - i) Ask to see a reconciliation. Then ask to see another.
 - ii) Instructor should show an example of a reconciliation
 - b) General Question 11: There was no evidence of telephone or electronic transfers
 - i) Study at least two bank statements to see if any are indicated OR
 - ii) Ask who is authorized to make telephone and/or electronic transfers OR
 - iii) Ask to see bank confirmations for telephone or electronic transfers
 - c) Cash Disbursement question 4: All cash is deposited the next banking day
 - i) Check the calendar provided for a registration date or game date, then compare with the bank deposit slips around that date
- 6) Review the Cover Sheet and the second page of the checklist reinforcing the information asked for there.
- 7) Emphasize timely completion of the checklist and delivering or mailing the report with all the attachments to the requesting executive member or auditor (keep a copy).

11. Conclusion (Closure)

Through questioning techniques, ensure the participants have an understanding of why periodic financial audits are necessary, what the duties and responsibilities of the financial auditor include and how the audit checklist serves as an effective aid in performing audits.

12. Confirmation (Testing, Assessment, Evaluation)

None

13. Bridge (Transition)

None

14. Attachments

None



Handouts

Regional Auditor Training



Job Description and Responsibilities of the Regional Auditor

Purpose

The AYSO volunteer position of Regional Auditor is intended to assist the Regional Commissioner in his/her fiduciary responsibilities to protect the organization's assets by monitoring, reviewing and reporting on regional financial controls and records.

Specific Duties and Responsibilities

The Regional Auditor is expected to:

1. Review the region's accounting practices and verify that they are in compliance with the AYSO treasurer manual requirements;
2. Check on a regular basis to verify that approved internal control procedures are being followed;
3. At least annually, or more frequently if requested, review the canceled checks, bank deposits, and bank transfers;
4. At least annually, or more frequently if requested, review the reconciliation of the region's bank and savings accounts;
5. Periodically review the financial report prepared by the National Support & Training Center (NAP report);
6. Periodically compare actual revenues and expenditures to the region's annual budget and analyze any material variance; and
7. At least annually, or more frequently if requested, submit a report to the Area Director with a copy to the Regional Commissioner.
8. At least annually, or more frequently if requested, meet with the Area Auditor; and
9. Upon request of the Executive Director, Chief Business Officer, **National Treasurer**, a Section Director, an Area Director or any other Regional Commissioner, perform audit services at other places and at such times as needed, subject to personal availability;
10. If at any time an auditor has reason to suspect that regional, area or section funds are being mishandled or are the subject of fraud or theft that places the monies or assets of the organization in immediate or imminent risk, the auditor shall immediately convey via telephone or e-mail such suspicion as well as all related evidence to the Chief Business Officer or his/her designee at the NSTC. Additionally, the auditor should immediately

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notify the appropriate Section Director of such suspicions. At the discretion of the Section Director, the Area Director will be timely notified.

Qualifications and Desired Skills

To be considered for the position of Regional Auditor, it is desirable, but not required, that the applicant:

1. Have some managerial and financial experience; and
2. Have experience as a regional treasurer. In no instance may a volunteer serve as a Regional Auditor in the same region where he/she served as a treasurer unless and until an audit of the region's finances has been completed by another AYSO Auditor appointed by the Regional Commissioner.

Supervision Protocols

While performing as the Regional Auditor, the volunteer is:

1. Subject to the bylaws, rules, regulations, policies, procedures, and guidelines of AYSO;
2. Under the overall authority of and directly supervised by the Regional Commissioner; and
3. If applicable, to maintain the recommended adult to child supervision ratio of 1:8 or less; that is one adult for every eight or fewer children and two adults (one of whom may be the coach and one of whom should be of the same gender as the group) present at all times. For the protection of both the children and the volunteer, no volunteer should permit himself or herself to be alone with any child or group of children (except his or her own) during AYSO-sponsored activities.

Time Commitment

The term for a Regional Auditor is a full year. The estimated hours to fulfill duties by month shall be filled in by the Regional Commissioner:

Jan:	hrs.	Feb:	hrs.	Mar:	hrs.	Apr:	hrs.	May:	hrs.	Jun:	hrs.
Jul:	hrs.	Aug:	hrs.	Sep:	hrs.	Oct:	hrs.	Nov:	hrs.	Dec:	hrs.

Orientation, Training, Certification, and Continued Education Provided

To prepare a volunteer for the position of Regional Auditor, AYSO will offer the following educational opportunities. It is the duty of the volunteer to attend these sessions at least once:

1. Orientation by the Regional Commissioner;
2. Board and Staff Introductory Certification (BASIC);
3. Treasurer Tier I and any subsequent Tier II workshops;
4. Auditor workshop; and
5. Any Auditor Update workshops as may be developed and presented from time to time.

