

## Yelm Prairie PTO - Audit Worksheet

### **Responsibilities**

- To certify the accuracy of the books and records of the financial officer; 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.

Auditing involves following financial transactions through records to be sure that receipts have been properly accounted for and expenditures made as authorized in the minutes and in conformity with PTO bylaws, standing rules, and budget limitations.

The outgoing treasurer cannot pay bills after the books are closed for audit. Upon assuming office, the incoming treasurer may deposit funds in the PTO bank account. During the audit process it is recommended that expenditures within an adopted budget be limited to those of an emergency nature. ***The auditors need to complete their report by:*** \_\_\_\_\_

### **Frequency of Audit**

An audit is to be conducted annually, at the close of the fiscal year. An audit may also be requested anytime someone suspects that anything improper has occurred with the books or finances or when a new person becomes treasurer (other than at the beginning of each fiscal year).

### **Audit Committee/Auditor**

The audit is to be conducted by an Audit Committee appointed by the PTO's Executive Board. The Committee is comprised of **three members** in good standing. Members of the committee cannot have had signature authority on the checking account nor have been a member of the Executive Board for the period which is being audited. Alternately, the PTO Executive Board may, after full disclosure to the membership, hire an outside auditor who would be compensated at market value for the services provided if the audit proves unfavorable or if financial findings are questionable.

### **Books & Records**

**ALL** past & present books/financial records are the property of the PTO. The treasurer is only the custodian of them. The audit committee needs copies of all of the treasurers' records and a checklist is included to assist in the collection process.

### **Checklist**

The treasurer should deliver to the auditing committee the following:

- |   |  |
|---|--|
| <input type="checkbox"/> Copy of the last year's audit report   | <input type="checkbox"/> Copy of current By-laws       |
| <input type="checkbox"/> Bank Statements and Deposit Receipts   | <input type="checkbox"/> Checkbook and Canceled Checks |
| <input type="checkbox"/> Copy of Audit Worksheet  | <input type="checkbox"/> Treasurer's Ledger Book       |
| <input type="checkbox"/> Annual Financial Report  | <input type="checkbox"/> Receipt Book                  |
| <input type="checkbox"/> All Treasurer's Monthly Reports  |  |
| <input type="checkbox"/> Itemized Statements and Receipts of Bills Paid   |  |
| <input type="checkbox"/> Check Request and Cash Verification Forms, if applicable   |  |
| <input type="checkbox"/> Adopted budget and any approved amendments for the audit period                                      |  |
| <input type="checkbox"/> Copies of all Board & General Meeting Minutes (especially if impacting the PTO's financial dealings) |  |
| <input type="checkbox"/> Any other requested documentation (specify): _____   |  |

## **Audit Procedure**

- Start the audit with the records posted after the last audit. Check to see if the amount shown on the bank statement corresponds to the starting balance recorded in the checkbook and ledger. Reconcile bank statements with the cancelled checks. Make sure that every check written is substantiated with a check request or a bill of some kind showing reason for disbursement.
- Verify that all income and expenditures are allocated into the same categories that constitute the approved budget.
- Make certain that money collected for a specific purpose (special projects, scholarship funds, dues, etc.) has been disbursed.
- Reconcile each deposit slip with bank statement and checkbook entries. Make sure additions and subtractions are correct in all instances.
- Check all cash receipt slips issued and verify with proper entry in ledger.
- Check each month's ledger entries for error, and crosscheck against checks issued and receipts posted. Cross-reference checkbook stubs with checks issued.
- If a check was issued and no check request can be substantiated, check to see if it was an approved budgeted item.
- Check treasurer's reports and annual report for accuracy.
- After any errors have been corrected by the treasurer and the committee 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)."
- Ensure that all checks were accounted for – including voided checks; make sure that all checks are imprinted with sequential numbers and that all checks were signed by (2) officers.

## **Reporting**

- If all is in order, the audit committee should prepare a report (see "Audit Report" attached) and each member of the committee or the auditor should sign it. The report will indicate the status of the books and records and whether the audit committee finds the books to be "correct," "substantially correct," "incomplete," or "incorrect." The report may also include recommendations to improve the recordkeeping and these recommendations are to be attached to the minutes. When the report is presented for adoption at the organization's meeting, the audit committee chair reads only the statement, "The audit committee has examined the books and find them . . . "correct," "substantially correct," "incomplete," or "incorrect." If the report reflects that additional information and verification is needed, the treasurer should provide it.
- The audit report must be officially adopted and must be included in the organization's annual report. **No** statements, implicit or explicit, shall be made regarding any person if problems are detected by the auditor(s). If mismanagement of funds is suspected, contact the Principal or Yelm Community Schools District Business Administrator immediately for assistance.
- The annual audit is to be kept in the treasurer's records. If the validity of the audit is questioned, an independent certified public accountant should be engaged. At any time during the process, the President or Vice-President may be contacted for information or assistance.

