



1008 S. Eight Street
Moor Field
Alhambra, CA 91801



Auditor@PTA1.org



PTA1.org

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





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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 _____

Dates covered by this audit _____ to _____

Check numbers reviewed in this audit _____ to _____

BALANCE ON HAND at date of last audit _____ (date) \$ _____

RECEIPTS 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

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.

Date Audit Completed _____ Date Audit Reviewed by Committee _____

Date Executive Board Adopted _____ Date Association Adopted _____

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.)



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AUDIT CHECKLIST	Unit Name	Date
DESCRIPTION	YES	NO
Financial Records Provided: List missing records/forms not completed on recommendation report.	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Bylaws & Standing Rules <input type="checkbox"/> Budget(s) <input type="checkbox"/> Last Audit Report <input type="checkbox"/> Ledger <input type="checkbox"/> Checkbook register <input type="checkbox"/> Cancelled checks (including voids) <input type="checkbox"/> Authorizations for Payment <input type="checkbox"/> Cash Verification Forms <input type="checkbox"/> Bank statements, bank books and deposit slips <input type="checkbox"/> Bank Reconciliations <input type="checkbox"/> Receipts/bills <input type="checkbox"/> Cash receipts <input type="checkbox"/> Executive board minutes <input type="checkbox"/> Association minutes <input type="checkbox"/> Committee reports <input type="checkbox"/> Treasurer Reports (Board & Association) <input type="checkbox"/> Financial Secretary Records <input type="checkbox"/> Annual Financial Report <input type="checkbox"/> Workers' Compensation Annual Payroll Report form <input type="checkbox"/> IRS Forms 990/990EZ/990N <input type="checkbox"/> State Form 199 <input type="checkbox"/> State Form RRF-1 <input type="checkbox"/> State Form TR-1 (if required) As required for PTAs with employees or independent contractors: <input type="checkbox"/> IRS Form 941 <input type="checkbox"/> IRS Form 1099 <input type="checkbox"/> State Form DE-6 <input type="checkbox"/> State Form DE-542 <input type="checkbox"/> Other: _____		
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	<input type="checkbox"/>	<input type="checkbox"/>
Bank Reconciliation		
1. All bank statements opened, reviewed, signed & dated monthly by non-check signer	<input type="checkbox"/>	<input type="checkbox"/>
2. All bank statements reconciled by treasurer and reviewed, signed & dated monthly by non-check signer	<input type="checkbox"/>	<input type="checkbox"/>
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)	<input type="checkbox"/>	<input type="checkbox"/>
4. Deposits and Checks Written: (signed by two authorized check signers per the bylaws)		
a) Recorded in checkbook register	<input type="checkbox"/>	<input type="checkbox"/>
b) Recorded in ledger in proper line items/categories/columns	<input type="checkbox"/>	<input type="checkbox"/>
c) Agree with treasurer reports	<input type="checkbox"/>	<input type="checkbox"/>
5. Electronic payments and deposits recorded in checkbook register, ledger and treasurer reports	<input type="checkbox"/>	<input type="checkbox"/>
6. Bank charges and interest recorded in checkbook register, ledger and treasurer reports	<input type="checkbox"/>	<input type="checkbox"/>
Membership		
1. Amount recorded and deposited equals total number of memberships received # _____ (members) @ \$ _____ (membership dues listed in bylaws) = \$ _____	<input type="checkbox"/>	<input type="checkbox"/>
2. Amount forwarded to next level PTA equals total number of memberships received # _____ (members) @ \$ _____ (per capita amount listed in bylaws) = \$ _____	<input type="checkbox"/>	<input type="checkbox"/>
Insurance – premium(s) forwarded to next level PTA by due date	<input type="checkbox"/>	<input type="checkbox"/>
Minutes		
1. Original budget and updates/changes approved by association and recorded in minutes	<input type="checkbox"/>	<input type="checkbox"/>
2. Funds released by association and recorded in minutes as released	<input type="checkbox"/>	<input type="checkbox"/>
3. All expenditures approved and recorded in executive board minutes (List those expenditures not approved on recommendation report)	<input type="checkbox"/>	<input type="checkbox"/>
4. All expenditures approved/ratified in association minutes (List those expenditures not approved on recommendation report)	<input type="checkbox"/>	<input type="checkbox"/>
5. Committee minutes record plans, proposed expenditures, and total of monies earned	<input type="checkbox"/>	<input type="checkbox"/>
Authorizations for Payment (signed by secretary and president)	<input type="checkbox"/>	<input type="checkbox"/>
1. All authorizations written for approved amounts (List missing authorizations on recommendation report)	<input type="checkbox"/>	<input type="checkbox"/>
2. All authorizations have receipt/bill attached (List missing receipts/bills on recommendation report)	<input type="checkbox"/>	<input type="checkbox"/>
3. Authorizations match checks written	<input type="checkbox"/>	<input type="checkbox"/>
Income		
1. Deposits properly supported	<input type="checkbox"/>	<input type="checkbox"/>
2. Cash Verification Forms used with two people counting money and signing	<input type="checkbox"/>	<input type="checkbox"/>
3. Income received matches deposits recorded in checkbook register, ledger and treasurer reports	<input type="checkbox"/>	<input type="checkbox"/>
4. Designated income spent as specified	<input type="checkbox"/>	<input type="checkbox"/>
Financial Secretary Reports		
1. Filed for every association and board meeting	<input type="checkbox"/>	<input type="checkbox"/>
2. Receipts/Deposits agree with ledger & register	<input type="checkbox"/>	<input type="checkbox"/>
Treasurer Reports		
1. Filed for every association and board meeting	<input type="checkbox"/>	<input type="checkbox"/>
2. Agree with ledger and checkbook register	<input type="checkbox"/>	<input type="checkbox"/>
3. Annual Financial Report	<input type="checkbox"/>	<input type="checkbox"/>
Committee Reports		
1. Committee reports for all fundraisers submitted or report in minutes.	<input type="checkbox"/>	<input type="checkbox"/>
Reporting Forms and Tax Returns		
1. Verify that all forms have been filed annually (if required)	<input type="checkbox"/>	<input type="checkbox"/>
Audit Reports		
1. Audit done semiannually	<input type="checkbox"/>	<input type="checkbox"/>
2. Audit reviewed by review committee or conducted by qualified accountant	<input type="checkbox"/>	<input type="checkbox"/>
3. Present written report with recommendations to executive board	<input type="checkbox"/>	<input type="checkbox"/>
4. Present audit report to association for adoption	<input type="checkbox"/>	<input type="checkbox"/>
5. Forward report to the next level PTA	<input type="checkbox"/>	<input type="checkbox"/>
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.)	<input type="checkbox"/>	<input type="checkbox"/>