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Activity Locations

The duties of the Regional Auditor will be conducted in the following locations, unless permission to hold activities in another location is expressly granted in writing by the Regional Commissioner:

1. Independent work at home alone or in committees of adults;
2. Assigned classroom locations;
3. Regional Board meetings; and
4. The annual Section Conference.

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AUDIT PROGRAM

This Audit is conducted at:

<i>Section</i>	<i>Area</i>	<i>Region</i>

Contact information for Regional Treasurer (or Regional Commissioner if no Treasurer)

Name: _____

Address: _____

Phone: _____ E-mail _____

Time period covered by audit (fiscal year ended June 30, _____.)

Annual player registration fee(s)

\$_____ for the first child \$_____ for the second child (if less)

\$_____ for the third child (if less) \$_____ maximum charged per family

Number of registered players: _____.

Players on scholarship (if any) _____.

I reviewed the following accounts: (include type of account i.e., checking, savings, CD, etc., financial institution and account numbers. If more than space permits, include another sheet of paper.)

<i>Financial Auditor</i>	<i>Date</i>

By signing below, I am indicating that I have reviewed the attached audit report and results.

<i>Regional Commissioner</i>	<i>Date</i>

<i>Area Director</i>	<i>Date</i>

Regional Auditor Training

Instructions to the Auditor: Please complete all of the steps listed and answer all of the questions. The audit process applies to ALL of the Region's, Area's or Section's bank accounts. Where appropriate, points or issues that require explanations should be written in the space provided or on a separate attachment. If questions arise during the audit that cannot be satisfactorily answered by the respective Treasurer or Executive Member, please contact your Area Auditor or Area Director or the NSTC. Upon completion, the original report should be promptly sent to the Area Auditor or Area Director. (NOTE: If an Area Audit, substitute Section Auditor and Section Director.) Please submit a copy to the Treasurer and Regional Commissioner (Area Director) and if appropriate, make a verbal report (summarizing the written report) to the Regional Board of Directors.

Auditor's contact information:

Name: _____

Address: _____

Phone: _____ E-mail: _____

Section: _____ Area: _____ Region: _____

Regional Auditor Training

Audit Steps: For any of the following items, please check “yes”, “no”, or “N/A”. Add comments where appropriate or necessary.

Audit Step or Procedure	Yes	No	N/A	Comments
General:				
1. A Treasurer has been appointed to keep the regional (area) financial records.				Date appointed _____
2. The Treasurer has attended AYSO Treasurer training.				
3. The bank accounts are reconciled on a monthly basis.				
4. The person who reconciles the bank accounts is not a signatory on those accounts.				
5. An annual budget is prepared and filed with the NSTC on a timely basis (on or before June 1).				
6. The region has an internal report that compares the income and expenses listed on the NAP report to the yearly budget.				
7. The RC reviews the monthly financial report prepared by the NSTC and questions unusual expenditures and less than normal receipts, if any.				
8. If an audit was completed previously, the audit report is available and you have reviewed it.				
9. All the documents and records requested in advance of the audit were available for you to see.				
10. There were no financial records that were lost, missing and/or not made available to you in a timely manner.				
11. There were no records of bank transfers made by telephone or electronically.				
Cash Receipts:				
1. When handling cash, there are at least two people present (not from the same household)?				
2. Is a cash receipt book maintained?				
3. Are receipts given to each payer?				
4. Were cash receipts deposited within 3 banking days of collection?				

Regional Auditor Training

Audit Step or Procedure	Yes	No	N/A	Comments
5. Where the region conducted in-person registration events, are there copies of Registration Reconciliation Forms or other evidence that two or more people reconciled the number of players who were registered to the registration payments collected?				
6. Are bank deposit slips prepared in duplicate and a copy retained?				
7. Does the <i>product</i> of the number of players registered <i>times</i> the registration fee equal the total deposits as shown on the NAP report?				
8. Are supporting documents retained for at least 5 years showing receipts for sponsorships, donations and other fundraising activities?				
9. When transfer deposits are made from other regional (area) accounts (tournament or fundraising), are the <i>source</i> accounts on NAP?				
10. Are receipts/acknowledgements given to donors, sponsors, etc.?				
Cash Disbursements:				
1. The authorized bank signature card is up to date and accurately names the current authorized check signers.				
2. None of the authorized check signers are from the same household.				
3. Are checks imprinted with "Two Signatures Required?"				
4. There are no signed, blank checks.				
5. Are all payments made by check?				
6. For any payment by cash, there are receipts.				
7. Does the RC, the Treasurer or any other volunteer review cancelled checks at least annually?				
8. Are the monthly bank statements for ALL bank accounts mailed to the NSTC?				
9. There are no credit card statements.				
10. There were no cash or check advances given to volunteers.				

