



Be Audit Awesome!

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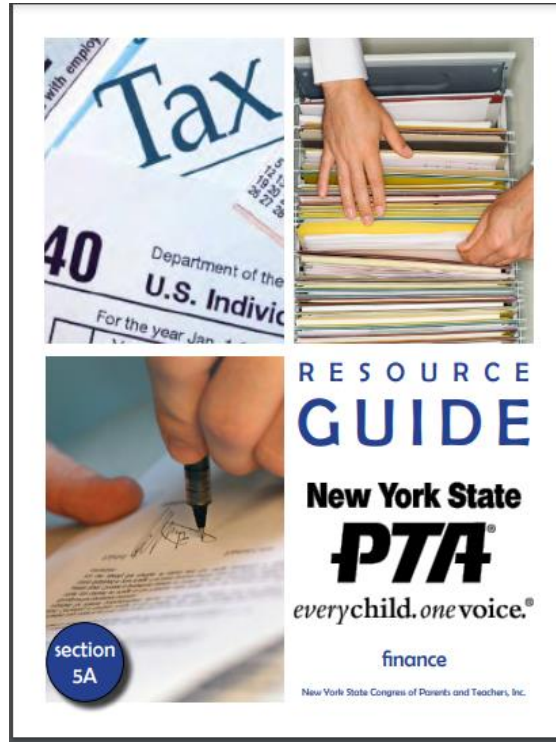
NYS PTA Treasurer

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NYS PTA MISSION

PTA is a powerful voice for all children,
a relevant resource for families and
communities,
and a strong advocate for the education
and well-being of every child.

AUDIT INSTRUCTIONS



https://nyspta.org/wp-content/uploads/2019/12/05A-Finance_19.pdf

Pages 15-19

AUDIT PURPOSE

The purpose of an audit is to provide reasonable assurance that the organization's financial statements are free of material misstatement and are prepared according to Generally Accepted Accounting Principles.

An audit with a “clean” opinion assures membership that the association's resources are being properly accounted for and managed within the regulations established for their use.

An audit is required by AIM Insurance to maintain your unit's bond coverage against embezzlement, robbery and theft.

AUDIT PREP

APPOINT THE AUDIT COMMITTEE

- ✓ Refer to your unit bylaws –Article XII, Section 8:
An audit committee of no fewer than three (3) members or a professional auditor shall be appointed by the executive board at least two (2) weeks prior to the date the audit report is due. This committee shall examine the treasurer's accounts and, satisfied that they are correct, sign a statement of that fact to be presented for adoption by the membership at the first meeting of the succeeding school year
- ✓ Consider appointing your committee in July. The committee members can take care of the required monthly account reconciliations.
- ✓ No person with check signing authority can participate on the audit committee
- ✓ Include in committee procedures how the chairman will be selected

AUDIT PREP

TREASURER PREPARATIONS

Provide the committee with:

- ✓ Copy of the last audit report/annual financial review
- ✓ Checkbook, canceled checks
- ✓ Bank statements and deposit receipts
 - Records of monthly reconciliations if not on statement
- ✓ Treasurer's "book" or ledger
- ✓ Copy of current year annual financial report
- ✓ Itemized statements/invoices and receipts for bills paid
- ✓ Check requests
- ✓ Copies of executive board and general association minutes that include the adopted budget, any amendments and the reconciliation reports.

AUDIT PREP

ASSESS THE RECORDS

- ✓ Confirm the opening amount on the first bank statement matches the starting balance on the checkbook registry and/or the ledger
- ✓ Conduct a sample review of all transactions by examining approximately 20% of the provided documentation:
 - Are the monthly reconciliations correct?
 - Are there unexplained items on the bank statements?
 - Are there invoices or check requests to match each disbursement?
 - Are there receipts to back up reimbursement check requests?
 - Are the receipts totaled correctly?
 - Are bank deposits done in a timely manner as to when monies were received?

CONTINUED

AUDIT PREP

ASSESS THE RECORDS

- ✓ Determine if state and national portion of membership dues have been accounted for separately from the general funds
- ✓ Confirm that monies collected for a specific purpose have been disbursed
- ✓ Verify that blank checks are kept in a secure location
- ✓ Verify that all checks have two signatures and that there is a two- signature approval for electronic payments (except dues payments to NYS PTA)

AUDIT SAMPLE REPORT

<https://nyspta.org/wp-content/uploads/2021/05/Resource-Guide-Audit-Example-NEW.docx>



Sample Audit Report

Audit Report of _____ PTA/PTSA

Unit Code _____ (Example - 01-088)

Audit covering period of Month Day, Year to Month Day, Year

(Example - July 1, 2020 (#1) to June 30, 2021 (#2))

Beginning Balance on Hand \$5,025.00 (#3)

Receipts + \$25,114.53 (#4)

Total \$30,139.53 (#5)

Disbursements - \$24,941.04 (#6)

*BALANCE ON HAND \$5,198.49 (#7)

Latest Bank Statement Balance \$7,827.04 (#8)

Checks Outstanding

Check #

110 \$1,608.55

235 \$1,000.00

296 \$20.00 (More than 3 missing checks SEE ATTACHED)

Total Checks Outstanding \$2,628.55 (#9)

*Balance in Checking Account \$5,198.49 (#10)

Date of Audit _____ (#11)

We, the undersigned members of the audit committee, have examined the books of the treasurer of ABC PTA/ PTSA and find them to be in order.

