OPEN

Auditor

DUTIES

• Performs District year-end & mid-year audits
• Submits audit reports to District Board and District Association meetings per bylaws
• Collects and reviews council and unit year-end and mid-year audits
• Performs and/or assists councils and units with audits or records as directed by district board of directors
5 Point Audit Review Checklist
of PTA Unit Audits
(For Council Use)

Perform the following review procedures of each PTA unit audit in a timely manner and prior to submitting the audit to district PTA.

Indicate review by initialing and dating the Audit Report in the bottom right corner. All unit Audit Reports must be initialed and dated to be accepted by First District PTA.

- Ensure the Audit Report is complete, including:
  - Conclusion is consistent with Audit Checklist findings.
  - Report is dated.
  - Report is adopted by the unit Executive Board and Association, with adoption dates noted.
  - Report is signed by the unit auditor and Audit Review Committee members (if needed).

- Ensure ‘Dates covered by this audit” are consistent with council’s understanding of 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 the Audit Checklist, 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 district PTA president immediately for assistance.

- Ensure that the audit has been completed by a qualified accountant or reviewed by an Audit Review Committee.

If any errors or inconsistencies are identified through the review process, inform the unit president, treasurer and auditor. The Audit Report will need to be corrected/updated, re-adopted by the unit Executive Board and Association and re-submitted to council.
# AUDIT REPORT

- **Date**: 
- **Fiscal Year**: 
- **Name of Unit**: 
- **IRS EIN**: 
- **Council**: 
- **District PTA**: 
- **Bank Name**: 
- **Acct Name**: 
- **Bank Address**: 
- **City/Zip**: 
- **Membership Dues Per Bylaws**: $ 
- **Total Members YTD**: 
- **E-Members YTD**: 

<table>
<thead>
<tr>
<th>Dates covered by this audit</th>
<th>Check numbers reviewed in this audit</th>
</tr>
</thead>
</table>

| BALANCE ON HAND at date of last audit | $ |
| RECEPTS since last audit | $ |
| DISBURSEMENTS since last audit | $ |
| BALANCE ON HAND as of (date) | $ |

## BANK RECONCILIATION

| BANK STATEMENT BALANCE as of (date) | $ |
| DEPOSITS not yet credited (add to balance) | $ |
| $ | $ |

### UNCLEARED CHECKS (List check number and amount)

| # | $ |
| # | $ |
| # | $ |

| TOTAL uncleared checks (subtract from balance) | $ |
| BALANCE in bank account as of (date) | $ |

*These lines must balance

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

- ☐ correct with no recommendations.
- ☐ correct with the attached recommendations.
- ☐ 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.

<table>
<thead>
<tr>
<th>Date Audit Completed</th>
<th>Date Audit Reviewed by Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date Executive Board Adopted</td>
<td>Date Association Adopted</td>
</tr>
</tbody>
</table>

Auditor’s Signature | Auditor’s Printed Name

Auditor is a qualified accountant? ☐ Yes ☐ No

If Yes, Audit Review Committee is not required.

Definition of qualified accountant can be found in the Insurance Guide.

Review Committee Signature(s) 

(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 Checklist

<table>
<thead>
<tr>
<th>Description</th>
<th>YES</th>
<th>NO</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial Records Provided:</strong> List missing records/forms not completed on recommendation report.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>□ Bylaws &amp; Standing Rules □ Budget(s) □ Last Audit Report □ Ledger □ Checkbook register</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>□ Cancelled checks (including voids) □ Authorizations for Payment □ Cash Verification Forms</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>□ Bank statements, bank books and deposit slips □ Bank Reconciliations □ Receipts/bills □ Cash receipts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>□ All expenditures approved/ratified in association minutes □ Committee reports □ Treasurer Reports (Board &amp; Association)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>□ IRS Forms 990/990EZ/990N □ State Form 199 □ State Form RRF-1 □ State Form TR-1 (if required)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As required for PTAs with employees or independent contractors: □ IRS Form 941 □ IRS Form 1099 □ State Form DE-6 □ State Form DE-542 □ Other: ____________________________</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Beginning Balance Records

1. Check to see if amount shown on first bank statement (adjusted for outstanding checks and deposits) corresponds to the starting balance recorded in checkbook register, ledger, treasurer’s report and ending balance of last audit
   - YES □ NO □ N/A □

### Bank Reconciliation

1. All bank statements opened, reviewed, signed & dated monthly by non-check signer
   - YES □ NO □ N/A □
2. All bank statements reconciled by treasurer and reviewed, signed & dated monthly by non-check signer
   - YES □ NO □ N/A □
3. Ending balances (checkbook register, ledger and treasurer report) agree with last bank statement (adjusted for outstanding checks and deposits not posted to bank statement)
   - YES □ NO □ N/A □

