

**Burbank Council PTA
Audit L.I.S.T. Training
July 11, 2020**

Steps to completing a financial audit

Jul-20

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
- ▶ Review committee (event planner) reports
- ▶ Verify that ATM banking is done. ATM cards are not allowed per CAPTA toolkit.
- ▶ Review Electronic Funds Transfer (EFT) forms

Who completes the Audit?

You have options

- ▶ Your PTA auditor
- ▶ An audit committee is put together
- ▶ Paid independent auditors, like a CPA
- ▶ Council or district auditor, as a last resort

Note: an auditor is never a check signer

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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

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Appointing an Audit Review Committee 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 Review Committee reviews the audit

- ▶ Audit report is dated
- ▶ Audit report is signed by the unit auditor
- ▶ Ensure "Dates covered by this audit" are consistent with the unit's fiscal year-end per unit bylaws
- ▶ Ensure "Balance on hand" at audit period end agrees to (equals) "Balance in checking account" at audit period end.
- ▶ Ensure completeness of Audit Check list and ensure all, "No" answers have been included in the report as recommendations to change financial procedures.
- ▶ Ensure "No" is selected for "Mismanagement" if "Yes" is selected contact Burbank PTA Council President

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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

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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

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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-1R-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: _____

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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
- › Audit committee protocol

Web Links

- › <https://capla.org/>
- › <http://toolkit.capla.org/>

Audit Report Fillable

- › <http://downloads.capla.org/toolkit/forms/AuditReport.pdf>

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Monthly Five Minute PTA Audit Procedure Check List:

Step 1:

- › ___ Look at the reconciled checks (front and back).
- › ___ Verify two signatures on every check, Payee, amount and date match the treasurer's report.
- › ___ Purpose of payment is included in the check's note section.

Step 2:

- › ___ Look at the deposits. Verify date and amount match the treasurer's report.
- › ___ Deposits have been timely.

Step 3:

- › ___ Assure no online payments or withdrawals have been made using a debit/ATM card.

Step 4:

- › ___ Reconcile the bank statement to the treasurer's report.
- › ___ Make adjustments for checks that have not cleared and deposits not shown.

Step 5:

- › Contact the treasurer to determine the source of the error(s). Corrections, if required, are included in the next treasurer's report. Report findings to unit president, treasurer and auditor (if the reviewer isn't the auditor).

› Month Audited _____

› **Auditor's Recommendation:**

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PTA
PARENT-TEACHER ASSOCIATION

CHECK AND CHECKBOOK REGISTER (SAMPLE)

Check	Date	Description of Payment	Amount	✓	Total Deposits	Balance
1188	8/10/19	Bank Credit				1193.00
1188	8/10/19	Reg. Count	30.00	✓		1163.00
1188	8/10/19	Memberships (members)		✓	30.00	1133.00
1188	8/10/19	Memberships (P & T's)		✓		1133.00
1188	8/10/19	Reg. Count	100.00	✓		1033.00
1188	8/10/19	Reg. Count	5.00	✓		1028.00
1188	8/10/19	Memberships (P & T's)		✓	100.00	928.00
1188	8/10/19	Reg. Count	40.00	✓		888.00
1188	8/10/19	Reg. Count		✓	100.00	788.00
1188	8/10/19	Reg. Count	20.00	✓		768.00
1188	8/10/19	Bank fee		✓		668.00

Sample recorded checkbook register

My PTA, _____, _____ 1919
Parent Org, CA 94000-1000 Date: January 1, 2007

Pay to the order of: Mont Market \$ 39.40
This check is for \$ _____ DOLLARS

FOR _____ OF _____
FOR _____ OF _____

Sample check

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PTA
PARENT-TEACHER ASSOCIATION

REQUEST FOR ADVANCE PAYMENT AUTHORIZATION
ATTACH ALL RECEIPTS TO THIS EXPENSE STATEMENT

Name _____ Telephone (____) _____
Address _____
City/State _____

Funds being requested for: _____

List estimated costs: _____ \$ _____
_____ \$ _____
_____ \$ _____
_____ \$ _____

TOTAL ADVANCE REQUESTED \$ _____

I request the above advance for expenses of authorized _____ PTA business. With no other PTA approval required, I agree to submit an expense statement along with the receipt(s) made out to reflect my correct portion of the advance or to claim money due to me, providing the total is not in excess of the approval amount.

