

AUDITING OF PTA FINANCIAL RECORDS



The purpose of an audit is to certify the accuracy of the financial records and assure the membership that the association's funds are being managed in a business-like manner, within the regulations and budget established for their use.

Financial records should be audited at least annually or whenever a new treasurer assumes office. It is advisable to have your budget reviewed periodically as well. Your bylaws should provide for the terms for the selection of the audit committee; however, if they do not, the executive board elects a minimum of three (3) members to audit the financial records. No one authorized to sign checks is eligible to serve on this committee. The treasurer and president should be available to answer questions, but it may be advisable that they not be present during the audit.

The audit should be completed as soon as possible following the close of the fiscal year. During the period between the close of the fiscal year and the completion of the audit, checks may **not** be written but monies received should be deposited.

Upon completion of the audit, the outgoing treasurer should prepare the information for filing the appropriate 990 Form, and any applicable Schedules with the Internal Revenue Service. In the event it is your first filing, you may want to employ an accountant to prepare your tax return. **Do not leave this responsibility** for the incoming treasurer, who may not be familiar with the financial records.

Only an audit can verify the accuracy of the financial records; therefore, the financial reports are never adopted at a meeting but are "filed for audit". The audit report should be presented as the first item of business at the first general membership meeting of the new PTA fiscal year.

THE TREASURER PROVIDES THE FOLLOWING TO THE AUDIT COMMITTEE:

- Checkbook and check registers
- Bank statements, canceled and voided checks or copies if returned by the bank, deposit slips, and any official notices from the bank. Canceled checks should have the appropriate expense voucher and receipt(s) attached
- Ledger and receipt book(s)
- Treasurer's record of membership
- Copies of financial reports and any other financial documents
- Copies of secretary's minutes (board, regular and executive committee meetings)

AUDIT COMMITTEE PROCEDURES:

1. Start with a copy of the last audit report; verify beginning balance on hand; verify that any deposits made following the statement date used for the audit have been credited to the account, and that outstanding checks have cleared the bank.
2. Check receipts against entries in ledger, treasurer's financial reports and verify deposits with the bank statements.
3. Check disbursements in ledger against expense vouchers, invoices, treasurer's financial reports and canceled checks or copies if returned by the bank. (At this time, canceled checks should be attached to appropriate expense vouchers for future reference.)
4. Reconcile final bank statement balance with final balance in ledger, check register, and annual report. Add any monies to be deposited; subtract amount of outstanding checks. The final figure is the amount on hand to begin operating the new fiscal year.
5. The committee members sign the ledger at the point of the last entry and prepare the audit report. A sample PTA Audit Report Form is attached.
6. The audit report should:
 - a. show the amount on hand at the beginning of the fiscal year;
 - b. show the total income for the year;
 - c. show the total disbursements for the year;
 - d. note balance on hand to begin new fiscal year;
 - e. note any money deposited but not shown on the bank statement;
 - f. list numbers and amounts of outstanding checks;
 - g. include a dated statement that records are correct, incorrect, or incomplete; and
 - h. be signed by members of the audit committee.
7. The committee must provide a copy of the report to the president, secretary, treasurer, and the budget & finance chairman. Additional copies should be available to members upon request.
8. After presenting the report to the membership, the chairman of the committee moves adoption of the report. No second is required since the motion comes from a committee, but a majority vote is necessary for adoption.

Effective January 1, 2010, if your PTA's gross receipts are in excess of \$300,000 for the fiscal year, Illinois statutes require that you have an outside, independent audit. Prior to this year, the threshold was \$150,000. (Illinois Charitable Trust/Solicitation for Charities Act)

PTA AUDIT REPORT FORM

Name of PTA Unit _____ PTA District _____

Balance on hand (date of last audit) \$ _____

Receipts (from last audit to date of audit) \$ _____ (1)

TOTAL CASH \$ _____ (2)

Disbursements (from last audit to date of audit) \$ _____ (3)

BALANCE ON HAND (date of audit) \$ _____ (4)

Latest Bank Statement Balance \$ _____ (5)

LIST OUTSTANDING CHECKS

<u>Date</u>	<u>No.</u>	<u>Name</u>	<u>Amount</u>
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Total Checks Outstanding \$ _____ (6)

Deposits not yet Credited \$ _____ (7)

Balance in Checking Account \$ _____ (8)

We have examined the books of the treasurer of _____ PTA and find them to be:

- correct
- incomplete
- substantially correct with the following adjustments:
- incorrect

AUDIT COMMITTEE MEMBER'S SIGNATURES

(Chairman)

Date audit completed _____

Add Total Receipts (1) to Balance on Hand to find Total Cash (2); subtract Total Disbursements (3) from Total Cash (2) to find current Balance on Hand (4). Both Total Receipts and Total Disbursements should be for the period being audited. The Bank Statement Balance (5) less Total Checks Outstanding (6) plus Deposits not yet Credited (7) will give the Balance in Checking Account (8). (4) should equal (8)

The audit must be presented at a General Membership Meeting prior to adopting the budget.