**LSC Financial Assessment Program**

**LSC Name:** Click here to enter text.

**Completed By (Name & Email Address):** Click here to enter text.

**Date Completed:** Click here to enter a date.

**For Period Ending:** Click here to enter text.

**General Company Information**

**EIN:** Click here to enter text.

**Accrual or Cash Method of Accounting:** Choose an item.

**Name of General Chair:** Click here to enter text.

**Name of Treasurer:** Click here to enter text.

**Others Involved in Accounting Functions:** Click here to enter text.

**Name & Email Address of person who maintains books and records:**

Click here to enter text.

**Instructions:** The purpose of an internal audit is to provide an independent, objective look at an organization’s accounting practices/books with the intent of adding value to and improving an organization’s operations. The internal audit should help an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management (fraud prevention), control, and governance processes.

The size of many LSCs may impede the ability to adequately address internal controls of the day-to-day operations.

The purpose of this program is to analyze the LSC’s internal controls and accounting practices and to make recommendations for improvement. Most importantly, however, completion of this program should provide a reasonable assurance that the financial statements are fair and accurate and you should feel comfortable signing the 990. This program should be completed semi-annually and should be completed by a person who does not maintain the records or books for the LSC. As you complete this document, you will be asked to choose answers from drop down menus, check boxes, select dates, type text and attach documentation.

**Policies & Procedures Manuals**

An accounting manual should provide answers to questions, instruction to accounting personnel, and provide the means to apply consistent reporting of business transactions. The document must be useful and, more importantly, used. Therefore, it should be organized, complete, and consistent.

It should be available to all who need or think they need it. Certainly, the accounting staff needs the manual. Also, managers, and others who submit accounting data should have the manual available to them.

It should always be current. A plan or method for updating policies with changes, additions, or deletions to the document is a must.

The following sections of this program will address information that should be included in a Policies & Procedures manual.

* Does the LSC have written accounting policies and procedures established to describe the accounting system and ensure transactions are accounted for consistently (as described above)?

Choose an item.

**\*Attach a copy of the policies and procedures manual to this program.**

 [ ]  Clear lines of authority and responsibility have been documented.

 [ ]  Written policies establishing responsibilities for management and others have been made available to all staff and volunteers.

* Where do these documents reside?

 Click here to enter text.

**Budgets & Financial Statements**

It is important to report the financial position of the organization to the board of directors or other required individuals or agencies. Every organization presents this information differently, but a statement of financial position and a statement of activity should be prepared at a minimum.

During the year, a statement of activities documenting actual revenue and expenses for the reporting period should be compared to budgets for comparable periods. Any variance should be noted and explained.

The policies and procedures manual of an organization should contain information regarding the process for developing an annual budget.

The monitoring of the financial position of an organization in relation to the budget allows the Board of Directors to take action if needed.

In addition, **LSCs are required to send copies of year-end financial statements to USA Swimming, Inc. (According to USA Swimming Rulebook and LEAP requirements).**

* Are annual budgets and financials approved by the Board of Directors?

Choose an item.

**\*Attach sample of policy.**

* What is the process for making changes to a budget (authorization, etc.)?

Click here to enter text.

* How often are financial statement actuals compared to budgeted amounts?

Choose an item.

* Who is responsible for the periodic comparison of actuals to budgeted amounts?

Click here to enter text.

* How often are financial statements provided to the Board of Directors and other interested parties?

Choose an item.

**Assets**

**Current Assets**

**Cash & Equivalents**

The balance sheet shows the amount of cash and cash equivalents at a given point in time and the cash flow statement explains the change in cash and cash equivalents over time.

Although there is some room for interpretation, common examples of cash and cash equivalents include bank accounts, money market funds, and short-term investments.

The amount of cash and cash equivalents a company holds is very important and is a large piece of a company’s overall operating strategy.

***Petty Cash***

* Do you maintain a petty cash account?

Choose an item.

* Describe the process for payments from petty cash to include documentation and record-keeping.

Click here to enter text.

***Bank Accounts***

 [ ]  All accounts are on the books and financials.