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Audit Step or Procedure	Yes	No	N/A	Comments
11. For any cash or check advance given to volunteers, there are receipts that match the amount of the advance and indicate any cash returned				
12. While actually examining invoices, receipts, cancelled checks, etc. (NOTE: this is to be done on a test basis, not a 100% examination of all transactions) please note the following:				
a) There are no missing blank checks.				
b) Checks are only used in numerical order.				
c) Unused blank checks are not pre-signed.				
d) Unused blank checks are stored in a locked container.				
e) Cancelled checks always have two signatures on them.				
f) Payments are consistent with AYSO policies, e.g., no alcohol, tobacco, personal expenditures.				
g) Checks are properly marked with NAP account codes.				
h) Paid invoices show proper cancellation. <i>(Marked paid with check number and date paid)</i>				
i) Paid invoices are carefully filed using a logical filing method. <i>(alpha, numerical or chronological)</i>				
j) Paid invoices are retained for five years.				
k) You checked a number of unpaid invoices and none of them were dated more than 60 days prior to the date of your audit.				
l) No board members are also vendors or supply paid services.				
m) If board members are also vendors or suppliers, they do not sign their own checks or approve their invoices for payment.				
n) Does the amount on cancelled checks match the amount on the paid invoices?				
o) Do endorsements on checks match the payee?				
p) Has the check data (payee or amount) been altered?				



American Youth Soccer Organization

MEMORANDUM

DATE: **July 30, 2003**

TO: **Executive Members**

FROM: **AYSO National Treasurer**

SUBJECT: **Safeguarding AYSO Assets**

Safeguarding AYSO assets and protecting the property of AYSO families and children entrusted to our care, is important to all of us. The AYSO Reference Book and the Regional Commissioner and Treasurer Manuals serve as written guides about our fiduciary responsibilities and also give us fairly specific instructions about our conduct and obligations to AYSO and the players.

One important volunteer position described in these materials is the position of Financial Auditor. Having a Financial Auditor on your region, area or section staff can be of great assistance to your region, area or section not only to help safeguard its assets, but also to improve its financial policies and practices by periodically and independently reviewing financial records and controls.

To assist you in recruiting and appointing a region, area, or section auditor, we have re-written the job descriptions to make it clear that any volunteer with or without a financial background is appropriate to fill that position. We also have developed a simple questionnaire/checklist to act as a guide for the lay person to use when conducting an audit. We have attached these materials for your reference. And, for the first time, we will have workshops and other update training available for region, area, and section Auditors who may desire further training.

Additionally, at the September 2002 NBOD meeting, the Board adopted a resolution that each section must have on its staff a certified Section Auditor. The Section Auditor serves to answer questions and assist in any audits of areas and regions within the section. The Board also has recommended that each area have an Area Auditor to be able to provide local assistance to the regions as well. Working together at all levels; we can help safe-guard the property of our AYSO players with the minimum burden on any program.

Your input and feedback is always welcome. Please contact me through the NSTC at (800) USA – AYSO, or pass along your comments and suggestions to Steven Meisberger, AYSO Chief Business Officer, at the NSTC at 800-USA-AYSO (ext 5450).

Thanks for all you do for the children, especially your efforts to safeguard their valuable assets.



American Youth Soccer Organization

MEMORANDUM

DATE:

TO:

FROM:

SUBJECT: **Request for Documents**

Thank you for cooperating in this important audit procedure. We have arranged to meet on _____ to conduct the review. To expedite the audit procedure, please have the following information, documents, and records available at that time:

- a) A list with the names of all the people who are on the board (committee, etc.)
- b) A copy of the annual budget as submitted
- c) A schedule of the fees charged to participants (registration fee schedule, tournament entry fees, referee deposits, concession stand price list, commemorative apparel prices, etc.)
- d) The total number of registered players
- e) An annual calendar showing all scheduled activities (registration dates, game days, tournament dates, etc.)
- f) _____ bank statements for all accounts (checking, savings, CD, reserve account, field development account, credit card accounts, etc.)
- g) _____ reconciliations of those accounts
- h) _____ cancelled checks or copies of cancelled checks
- i) _____ NAP reports supplied by the NSTC
- j) _____ Monthly Deposit Report Forms
- k) Cash receipt books
- l) _____ paid invoices (include all paid invoices over \$4,000.00 in large regions or \$2,000.00 in smaller regions)
- m) _____ unpaid invoices

If all requested information, documents, and records are ready, the audit should take ____ hours to complete. I look forward to seeing you on _____. If you have any questions, please don't hesitate to call me at _____.