### Chapter Requirement: Annual Financial Review Due Date: Aug. 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** use the HFMA internal financial review by an individual or individuals possessing the appropriate financial experience and who are not involved in the bookkeeping activity.
* Prior to finalizing the IRS Form 990 that HFMA staff prepopulates for the chapter, an electronic submission of the Fiscal Year-End Financial Review should be provided via the Cvent survey.
* Chapters should upload the audit or any schedules and reports to support the financial review via the Cvent survey as well.
* If a chapter has an independent review performed, it must meet the minimum guidelines established in the HFMA financial review program (a financial statement review does not meet the minimum audit requirements).
* The chapter’s board of directors should review the results of the annual financial review or audit.
* Whether the chapter conducts an independent audit or uses 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**.
* The financial review covers the period of the fiscal year immediately ended.
* Encourage chapter leaders to submit revenue/expense information before the close of the fiscal year.

##### Resources

* The[*HFMA Financial, Tax, and Insurance Management Guide*](https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fwww.hfma.org%2Fwp-content%2Fuploads%2F2022%2F10%2FFinancial20Tax20Ins20Mgmt20Guide_2021-1.docx&wdOrigin=BROWSELINK) is available under the [Finance Operations](https://www.hfma.org/tools/chapter-resource-center/chapter-resources/finance-operations.html) section of the [Chapter Leaders Resources](https://www.hfma.org/tools/chapter-resource-center/chapter-resources.html) website.
* Guidelines for record retention are listed in the [*HFMA Financial, Tax, and Insurance Management Guide*](https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fwww.hfma.org%2Fwp-content%2Fuploads%2F2022%2F10%2FFinancial20Tax20Ins20Mgmt20Guide_2021-1.docx&wdOrigin=BROWSELINK)
* The[*Corporate Sponsor Guide*](https://www.hfma.org/tools/chapter-resource-center/chapter-resources/sponsorship.html)is available in the [Chapter Leaders Resources](https://www.hfma.org/tools/chapter-resource-center/chapter-resources.html) website.
* Contact [accounting@hfma.org](mailto:accounting@hfma.org)

**MUST BE SUBMITTED electronically via Cvent survey**

**Confirmation of Chapter Fiscal Year End Financial Review Requirement**

This form is to certify the Chapter completed the financial review.

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 five-month period in the current fiscal year.

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 will be submitted to the Healthcare Financial Management Association office (under separate cover) for inclusion in the HFMA group return for the current fiscal year ending May 31.

I hereby certify that I, the Chapter Treasurer, have been authorized to 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.

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| Healthcare Financial Management Association  Chapter Financial Review  **Annual Financial Review Requirement**   * Consist of Five (5) months in the current fiscal period.   1. June   2. May   3. Additional 3 months from July to April of current fiscal period * Submit all Financial Review documents to HFMA electrically.   Healthcare Financial Management Association  Chapter Financial Review program **(optional for use)**  **Review of Internal Controls**  **Internal Controls Questionnaire** | | | |
| **The following questions are to be directed to the HFMA chapter treasurer and/or administrative financial support staff (volunteer):** | | | |
| 1. **Cash Receipts and Collection Procedures** | |
| 1. | Who is responsible for oversight of chapter receipts (cash, checks & credit card payments)? | | \_\_\_\_ Treasurer  \_\_\_\_ Paid Administrator  \_\_\_\_ Other, please specify: | |
| 2. | Are cash receipts in the form of currency received at chapter events verified by a second chapter volunteer? | | \_\_\_\_ Yes  \_\_\_\_ No If no, please comment: | |
| 3. | Who is responsible for making deposits to the chapter bank accounts? | | \_\_\_\_ Treasurer  \_\_\_\_ Paid Administrator  \_\_\_\_ 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? | | \_\_\_\_ Yes  \_\_\_\_ No If no, please comment: | |
| 5. | Who maintains the chapter's record of receipts? | | \_\_\_\_ Treasurer  \_\_\_\_ Paid Administrator  \_\_\_\_ Other, please specify: | |
| 6. | Who prepares the chapter's bank account reconciliations?  Are they reviewed and approved by the Chapter President, or another Board member not directly involved with the bank accounts? It is recommended that the bank mail a separate copy of the monthly account statements directly to the chapter’s president. **Please comment.**  How often are they reviewed? | | \_\_\_\_ Treasurer  \_\_\_\_ Paid Administrator  \_\_\_\_ Other, please specify:  \_\_\_\_ Yes  \_\_\_\_ No If no, please comment:  \_\_\_\_ Monthly  \_\_\_\_ Quarterly  \_\_\_\_ Annually: | |
| 7. | Are the chapter’s records of receipts reconciled / compared against the appropriate bank account statements? | | \_\_\_\_ Yes  \_\_\_\_ No If no, please comment: | |

