

Guidelines for the Independent Auditors of The Society of Parents and Friends of the John F. Kennedy School (the Verein)

I. Purpose

These guidelines set forth the role, duties and responsibilities of the Verein Auditor(s), providing guidance on the proper conduct the business of the independent auditor. It is intended to serve as a standalone instruction until such time as the Verein creates and adopts Bylaws for the Verein at which time it is expected that the contents be incorporated as approved here entirely in this new document.

II. Effective Date

This document was approved by a vote of the voting board members (hereinafter referred to as the “**Board**”) on 17 February 2021. It should be reviewed annually and updated as needed by the board. The use of the term “**Officers**” and “**Board**” is interchangeable in this instruction. The Board may amend these guidelines from time-to-time.

III. Treasurer – General Overview

Eligibility and appointment

Any member of the Verein who does not hold a board position, or does not belong to another official Verein body (such as a standing committee) may act as an Auditor.

To ensure integrity, two auditors are recommended.

Auditors are appointed at the annual general meeting and serve for a period of one calendar year, except when required by extenuating circumstances (illness, retirement, relocation, etc.). In this case a temporary auditor may be appointed by the board as is provided for in the Constitution §11 for vacancies in the board.

The auditors undertake their appointment on a voluntary basis. They are not commissioned as professionals (i.e.: a Steuerberater, CPA, etc.). As such, except in the case of gross negligence or intent to harm members or the association itself, the Verein auditors are exempted from liability.

Duties, responsibilities, authority

It is important to note that while a cash audit is not provided for by law, the performance of an annual audit of the Verein’s books provides important feedback to the board and its officers. Equally important, a comprehensive audit creates trust and gives comfort to the Verein membership, whose dues form the foundation of the Verein’s operating funds.

To fulfil their duty, the auditors are entitled to access to all the Verein’s operating and business documents. The principal focus is on documents of a financial and economic nature. The auditors have a right to query and collect information from officers to complete their assigned tasks.

Auditor-specific tasks:

- Review transactions and receipts
- Review bank records
- Review allocation of expenditures and income

- Tasks undertaken in conjunction with the Treasurer:
 - Review income from membership fees
 - Examine the annual financial statements of the Verein
 - Examine the Verein's overall financial situation, with a particular view to liquidity and solvency

Additionally, though statutory and tax compliance fall outside the purview of the auditors, if requested by the Board and in cooperation with the Treasurer, the auditors may check compliance with statutory accounting and tax regulations

Inspection of documents and records

The auditors will review documents and records prepared by the Treasurer and other persons responsible for disposition of Verein funds, such as the person dutifully charged with the administration of the Student Activity Fund or any other activity using a Verein sponsored checking sub-account (i.e.: GEV or Lernmittelfond).

The review, generally undertaken in January, proceeds on the basis of random samples taken from categorized receipts and invoices; monthly bank statements; cash income receipts (for instance from Fun Day); and all other financial documents made available by the Treasurer for the purpose of the audit.

The fundamental purpose of this control is to determine that income and expenditures presented in the documents match the records in the Verein's accounts. If the auditors are satisfied as to the completeness and correctness of the cash accounts, they may recommend the discharge of the board and its officers in the audit report.

It should be noted again that, even if the auditors overlook a mistake in the documents and accounts presented to them, they bear no liability for this oversight. These voluntary auditors are not, however, exempt from liability in the case of gross negligence or purposeful disregard for the principles of accounting.

Audit Report

Following completion of the tasks outlined above, the auditors will prepare a brief audit report to serve as a basis for the regular discharge of the Board and officers of the Verein. The audit report will be presented orally and in writing at the annual general meeting.

If during the discharge of their duties, the auditors find any irregularities in the Verein's accounts, records or overall economic situation they will present these to the membership in the audit report.

The audit report shall contain, at a minimum, the following information:

1. The fiscal year and scope of documentation under review - for example, "The Cash Records of the JFKS Verein for the association year 01 January - 31. December 20XX"
2. Identification of the auditors.
3. Date and location of the cash audit.
4. Who was present at the audit.
5. Documents and records reviewed by the auditors and further review of any documents provided subsequent to the audit (i.e.: as part of follow-up to questions posed by the auditors).

6. Description of the review. For example, "Using random checks, the auditors reviewed the monthly bank statements of the Verein's bank accounts; the Verein's schedule of assets; the Verein's membership list and accompanying dues schedule; etc. The auditors undertook an intensive check of XXX for the reason of YYY."

7. Result of the audit If completed to the auditors' satisfaction could take the following form: "The auditors were presented bookkeeping records by the Treasurer. These were comprehensive and were presented clearly. The auditors had complete access to all documents requested for review. The Treasurer [or insert other participant here] was able to answer all questions posed by the auditors. All issues were resolved immediately [Follow up was required in the case of AAA and was resolved to the auditors' satisfaction]."

In case the audit is not completed to the auditors' satisfaction, the auditors will propose mitigating action to bring the bookkeeping/procedures/cash control into compliance with standard association accounting practices. Once mitigation has taken place, the auditors may undertake a further review.

8. Recommendation of discharge of the board and officers.

Acceptance and discharge

With acceptance of the annual audit report, the board will thank the current auditors who are released as their one-year term of office has expired. The auditors are eligible to run for reelection at this time.