

# Auditors' Report Summary

With each audit, the Board receives a report from the auditors on the state of the organization's accounts and accounting practices. This year's report from our auditors on our accounting practices for the fiscal year of 2012 was quite favourable.

## General Ledger

In a typical audit it is usual for the auditors to enter eight to ten "adjusting journal entries" in the general ledger in order to account for oversights in account keeping. An audit with more than ten AJEs generally indicates a situation where books have not been properly maintained, and an audit with fewer than eight indicates an accounting system which has undergone close scrutiny. The 2012 audit contained a list of just one AJE in DNS-OARC's books, which is well below the average.

## Other Record Keeping

The auditors note that, while invoice tracking is generally in good shape, there were a few instances in 2012 where invoices had received the usual "date received, project name, approved by, date approved" stamp, but the information was incomplete or missing. They recommend more careful tracking of this information. The President has undertaken a review of invoice tracking procedures with the secretariat accountant to ensure these will be properly tracked in the future.

The auditors also recommend modifying our accounting procedure to require someone other than our accountant to regularly review bank statements. Regular review of bank statements has been taken on by the President.

In all other areas of record keeping the auditors were complimentary of our current accounting practice and accounting staff, and noted the good condition of the organization's records.

## Reminders

While the auditors found no other issues with current practices, procedures, or records, they included several reminders of areas in which the Board and the President must maintain careful oversight.

### 1. Electronic Fund Activity

The auditors note that while they generally dislike electronic fund transfers due to the complexity they introduce into internal financial controls, electronic fund transfers are an important part of operating any business.

They noted no weaknesses in our current handling of electronic funds, but remind the Board to take an active role in reviewing electronic fund transfers.

## **2. Insurance**

The auditors remind the Board that it is good policy to maintain insurance covering Errors and Omissions and, separately, General Liability.

## **3. California Law**

The auditors note three changes to California law regarding the makeup and activity of boards of directors. The Board has noted that these changes do not have a visible effect on the current makeup or process of the Board.