* Are funds deposited in a bank with FDIC protection and on what date and by who was this verified?

Click here to enter text.

* Has the balance in any account exceeded the protection limits at any time during the period being reviewed? Document any issues below:

Click here to enter text.

* List all bank account numbers and corresponding general ledger account numbers:

Click here to enter text.

 [ ]  All accounts are held in the name of the LSC (not an individual).

* Do volunteers or employees of the LSC possess debit cards for any bank accounts? If so, list names:

Click here to enter text.

* Are all account signers authorized by the Board of Directors?

 Choose an item.

 [ ]  The LSC is in compliance with stipulations regarding who can sign checks and/or authorize payments and there is a process for ensuring the bank is notified immediately of all changes to signers.

* Please list the names and titles of the current account signers:

 Click here to enter text.

* Describe the LSC’s written cash control policies to include approval policies in place (authorization and documentation requirements before payment is made), check signers signing checks made payable to themselves or family members, signing of blank checks, the use of pre-numbered checks and their use in sequence, and the use of “Cash” as the payee on a check.

 Click here to enter text.

* Are these policies stated above strictly adhered to?

 Choose an item.

* Describe a time, when you might deviate from these cash control policies.

 Click here to enter text.

* Does the LSC use bill pay or other online payment methods?

 Choose an item.

* If yes, describe the approval polices for these transactions.

 Click here to enter text.

* Explain the process for voiding and cancelling of checks.

 Click here to enter text.

[ ]  Blank checks are never signed.

**Bank Reconciliations**

* Who performs the bank reconciliations for the LSC?

 Click here to enter text.

* How often is the activity in the bank accounts reviewed?

 Choose an item.

* How often are bank reconciliations performed?

 Choose an item.

* During the reconciliation process, are paid checks verified for date, name, and proper endorsements?

 Choose an item.

* During the reconciliation process, are large transactions checked for proper approval and documentation?

 Choose an item.

* Explain the process for recording bank charges and interest.

 Click here to enter text.

 [ ]  Completed reconciliations are tied to the corresponding general account.

**\*Attach most recent bank reconciliation.**

* Which officer not assigned to bookkeeping duties regularly inspects the bank statements and reconciliations?

 Click here to enter text.

USA Swimming has provided Crime Insurance coverage for LSCs since 1988. In order to renew the policy each year, the Philadelphia Insurance Company application asks if the following safeguards are in place for each LSC.

1. Dual signatures on checks and electronic payments in the amount of $5,000 or more; or a voucher/dual system approval process.
2. The person who issues checks can’t be the same person that balances the monthly bank statement;
3. An audit committee should review the LSC books at least semi-annually.

If a loss occurs and it is determined these safeguards were not in place, the insurance company may deny the claim if misrepresentations are made to the insurer.

The policy cancels immediately for those individuals upon discovery of any prior theft or dishonest act. Therefore, there is no insurance coverage if the LSC is aware of prior crimes.

**Receivables**

Account receivables are monies owed to the organization by another party. Typically, account receivables are recorded when services are rendered to earn revenue for the organization or promises to give are received by the organization.

* Describe the process (include frequency) for reviewing outstanding receivables and collection policies.

 Click here to enter text.

* Are there currently any disputes over amounts due to the LSC?

 Choose an item.

* If yes to the above questions, list those receivables which are in question.

 Click here to enter text.

* Are all outstanding account receivables recorded on the LSC’s financial statements?

 Choose an item.

**\*Attach a listing (subsidiary) of outstanding receivables as of the date of the last financial statement date.**

**Investments**

Short term investments are classified as current assets. In order for investments to be classified as short-term, they must meet two criteria:

1. They must be readily marketable (can be converted into cash on demand)
2. Management intends to convert the investment into cash within one year or operating cycle, whichever is longer.

Security investments that do not meet both criteria should be classified as long-term.

 [ ]  All investment accounts are held in the name of the LSC.

* If any investment accounts are not held in the name of the LSC, please explain.

 Click here to enter text.

* Provide list of all investment accounts to include name and account number and their corresponding General Ledger number.

 Click here to enter text.