Fig. F-5 Audit Checklist

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:

<u>Treasurer's Report Nov. 1-Nov. 30:</u>			<u>Bank Statement</u>		
Beginning Balance – Nov. 1			Bank Stmt Beginning Balance		\$3,550
Income			Deposits		
Giftwrap	11/1	\$2,400✓	11/05	\$2,400✓	
Memberships	11/14	\$ 300✓	11/15	\$ 300✓	
		<u>\$2,700 ✓</u>			<u>\$2,700✓</u>
Expense			Checks		
CK 100	ABC Co	\$1,299✓	99	\$ 50✓	<i>last treas.rpt</i>
CK 102	Alpha PTA Council	\$ 160	100	\$ 1,299✓	
CK 103	Mary Smith	\$ 250 <i>\$300 ←</i>	103	\$ 300 ←	
		\$2,700 <i>\$1759</i>			<u>\$1,649</u>
Ending Cash Balance			Ending Bank Balance		
		<u>\$3,493</u> <i>\$4441</i>			<u>\$ 4,601</u>
				<i>CK 102</i>	<i>-160</i>
					<i>\$ 4441</i>

*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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Auditor

Name and Terminology Changes will be coming to the Auditor Position/Audit Forms

While the summer mailing refers to “audits” and “auditors” and “audit review committee,” there will be a change to this terminology during the upcoming year. California State PTA will work with the California

Board of Accountancy, our attorney, and the insurance company on the new wording to fit the professional definitions regarding the PTA auditor position and what constitutes an audit. The duties and process will not change significantly, but the names of the positions and titles of the forms will change.

We will let you know as changes are made. In the meantime, please continue to use the forms and processes we have in place.