

## **POTOMAC VALLEY SWIMMING**

### **Treasurer's Report on Formation of PVS Audit Committee October 10, 2007**

At the recent USAS convention, I took the opportunity to examine how other LSCs, as well as USA-S, conduct their financial affairs. As we already knew, PVS is a leader both in the conduct of our financial business and in our reporting and auditing procedures. However, there is one procedure that we have not followed in recent years.

The PVS Bylaws Section 7.4.2 C provides for the establishment of an Audit Committee. PVS has not used an Audit Committee in recent years, at least since we began to use an outside auditing firm. However, the Bylaws provide that even when the audit is performed by an independent auditor, the Audit Committee continues to function to (a) recommend an independent auditor, (b) review and negotiate services provided by the auditor, (c) receive and review the audit report, and (d) submit the audit and recommendations to the Board of Directors.

I am recommending that PVS follow its bylaws by forming an Audit Committee. As a practical matter, the functions listed under (a) and (b) in Section 7.4.2 C have already been performed in regard to FY 2006. However, the Committee can still perform (c) and (d) for FY 2006 and will have full authority to work independently going forward.

No Board action is required in order to form the Audit Committee. The General Chair can appoint a minimum of three members to the Committee, with the consent of the Board. In order to be effective, the Committee needs to be appointed now so that they can work with the outside auditors as they perform the FY 2006 audit, since that work has already begun. I recommend that the new Treasurer be appointed to the Audit Committee only for the purpose of completing work related to the FY 2006 audit. Then, in accord with the wording in our Bylaws, the Treasurer cannot be a member of the Audit Committee, so he will be replaced. For two additional Audit Committee members, I recommend Karl Hellmann and Manga Dalizu.

Bill Stephens  
Vice Chair, Finance, and Treasurer