 [ ]  Investments are carried at fair market value in the financial statements.

* How often are investment statement balances reconciled to financial statement balances?

 Choose an item.

* How are interest and dividend payments recorded in the financial statements?

 Click here to enter text.

 [ ]  Statements are provided periodically to the Board of Directors for review.

The following items pertain to the May 2011 LSC Investment Policy Recommendations as found on the USA Swimming website:

 [ ]  The LSC has an investment committee appointed by the board of directors and includes the LSC Treasurer.

 [ ]  The LSC has a written Investment Policy Statement (IPS) approved by the board of directors.

 [ ]  The LSC has obtained professional advice and a written service agreement clearly states how the advisor is compensated.

 [ ]  The LSC has a diversified portfolio to meet the IPS’s goals, objectives, and risk profile.

 [ ]  The advisor for the LSC is free of any conflicts of interest (real or perceived) with members of the board of directors and investment committee.

 **\*Attach a copy of the LSC’s written Investment Policy Statement.**

**Property & Equipment**

Property & equipment is a classification on the balance sheet of non-current productive fixed assets, such as buildings, capital leases, computers, fixtures, furniture, land, vehicles, etc. These assets have a useful life of more than one year and are shown in the financials at their book value (determined by netting the asset account and the corresponding accumulated depreciation account).

The LSC should establish a “capitalization policy”. All items above an amount set by the LSC are treated as assets, while items with a cost below the threshold are expensed when purchased.

* Have you adopted a capitalization threshold and policy?

 Choose an item.

**\*Attach capitalization policy.**

* Is a subsidiary schedule of fixed assets prepared and updated regularly to include description, cost, and date of purchase?

 Choose an item.

 **\*Attach current schedule of all fixed assets.**

* Does this schedule reconcile to the general ledger (financial statements)?

 Choose an item.

* Provide a list of any volunteers who have custody of assets owned by the LSC (who and what):

 Click here to enter text.

* Describe process for regular verification of assets for condition and location.

 Click here to enter text.

* Describe process for disposal of assets from the subsidiary list and general ledger.

 Click here to enter text.

* Are valuable assets covered by insurance?

 Choose an item.

 [ ]  Fixed assets are being depreciated in accordance with GAAP.

**Liabilities and Net Assets**

**Payables**

Accounts payable is an entity’s short-term obligation to pay suppliers for products and services, which the entity purchased on credit.

* Do you keep a schedule of unpaid invoices including name, amount, and due date?

 Choose an item.

 **\*Attach schedule.**

* Does the schedule of unpaid invoices agree to the general ledger and financial statement?

 Choose an item.

* If you answered “no” to the previous question, please explain.

 Click here to enter text.

* Are amounts owed properly recorded as a payable in the correct period (year-end)?

 Choose an item.

* Are there currently any disputes with vendors over amounts owed? Please list and describe the issues.

Click here to enter text.

**Other Liabilities**

***Payroll***

Payroll is the payment required to pay employees and to remit related taxes to various government entities for a designated work period for which employees are entitled to receive a single payment.

Perhaps one of the biggest issues associated with payroll is determining if an individual should be paid as an employee through payroll or as an independent contractor through accounts payable. Misclassification of an independent contractor may have a number of costly legal consequences.

Visit the IRS independent contractor or employee guide (Topic 762) to learn about the tax implications of either scenario.

* Does your LSC have employees?

 Choose an item.

 [ ]  The LSC utilizes a payroll service.

* Describe the process for each of the following:
* Authorization of wage levels and hour requirements

 Click here to enter text.

* Verification and record-keeping for all hired employees (I-9s and W-4s)

 Click here to enter text.

* Recording of time (hours worked and leave time-vacation and/or sick)

 Click here to enter text.

* Approval of time sheets or attendance records (include record-keeping)

 Click here to enter text.

* If a payroll service is not utilized, what is your timetable for filing 941s, W-2s, State Unemployment and form W-3?

 Click here to enter text.

 **\*Provide a copy of the most recent reconciliation of the general ledger to the W-3 (941s)**

**Additional Employee/Payroll Topics for Consideration**

 [ ]  Employees are in compliance with state and federal regulations.

