

[If you're having trouble viewing this e-mail, click here.](#)



www.capta.org

Leadership Essentials

December Edition 2012

In the spirit of Thanksgiving, don't forget to thank the many volunteers at your school in addition to those who have stepped up to be officers and chairmen in your PTA.

Audits – More than a reconciliation

An audit is a formal examination of the financial books and records of the financial officers of the PTA.

An audit determines the accuracy of the books, detects inconsistencies or errors, and provides recommendations for corrective action.

It also protects the financial officers, verifies that funds were sent through channels as appropriate, and assures the membership that the association's resources were managed in a businesslike manner within the regulations established for their use.



Audits are to be completed semi-annually. Your bylaws state what months they are to be presented to the executive board for approval and also the months that your association receives the audit report for adoption.

The mid-term audit, for a PTA with a fiscal year of July 1 to June 30, is completed in December or January and the year-end audit is completed in July – after the close of the books on June 30. Check the bylaws for your fiscal year dates.

Bylaws state that copies of adopted audits must be submitted to your council – if you are in a council – **or to your district PTA.**

An audit report consists of three parts:

1. The actual [audit report form](#)
2. The [audit checklist](#)
3. Any recommendations that are provided by the auditor

The completed audit must be formally adopted at an association meeting, signed by the auditor, and attached to the minutes as a permanent record.

Each bank account is audited separately with a separate report and audit checklist prepared for each account. Each account audit is reported to the executive board and the association.

Gather all necessary financial records from the appropriate officers. For additional information on the items to collect, click [here](#).

Follow the “audit checklist” to complete the audit including the following in the report of findings and recommendations:

- Any “no” check marks in the checklist should be explained.
- Mention any discrepancies in membership monies received vs. monies forwarded.
 - **Income “not belonging to the unit” should be separated in treasurer’s reports** – most notably the per capita that is forwarded through channels to the other levels of PTA - and should never be considered part of the unit income. This makes it easier to confirm for the audit that all memberships have been forwarded!
- Audits are sequential and all balances must match. The ending balance of the year-end audit must agree with Annual Financial Report ending balance. The mid-year audit begins with the ending balance of the year-end audit.
- Check that recommendations from last audit report have been implemented.
- Acknowledge procedural improvements in future Audit Reports.

Remember...regular audits protect the financial officers and assure the members that PTA funds are being properly managed.

Ensuring proper accounting of all transactions and that expenditures have been authorized in the minutes are the main purpose of an audit,

in addition to reviewing conformity to PTA financial policies and procedures.

Unlike an IRS audit, welcome a PTA audit as a way to improve the PTA's financial procedures and accounting. View each recommendation as one more opportunity to increase the transparency of your financial reporting.

Past issues of this e-newsletter, ***Leadership Essentials*** – which includes information focused for PTA leaders at all levels – are archived on the California State PTA website under the *Running My PTA/Leadership Development* tab. You can also simply search for "Leadership Essentials." Click [here](#) to view the archives.

For more FREE online publications from California State PTA, click [here](#). You can subscribe to PTA publications and manage your subscriptions!

Please let leadership@capta.org know if this email contained information that was helpful to you and also what other information would be helpful to include in future emails.

This message is being sent to all unit, council and district PTA presidents.

| |
|---|
| E-mail & Website Policy |
| Manage Subscriptions |
| Unsubscribe |

www.capta.org