_____ (#12) _____ Chair

*AMOUNTS MUST MATCH

AUDIT STEP 1

SET UP AUDIT REPORT SHEET

- ✓ Print copies of the blank report to use as worksheets
- ✓ Audit period will begin on the day after the end date of the last audit (#1)
- ✓ Audit period will end on one of the following: (#2)
 - Ending date of last bank statement you are reviewing
 - Last date of fiscal year- June 30
 - Date of audit if treasurer is leaving office
- ✓ Beginning Balance on Hand equal to ending balance on last audit (#3)
- ✓ Assign one person the checkbook and registry, one person the bank statements and one person the expense vouchers and deposit receipts

AUDIT STEP 2

RECONCILE BANK STATEMENTS

DISBURSEMENTS

- ✓ Confirm any outstanding checks listed on the last audit have cleared
- ✓ Person with bank statements reads off each check that has cleared, person with expense vouchers verifies and initials amount and person with checkbook and registry marks as cleared
- ✓ Make a list of checks recorded on the registry that have not cleared
- ✓ Person with bank statements reads off any non-check expenses such as bank fees, person with checkbook and registry verifies amounts have been recorded, person with expense vouchers verifies and initials amount when applicable

CONTINUED

AUDIT STEP 2

RECONCILE BANK STATEMENTS

DEPOSITS

- ✓ Person with checkbook and registry reads off deposits, person with receipts verifies and initials amounts and person with bank statements checks off on statement

OTHER

- ✓ Make sure any interest is added to the checkbook registry/ledger
- ✓ Any bank charges should be recorded in the checkbook registry/ledger
- ✓ Account for any voided checks; if check amount was deducted before it was voided, verify amount was added back

CONTINUED

AUDIT STEP 2

RECONCILE BANK STATEMENTS

- ✓ Record the Latest Bank Statement Balance (#8)
- ✓ Add the amounts of the Total Checks Outstanding (#9)
- ✓ Subtract the Total Outstanding Checks amount (#9) from the Bank Statement Balance (#8) and put the record the result as the Balance in Checking Account (#10)

- ✓ Balance in Checking Account (#10) should match the balance shown in the checkbook registry
 - ✓ If it does not, calculate the difference and review the bank statements to see if the difference amount matches an entry that was missed or recorded incorrectly on the checkbook registry

AUDIT STEP 3

ADD UP RECEIPTS AND DISBURSEMENTS

RECEIPTS

- ✓ Add all receipts listed in the checkbook registry/ledger including
 - All deposits
 - All interest
 - Re entered amounts from voided checks
 - Any positive adjustments to the account

- ✓ Record total checkbook receipts (#4)

- ✓ Add Receipts (#4) to Balance on Hand (#3) and put result in Total (#5)

CONTINUED

AUDIT STEP 3

ADD UP RECEIPTS AND DISBURSEMENTS

DISBURSEMENTS

- ✓ Add all disbursements listed in the checkbook registry/ledger including
 - All checks written
 - All electronic payments
 - Any voided checks that were subtracted from the checkbook balance
 - Any negative adjustments to the account
- ✓ Record total checkbook Disbursements (#6)
- ✓ Subtract Disbursements (#6) from Total (#5) and record result as Balance on Hand (#7)

AUDIT STEP 4

ON HAND = CHECKING ACCOUNT

BALANCE

- ✓ Balance on Hand (#7) must equal the Balance in Checking Account (#10)

AUDIT STEP 5

COMPLETE THE REPORT

- ✓ Fill in date of audit meeting (#11)
- ✓ Draw a red line under ending balance in checkbook registry
- ✓ Review statement of condition of the books
- ✓ Committee members sign report
- ✓ Chairman signs last line (#12)
- ✓ Make copies, treasurer keeps the original
- ✓ Deliver report as per bylaws
- ✓ Report is adopted by the general membership

AUDIT WRAP-UP

Celebrate- Your Committee is Audit Awesome!



Questions?

ADDITIONAL RESOURCES

- ✓ For assistance in conducting your unit audit,
contact your Region Director:

<https://nyspta.org/home/about/contact/contacts-region-directors/>

- ✓ National PTA Local Leader Kit
(registration required)

<https://www.pta.org/home/run-your-pta/local-leader-kit-access>