 [ ]  Salaries match the budget.

 [ ]  Earnings agree with check register amounts.

 [ ]  All employees are covered by workers’ compensation insurance.

* Do you have job descriptions on file for all employees?

 Choose an item.

* Do you have a written personnel policy and is it provided to employees?

 Choose an item.

 **\*Attach copy of policy to this program.**

* Are benefits paid on the employee’s behalf?

 Choose an item.

[ ] If the LSC has contractors who are paid as vendors, the contractors are included in the 1099 reporting at year-end according to IRS regulations.

***Debit/Credit Cards***

* Does the organization use credit cards or similar payment methods?

 Choose an item.

* If credit cards are utilized, how are the amounts owed recorded on the books?

 Click here to enter text.

* What are the policies for monitoring the use of credit by staff members?

 Click here to enter text.

 [ ]  Receipts are required for all expenditures.

* What method is used for determining limits on credit cards (based on need or historical use)?

 Click here to enter text.

* What is the process for cancelling cards when an employee or volunteer leaves the organization?

 Click here to enter text.

 [ ]  Credit card statements are sent directly to the accounting staff or other person not authorized to use the card.

***Line of Credit/Loans***

 [ ]  All debt is authorized by the Board of Directors.

 [ ]  Payments are processed in a timely manner.

 [ ]  Payments are properly allocated between principal and interest in the financial statements.

***Deferred Revenue***

In accrual accounting, deferred revenue is money received for goods or services which have not yet been delivered. According to the revenue recognition principle, it is recorded as a liability until delivery is made, at which time it is converted into revenue.

* Do you record revenue amounts received in advance of the yearly membership year as deferred revenue at year end in the financial statements until the dues are earned?

 Choose an item.

* Are amounts received in advance for events properly recorded as deferred revenue until the month the event is held?

 Choose an item.

 **\*Attach a current schedule of unearned amounts that ties to the deferred revenue booked on the financial statements (include source documents that document the calculations).**

**Net Assets**

***Unrestricted net assets:*** Net assets which are available for the general use of the LSC’s operations at the board’s discretion

***Temporarily restricted net assets:*** Funds from donors which are received with restrictions as to how the money may be spent

***Permanently restricted net assets:*** Funds from donors which are received with restrictions as to how the earnings from the funds may be spent—the principal, or original contribution, is to be maintained intact in perpetuity

* Are there any restrictions on the use of funds under the organization’s control?

 Choose an item.

 **\*Attach a schedule of all restricted net assets included in the financials.**

 [ ]  Funds are classified correctly as permanently restricted, temporarily restricted or unrestricted.

 [ ]  Year-end net assets are properly reconciled to the prior year (net assets plus income).

**Revenue**

**Receipts**

* Describe process for recording and processing of all incoming checks to include timeliness of recording.

 Click here to enter text.

* Describe maintaining of records and reconciliation process for amounts received at meets and other events.

 Click here to enter text.

* Does the LSC have a standard form to record cash collections at meets and other functions?

 Choose an item.

 **\*Attach a copy of the form.**

 [ ]  Records are checked regularly against amounts actually deposited to ensure accuracy.

 [ ]  The written financial policies and procedures (if exists) contain information describing cash handling and depositing.

* Is this cash handling statement provided to all employees and volunteers?

 Choose an item.

 [ ]  Non-cash gifts are recorded and reported in the financial statements.

 [ ]  All cash receipts are deposited intact (no amounts withheld to pay for miscellaneous supplies, etc.).

* How often are deposits processed?

 Choose an item.

* Who prepares deposits for the bank?

 Click here to enter text.

* Who delivers deposits to the bank?

 Click here to enter text.

* Are receipts for deposits retained and reconciled to the bank statement and cash receipts journal?

 Choose an item.

**Membership**

* Is membership revenue reconciled to the receipts and financial statements on a monthly basis?

 Choose an item.

* If yes to the question above, are SWIMS reports utilized to reconcile the membership revenue?

 Choose an item.

