

Audits

A Question and Answer Guide

How many audits must be done yearly?

- At least two per bank account

Each bank account requires a separate audit?

- Yes

When should audits be done?

- At the end of a fiscal year (usually July)
- In the middle of the fiscal year (usually January)
- Whenever a check signer resigns or is removed from office
- Whenever mismanagement is suspected

Who conducts an audit?

- The elected or appointed auditor. Auditors may not be related to any check signers by blood, marriage or cohabitation.

Who appoints an auditor if no one is elected?

- The executive board appoints an auditor and the association ratifies that appointment. Note: This is not how appointments are usually made. This is a special case so that a president, who is usually a check signer, is not appointing the person who will be auditing the financial records.

What is an audit review committee?

- An audit review committee is a committee of at least two people (which may include the auditor and/or other officers and members) who review the audit and any findings or recommendations BEFORE the audit is presented to the executive board for review and adoption.
- Check signers may serve on the audit review committee but the committee must have a majority of non-signers.
- The audit review committee should sign the audit form at the bottom of the page. The updated Audit Report in the Toolkit has space to record the date the audit is reviewed by the committee and for committee member signatures. If using an older version of the form, the audit review committee should sign and date the form in the bottom margin.

Why do we need an audit review committee?

- It's an insurance requirement. Insurance claims may be denied or coverage voided if audits are not reviewed at least annually by an audit review committee.
- An audit review committee is NOT required if the audit is performed by a qualified accountant (paid or volunteer).

- A qualified accountant is someone who has been trained/licensed to conduct audits and/or review accounting records, such as a Public Accountant or Certified Public Accountant (CPA). They do not need to be currently employed in the field and may be paid or volunteer.

Do we need an audit review committee if our audit is conducted by a council or district officer?

- Yes. An audit review committee is not required ONLY IF the audit is conducted by a qualified accountant. Council and/or district officers may serve on the audit review committee for a unit in their council/district when necessary.

What are the steps in conducting and adopting an audit?

- The auditor conducts the audit, completes the audit form and checklist and notes any findings/recommendations. The auditor signs and dates the audit.
- The audit review committee (at least two people) reviews the audit. They should sign the bottom of the audit form as described above.
- The audit is presented to the president and treasurer, then to the entire executive board at a board meeting. The executive board reviews and adopts the audit. The date the audit is adopted by the board is noted on the audit form and in the meeting minutes.
- The audit is presented to the association for adoption. The date the audit is adopted by the association is noted on the audit form and in the meeting minutes.
- The audit (original) is filed with the treasurer's records.
- A copy of the completed audit is uploaded into PTAEZ.
- The council or district is notified the audit has been uploaded and/or sent a copy of the completed audit.