



**How To Complete
A
Financial Audit**

California State
PTA
everychild.one voice.

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

QUESTIONS?



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

PTA
PARENT-TEACHER ASSOCIATION

AUDIT REPORT

Date: _____ Fiscal Year: _____
 School: _____ District: _____
 County: _____ District PTA: _____
 State: _____ Chapter: _____
 Local: _____
 Membership (Total/For Roll Call): _____ / _____
 Total Members PTA: _____

Items covered by this audit:
 District number included in this audit _____
 Accounts for cash and other assets _____
 RECEIPTS and cash _____
 DEBIT CREDITS and other _____
 BALANCE SHEET as of _____
 Other Information _____

Amounts Audited:
 District PTA Audited as of _____
 District PTA Audited as of _____
 District PTA Audited as of _____
 District PTA Audited as of _____

Comments:
 Accounting for the audited department: (user responsible for department and department)
 Approved by: _____
 Date: _____
 Approved by: _____
 Date: _____
 Approved by: _____
 Date: _____

Audit Report



AUDIT REPORT

Date 2/21/2020 Fiscal Year 19/20
 Name of Unit Sunshine Elementary PTA IRS EIN 00-0000000
 Council ABC Council of PTAs District 00
 Bank Name Big Anonymous Bank Account Name Checking
 Bank Address 1313 Mockingbird Lane City/Zip Anytown/99999
 Membership Dues Per Bylaws \$ 7.00
 Total Members YTD 151 E-Members YTD 97

Audit Report

Dates covered by this audit 7-1-2019 to 12-31-2019
 Check numbers reviewed in this audit 1478 to 1503
 BALANCE ON HAND at date of last audit 06/30/2019 (date) \$ 14375.98
 RECEIPTS since last audit \$ 33987.03
 DISBURSEMENTS since last audit TOTAL \$ 46363.01
 BALANCE ON HAND as of 12/31/2019 (date) \$ 21039.25
 BANK RECONCILIATION
 BANK STATEMENT BALANCE as of 12/31/2019 (date) \$ 21247.61
 DEPOSITS not yet credited (add to balance) \$ 0.00
 UNCLEARED CHECKS (List check number and amount)
 # 1487 \$ 150.00 # _____ \$ _____
 # 1501 \$ 59.36 # _____ \$ _____
 TOTAL uncleared checks (subtract from balance) \$ 208.36
 BALANCE in checking account as of 12/31/2019 (date) \$ 21039.25
*These lines must balance

Audit Report

Read the following when the auditor's report is given: I have examined the financial records of the treasurer of
Sunshine Elementary PTA PTA/PTSA and find them:
 correct.
 substantially correct with the attached recommendations and findings.
 partially correct. More adequate accounting procedures need to be followed so that a more thorough audit report can be given.
 incorrect.
 Attach separate report of explanation and recommendations to executive board.
 A separate audit form must be completed for each bank account.
 Date Audit Completed 2/21/2020 Date Audit Reviewed by Committee N/A
 Date Executive Board Adopted 2/28/2020 Date Association Adopted 3/21/2020
 Auditor's Signature Piper Halliwell Auditor's Printed Name Piper Halliwell, CPA
 Review Committee Signature(s) N/A
(Copies to: unit president, secretary, and treasurer; council treasurer or auditor and district PTA treasurer or auditor as directed by the district PTA. Attach copies of tax filings to copies provided to next level PTA.)

Audit Report

Read the following when the auditor's report is given: I have examined the financial records of the treasurer of
 Sunshine Elementary PTA _____ PTA/PTSA and find them:

correct.
 substantially correct with the attached recommendations and findings.
 partially correct. More adequate accounting procedures need to be followed so that a more thorough audit report can be given.
 incorrect.

Attach separate report of explanation and recommendations to executive board.
 A separate audit form must be completed for each bank account.

Date Audit Completed 2/21/2020 Date Audit Reviewed by Committee 2/26/2020
 Date Executive Board Adopted 2/28/2020 Date Association Adopted 3/21/2020

Auditor's Signature Piper Halliwell Auditor's Printed Name Piper Halliwell
 Review Committee Signature(s) Sam Winchester Maria DeLuca

(Copies to: unit president, secretary, and treasurer; council treasurer or auditor and district PTA treasurer or auditor as directed by the district PTA. Attach copies of tax filings to copies provided to next level PTA.)

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 us of funds

QUESTIONS?



THANK YOU FOR ATTENDING!