 **\*Attach most current reconciliation.**

**Events**

* Is event revenue reconciled to the receipts and financial statements?

 Choose an item.

* Is Team Unify, Hytek reports, or other reports utilized to reconcile the event revenue to the actual receipts and financial statements?

 Choose an item.

 **\*Attach a sample report.**

* Describe any follow-up procedures for reconciling/collecting any discrepancies from organizers.

 Click here to enter text.

**Expenses**

**Controls**

[ ] A clearly defined written policy for payment and/or reimbursement policies (to include approval process) are provided to all staff and volunteers.

 [ ]  All reimbursements and payments are processed in accordance with the above policy.

[ ] All expenditures are properly authorized.

 **\*Attach authorization schedule.**

* Describe the supporting documentation (receipts, etc.) that are required and maintained for all expenditures.

 Click here to enter text.

 [ ]  Payments are processed by someone other than the authorizing individual.

* How often are actual expenses compared with budgeted amounts and large variances investigated?

 Choose an item.

* The date the last actual/budgeted expense comparison was completed:

 Click here to enter a date.

 [ ]  Invoices received are checked against orders placed (price, quantity, etc.).

 [ ]  Payments are processed only against original invoices.

 [ ]  Checks are signed only with the documentary evidence of the nature of payment.

**Records/Documentation**

 [ ]  All bank account records are kept secure.

* How long are bank account records kept? Where do you keep the bank account records?

 Click here to enter text.

* Who has access to bank account records?

 Click here to enter text.

 [ ]  Records of all investments are maintained and stored in a secure place.

* How long are investment records kept? Where do you keep the investment records?

 Click here to enter text.

 [ ]  Documentation for all transactions is maintained in the LSC’s files.

* Does the LSC maintain paper or electronic files?

 Choose an item.

* If the LSC maintains electronic files of documents, who has access to the documents?

 Click here to enter text.

* What procedures are in place for recovering documents in the event of a disaster?

 Click here to enter text.

* List the names, phone numbers, and email addresses of persons who have electronic access to records:

 Click here to enter text.

* Briefly describe the procedures for transferring access rights upon turnover in personnel:

 Click here to enter text.

* How often are backup files of the accounting and records system completed?

 Choose an item.

 [ ]  Backup files are stored at a separate location.

 [ ]  Passwords to records or accounting software are kept secure.

* Who maintains access rights to all accounting records (paper or electronic)?

 Click here to enter text.

* Where are permanent records for the LSC kept (Articles of Incorporation, By-Laws, etc.)?

 Click here to enter text.

**Miscellaneous**

 [ ]  There is a segregation of tasks to provide an automatic “double check”.

 [ ]  Journal entries are appropriately documented.

 [ ]  Accounting entries are adequately explained or supported and approved by a responsible party.

 [ ]  Cross checks are performed to reconcile bank records and the LSC’s income and expense records.

 [ ]  Insurance coverage is periodically reviewed.

* Describe insurance coverage, limits, and Fidelity bond:

 Click here to enter text.

* Have policies been established which prohibit loans to board members and related parties?

Choose an item.

* Record the text for this policy here.

 Click here to enter text.

* Are the Board of Directors, volunteers, and employees required to sign a code of ethics and conflict of interest policy annually?

 Choose an item.

 **\*Attach a copy of this statement.**

 [ ]  Board of Director’s minutes and any committee minutes are contemporaneously documented and stored permanently.

 [ ]  The LSC actively monitors and tries to reduce the risk of fraud.

 [ ]  A semi-annual review is conducted twice a year per the crime policy.

**Form 990**

* The LSC is required to file form:

 Choose an item.

 [ ]  The tax return reconciles to the financial statements.

 [ ]  A Copy of the return is distributed to the full Board of Directors for review before filing.

 [ ]  All required related party disclosures are declared on the return.

 [ ]  A copy of the return is maintained with the LSC’s permanent files.

 [ ]  The year end 990 tax return is completed and filed in a timely manner.

**In addition to the financial statements discussed earlier, LSCs are required to send a copy of the 990 tax return to USA Swimming, Inc. upon completion.**