

On Jan 20, 2013 8:12 AM, "Sangameswaran Subbiramaniyam" <ssangam@gmail.com> wrote:

Hi Ken, Nitesh,

Please find below SCA internal audit report for the year 2012 based on the information provided and documents shown to me:

Auditing Scope:

1) Income & Expense lists were not verified against actual invoices as this is expected to be done by External auditor.

2) Due to SCA EC directives, finance documents could not be handed over to me for verification. So the auditing was done primarily based on documents shown to me by the Treasurer. (However I got a copy of "balance sheet" and "Income/expenditure" document).

Summary:

In spite of very limited funding, Treasurer did his best to manage / minimize the deficit. To improve finance, Treasurer needs to be supported by SCA council and EC by cutting down the expenses and following the procedures laid down by Treasurer. Increase spending on Cricket activities as the money is generated primarily to spend on these activities.

Observations:

1) For the year 2012, SCA spent more money than the generated income (approximately 200 to 300 chf). This is due to the large legal expense (approx. 6250 chf) and the unplanned purchase of 12 GM balls (approx. 659 chf).

2) Pickwick sponsor money for 2012 has not yet been paid by sponsor.

3) Many of the Executive Committee (EC) members have not claimed any reimbursement in spite of the expenses incurred thereby limiting the EC admin expenses to bear minimum.

4) Budget for external audit expenses were not planned although external auditing itself was approved.

5) As per SCA league rule, clubs who have membership in excess of 30, need to be charged 5 chf per additional member. Due to lack of records it was not possible to verify this information.

6) The amount 2321.12 chf owed to SCA by Basel CC is pending from 2010. It cannot be verified if any actions have been taken to retrieve the amount.

7) Stock information provided is very basic and could not be audited.

8) Of the total SCA expense in 2012, 19% is spent on Cricket activities, 17% for administration functions and 64 % spent on legal expense.

9) Separate accounts are being maintained for Junior and Senior accounts.

Recommendations:

1) In future, it needs to be ensured payment of sponsorship money done before the respective activity (for which the sponsorship money was intended) begins.

2) Reduce bank standard charges e.g.. It is sufficient to have one account covering Senior and junior transactions.

3) Any expense not planned in budget or in excess of approved budget, needs a formal approval by EC. Such documents need to be maintained for auditing.

4) Role and purpose of two auditors need to be stated in constitution. It needs to be clearly stated if both audits takes place in parallel or one after the other.

5) Avoid using SCA account for parking external money. Where not avoidable, transactions used for the purpose of parking amount in SCA accounts should not be shown in Balance sheet / Income-Expenditure expense. (e.g.. La Manga transactions, Junior cricket payments). They are artificially influencing the asset / net worth.

6) Follow up with Basel CC to retrieve the pending amount. If this is not possible then report it as pending amount but do not take into account when calculating net-assets of SCA.

7) Provide a document clearly showing actual cash in-hand, stocks etc. (do not include provisional income / expense in Net asset calculation unless they are confirmed).

8) Maintain proper inventory covering SCA owned sports Equipment, cricket gears, documents etc. Every EC member holding SCA documents need to maintain itemized list of things in their possession. These inventory list shall form the basis for hand-over when a new person takes charge. These should be audited every year.

9) Increase spending of SCA money on cricket activities and reduce expenditure on admin / legal costs.

10) Make available full set of finance documents, invoices to internal auditor also. This will enable to perform a thorough auditing.

Note: As I have provided a detailed auditing report, clarifications may be needed on the points raised above. I am volunteering to clarify / explain my report to EC before the AGM.

Regards

Sangam