Comments:

Healthcare Financial Management Association

Chapter Financial Review continued

1. **CASH DISBURSEMENTS**

|  |  |  |
| --- | --- | --- |
| 1. | Who has responsibility for signing the chapter's checks and how many signatures are required? (i.e., two signatures for disbursements $5,000 and over)?  **Please comment**. | \_\_\_\_ Treasurer  \_\_\_\_ Paid Administrator  \_\_\_\_ Other, please specify: |
| 2. | Are bills / invoices approved for payment and properly maintained on file?  (What are the approval requirements)? | \_\_\_\_\_ Yes  \_\_\_\_\_ No If no, please specify:  Please specify: |
| 3. | Who is responsible for preparing checks and maintaining the paid bill voucher files? | \_\_\_\_\_ Yes  \_\_\_\_\_ No If no, please comment:  Please document: |
| 4. | If the chapter utilizes an HFMA Chapter credit card for business expenses, who is responsible for the payment processes?  Does the chapter adhere to the HFMA Credit Card financial control guidelines? Refer to the HFMA Finance, Tax, and Insurance Manual. | \_\_\_\_\_ Yes  \_\_\_\_\_ No If no, please comment:  Please document: |
| 5. | Are all bank accounts and credit card statements reconciled at least quarterly? | \_\_\_\_\_ Yes  \_\_\_\_\_ No If no, please comment: |
| 6. | Are special or restricted funds accounted for? (e.g., designated scholarship funds) | \_\_\_\_\_ Yes  \_\_\_\_\_ No If no, please comment: |
| 7. | Are financial statements (reports) provided to the Audit & Finance Committee and /or chapter Board at least quarterly? | \_\_\_\_\_ Yes  \_\_\_\_\_ No If no, please comment: |
| 8. | If financial records are kept on a computer, what backups are being maintained? Are the backup files tested to ensure content viability?  Maintained? | Please comment: |
| 9. | What are your conclusions concerning the adequacy of internal controls for the chapter? Please comment on both strengths and vulnerabilities.  Identify your recommendations for improvement. Record the results of your review and discuss with the Audit & Finance committee. | \_\_\_\_\_ Yes  \_\_\_\_\_ No If no, please comment: |
| 10. | **Does this chapter have a separate Travel & Expense Reimbursement policy?** | Please comment on compliance. |

Comments:

Healthcare Financial Management Association

Chapter Financial Review continued

1. **MANAGEMENT POLICY REVIEW – PROCESS OVERVIEW**

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| --- | --- | --- |
| **1**. | **Records Retention & Destruction Policy**.  a.) Has this policy continued to be administered throughout the fiscal period? | \_\_\_\_\_ Yes  \_\_\_\_\_ No If no, please comment. Also document all variances related to the policy guidelines in detail. |
|  | b.) Document how the policy guidelines are being followed | Please comment. Also, document all variances related to the policy guidelines in detail. |
|  | c.) Who has this responsibility been assigned to? | Please comment. Also, document all variances related to the policy guidelines in detail. |
|  | d.) Where are the chapter’s records stored and are they maintained in a secured environment? | Please comment. Also, document all variances related to the policy guidelines in detail. |
| **2.** | **Whistle Blower Policy.** a.) Has this policy been implemented during the current fiscal period? b.) Document how the policy guidelines are being followed, i.e., c.) who has this responsibility been assigned to? d.) how has this policy been communicated to the chapter’s membership? | \_\_\_\_\_ Yes  \_\_\_\_\_ No If no, please comment. Also, document all variances related to the policy guidelines in detail. |
| **3**. | **Conflict of interest Policy.** a.) Has this policy been implemented during the current fiscal period? b.) Document how the policy guidelines are being followed, i.e., c.) Who has this responsibility been assigned to? d.) how has this policy been communicated to the chapter’s membership. e) Have all board members electronically signed the Conflict-of-Interest Policy via the Cvent survey? - Examine the list. | \_\_\_\_\_ Yes  \_\_\_\_\_ No If no, please comment. Also, document all variances related to the policy guidelines in detail. |
| **4.** | **Travel & Expense Policy.** Does this chapter have a formal travel & expense reimbursement policy? Does the chapter adhere to the HFMA credit card manual guideline? | \_\_\_\_\_ Yes  \_\_\_\_\_ No If yes, please attach a copy. |
| **5.** | **Chapter Financial Statements.** Are the chapter’s financial statements shared with its members? | \_\_\_\_\_ Yes  \_\_\_\_\_ No If yes, please describe how this is accomplished. |
| **6.** | **Banking Fiduciary Processes.** Does the chapter annually update bank account(s) signatory cards? | \_\_\_\_\_ Yes  \_\_\_\_\_ No If no, please describe how the chapter assures that all authorized signatories are correctly communicated to the bank. |

Comments:

## Healthcare Financial Management Association

## Chapter Cash Receipts - Program

**Financial Review Objectives**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | Completed by (initials) | Workpaper  Reference |
| **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 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’s 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 QuickBooks cash record of receipts. |  |  |
| **4.** | Test the postings of cash/credit card receipts to the QuickBooks 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). |  |  |

Comments:

Healthcare Financial Management Association

Chapter Cash Disbursements - Program

**Financial Review Objectives**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | 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 |
| **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 |
| **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 QuickBooks cash disbursements journal (chapter checkbook) to the QuickBooks general ledger. |  |  |
| **4.** | Test a sample of petty cash reimbursement vouchers for support and approval. |  |  |
| **5.** | If the chapter utilizes credit cards for payment of expenses, vouch expenditures to the monthly statements, comment on expenditure support provided and approval process. |  |  |
| **6.** | Test an appropriate sample of Board and volunteer Travel & Expense reimbursement vouchers (expense reports) for support, approval, and timely submission. |  |  |
| **7.** | Test paid checks to the QuickBooks cash disbursements journal (chapter checkbook) and supporting documents. Verify that payees, amounts, and dates agree. |  |  |

Comments:

## Healthcare Financial Management Association

## Chapter Cash Disbursements - Program **continued**

**Steps to Achieve Review Objectives - Continued**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | Completed by (initials) | Workpaper  Reference |
| **8.** | Test signatures on paid checks against list of authorized signatories. |  |  |
| **9.** | Compare endorsements with indicated payees. Investigate any double endorsements. |  |  |

**Steps to Achieve Review of Credit Card Administration**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | Completed by (initials) | Workpaper  Reference |
| **1.** | If the chapter utilizes an HFMA Chapter Credit Card for business expenses, document who is responsible for the review and monthly bill payment processes? Describe the Internal controls that are in place? |  |  |
| **2.** | Who approves the monthly credit card invoice statement prior to payment?  Chapter Board Member: |  |  |
| **3.** | Does the chapter adhere to the HFMA Credit Card financial control guideline? Refer to the HFMA Finance, Tax Manual. |  |  |
| **4.** | Are separate HFMA monthly credit card statements provided to both the Chapter Treasurer and Chapter President? |  |  |

Comments:

## 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. |  |  |

**Financial Review Preparation**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | 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 |
| **1**. | Assure the bank reconciliation is mathematically correct. |  |  |
| **2.** | Trace account balance per books to QuickBooks general ledger, 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. |  |  |

Comments:

## Healthcare Financial Management Association

## Chapter Bank Reconciliation - Program continued

**Steps to Achieve Review Objectives - Continued**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | Completed by (initials) | Workpaper  Reference |
| **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 assert 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:   * 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. |  |  |

Comments:

**Financial Review completed by** \_