**ALL COMPLETED AUDIT WORKSHEETS & SUPPORTING DOCUMENTS ARE TO BE KEPT ON FILE IN THE PTO ROOM FOR 7 YEARS.**

## Yelm Prairie PTO Audit Worksheet

### **KEY:**

*"Y" denotes compliance "N" denotes non-compliance "NA" denotes not applicable*

*\*\* With a number denotes more information below.*

*\*1. Two committees did go over their budget and it is recommended that the "budget amendment form" be filled out in future. See report for more information.*

*\*2. No, the bank reconciliation reports are not signed and dated. See report for more information.*

*\*3. There was not a schedule of unpaid invoices for the year. However, all bills have been paid since the May elections.*

*\*4. There was not an equipment physical inventory at the end of the school year, but that has since been done and is attached.*

*Note: If PTO were to receive more than \$25,000 a year or more by the public (fundraising), it would have to also file an additional form through the WA Secretary of State's "Charitable Programs" and submit payment. However it does not currently meet this criterion. If that were to occur, this item should be added to the audit & the checklist under, "Federal & State Reporting Obligations" section.*

### **Section 1. ANNUAL BUDGET**

\_\_\_ Was an annual budget created?

\_\_\_ Was the annual budget followed by all committees?

\_\_\_ If amendments were made to the annual budget were proper procedures followed?

### **Section 2. ACCOUNTS RECEIVABLE**

\_\_\_ Are cash handling procedures in writing?

\_\_\_ Is there proper documentation for all money received? Money should not be received without attached paperwork.

\_\_\_ Is the PTO Treasurer signing off on any deposits coming from PTO projects or committees? The committee or project chair must count money 1st and then Treasurer.

\_\_\_ Are all funds promptly deposited? Compare receipt records with bank deposits.

\_\_\_ Are all receipts deposited intact? Receipts should not be used to pay cash expenses.

### **Section 3. DONATION RECORDS/RECEIPTING**

\_\_\_ Are individual donor records kept as a basis to provide donor receipt for all contributions?

\_\_\_ Are donations for restricted purposes properly recorded in the accounting records (i.e. donations received for teachers go to teachers and PTO project money goes to PTO project)?

\_\_\_ Are restricted funds held for the intended purpose(s) and not spent on operating needs?

\_\_\_ If no goods or services were provided in exchange for a contribution, does the donor receipt include a statement to this effect?

\_\_\_ If goods or services were provided in exchange for a contribution, does the receipt inform the donor that the amount of the contribution that is deductible for federal income tax purposes is limited to the excess of the amount of any money and the value of any property contributed by the donor over the value of the goods and services provided by the organization, and provide the donor with a good faith estimate of the value of such goods and services?

\_\_\_ Although not required by the IRS, has your organization adopted a policy of issuing an annual contribution report to donors listing donations?

#### Section 4. TREASURER'S REPORT / FINANCIAL STATEMENTS

\_\_\_ Are monthly financial statements prepared on a timely basis and submitted to the membership?

\_\_\_ Are account balances in the financial records reconciled with amounts presented in the bank statement?

#### Section 5. BANK STATEMENT & RECONCILIATION

Name of Financial Institution in which PTO maintains a checking account: \_\_\_\_\_

Name of Financial Institution in which PTO maintains a savings account: \_\_\_\_\_

\_\_\_ Is the bank reconciled on a timely basis? Test the reconciliation for several months in the fiscal year. Trace transactions between the bank and the monthly file for completeness and timeliness.

\_\_\_ Are the bank reconciliation reports signed and dated?

\_\_\_ Are there checks that have been outstanding over three months?

\_\_\_ Was there a receipt or invoice for all expenditures?

\_\_\_ Were all checks imprinted in sequential numbers?

\_\_\_ Were all PTO checks signed by (2) officers?

#### Section 6. ACCOUNTS PAYABLE

\_\_\_ Are all disbursements paid by check?

\_\_\_ Is there written documentation filed to support all disbursements? No check should be written without proper backup.

\_\_\_ Are pre-numbered checks used? Have all the check numbers been accounted for including voided checks?

\_\_\_ Is there a schedule of unpaid invoices including vendor name, invoice date, and due date?

\_\_\_ Are any of the accounts payable items significantly past-due?

\_\_\_ Are there any disputes with vendors over amounts owed?

#### Section 7. INSURANCE POLICIES

\_\_\_ Is insurance being carried on PTO Officers?

\_\_\_ Are only PTO Board members signing contracts?

