

INDIANA PRESSLER MEMORIAL CHAPTER OF HFMA

Annual Financial Review

Approved: May 15, 1995
Revised: October 15, 2008
October 5, 2005
May 8, 2002
February 21, 2000

DEFINITION:

This policy applies to the performance of a review of the financial records of the Chapter on a yearly basis.

POLICY:

It is policy of the Chapter that an annual review of the financial records of the Chapter will be performed in accordance with the National Charter Requirements for the Annual Review.

REQUIREMENTS:

- Each Chapter is required to conduct an independent review **OR** the HFMA internal financial review by an individual or individuals possessing the appropriate financial experience and who are not involved in the chapter's bookkeeping activity.
- Prior to submitting the IRS 990 Form, the Treasurer and President must complete, sign and return the Confirmation of Chapter Fiscal Year End Financial Review Requirement form to HFMA National by August 1. The signed form must be faxed or mailed; it cannot be emailed (see Attachment A).
- Those chapters that conduct the HFMA internal financial review must send a copy of the completed and signed Financial Review Program to HFMA National by August 1 (see Attachment B). The document must be faxed or mailed; it cannot be emailed. Document can be found on the HFMA Website.
- Those chapters that have an independent audit or financial review performed need only complete and send a signed copy of the Confirmation of Chapter Fiscal Year End Financial Review Requirement form to HFMA National by August 1.
- The results of the annual financial review will be reviewed by the Chapter's Board of Directors at the next regularly scheduled meeting after the report is received.
- Whether the Chapter conducts an independent review or the HFMA internal financial review, the Chapter is responsible for keeping a copy of the review and supporting work papers permanently on file.

PROCEDURES

- The Chapter President will recommend to the Board of Directors whether to conduct an independent review or the HFMA internal financial review by December 1 of each year.
- If an independent review is to be performed, the Board will approve the selection of the accounting firm in January of each fiscal year.
- If the HFMA internal financial review is to be performed, the Chapter President will appoint the members of the Finance Review Committee who will oversee the HFMA internal financial review in January.
- The independent review or the internal financial review will be completed at least one week in advance of the August 1st deadline for submission to HFMA National.
- By August 1st, the outgoing President and Treasurer will fax or mail a completed copy of the Confirmation of the Chapter Fiscal Year End Financial Review Requirement form to HFMA National.
- By August 1st, the outgoing President and Treasurer will fax or mail a copy of the completed and signed Financial Review Program to HFMA National.
- At the next regularly scheduled Board of Directors meeting, the Board will review the independent review report or the Internal Financial Review Program.
- If the financial review identifies any internal control weaknesses or opportunities for improvement, the current Treasurer will prepare a written report to the Board of Directors by October recommending process changes to address the improvement opportunities.

APPENDIX A

(from National HFMA Davis Chapter Management System)

Chapter Requirement: Annual Financial Review

Due Date: August 1

Annually, each chapter conducts a financial review or audit to test and validate its fiscal integrity and operating guidelines.

Why this is important

- Ensures that the chapter's financial statements correctly reflect its activities for the year.
- Ensures that minimum financial review procedures are in place that test the chapter's receipts and disbursement transactions to the reconciled checking and savings account bank statements.
- Validates that transaction approval guidelines are in place and being observed.

Requirements/Reporting

- Each chapter is required to conduct an independent audit or the HFMA internal financial review by an individual or individuals possessing the appropriate financial experience and who are not involved in the chapter's bookkeeping activity.
- Prior to submitting the IRS 990 Form, complete, sign and return the Confirmation of Chapter Fiscal Year End Financial Review Requirement form to HFMA National by August 1. The signed form must be faxed or mailed; it cannot be emailed.
- The Confirmation of Chapter Fiscal Year End Financial Review Requirement form must be signed by both the 2007-08 Chapter Treasurer and 2007-08 Chapter President (see page 35)
- Those chapters that conduct the HFMA internal financial review must send a copy of the completed and signed Financial Review Program to HFMA National by August 1. The document must be faxed or mailed; it cannot be emailed.
- If a chapter has an independent review performed, it must meet the minimum guidelines established in the HFMA financial review programs (a financial *statement* review does not meet the minimum requirements).
- Those chapters that have an independent audit or financial review performed need only complete and send a signed copy of the Confirmation of Chapter Fiscal Year End Financial Review Requirement to HFMA National by August 1.
- The results of the annual financial review or audit should be reviewed by the chapter's Board of Directors.
- Whether the chapter conducts an independent audit or the HFMA internal financial review, the chapter is responsible for keeping a copy of the audit or review and supporting work papers permanently on file.

