

# PTA FINANCIAL REVIEW/AUDIT

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## WHO CAN PERFORM AN AUDIT?

1. An auditor can be someone who has accounting experience
2. Or an auditing committee of not less than three (3) PTA members selected by the board of directors

## WHO SHOULD NOT BE AN AUDITOR OR AUDIT COMMITTEE MEMBER?

Anyone with signature authority for the financial records being audited

## WHEN SHOULD AN AUDIT BE DONE?

- **Annually** - at the end of the fiscal year (which is June 30<sup>th</sup>) and completed during the summer before the first general meeting.
- **Upon change of treasurer** - an audit should be done if there is a change in treasurer at any time other than at the end of the fiscal year.

## WHAT SHOULD BE PROVIDED FOR THE AUDIT?

The treasurer should deliver the following to the auditors:

- a copy of the last audit report
- checkbook and cancelled checks
- bank statements and deposit receipts
- treasurer's book or ledger
- the annual financial report
- itemized statements and receipts of bills paid
- check requests
- a budget adopted by the membership with any amendments noted with the adoption dates
- current bylaws and standing rules
- any other information requested by the auditor/auditing committee
- copies of executive board and general meeting minutes

## THE AUDITING PROCESS

Establish if the audit is to cover a fiscal year or part of a fiscal year. This establishes the time period that should be covered in the audit. Usually, the audit covers a fiscal year and the results can then be used to provide information for use on tax returns.

The audit requirement established by the PTA's bylaws is to review the PTA's annual report and to certify that it is correct. A sample annual report is attached as figure 1. To certify that the annual report is correct both the receipts/income and disbursements/expenditures must be reviewed. If an annual report is not provided, one should be developed.

The receipts/income and disbursements/expenditure should be reviewed independently. This is an easier process to follow than trying to do both concurrently. The final summary actions will be addressed after the receipts/income and disbursement/expenditure actions are completed. The procedures for reviewing the financial information are provided in the following explanations.

*Per your PTA bylaws: A copy of your audit is due by Oct. 31*

# PTA FINANCIAL REVIEW/AUDIT REPORT

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Report for \_\_\_\_\_ PTA

For Fiscal Year: \_\_\_\_\_

BALANCE On Hand \_\_\_\_\_ \$ \_\_\_\_\_  
Date of Last Audit

RECEIPTS \_\_\_\_\_ \$ \_\_\_\_\_  
(for fiscal year or date of last audit to date of audit)

TOTAL CASH \_\_\_\_\_ \$ \_\_\_\_\_

DISBURSEMENTS \_\_\_\_\_ \$ \_\_\_\_\_  
(from date of last audit to date of audit)

BALANCE ON HAND \_\_\_\_\_ \$ \_\_\_\_\_  
Date

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Last Bank statement Balance \$ \_\_\_\_\_

Deposits not yet credited by bank \$ \_\_\_\_\_

Total Outstanding Checks: \$ \_\_\_\_\_

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

Balance in Checking Account \$ \_\_\_\_\_

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**ATTACH COPY OF ANNUAL REPORT** (actual expenditures compared to approved budget showing all line items and approved adjustments)

I (We) have examined the books of the treasurer, bank statements, secretary's minutes, disbursement requests, annual report and receipts \_\_\_\_\_ PTA for the period of \_\_\_\_\_ to \_\_\_\_\_ and find them to correct.

Auditor's Signature

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## COMMENTS

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

*Per your PTA bylaws: A copy of your audit is due by Oct. 31*

page.

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