

Audit

At the end of each school year, all financial records of your PTA/PTSA must be audited—even if your treasurer is serving another year. The purpose of a PTA audit is to certify the accuracy of the books and records of the treasurer and to assure the membership that the association's resources/funds are being managed in a businesslike manner within the regulations established for their use. This audit protects your outgoing treasurer and board, as well as your incoming treasurer and board, and it should not be taken lightly. Additionally, should a treasurer resign from their position during the school year, an immediate interim audit must be performed before the new treasurer can assume their duties.

A sample audit form is available on our website.

Selection of Audit Committee

A review/audit committee is usually selected before the school year ends. Your bylaws may specify who can or should serve on this committee. It is suggested that the committee consist of three PTA members and that none of the members of the committee be signers on the bank account(s). If your gross annual income exceeds \$100,000, it is strongly recommended that a CPA be engaged to audit the books, as well as prepare the tax return.

Responsibilities of the Treasurer

Before turning the books over for audit, you need to ensure that all expenses have been paid because once you turn the books over, no checks can be written until the review/audit is completed. (Funds may, however, be deposited during this time.) This should be done no later than the end of the fiscal year (June 30). You should prepare any and all IRS tax forms and include them in the documents you give the audit committee. (Yes, we know they aren't due until November, but now is the best time to prepare them as the information is still fresh in your mind and it is really a good idea for the audit committee to have these forms.) Complete the June 30 bank reconciliation. Review all of your records to make sure they are in order, with all of their proper documentation, before turning them over to the audit committee.

Deliver the following to the auditors:

- A copy of the last audit report
- Checkbook and canceled checks
- Bank statements and deposit receipts
- A copy of the bank signature card (without social security numbers)
- Treasurer's book or ledger
- Copies of monthly reports
- The final year-end financial report
- Itemized statements and receipts of bills paid
- Check requests/vouchers
- Completed IRS Forms
- Current bylaws and standing rules
- Originally signed copies of board, executive committee, and association minutes

that would include an adopted budget, as well as any amendments that were approved during the year

- Any other information or material requested by the auditor/audit committee

If you have been keeping records electronically, a disk with the data should be included in the materials you provide the committee. During the review/audit, you should be available for questioning, but you may not participate in the actual audit itself.

Responsibilities of the Audit Committee

The audit committee should be selected before the end of the school year. Remember to get everyone's phone number since you will be meeting during the summer. Ideally, the review/audit should be completed prior to the beginning of the new school year. Make sure you know how to contact the treasurer and other board members should questions arise.

Your job as auditors is to ensure that PTA/PTSA monies were handled appropriately and in accordance with PTA policies and procedures and that the ending book balance as reported by the treasurer can be reconciled to the ending bank balance. The Financial Review Worksheet available from our website will help guide you through the process.

- Start the audit with the records posted after the last audit. Check to see if the amount shown on the bank statement reconciles to the starting balance recorded in the checkbook and ledger.
- Check treasurer's monthly reports and annual report for accuracy and compare with bank statements.
- Check each expense to see if it was documented (receipt/invoice), approved, within the budget, and was signed by two approved signers.
- Determine if deposits were made timely and if there was a receipt showing two people had counted the money.
- Some items to look for:
 - Monthly bank reconciliation
 - Unexplained reconciling items
 - Disbursements not supported by invoices or other documentation
 - All checks were signed by 2 officers
 - Deposit ticket dates are timely with dates received by bank
 - Deposits were timely made based on known dates of events
 - All invoices were paid by check and not cash
- Make certain that state and national portions of the membership dues have been kept separate from other receipts and forwarded immediately to the state office.
- Make certain that money collected for a specific purpose (special projects, Founders Day gift, scholarship funds, council dues, etc.) has been so disbursed.
- If any errors are found, have them corrected by the treasurer. Once the president is satisfied that the financial accounts are correct, draw a line across the ledger where the audit concludes, and sign and date the ledger using a different color ink: "Examined and found correct. (name), (date)."

Once the review/audit is completed, the audit committee should file a report of its findings indicating the starting balance, total income, total expenses, and closing balance. They

should note any errors or deviations from PTA standards and make recommendations for correction if the problems are minor.

In the event that there are not adequate records available to conduct a proper accounting of the association's funds, the audit committee also must submit a report documenting this fact. All of the reviewers should sign the report. In addition, one reviewer should sign a copy of all the Financial Statements.

After the Audit

All signed final documents should be placed in the appropriate binder and the original IRS forms (signed by the Treasurer) should be mailed, with a copy placed in the binder. It is strongly suggested by the Florida PTA that the IRS forms be mailed via certified mail, return receipt requested. When you receive the returned receipt, it should then be filed with your copy of the IRS forms, documenting when the IRS received them.

The audit report must be officially adopted by the association at your first general meeting of the next year and must be included in a completed annual report covering the association's entire fiscal year.

If the validity of the audit report is questioned, an independent certified public accountant should be engaged.