Items to consider

- Identify an individual or individuals with the appropriate financial experience to conduct an operational audit review and who are not involved in the chapter's bookkeeping activity.
- All chapter volunteers performing work for the chapter are covered by HFMA's Liability Insurance and Directors Insurance policy when carrying out the business of the chapter.
- The financial review covers the period of the fiscal year immediately just ended.
- Encourage chapter leaders to submit revenue/expense information before the close of the fiscal year.
- Chapter should have one representative attend Treasurer/Finance session at the Leadership Training Conference (LTC).

Chapter Resources

- Financial, Tax, and Insurance Management Guide distributed at LTC and available on the HFMA website at www.hfma.org in the Chapter Leader Resources area.
- Guidelines for record retention are also listed in the Financial, Tax, and Insurance Management Guide.
- Sponsorship Guide distributed at LTC and available on the HFMA National website.
- Contact HFMA's Finance Director at (800) 252-4362, ext. 318.

Healthcare Financial Management Association

Chapter Financial Review

Review Of Internal Controls
Internal Controls Questionnaire

The following questions are to be directed to the HFMA chapter treasurer and/or administrative support staff (volunteer):

A. Cash Receipts and Collection Procedures

Comments

1.	Who is responsible for oversight of chapter receipts (cash, checks & credit card payments)?	<input type="checkbox"/> Treasurer <input type="checkbox"/> Paid Administrator <input type="checkbox"/> Other, please specify:
2.	Are cash receipts in the form of currency received at chapter events verified by a second chapter volunteer?	<input type="checkbox"/> Yes <input type="checkbox"/> No If no, please comment:
3.	Who is responsible for making deposits to the chapter bank accounts?	<input type="checkbox"/> Treasurer <input type="checkbox"/> Paid Administrator <input type="checkbox"/> Other, please specify:
4.	Are all receipts in the form of currency deposited intact? If not, what procedures are in place to assure proper financial recording of the items that make up the net deposit?	<input type="checkbox"/> Yes <input type="checkbox"/> No If no, please comment:
5.	Who maintains the chapter's record of receipts?	<input type="checkbox"/> Treasurer <input type="checkbox"/> Paid Administrator <input type="checkbox"/> Other, please specify:
6.	Who prepares the chapter's bank account reconciliations? Are they reviewed by an individual other than the person preparing them? How often are they reviewed?	<input type="checkbox"/> Treasurer <input type="checkbox"/> Paid Administrator <input type="checkbox"/> Other, please specify: <input type="checkbox"/> Yes <input type="checkbox"/> No If no, please comment: <input type="checkbox"/> Monthly <input type="checkbox"/> Quarterly <input type="checkbox"/> Other, please specify:
7.	Are the chapter's record of receipts reconciled/compared against the appropriate bank account statements?	<input type="checkbox"/> Yes <input type="checkbox"/> No If no, please comment:

B. Cash Disbursements

Comments

1.	Who has responsibility for signing the chapter's checks and how many signatures are required? (i.e., two signatures for disbursements over \$5,000)?	<input type="checkbox"/> Treasurer <input type="checkbox"/> Paid Administrator <input type="checkbox"/> Other, please specify:
2.	Are bills / invoices approved for payment and properly maintained on file? (What are the approval requirements)?	<input type="checkbox"/> Yes <input type="checkbox"/> No If no, please specify: Please specify:

3.	Who is responsible for preparing checks and maintaining the paid bill files?	Please specify:
C.	Are all bank accounts reconciled at least quarterly?	<input type="checkbox"/> Yes <input type="checkbox"/> No If no, please comment:
D.	Are special or restricted funds accounted for?	<input type="checkbox"/> Yes <input type="checkbox"/> No If no, please comment:
E.	Are financial statements (reports) provided to the Audit & Finance Committee and /or chapter Board at least quarterly?	<input type="checkbox"/> Yes <input type="checkbox"/> No If no, please comment:
F.	If financial records are kept on a computer, what backups are being maintained?	Please comment:
G.	What are your conclusions concerning the adequacy of internal controls for the chapter? Identify your recommendations for improvement. Record the results of your review and discuss with the Audit & Finance committee.	Please specify:

Completed by _____ Date _____
 (Signature)

 (Printed Name)

Fax this document, along with confirmation form (on page 35) to: (708) 531-0032, attn: Chapter Relations or Mail to: HFMA, Attn: Chapter Relations, Two Westbrook Corporate Center, Suite 700, Westchester, IL 60154

Healthcare Financial Management Association

Chapter Cash Receipts Program

Financial Review Objectives

		Completed by (initials)	Workpaper
1.	Cash (payments), which should have been received, are, in fact, received.		
2.	All remittances (including cash) received are deposited promptly and recorded correctly.		
3.	The annual chapter rebate from HFMA National is properly accounted for.		
4.	The chapter accounting records for cash receipts agree with bank records of receipts.		

Financial Review Preparation

		Completed by (initials)	Workpaper Reference
1.	Review prior year financial reviews, audit reports and audit comments, paying particular attention to items on remittances/cash receipts.		
2.	Determine if any deficiencies noted have been addressed and resolved.		
3.	Interview appropriate individuals who receive record and deposit chapter cash receipts.		
4.	Determine (if appropriate) how letters of credit are handled.		
5.	Review program income records.		

Steps to Achieve Review Objectives

		Completed by (initials)	Workpaper Reference
1.	Review the chapter cash record of receipts for unusual items, such as large amounts or entries not related to cash.		
2.	Compare remittance advices with the posting to cash receipts.		
3.	Test for the agreement of entries on chapter bank statements with the cash receipts amounts contained in the cash record of receipts.		
4.	Test the postings of cash/credit card receipts to the general ledger cash account if a subsidiary cash receipts journal is maintained (and accounts receivable detail records if appropriate). If no cash receipts journal is maintained, skip this step.		
5.	Test the recording of miscellaneous chapter receipts (such as sponsorship and advertising income transactions against agreements with the vendors).		

Completed by _____ Date _____
(Signature)

(Printed Name)

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 Mail to: HFMA, Attn: Chapter Relations, Two Westbrook Corporate Center, Suite 700, Westchester, IL 60154**

Healthcare Financial Management Association

Chapter Cash Disbursements Program

Financial Review Objectives

Completed by
(initials)

Workpaper
Reference

		Completed by (initials)	Workpaper Reference
1.*	All disbursements are properly authorized.		
2.	The amount of the disbursement is proper (agrees to supporting documentation).		
3.	All approved disbursements are properly recorded in the chapter's accounting records (i.e., correct payee, amount, date and account distribution).		
4.	All disbursements are adequately supported by documentation and made for the purposes intended.		

Financial Review Preparation

Completed by
(initials)

Workpaper
Reference

		Completed by (initials)	Workpaper Reference
1.	Interview chapter personnel responsible for preparation, approval and recording of documentation for all cash disbursements.		
2.	Summarize in writing the detailed chapter procedures used in the disbursement of cash whether by actual cash (i.e., petty cash) or check.		
3.	Obtain copies of any forms which are used in the disbursement documentation process. Note: There may not be any forms in use.		

Steps to Achieve Review Objectives

Completed by
(initials)

Workpaper
Reference

		Completed by (initials)	Workpaper Reference
1.	Examine the cash disbursements records for unusual items transactions (i.e. duplicate or unusually large amounts, non related payees).		
2.	Account for the numerical sequence of checks for a test period. Review/document all voided checks.		
3.	Test posting of cash disbursements from the cash disbursements journal (chapter checkbook) to the general ledger if a general ledger is maintained.		
4.	Test a sample of petty cash reimbursement vouchers for support and approval.		
5.	Test paid checks to the cash disbursements journal (chapter checkbook) and supporting documents. Verify that payees, amounts and dates agree.		
6.	Test signatures on paid checks against list of authorized signatories.		
7.	Compare endorsements with indicated payees. Investigate any double endorsements.		

