How To Complete
A
Financial Audit

The Purpose of an Audit
• Check accuracy of all finance officer books
• Look for inconsistencies and errors
• Protects financial officers
• Verify that funds collected and spent are done as the membership voted to do
• Verify that no online* or ATM banking is done.
Audit Timeline

- Your PTA bylaws give you the audit due dates
- Semi-Annual audits are done (twice a year)
- Audits are also done when bank accounts are closed or if a check signer is removed
- An audit should be done as soon as possible once the bank statement has arrived

Who Completes The Audit?

- Your PTA auditor
- An audit committee
- Council or District auditor
- Paid independent auditor (CPA, etc.)

Auditor Duties

- All accounts are audited separately
- Review financial transactions through all the records, not just the bank statement!
- Ensure proper accounting for receipts and expenditures
- Ensure that all expenditures have been authorized in the minutes
- An auditor is never a check signer
Audit Checklist

- Financial records should be provided by the financial secretary (if you have one) and the treasurer.
- Executive board and association minutes will be should be in the treasurer’s records, if not ask the recording secretary for copies.
- Any records that are not provided are noted in auditor’s recommendation letter.
- Funds not belonging to PTA.

Beginning Balance

- Audited amount from prior audit.
- Reconciled ending balance from last bank statement as indicated on the last audit report.
- Balance forward on the first treasurer’s report.
Audit Procedure

• Audit each account separately
• Check “YES” or “NO” as each item is completed
• All “NO” answers require a recommendation which should be noted as you work
• Corrections in ledger/check register can be made only by the person who made the original report

Questions?

Membership Income

• Verify membership recorded and deposited equals total number of memberships
• Secretary or VP Membership should have an official membership list
• Membership dues have to be recorded and divided up correctly for the unit/council/district income and “Income not belonging to the unit/council/district”
• Verify that “Disbursements not belonging to PTA” have been forwarded through channels
TOTEM - eMembership

- Money is automatically deposited
- Verify the number of memberships on TOTEM reports is included in treasurer’s reports in addition to physical monies received
- Portion not belonging to the unit will not show up on the budget
- June e-members are paid in June but count towards new year’s totals.

Required Filings

- Insurance Premium (plus Worker’s Comp if needed)
- Tax Filings
  - 990
  - 199
  - RRF-1 (with TR-1 form if required)
  - SOS (if incorporated)
- Worker’s Compensation Form

Reports

- Treasurer Reports
- Financial Secretary Reports
- Annual Financial Report
QUESTIONS?

Minutes and Committees

- Executive Board meeting minutes
- General Association meeting minutes
- Committee reports

Audit Report
Audit Report

Date: 2/2/2020

Audit Report

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance on hand as of last audit</td>
<td>$18,272.39</td>
</tr>
<tr>
<td>Total members YTD</td>
<td>151</td>
</tr>
<tr>
<td>Total members YTD</td>
<td>97</td>
</tr>
</tbody>
</table>

Audit Report

Date covered by this audit: 7/1/2019 - 12/31/2019

Check numbers reviewed in this audit: 1278 to 1991

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance on hand as of 12/31/2019</td>
<td>$18,272.39</td>
</tr>
<tr>
<td>Total deposits to checking account</td>
<td>$21,307.01</td>
</tr>
<tr>
<td>Total checks written</td>
<td>$20,833.25</td>
</tr>
<tr>
<td>Total balance in checking account as of 12/31/2019</td>
<td>$18,272.39</td>
</tr>
</tbody>
</table>

Audit Report

I have examined the financial records of the treasurer of Sunshine Elementary PTA and have found:

- All accounts were found to be in good order.
- All checks and deposits were recorded accurately.

The financial records are consistent with the books of account and are in agreement with the financial statements presented.

Sincerely,

[Signature]

Piper Hallwell, CPA
Audit Report

Read the following when the auditor's report is given:
- Have examined the financial records of the Treasurers of
  Sunnyside Elementary PTA.
- Reviewed the bank statements and balances.
- Reviewed the checkbook and balances.
- Reviewed the accounts and balances.

The above review was conducted in accordance with generally accepted auditing standards.

Date of Audit:

Date of Audit Report:

Date of Audit Request:

Audit Recommendations:

Give copies of the complete audit to appropriate officers.

Present the audit along with the findings in the audit recommendation letter to the executive board.

The association does not receive the recommendations as they may contain sensitive material. If there are questions, you can say that you are addressing issues that were found.

Common Mistakes

• Using the bank statement balance instead of the checkbook balance
• Forgetting to deduct outstanding checks
• Forgetting to account for prior audit outstanding checks that have since cleared
• Check dates on deposits/check requests

Audit Recommendation Letter

• Give copies of the complete audit to appropriate officers.
• Present the audit along with the findings in the audit recommendation letter to the executive board.
• The association does not receive the recommendations as they may contain sensitive material. If there are questions, you can say that you are addressing issues that were found.
QUESTIONS?

Five Minute Audit

• Look at the checks to verify
  • 2 signatures
  • Date, amount, payee match treasurer’s report

• Look at the deposits to verify
  • Date and amount match financial secretary and/or treasurer’s report
  • Deposits are made in a timely manner
  • Assure that no online banking has occurred (except authorized deposits)
  • No online payments unless by approved EFT paperwork
  • No ATM withdrawal transactions
  • Contact treasurer to resolve any errors

Mismanagement

• Lack of receipts
• No Financial Reports
• Officer misses meetings and does not return phone calls or e-mails
• No money to pay bills-PTA checks returned for lack of funds
Financial Situations to Avoid

- School staff member as treasurer or president
- Principal who wants projects funded without going through the approval process required by PTA
- Encumbering future boards by paying salaries for on-going staff positions
- Finance officers signing blank checks
- Lack of/incomplete minutes, particularly in matters involving use of funds

Questions?

Thank you for attending!