



Treasurer Training  
Q & A and Scenarios  
LGS 2024

ANSWER KEY

**Q&A**

1. Who is accountable for a local's finances?
  - ✓ All elected officers are responsible for the local's finances.
2. What is the purpose of creating and using a budget and implementing controls?
  - ✓ Safeguarding & Transparency – internal controls, budgets and audits safeguard officers, the local, and member's money.
3. As a treasurer, should you be signing checks for your local?
  - ✓ Segregation of duties – No one person should Initiate a transaction, Approve a transaction, Record a transaction, Reconcile balances, Handle assets, Review reports -- At least two sets of eyes are required for any transaction!
4. What do you do if you find a discrepancy when reconciling the bank account?
  - ✓ Document it – do your due diligence to investigate it, put it in writing to alert the appropriate local officers (President/Vice President), bring it to the AEA's attention if further assistance is needed.
5. Why are annual audits important?
  - ✓ Transparency - providing assurance of an organization's financial statements from an objective and independent opinion.
6. What is the first step to starting the internal audit process?
  - ✓ Select two local members who are independent of the local's finances/budgeting processes and decisions.
7. Are you responsible for preventing any and all fraud or misappropriation of funds?
  - ✓ All local officers are responsible for doing their **due diligence** to protect the organization's assets (member's dues) from fraud and misappropriation.

Due Diligence: the care that a reasonable person exercises to avoid harm to other persons or their property (Merriam-Webster)

**Scenarios**

**Scenario 1:**

You notice that there have been several checks written to the same person who has also signed the check. What do you do? How do you prevent this from happening?

Answer: First you look for the documentation that should accompany each of these transactions. If you find the backup then look for a second person verifier who has signed off on the document (signature/date of approver). Ensure the backup documentation demonstrates the business purpose for the use of funds and that it falls within the local's budget. If there is no backup documentation then you have a responsibility to bring this to another officer's and/or e-board's attention to create a plan for further investigation.

To prevent this scenario from occurring, the simplest solution is to require two check signors.

### **Scenario 2:**

When coming into your new role as treasurer you discover a petty cash fund. The petty cash is in a locking bank bag in a locked cabinet, but there is no documentation concerning its use. What do you do?

Answer: Investigate by speaking with officers that may have more information about the fund and how it has been used historically. Consider and discuss whether it is necessary to keep petty cash on hand. If so, what is the purpose and a reasonable amount to keep on hand? With cash, there is no paper trail to follow, because there were no records kept for the funds use prior, your responsibility is to create and implement a process going forward.

To prevent this scenario from occurring again, create a policy and procedure that defines the appropriate use of petty cash, the threshold for how much money can be kept on hand, a procedure for authorizing use and logging the necessary information, and implement regular reconciliation of the fund (regardless of use) – at least once per month – that includes a preparer and verifier. Keep the reconciliations with the usage log.

### **Scenario 3:**

You receive several checks from a member organizer who had been holding them from a previous fundraising event the month prior. What do you do?

Answer: Review each check to ensure none are dated more than 60-days prior. Make photocopies of the checks to keep as backup and immediately deposit non-expired checks. If you cannot deposit them the same day, place them in a secured/locked filing cabinet or office and plan to deposit them as soon as possible. Checks that are 60-days or older, you may attempt to contact individuals to ask for a new check. Record the deposit as soon as possible after the bank deposit is made. Save the bank deposit slip, check copies, and documentation stating the event details associated with the donations.

To prevent this scenario from occurring again, create a policy and procedure for money handling that includes procedures for securing cash and checks at events, who is responsible for holding and transferring the funds after the event (custodian), and the timeline for getting the checks to the treasurer to be deposited.