

PTA Audit

PURPOSES OF THE AUDIT

- **ACCURACY:** Certify the accuracy of the PTA books and records of the Treasurer.
- **RECONCILIATION:** reconciliation of the check book balance with the bank statement balance.
- **BEST PRACTICES:** Assure the membership that the PTAs association's resources/funds are being managed according to best practices.
- **IRS & BYLAWS REQUIREMENT:** To meet IRS 501(c)(3) and Florida PTA compliance requirements as stated in the local unit bylaws. Article VII, Section 5.
- **GOOD STANDING:** PTAs are required to forward a copy of their audit report to Florida PTA annually by date given in the bylaws, August 31. Email to: audit@floridapta.org

WHEN TO CONDUCT AN AUDIT

- **Annually at the end of the 12-month Fiscal Period** after June 30 bank statement is received. According to the bylaws, the annual audit is completed by a committee of at least three members or by a professional auditor. The incoming/current treasurer must review and sign the completed audit report before taking custody of the PTA books.
- **When the Treasurer resigns mid-year.** After a resignation, a new Treasurer does not take custody of the books, write checks, or resume PTA business, until the audit is completed, using the same guidelines as the annual audit.
- **When PTA funds are suspected to be missing,** an interim audit must be conducted using the same guidelines set out for the annual audit

AUDIT COMMITTEE APPOINTMENT

- According to the bylaws, Article VII, Section 5, the Executive Board shall select an audit committee of **3 members or hire one outside accountant** or professional auditor **annually** before the end of the fiscal period.
- Appoint committee members who were not signers on the bank account and have not handled PTA funds during the period being audited. Audit committee members should not be of the same household or related to the Treasurer or President in any way. Treasurer and President during the period of the audit are not eligible to serve on the committee.
- The Treasurer submits all financial records and forms listed on the Florida PTA audit form checklist as soon as the June 30 bank statement is available.

ANNUAL AUDIT MUST BE COMPLETED BEFORE 990 IS FILED

- To prepare to file your taxes, the **Annual Audit must be completed first.**
- The numbers on the Annual Financial Report are needed to complete the IRS Form 990.
- **Gross income/receipts** and expenses calculated on the audit must be reported **exactly** to the IRS on Form 990.
- Assistance to complete your audit is available from County Council, Region Representative or Florida PTA.

PREPARING FOR THE ANNUAL AUDIT

Use the checklist in Section A on page 1 of the required Florida PTA two-page audit form on the website and in this Guide to collect and organize the records and documents necessary for the audit committee. It is recommended to keep the PTA records in the order of the checklist in a binder throughout the year.

Then once the bank statement as of June 30 is received and reconciled, and the Treasurer's Annual Report is produced, the books and financial records can be turned over to the audit committee. The Treasurer (no one else) should deliver the following records to the Audit Committee. The Treasurer does not have to be present during the audit, but must be available via phone to answer any questions the committee members may have during the audit.

Following, on the next page, is the checklist of records and documents to provide to the audit committee:

Auditor/Audit Committee: Please complete Sections A and B. Audit Period Covered: July 1, 20_____ to June 30, 20_____

Section A

To the Audit Committee: Please check the boxes of the financial records provided to you from the Treasurer:

- | | |
|---|--|
| <input type="checkbox"/> Copy of last annual audit report, (as of June 30 previous year) | <input type="checkbox"/> If any were conducted, copies of any interim audits that were conducted during the year |
| <input type="checkbox"/> All Bank Statements (including PayPal, Square, etc.) | <input type="checkbox"/> Treasurer's reports from ALL PTA/PTSA meetings including final general membership Annual Meeting |
| <input type="checkbox"/> Checkbook register with running balance (handwritten, excel, QuickBooks, etc.) | <input type="checkbox"/> Copy of Final Approved budget and all amendments (approved by the members) |
| <input type="checkbox"/> Checkbook | <input type="checkbox"/> Minutes of all board, executive committee/association meetings (From Secretary's Procedure Book) |
| <input type="checkbox"/> Cancelled checks | <input type="checkbox"/> A current copy of "Annual Financial Review (PTA Audit)" from Florida PTA Kit of Materials, Section 3, Dollars and Sense |
| <input type="checkbox"/> Copies of ALL credit card statements (if applicable) | <input type="checkbox"/> Bylaws - Current copy of approved local unit bylaws |
| <input type="checkbox"/> All Deposit Receipts/Records | <input type="checkbox"/> Filed copy of IRS Form 990, 990EZ or 990N (e-Postcard) confirmation Email from previous tax year. |
| <input type="checkbox"/> All Cash Verification Forms and Receipts | |
| <input type="checkbox"/> All Check Request Forms with receipts/bills attached | |
| <input type="checkbox"/> Approved Authorization Forms for credit and debit card expenses | |
| <input type="checkbox"/> Receipts of bills paid or itemized statements | |
| <input type="checkbox"/> Treasurer's Ledger Book (Excel Spreadsheet, QuickBooks, etc.) | |

DURING THE AUDIT/REVIEW

The Treasurer (either incoming or outgoing) cannot write checks or make withdraws after the books are closed for the review; however, bank deposits may be made if needed. Basically, during an audit, they are establishing the validity of the Treasurer's reports and tracing figures back through original deposit slips and receipts and comparing to documentation and the bank statements. Refer to *Finance Quick Reference Guide* for procedures on conducting an *Internal Financial Review* and *Additional Resources* for a *Sample Financial Review Form*.

Once the review is complete, the auditor, or the audit committee, prepares the two-page audit statement and signs it. In addition to the required information on the two-page audit form (beginning and ending balances, gross receipts, expenses/check issued, and a list of outstanding checks), a list of audit comments detailing any problems and the level or accuracy of records and any comments related to internal controls must be prepared. Refer to Kit of Materials, Section 3: Treasurer Forms, and the National PTA *Finance Quick Reference Guide* for sample reports.

AFTER THE AUDIT – SEND COMPLIANCE COPY TO FLORIDA PTA

The President and both the incoming and outgoing Treasurers must sign and date the audit report. To meet compliance requirements, a signed and dated copy must be forwarded to Florida PTA. Email to: audit@floridapta.org. Also check with your local school district as some require a copy of the annual financial report as well. Gross Receipts/ Income, as calculated on the audit, should now be reported to the IRS on Form 990, informational income tax return. (See *PTAs and Federal Taxes*.) The books and financial records may now be given to the incoming Treasurer.

PRESENT AUDIT REPORT TO THE MEMBERS: At the next general meeting after the audit, usually the first general meeting of the next school year, the Treasurer must present the annual audit report to the members, and it will be adopted by the general membership. Be sure to include "Adopt Audit Report" after "Treasurer's Report" on the agenda for the first general membership meeting.