### Deposits and Checks Written:

1. Recorded in checkbook register
   - YES □ NO □ N/A □
2. Recorded in ledger in proper line items/categories/columns
   - YES □ NO □ N/A □
3. Agree with treasurer reports
   - YES □ NO □ N/A □

### Electronic payments and deposits recorded in checkbook register, ledger and treasurer reports
   - YES □ NO □ N/A □

### Bank charges and interest recorded in checkbook register, ledger and treasurer reports
   - YES □ NO □ N/A □

### Membership

1. Amount recorded and deposited equals total number of memberships received
   - YES □ NO □ N/A □
   - \# ______ (members) @ $ _______ (membership dues listed in bylaws) = $ _______

2. Amount forward to next level PTA equals total number of memberships received
   - YES □ NO □ N/A □
   - \# ______ (members) @ $ _______ (per capita amount listed in bylaws) = $ _______

### Insurance

1. Premium(s) forwarded to next level PTA by due date
   - YES □ NO □ N/A □

### Minutes

1. Original budget and updates/changes approved by association and recorded in minutes
   - YES □ NO □ N/A □
2. Funds released by association and recorded in minutes as released
   - YES □ NO □ N/A □
3. All expenditures approved and recorded in executive board minutes (List those expenditures not approved on recommendation report)
   - YES □ NO □ N/A □
4. All expenditures approved/ratified in association minutes (List those expenditures not approved on recommendation report)
   - YES □ NO □ N/A □
5. Committee minutes record plans, proposed expenditures, and total of monies earned
   - YES □ NO □ N/A □

### Authorizations for Payment

1. All authorizations written for approved amounts (List missing authorizations on recommendation report)
   - YES □ NO □ N/A □
2. All authorizations have receipt/bill attached (List missing receipts/bills on recommendation report)
   - YES □ NO □ N/A □
3. Authorizations match checks written
   - YES □ NO □ N/A □

### Income

1. Deposits properly supported
   - YES □ NO □ N/A □
2. Cash Verification Forms used with two people counting money and signing
   - YES □ NO □ N/A □
3. Income received matches deposits recorded in checkbook register, ledger and treasurer reports
   - YES □ NO □ N/A □
4. Designated income spent as specified
   - YES □ NO □ N/A □

### Financial Secretary Reports

1. Filed for every association and board meeting
   - YES □ NO □ N/A □
2. Receipts/Deposits agree with ledger & register
   - YES □ NO □ N/A □

### Treasurer Reports

1. Filed for every association and board meeting
   - YES □ NO □ N/A □
2. Agree with ledger and checkbook register
   - YES □ NO □ N/A □
3. Annual Financial Report
   - YES □ NO □ N/A □

### Committee Reports

1. Committee reports for all fundraisers submitted or report in minutes.
   - YES □ NO □ N/A □

### Reporting Forms and Tax Returns

1. Verify that all forms have been filed annually (If required)
   - YES □ NO □ N/A □

### Audit Reports

1. Audit done semiannually
   - YES □ NO □ N/A □
2. Audit reviewed by review committee or conducted by qualified accountant
   - YES □ NO □ N/A □
3. Present written report with recommendations to executive board
   - YES □ NO □ N/A □
4. Present audit report to association for adoption
   - YES □ NO □ N/A □
5. Forward report to the next level PTA
   - YES □ NO □ N/A □

### Audit Recommendations

All “No” answers should be included in the report as recommendations to change financial procedures.

At the completion of the audit, meet with president and financial officers to discuss recommendations and any corrections as needed. When errors have been corrected by a financial officer and accounts are accurate, draw a double line in red ink where the audit concludes on all records. Sign & date the audited materials.

### Mismanagement

Is mismanagement suspected? (Contact district PTA president immediately for assistance if yes.)
   - YES □ NO □
Audits

A Question and Answer Guide

How many audits must be done yearly?

- At least two per bank account

Each bank account requires a separate audit?

- Yes

When should audits be done?

- At the end of a fiscal year (usually July)
- In the middle of the fiscal year (usually January)
- Whenever a check signer resigns or is removed from office
- Whenever mismanagement is suspected

Who conducts an audit?

- The elected or appointed auditor. Auditors may not be related to any check signers by blood, marriage or cohabitation.

Who appoints an auditor if no one is elected?

- The executive board appoints an auditor and the association ratifies that appointment. Note: This is not how appointments are usually made. This is a special case so that a president, who is usually a check signer, is not appointing the person who will be auditing the financial records.

