

THE ANNUAL AUDIT

An audit is required for every PTA and must be completed over the summer before the first general meeting of the school year where the report is presented to the membership

A copy of the audit report is to be sent to MD PTA by Sept. 1.

The audit report can be sent via email attachment to officeadministrator@mdpta.org or fax to 410-760-6344 or by snail mail to 5 Central Ave. Glen Burnie, MD 21061

PURPOSE OF A COMPILATION AUDIT

A compilation audit involves a review and report on records for the financial transactions and the procedures used to conduct those transactions. Its purpose is to assure both the membership and the executive board that the funds of the PTA have been properly administered and that good financial practices have been followed. Maryland PTA bylaws and insurance policy REQUIRE that all PTAs submit a copy of the treasurer's annual report reviewed by the auditing committee to MD PTA.

According to your bylaws: (February 2007 Bylaw Format)

Article VII: Duties of Officers, Section 4h. The treasurer shall have the accounts examined at the close of the fiscal year (June 30th) and upon change of treasurer by an auditor or auditing committee of not less than three persons, who, satisfied that the treasurer's annual report is correct, shall sign a statement of that fact at the end of the report. An auditor or an auditing committee shall be selected by the executive board at least thirty (30) days before the new officers assume their duties.

Article VIII: Executive Board, Section 4.e. to select an auditor or an auditing committee to audit the treasurer's accounts

WHO CAN PERFORM AN AUDIT?

Either an auditor or an auditing committee composed of members of the PTA or people from outside the PTA willing to do the audit.

An authorized signer MAY NOT be on this committee.

WHAT SHOULD BE PROVIDED FOR THE AUDIT?

Financial records should be placed in order for the auditing process shortly before the end of the term of office. The outgoing treasurer cannot pay bills after the books are closed for audit (your bylaws has the date of the fiscal year, generally June 30th). Upon assuming office, the incoming treasurer may deposit funds in the PTA bank account. During the audit process it is recommended that expenditures within an adopted budget be limited to those of an emergency nature. The audit should be completed as quickly as possible.

The treasurer shall deliver the following to the auditor(s):

- A copy of the last audit report
- Checkbook and cancelled checks
- Bank statements and deposit receipts
- Treasurer's book and/or ledger
- The annual financial report
- Itemized statements and receipts of bills paid
- Check requests submitted during the year
- Copies of board, executive committee, and organization minutes that would include an adopted budget, as well as any amendments that were approved during the year
- Current bylaws and standing rules
- Any other information requested by the auditor/audit committee

AUDIT PROCEDURES:

Begin with records posted after the last audit. Unless the Board of Directors dictates otherwise, a “sampling audit” may be done.

1. Reconcile each month’s bank statements with:
 - a. the cancelled checks
 - b. the checkbook
 - c. the treasurer’s report
 - d. the total expenditures of the unit
2. Verify that every check written is substantiated with a receipt, invoice or bill and a disbursement request form.
3. If a check was issued and no receipt, invoice or bill can be found, verify the expenditure as an appropriate budget item.
4. Reconcile each deposit slip with:
 - a. the bank statement
 - b. the checkbook
 - c. the total income of the unit
5. Verify that a receipt was written (issued) to the appropriate person for all funds received by the treasurer.
6. Verify that all income and expenditures are allocated into the same categories that constitute the approved budget.
7. Prepare written report of findings, signed by all audit committee members and forward to the executive board.

The audit committee investigates, examines facts, draws conclusions from the facts, and presents a written report of its work to the executive board. The executive board receives the report and has the obligation to act upon the report.

An important part of the Board of Director’s legal responsibility is to report the results of the auditing committee’s report to the membership at the first general membership of the year.

AUDIT CHECKLIST of good fiduciary practices

PTA Name: _____ for the Fiscal Year: _____

INCOME

1. Was all the income properly allocated and categorized in accordance with the budget?

Yes

No Explain:

EXPENDITURES

1. Were all expenditures properly allocated and categorized in accordance with the budget?

Yes

No Explain:

2. Is there a proper bill or disbursement request/voucher for each expenditure (“paper trail” for each)?

Yes

No Explain:

3. Was each expenditure a part of the budget?

Yes

No Explain:

INTERNAL REVENUE SERVICE

1. Did the unit file a form 990N/990EZ or 990 with the IRS?

Yes

No Explain:

2. Did the unit file a Personal Property Return?

Yes

No

CHECKS/BANKING

1. Did 2 authorized unit officers properly sign all checks?

Yes

No Explain:

Authorized Unit Officers: _____

2. Are all checks sequentially numbered?

Yes

No Explain:

3. Are all checks accounted for?

Yes

No Explain:

4. Were all bank statements properly reconciled on a monthly basis by treasurer?

Yes

No Explain:

BUDGET/REPORTS

1. Is there an approved motion in the minutes for the budget?

Yes

No Explain:

2. Did the treasurer submit regular written financial reports?

Yes

No Explain:

3. Were the financial records maintained in an orderly fashion?

Yes

No Explain:

EXPLAIN ALL "NO" RESPONSES.

Date Audit Completed:

By:

1. _____

2. _____

3. _____

Balance on Hand: \$ _____

Attach the final bank reconciliation and the final Treasurer's Report to this checklist.

Audit Committee Recommendations: (Use additional sheet of paper if needed.)

AUDIT REPORT for _____ PTA

For the Fiscal Year _____

DATE of Audit Review: _____

BALANCE, (Date of last audit) (start of fiscal year) \$ _____

RECEIPTS (for fiscal year or date of last audit to the current time) +\$ _____

TOTAL ASSETS \$ _____

DISBURSEMENTS (for fiscal year or date of last audit to the current time) -\$ _____

BALANCE, (Date of end of audit period)(end of fiscal ye^) \$ _____

RESOLUTION OF AUDIT ENDING BALANCE

Latest Bank statement Balance (at end of audit period) \$ _____

Outstanding Checks:

	Check No.	Amount
List Checks:	No. _____	\$ _____
	No. _____	\$ _____
	No. _____	\$ _____

Total Outstanding Checks - \$ _____

Deposits not yet credited by Bank + \$ _____

Final Checking Account Balance \$ _____

ATTACH COPY OF ANNUAL REPORT

We have examined the annual report and financial records of the treasurer of _____ PTA for the period of _____ to _____ and find them to be correct, incomplete, or substantially correct with the following adjustments (list adjustments), or incorrect).

Auditor's Signature

Date

COMMENTS

Provide comments on issues that should be brought to the PTA's attention.

The ending balance should be the amount shown at the end of the year on the cash ledger and verified by using the process shown on most bank statements to resolve the account and adding any other transactions included in the audit. Notations should be made of any checks that have not been cashed but are included in the audit summary totals.

The approved budget and any subsequent budget amendments should be verified through the minutes.

Treasurer's reports should be reviewed. It is important that the reports are accurate and that current factual information is provided to executive board members for their review.

Comments should be provided at the end of the audit report noting any items that should be brought to the PTA's attention.

Some items could be but are not limited to

- (1) the need to file federal tax, Maryland Charitable Solicitations Act, or sales tax forms,
- (2) failure to resolve bank statements,
- (3) exceeding budget amounts without authorization,
- (4) keeping poor financial records, etc.

COMMON MISTAKES TO LOOK FOR IN REVIEWING THE RECORDS

- neglecting to record returned checks and bank charges
- transactions are not entered in all documents
- reversal of numbers when entering amounts for transactions
- mistakes in arithmetic (adding and subtracting)
- written treasurer's report not being filed