

Burbank Council PTA Audit L.I.S.T. Training

Steps to completing a financial audit

The purpose of an audit

- Check accuracy of all finance officer books
- Look for inconsistencies and errors
- Verify that funds collected and spent are done as the membership voted to do
- Verify that no ATM banking is done. ATM cards are not allowed but per CAPTA toolkit, EFT and bank bill pay services are now approved, as long as access to the general checking account is restricted (see "Payment Via Electronic Funds Transfer/Bank Bill Pay Services")
- Review committee (event planner) reports

Who completes the Audit?

You have options

- Your PTA auditor
- Council or district auditor, is a last resort
- Paid independent auditors, like a CPA

An auditor is never a check signer

Audit Timeline

- Annual audits are done twice per year:
 - June 1st through November 30th
 - December 1st through May 31st
- Audits are also done when bank accounts are closed or if a check signer is removed
- An audit should not take more than 2 weeks to complete

Audit Review Committee ~~also~~ reviews the audit

- The audit review committee members are appointed by the executive board and must be ratified at an association meeting. The audit committee shall be composed of the auditor and at least one other member (but we recommend two other members)
- The appointed committee that was appointed can review the mid-year audit and the year-end audit
- The review committee members names appointed must be noted in the executive meeting minutes
- Each review committee member reviews the audit; each must sign the audit report.

Audit Check list of documentation needed to begin the audit

- ✓ Bylaws & Standing Rules
- ✓ Budget(s)
- ✓ Last Audit Report
- ✓ Checkbook register
- ✓ Cancelled checks (including voids)
- ✓ Authorizations for Payment and EFT authorizations
- ✓ Cash Verification Forms
- ✓ Bank statements, bank books and deposit slips
- ✓ Bank Reconciliations
- ✓ Receipts/bills
- ✓ Cash receipts
- ✓ Executive board meeting minutes
- ✓ Association meeting minutes
- ✓ Committee reports
- ✓ Treasurer Reports (Executive Board & Association)
- ✓ Financial Secretary Reports
- ✓ Annual Financial Report
- ✓ Workers' Compensation Annual Payroll Report form
- ✓ IRS Forms 990/990EZ/990N
- ✓ State Form 199 State Form RRF-1
- ✓ State Form CT-TR-1 (if required)
- ✓ **As required for PTAs with employees or independent contractors:**
- ✓ IRS Form 941
- ✓ IRS Form 1099
- ✓ State Form DE-6
- ✓ State Form DE-542
- ✓ Other: _____

Audit Checklist Procedure

- Audit each account separately,
 - Checking
 - Savings
 - Square
 - PayPal etc.
- Check "YES" or "NO" as each item is reviewed
- All "NO" answers require a recommendation and should be noted as you work
- As you review the documents initial and date

Mismanagement, what to look for

- Lack of receipts
- No Financial Reports
- Officer misses meeting and does not return phone calls or emails
- No money to pay bills-PTA
- Checks returned for lack of funds

Financial Situations to Avoid

- Schools staff members 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
- Lack of/incomplete minutes, particularly in matters involving funds

Membership Income Review

- Recording Secretary or Membership chair has the official membership list
- Verify memberships and electronic membership records and that deposits equals total number of memberships
- Verify membership dues were recorded and divided correctly for the unit/council/district income and “income not belonging to the unit/council/district”
- Verify that “disbursements not belonging to PTA” has been forwarded through channels

What is needed to submit your audit

- Audit report for each account
- Audit check list for each account
- Audit recommendation letter, (if one was needed) for each account

The audit is presented to

- 1) Your Audit Review Committee
- 2) Your PTA executive board
- 3) Your PTA association
- 4) Burbank Council PTA. Via Google Drive by your Unit President/Treasurer

Financial handouts used and reviewed for the audit

- Audit Report
- Sample Audit Report
- Audit Check list
- Sample Audit recommendation letter
- Five minute audit check list
- Payment Authorization/Request for reimbursement
- Warrant also known as Authorization for Payment
- Committee report
- Request for advance/payment authorization
- Fiduciary agreement
- Cash Verification form
- Check and Checkbook Register sample
- Checking account ledger Sample
- PTAEz Ledger Sample
- Authorization to transfer funds between accounts
- Authorization to purchase on the internet

Web Links

<https://capta.org/>

<http://toolkit.capta.org/>

Audit Report Fillable

<http://downloads.capta.org/toolkit/forms/AuditReport.pdf>