

## **Audits**

### **A Question and Answer Guide**

#### **How many audits must be done yearly?**

- At least two per bank account

Each bank account requires a separate audit?

- Yes

#### **When should audits be done?**

- At the end of a fiscal year (usually July)
- In the middle of the fiscal year (usually January)
- Whenever a check signer resigns or is removed from office
- Whenever mismanagement is suspected

#### **Who conducts an audit?**

- The elected or appointed auditor. Auditors may not be related to any check signers by blood, marriage or cohabitation.

#### **Who appoints an auditor if no one is elected?**

- The executive board appoints an auditor and the association ratifies that appointment. Note: That is not how appointments are usually made. This is a special case so that a president, who is usually a check signer, is not appointing the person who will be auditing the financial records.

#### **What is an audit review committee?**

- An audit review committee is a committee of at least two people (which may include the auditor and/or other board members) who review the audit and any findings or recommendations BEFORE the audit is presented to the executive board for review and adoption.
- The audit review committee should sign the audit form at the bottom of the page with a notation "Audit reviewed by" preceding their signatures and the date of review.

#### **Why do we need an audit review committee?**

- It's an insurance requirement. Insurance claims may be denied or coverage voided if audits are not reviewed at least annually by an audit review committee.
- An audit review committee is NOT required if the audit is performed by a qualified accountant (paid or volunteer)
- A qualified accountant is someone who has been trained/licensed to conduct audits and/or review accounting records, such as a Public Accountant or Certified Public Accountant (CPA). They do not need to be currently employed in the field.

**Do we need an audit review committee if our audit is conducted by a council or district officer?**

- Yes. An audit review committee is not required ONLY if the audit is conducted by a qualified accountant.

**What are the steps in conducting and adopting an audit?**

- The auditor conducts the audit, completes the audit form and checklist and notes any findings/recommendations. The auditor signs and dates the audit.
- The audit review committee (at least two people) reviews the audit. They should sign the bottom of the audit form as described above.
- The audit is presented to the president and treasurer, then to the entire executive board at a board meeting. The executive board reviews and adopts the audit. The date the audit is adopted by the board is noted on the audit form and in the meeting minutes.
- The audit is presented to the association for adoption. The date the audit is adopted by the association is noted on the audit form and in the meeting minutes.
- The audit (original) is filed with the treasurer's records.
- A copy of the completed audit is uploaded into PTAEZ.
- The council or district is notified the audit has been uploaded and/or sent a copy of the completed audit.

**– END ORIGINAL [CAPTA ISSUED] DOCUMENT –**

- Per 23<sup>rd</sup> District PTA and the insurance [California State PTA/AIM Insurance Guide, pp. 29], knowledge of PTA Financial Practices is required to handle PTA funds.
- Per the *California State PTA Toolkit* [Finance Section, pp. 31] no one handling PTA funds in any way may serve as auditor or on the audit committee, nor may any one serving as auditor or on the audit committee be related by blood, marriage or cohabitation to any financial officers, or any chairmen handling funds.

**Questions? Contact 23<sup>rd</sup> District Auditor Nancy Olivas**

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