\_\_\_ If No, explain: \_\_\_\_\_

#### Section 8. FEDERAL & STATE REPORTING OBLIGATIONS

\_\_\_ Does the PTO Treasurer file on a timely basis the federal tax forms if applicable? (Form 941, Form W-2, Form W-3, Form 1099-MISC)

1. What is PTO's Employer Identification Number (EIN)?

\_\_\_\_\_

2. Has PTO been granted tax-exempt status?

Yes / No

If YES, please circle the correct section from the following choices: 501c(3) OR 501c(4)

3. Did PTO's **gross income** exceed \$25,000 for the most recent fiscal year?

Yes / No

If YES, did PTO file a 990EZ with the I.R.S?

Yes / No

If NO, explain: \_\_\_\_\_

4. Are PTO's "Letter of Determination" (letter of tax-exempt status) and any 990EZ Forms Yes / No  
which had been previously filed, available for inspection by the general public?

If NO, explain: \_\_\_\_\_

\_\_\_\_ Did the PTO Treasurer file (by Nov. 15) the Washington State Non Profit Corporation Annual Report (WA Secretary of State's Office)

Corporation number: \_\_\_\_\_ Date of filing: \_\_\_\_\_

**Note: Annual Report.** Generally, the Secretary of State sends the report to the corporation's registered office at least 30 days prior to the required filing date. Failure to file the report within the required time period results in automatic dissolution of the corporation by the Secretary of State. (Excerpt from "Washington Non-Profit Handbook," WA Secretary of State)

## Section 9. SAVINGS AND INVESTMENT ACCOUNTS

\_\_\_\_ Are all savings and investment accounts recorded in the financial records? Compare monthly statements to the books.

\_\_\_\_ Are earnings or losses from savings and investment accounts recorded in the books?

## Section 10. CHARITABLE SOLICITATIONS

1. Did PTO register by October 31, under the Charitable Solicitations Act (CSA)? Yes / No

If NO, explain: \_\_\_\_\_

**Note: Charitable Solicitation Annual Reporting.** All charitable organizations must register with the Secretary of State unless they are exempt from the CSA. RCW 19.09.065. Exempt organizations are (1) charitable organizations that raise less than \$25,000, if the organization's fundraising activities are conducted exclusively by volunteers (no commercial fundraisers) and none of the officers or members receive compensation in any form (including distribution of assets) from the organization, RCW 19.09.076; WAC 434-120-100(c). (Excerpt from "Washington Non-Profit Handbook," WA Secretary of State)

## Section 11. INSURANCE

1. Did PTO purchase general liability insurance? Yes / No

If NO, explain: \_\_\_\_\_

2. Did PTO purchase bonding insurance? Yes / No

If YES, list the amount: \_\_\_\_\_

3. Did PTO have a claim made against any of its insurance? Yes / No

If YES, explain: \_\_\_\_\_

**Yelm Prairie PTO****AUDIT WORKSHEET for the period:** \_\_\_\_\_ **to** \_\_\_\_\_**Date of last Audit:** \_\_\_\_\_ **Period covered by last audit:** \_\_\_\_\_

1. Balance on Hand (from date of last audit) \_\_\_\_\_
2. Receipts (during the audit period) \_\_\_\_\_
3. Total Cash (add line 1 and line 2 together) \_\_\_\_\_
4. Disbursements (during the audit period) \_\_\_\_\_
5. Balance on Hand (at audit date) \_\_\_\_\_
6. Bank Statement Balance as of \_\_\_\_\_ \_\_\_\_\_
7. Checks Outstanding - list check number(s) and amount(s)

_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

8. Total Outstanding Checks \_\_\_\_\_
9. Balance in Checking Account (subtract line 8 from line 6) \_\_\_\_\_

NOTE: Amounts on line 5 and line 9 should be the same.

We have examined the books of the Yelm Prairie PTO Treasurer as of the Audit Date indicated below and find them to be:

- ☐ Correct
- ☐ Incomplete
- ☐ Substantially correct with the following adjustments: \_\_\_\_\_

- ☐ Incorrect (indicate further actions recommended): \_\_\_\_\_

Auditors' Recommendations / Comments for Yelm Prairie PTO (Attach report if more explanation needed; please be as detailed as possible as these remarks can help with future audits):

\_\_\_\_\_

\_\_\_\_\_

Date audit completed: \_\_\_\_\_

Auditors' signature & print name \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

President's signature &amp; print name: \_\_\_\_\_

Treasurer's signature &amp; print name: \_\_\_\_\_

Outgoing Treasurer's email &amp; phone: \_\_\_\_\_

Incoming Treasurer's name, email & phone: \_\_\_\_\_  
\_\_\_\_\_