



July 17th, 2024

# UNAA AUDIT RECOMMENDATIONS REPORT

In the process of conducting an audit on your financial statements, for the years 2018-2022, here are the areas we felt needed improvement!

## 1. Enhance Financial Reporting Practice

**Observation:** Chart of accounts and books of accounts were challenging to navigate as accounting standards had not been followed.

**Recommendation:** Improve the accuracy, completeness, and timeliness of financial reporting to ensure adherence to accounting standards and provide transparent financial information. Management should also consider hiring a qualified bookkeeper/ accountant for proper bookkeeping.

### Details:

- I. **Accounting Standards Compliance:** Ensure financial reports comply with Generally Accepted Accounting Principles (GAAP) or International Financial Reporting Standards (IFRS).
- II. **Reporting Timeliness:** Develop a reporting calendar with deadlines for monthly financial statements, quarterly reports, and annual financial statements. Ensure reports are prepared on time and reviewed by appropriate staff or board members.
- III. **Report Accuracy:** Implement procedures for regular reconciliation of accounts and review of financial statements by someone independent from the preparation process.

- IV. **Standardised Chart of Accounts:** Develop a comprehensive and standardised chart of accounts that reflects the organisation's activities and funding sources. Regularly review and update the chart of accounts to align with organisational changes and reporting needs.

**Reason:** Accurate and timely financial reports help stakeholders make informed decisions and ensure the association's financial practices are transparent and accountable.

## 2. Improve Documentation and Record-Keeping

**Observation:** It was challenging to obtain documents after the fact for the audit process.

**Recommendation:** Implement robust documentation practices for all financial transactions and significant organisational decisions.

### Details:

- I. **Record-Keeping Systems:** Establish and maintain systems for storing financial records, including receipts, invoices, and bank statements. Ensure records are kept in a secure, organised manner.
- II. **Transaction Documentation:** Ensure all financial transactions are documented with appropriate supporting materials and approvals.
- III. **Retention Policies:** Develop a records retention policy that specifies how long different types of records should be kept and how they should be disposed of.

**Reason:** Proper documentation supports financial accountability, facilitates audits, and helps maintain transparency.

## 3. Conduct Regular Risk Assessments

**Observation:** Due to the nature of the organisation's transactions, mostly large expenditures, risk of loss and fraud exist

**Recommendation:** Develop a risk management framework for identifying, assessing, and addressing potential risks to the organisation.

**Details:**

- I. **Risk Identification:** Conduct periodic risk assessments to identify financial, operational, and reputational risks facing the organisation.
- II. **Risk Management Plan:** Develop and document a risk management plan with strategies for mitigating identified risks.
- III. **Monitoring:** Establish procedures for regularly reviewing and updating the risk management plan and monitoring the effectiveness of risk mitigation efforts.

**Reason:** Proactive risk management helps prevent issues and ensures that the organisation can respond effectively to potential challenges.

#### **4. Strengthen Internal Controls**

**Observation:** Numerous changes of the personnel of the organisation, multiple income sources, multiple cash outlays mean that to prevent fraud, internal controls have to be strong.

**Recommendation:** Develop and implement a comprehensive internal control framework that includes policies for financial management, segregation of duties, and approval processes.

**Details:**

- I. **Segregation of Duties:** Assign different people to handle different aspects of financial transactions (e.g., one person to authorise payments, another to process them, and a third to reconcile accounts). Regularly review and update roles and responsibilities to minimise the risk of fraud.
- II. **Bank Reconciliation:** Reconcile bank statements with internal financial records on a monthly basis. Investigate and resolve discrepancies promptly.
- III. **Accounting & Bookkeeping Service independent of the organisation that does not change with officer changes.** This

service would provide accurate timely books and financial statements, bank reconciliation and back up record keeping so that audits would be easy.

**IV. A close of books and presentation of financial statements after the major events that take on major cash outlays.**

**Reason:** Effective internal controls reduce the risk of fraud and errors, ensure accuracy in financial reporting, and protect organisational assets.