Financial Audits

The Executive Board voted to proceed with two audits of CCFT finances: a Forensic audit and a GAAP (Generally Accepted Accounting Principles) audit.

A Forensic audit is done by AFT and free of cost to the organization. The audit looks specifically for financial irregularities.

A GAAP audit is a general audit of all financial statements and processes. The EB anticipates the cost of the GAAP audit will be reduced because many of the documents needed for the GAAP will be provided by the initial audit.

Both audits are done to preserve the integrity of the organization, to protect previous and current organizational leaders and to provide the most financial transparency for the organization.

According to an e-mail from Dennis Smith, CFT Secretary-Treasurer, “Contracting for independent audits whether they be forensic, operational, compliance and/or financial is the best way for an elected governing board to have fulfilled its fiduciary responsibilities and for the previous members of that board to be assured that they have fulfilled their responsibilities…”

Article IX Sections 1 and 2 of the AFT Mandates refer to organizational audits.

The Executive Board voted to audit our finances for the following reasons:

- Auditing will protect the interests of all CCFT members.
- Auditing or a Financial Review is required to comply with AFT requirements and best practices.
- Auditing was recommended at ULI West this summer as a way to demonstrate due diligence to fiduciary responsibility of the organization’s leaders to its members.
- Neither a GAAP nor Forensic audit has ever been completed on the entire CCFT books.
- Past “audits” have only been on chargeable/non-chargeable areas and low-level financial reviews.
- Supporting the EB vote, Dennis Smith, Secretary Treasurer of CFT, wrote in an email on October 15 that the “decision to authorize an audit is a customary, prudent, and responsible course of action for leaders of effective organizations to take.” Mr. Smith also wrote: “I believe that the decision of your board to authorize independent audits fulfills its duty of care and demonstrates fiduciary responsibility.”

According to CCFT CPA, John Pooley, in a letter dated October, 2007, a review does not, “…contemplate obtaining an understanding of internal control or assessing risk, tests of accounting records and responses to inquiries by obtaining corroborating evidential matter, and certain other procedures ordinarily performed during an audit. Thus, a review does not provide assurance that I [Pooley] will become aware of all significant matters that would be disclosed in an audit…”