What is an audit review committee?

- An audit review committee is a committee of at least two people (which may include the auditor and/or other officers and members) who review the audit and any findings or recommendations BEFORE the audit is presented to the executive board for review and adoption.
- Check signers may serve on the audit review committee but the committee must have a majority of non-signers.
- The audit review committee should sign the audit form at the bottom of the page. The updated Audit Report in the Toolkit has space to record the date the audit is reviewed by the committee and for committee member signatures. If using an older version of the form, the audit review committee should sign and date the form in the bottom margin.

Why do we need an audit review committee?

- It’s an insurance requirement. Insurance claims may be denied or coverage voided if audits are not reviewed at least annually by an audit review committee.
- An audit review committee is NOT required if the audit is performed by a qualified accountant (paid or volunteer).
• A qualified accountant is someone who has been trained/licensed to conduct audits and/or review accounting records, such as a Public Accountant or Certified Public Accountant (CPA). They do not need to be currently employed in the field and may be paid or volunteer.

Do we need an audit review committee if our audit is conducted by a council or district officer?

• Yes. An audit review committee is not required ONLY IF the audit is conducted by a qualified accountant. Council and/or district officers may serve on the audit review committee for a unit in their council/district when necessary.

What are the steps in conducting and adopting an audit?

• The auditor conducts the audit, completes the audit form and checklist and notes any findings/recommendations. The auditor signs and dates the audit.
• The audit review committee (at least two people) reviews the audit. They should sign the bottom of the audit form as described above.
• The audit is presented to the president and treasurer, then to the entire executive board at a board meeting. The executive board reviews and adopts the audit. The date the audit is adopted by the board is noted on the audit form and in the meeting minutes.
• The audit is presented to the association for adoption. The date the audit is adopted by the association is noted on the audit form and in the meeting minutes.
• The audit (original) is filed with the treasurer’s records.
• A copy of the completed audit is uploaded into myPTEZ.
• The council or district is notified the audit has been uploaded and/or sent a copy of the completed audit.
The five-minute audit for PTAs

A treasurer’s report includes a lot of meaningful information, but how does the PTA know it’s accurate? The unit needs to assign a non-check signer to review the bank statement each month. The most logical choices are the auditor or a member of the audit committee.

Armed with the treasurer’s financial report, minutes and the bank statement the following can be checked:

<table>
<thead>
<tr>
<th>Treasurer’s Report</th>
<th>Nov. 1-Nov. 30:</th>
<th>Bank Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Balance – Nov. 1</td>
<td>$3,500</td>
<td>Bank Stmt Beginning Balance</td>
</tr>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td>Deposits</td>
</tr>
<tr>
<td>Giftwrap 11/1</td>
<td>$2,400 ✓</td>
<td>11/15</td>
</tr>
<tr>
<td>Memberships 11/14</td>
<td>$300 ✓</td>
<td></td>
</tr>
<tr>
<td><strong>Expense</strong></td>
<td></td>
<td>Checks</td>
</tr>
<tr>
<td>CK 100 ABC Co</td>
<td>$1,299 ✓</td>
<td>99</td>
</tr>
<tr>
<td>CK 102 Alpha PTA Council</td>
<td>$160</td>
<td>100</td>
</tr>
<tr>
<td>CK 103 Mary Smith</td>
<td>$250</td>
<td>103</td>
</tr>
<tr>
<td></td>
<td>$2,709</td>
<td></td>
</tr>
<tr>
<td><strong>Ending Cash Balance</strong></td>
<td>$3,493 ✓</td>
<td>Ending Bank Balance</td>
</tr>
<tr>
<td></td>
<td>$4444</td>
<td>CK 102</td>
</tr>
<tr>
<td></td>
<td>$4441</td>
<td></td>
</tr>
</tbody>
</table>

Call president and treasurer. Looks like Nov. treas. report -check #103- needs to be corrected. Could be bank error?

Note: If the bank statement does not include copies of checks, the unit has to obtain copies. Most banks have online access. PTAs can have online access to their bank accounts, but they must decline any access to online payment of bills.

Step 1: Look at the checks. 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 reviewer isn’t the auditor).

Note: the five-minute audit will NOT reveal that the treasurer allocated $100 collected for Membership Dues to Gift-Wrap Income instead, but it will point out that a $1,000 deposit showing on the treasurer’s report didn’t actually make it to the bank or that a check cashed by the bank didn’t show up on the treasurer’s report. If this happens, ask more questions and investigate further!

PTA resources include Toolkit, Finance section: 5.3 Banking, 5.3.3 Bank Statements, 5.3.6a Check Writing; Forms section: Check Sample.

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