Completed by _____ Date _____
(Signature)

(Printed Name)

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Mail to: HFMA, Attn: Chapter Relations, Two Westbrook Corporate Center, Suite 700, Westchester, IL 60154**

Healthcare Financial Management Association

Chapter Bank Reconciliation Program

Financial Review Objectives

The objectives of the bank reconciliation financial review are to establish that:

1. Errors which may have been made in the recording of cash or credit card transactions have been corrected.
2. The correct cash balance is recorded in the general ledger & financial statements.

Financial Review Preparation

			Completed by (initials)	Workpaper Reference
1.	Interview chapter personnel responsible for bank reconciliations to understand procedures utilized.			
2.	Obtain copies of bank reconciliations for accounts and periods selected to be tested.			
3.	Summarize in writing the procedures used.			

Steps to Achieve Review Objectives

		Completed by (initials)	Workpaper Reference
1.	Assure the bank reconciliation is mathematically correct.		
2.	Trace account balance per books to general ledger or chapter checkbook and to the financial statements.		
3.	Trace balance per bank to the bank statements and bank confirmation letters if any have been sent.		
4.	Trace list of outstanding checks to subsequent period bank statement to determine if they cleared.		
5.	For those outstanding checks that did not clear in the subsequent period, examine voucher support to determine if check was truly a reconciling item.		
6.	Examine subsequent bank statement to determine that all deposits in transit were deposited in a reasonable time based upon chapter procedures.		
7.	Examine checks paid by the bank included in the subsequent bank statement and determine if any were prepared in prior months. Trace to prior month reconciliations to determine if included in the outstanding checklist.		
8.	Examine bank cancellation endorsements on back of checks to ascertain that the checks were recorded when written.		
9.	Examine other reconciling items on the bank reconciliation and verify authenticity.		
10.	Examine and verify all bank transfers within five days of cut off date.		
11.	Account for all debits and credits on the bank statements. Items in the bank statements offset by identical debits/credits should be examined to determine their nature.		
12.	Determine if: <ul style="list-style-type: none"> • Actual cancelled checks are verified against the bank statement. • Investigation of outstanding old/stale checks is made. • Numerical sequence of checks is accounted for. Examination is initiated for stop-paid checks.		

Completed by _____ Date _____
(Signature)

(Printed Name)

MUST BE SUBMITTED NO LATER THAN AUGUST 1, 200 _____

Confirmation of Chapter Fiscal Year End Financial Review Requirement.

FAX TO: (708) 531-0032; Attention: Chapter Relations
OR
MAIL TO: Healthcare Financial Management Association
Attention: Chapter Relations
Two Westbrook Corporate Center, Suite 700
Westchester, IL 60154

NOTE: Submit this form with all (four) Financial Review signed documents.

Chapter Name _____ Chapter Number: _____

I hereby certify that the above-indicated Chapter of the Healthcare Financial Management Association has completed

_____ an independent audit or financial review for the current fiscal year that meets the minimum financial review requirements as identified in the Davis Chapter Management System charter requirement.

OR

_____ has completed the Financial Review Program that meets the minimum financial review requirements as identified in the Davis Chapter Management System charter requirement, for a three-month period in the current fiscal year (2007-08), the month of June, 2007, and the month of May, 2008.

I also understand that the independent audit or the Financial Review Program and all supporting documentation must be kept on file as a permanent record and accurately support the financial information disclosed in the chapter's annual 990 Information Return which has been submitted to the Healthcare Financial Management Association national office (under separate cover) for inclusion in the HFMA Chapter group return for the fiscal year ending May 31, 2008.

I hereby certify that I, the Chapter Treasurer, have been authorized to sign this authorization and submit same to you. I hereby declare that the Financial Review programs have been completed in their entirety and the results have been communicated to the chapter Audit & Finance Committee and the Chapter Board, and that this authorization (including any accompanying schedules and statements) have been examined by me and to the best of my knowledge and belief is true, correct, and complete and made in good faith for the fiscal year submitted.

Signatures

Treasurer
Printed Names

President

Date _____ Date _____

Address _____
City, State, Zip _____