

Auditing an association

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Basis

Even though, according to Article 69b of the Swiss Civil Code, only large associations are legally obliged to use an independent auditor, it is highly recommended to make this a stipulation in the articles of association. It should also be stated how the audit will be carried out and who will be responsible (number of auditors, third party, etc.). The auditor is usually chosen by the general meeting. Associations entered in the commercial register must keep accounts in accordance with the provisions stated in Article 957 ff. of the Swiss Code of Obligations.

The audit must be carried out by a reputable auditor with the necessary specialist expertise, in line with the scope and complexity of the accounts. Legal requirements also apply to small associations (due diligence, faithful company management). In the event of gross negligence, members of the executive committee are personally liable for errors – even those resulting from a lack of knowledge or diligence (see work aid on Liability of the Executive Committee of the Association).

The person(s) who carries/carry out the audit must be independent; “courtesy audits” are not permitted. The auditor may be a member of the association but must not be a member of the executive committee.

Audit documentation

The following documents must be prepared for an audit:

- Balance sheet for the previous period (asset status)
- Balance as of the closing date (signed and dated)
- Income statement for the current period (signed and dated)
- Report on the statement
- Ledger sheets for all accounts
- All receipts
- If necessary, records of stocktakes (till, stocks, etc.), signed and dated
- If necessary, petty cash funds (e.g. food and drink at events, courses, etc.)
- Resolution from the executive committee stating that the audit has been accepted in its current form
- Expense regulations and if necessary, by-laws with the spending authorities of the executive committee

Audit process

An audit is to check:

- Whether all balance accounts from the previous period have been opened with correct amounts
- Whether all profit and loss accounts start with 0
- Whether the advances have been back posted
- Whether the stated balances match the receipts provided (balance)
- If stocktakes were carried out: check the balance records
- If no accounting programme was used:
 - If the balances have been correctly carried over to the balance and/or income statements
 - If all of the opened accounts have been carried over to the balance and/or income statements
- Transactions - either a sample or each individual transaction:
 - Correct amount?
 - Correct posting?
 - Receipts available?
 - Responsibility for the task available (by-laws, expense regulation)?
- If necessary, external accounts/petty cash (payroll accounting, food and drink at events, etc.) with all receipts

Audit report

The auditor writes the audit report and submits it to the general meeting.

Template

I/we carried out an audit of the association xxx from (period), completed on (date). The audit closes with an expenditure of CHF and income of CHF, with a profit (or loss) of CHF

The stated balances match the receipts provided. The receipts are correct for the sample of transactions checked. The accounting is proper and above board.

I/we request that the general meeting accepts the audit (period) in its current form and informs the treasurer, Ms xxx, and the executive committee of its approval.

The executive committee is responsible for the annual financial statement and it is my/our task to check it. I/we confirm that I/we carried out the audit competently and independently.

If the audit uncovers (imminent) excessive debt, serious errors or even violations, the auditor is required to inform the executive committee or in an emergency, the general meeting, in writing. It is advised that the auditor should contact the executive committee directly to clarify the improper incidents – it is best to indicate support for the executive committee, rather than just in the sense of an inspection.

How can small associations find auditors?

Make direct enquiries with people who work in accounting. For professionals, the job is not too much work and there are many people who would be happy to support your association voluntarily if you ask them. Having a specialist behind the scenes also has the advantage of providing competent support to the association treasurer throughout the year.