Signature _____ Date _____

For PTA Treasurer use:
 Nonmember-approved activity Funds raised by members
 Executive board-approved expenditure

Treasurer Secretary

President's signature _____ Date _____
Date approved by minutes _____ Secretary's signature _____

10011
California State PTA Booklet - 2013 338 Jul-20

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PAYMENT AUTHORIZATION/REQUEST FOR REIMBURSEMENT
ATTACH ALL RECEIPTS TO THIS EXPENSE STATEMENT

Name of Payee _____
PTA Position _____
Address _____
City/State _____
Telephone (____) _____

Expenditure was for: _____

List Expenditures: _____ \$ _____
_____ \$ _____
_____ \$ _____
_____ \$ _____

TOTAL EXPENSE \$ _____

Total Amount Claimed From Above \$ _____
Minus Advance Received \$ _____
Reimbursement Claimed \$ _____
Not claimed - donated to PTA \$ _____
Refused to PTA (Enclosed Checks) \$ _____

Signature _____ Date _____

Signature of PTA Chairman for Program/Event _____

For PTA Treasurer use:
 Nonmember-approved activity Funds raised by members Executive board-approved expenditure

Treasurer Secretary

President's signature _____ Date _____
Date approved by minutes _____ Secretary's signature _____

10011
California State PTA Booklet - December 2013 Form Jul-20

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CASH VERIFICATION FORM

(Membership, Fundraising, Donations)

UNIT NAME _____ DATE _____

ACTIVITY _____

CASH

100	_____	_____
10	_____	_____
50	_____	_____
100	_____	_____
1000	_____	_____
TOTAL	_____	_____

CHECKS (Attach stubs with number and sign of electronic checks)

100	_____	_____
10	_____	_____
50	_____	_____
100	_____	_____
1000	_____	_____
TOTAL	_____	_____

CURRENCY

100	_____	_____
10	_____	_____
50	_____	_____
100	_____	_____
1000	_____	_____
TOTAL	_____	_____

Cash Total _____ Check Total _____

Cash Total: _____
Check Total: _____
Grand Total: _____

Membership Data:
_____ members @ \$ _____ (class) + \$ _____ + donations = \$ _____ Grand Total _____

FOR OFFICIAL USE ONLY

Signatory: _____ Annual Renewal \$ _____
Signature: _____ Date: _____

Fig 7 & 8 Cash Verification Form

Finance 40 California State PTA Toolkit - December 2019 Jul-20

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Exhibit LB
PARENTS' RIGHTS

AUTHORIZATION TO TRANSFER FUNDS BETWEEN ACCOUNTS

Date _____

Reason for transfer: _____

Transfer from account: _____

Transfer to account: _____

Amount to transfer: _____

Requested by: _____

Authorized by: _____
(Authorized Check Signer)

(Authorized Check Signer)

This form must be signed by two authorized check signers before any transfer may be made. Signatures by duplicate copy will be accepted.

Date of Transfer: _____ Bank Transaction Number: _____

102010

California State PTA Toolkit - 2011 Jul-20

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AUTHORIZATION TO PURCHASE ON THE INTERNET

Date _____

Internet Vendor: _____

Reason for Purchase: _____

Budget Account: _____

Date Motion Approved: _____

Amount Approved: _____

Requested by Committee Chair: _____

Authorized by: _____

(Authorized Check Signer)

This form must be signed by two authorized check signers before any internet transaction may be made. Signatures by duplicate copy will be accepted.

DATE OF RECEIPT OF GOODS: _____ Date of Reimbursement: _____
SIGNATURE: _____

992008

California State PTA Toolkit - 2013 Jul-20

Sample Audit Recommendations
 Sample PTA
 Summary of Audit Findings
 2017-2018 School Year
 July 1, 2017 - June 30, 2018

Checks without proper supporting documentation:

- There were several checks in supporting documentation for each expenditure made during the 2017-2018 audit. However, most warrants did not contain a correct approval signature from a PTA officer. In several cases, the only signature provided was the Secretary's. There was no approval from the President or designated officer of the Treasurer on behalf of the parent.
- The following warrants did not include an invoice or receipt as supporting documentation:

Check #	Payee	Amount	Comments
109	xxx	\$ 84.00	
112	xxx	0.00443	
126	Restaurants (1/2/17)	1,700.00	
141	Supplies (1/2/17)	106.00	
146	Post a Travel (1/2/17)	50.00	2nd check of same amount (1/2/17) no invoice
147	xxx	300.00	
186	xxx	47.50	1st of 2nd check of same amount (1/2/17)
216	xxx	70.00	1st of 2nd check of same amount (1/2/17)
343	xxx	500.00	1st of 2nd check of same amount (1/2/17)
378	PTA (1/2/17)	400.00	1st of 2nd check of same amount (1/2/17)

Checks with no proper supporting documentation:

- The following warrants did not include any approval signatures:
 - Check #101 - 100.00
 - Check #113 - 100.00

Prepared by PTA Auditor August 24, 2018 Page 1 of 3 Jul-20

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

- ▶ Your Audit Review Committee
- ▶ Your PTA executive board
- ▶ Your PTA association
- ▶ Burbank Council PTA. Via Google Drive by your Unit President/Treasurer

Jul-20
