

INDEPENDENT AUDIT REPORT

Organization: Douglas Elementary PTO

EIN: 88-0699699

Audit Period: July 1, 2023 – June 30, 2024

Completed by: Heidi Hunt

Date Completed: October 30, 2024

The following documents were reviewed:

1. Bylaws
2. Minutes
3. Bank Statements and Reconciliations
4. Treasurer Reports

As an independent reviewer of the financial recordkeeping practices of The Douglas Elementary School PTO, I conducted a thorough examination of key financial and governance documents to assess the transparency, accuracy, and overall compliance of the organization's financial practices. My review encompassed the PTO's bylaws, meeting minutes, bank statements and reconciliations, and the treasurer's reports. IRS Form 990 had not been filed at the time of the audit. The purpose of this audit is to provide an objective overview of the financial processes currently in place, highlight any areas where adjustments may enhance clarity or compliance, and offer recommendations that may strengthen future recordkeeping. The following report outlines findings, suggestions, and any questions identified during this review.

Random Check Review:

A random sample of cleared checks was performed. The audit reviewed the following checks, including supporting documentation (ie reimbursement request, invoice or receipt). All documentation was available for review, with the exception of a missing receipt or invoice for Check #154 for \$69.50, written on October 17, 2023, to Charlie Michels.

Check #	\$ Amount	Date on Statement	Finding
219	\$7,663.50	2024.01.09	None
222	\$1,500.00	2024.01.09	None
225	\$960.00	2024.03.07	Check payable to SPS but invoice was from Ready Network Services
196	\$1,000.00	2024.08.24	None
154	\$69.50	2023.10.17	Missing Receipt

Findings:

1. The September 2023 meeting minutes state that the budget will be voted on in November; however, during a review of the minutes, no formal vote was acknowledged. The Bylaws state that the Treasurer will provide a proposed budget at the first regularly scheduled meeting for the Board to vote and approve. With the fiscal year beginning in July, a proposed budget should be brought forward for Board review and vote no later than September rather than four months into the new fiscal year.
2. Within a review of MoneyMinder, multiple debit transactions were noted to have missing receipts. Additional controls must be put in place to ensure receipts are provided for transactions. Example: \$93.60 paid to Sam's Club on December 19, 2023, and \$10.50 paid to Amazon on September 7, 2023.

3. The January 2024 meeting minutes stated that the Treasurer identified an opportunity to earn additional interest on funds by taking advantage of an interest rate at a local bank. No other mention of this investment was found within the minutes. Evidence of a withdrawal to another financial institution was not located within the bank statements. Although permissible within the Bylaws under Article XI, Section 11.3 Deposits, if additional funds are invested, monthly reporting is required and should be submitted to the Board for review. If the organization intends to invest funds in interest earning accounts, an Investment Policy should be put in place to safeguard the assets of the organization. At a minimum, the policy should identify the purpose of the investment, how the investment will be managed, type of permissible investments, duration of investment, and identify who has access to the investment.
4. A formal, monthly Treasurer Report should be brought forward to the Board and be included within the monthly Board minutes. At a minimum, the Treasurer Report should include:
 - a. Monthly MoneyMinder summary page;
 - b. Budget-to-Actual spend;
 - c. Bank statement;
 - d. All supporting documentation, including reimbursement requests, receipts, and copies of checks
5. To ensure transparency, checks must match the name on the invoice provided. If a check is payable to an entity different from the invoice, additional documentation should be attached, rather than just a request for payment to that entity. Example: Check #225 for \$960.00 was made payable to Saugatuck Public Schools, but the invoice was from Ready Network Services. Documentation should be obtained showing payment was made by SPS when the request for reimbursement was submitted.

Suggestions:

1. All checks should be entered into MoneyMinder in a timely manner to account for potential clearing, otherwise information held in MoneyMinder could lead to inaccurate reporting.
2. All substitute checks should have documentation uploaded to MoneyMinder for auditing purposes. Best practice would include uploading a copy of the receipt, cleared check, and corresponding reimbursement request, if applicable.
3. In August 2023, a \$1,000.00 payment was made to Teresa Smith using verbiage in an email rather than an official invoice. To help reduce the risk of potential fraud, it would be beneficial to obtain an official invoice prior to payment whenever possible.
4. Filing of Form 990 should be done in a timely manner so as to avoid any complications that may arise when filing. Form 990 is due to be filed on the 15th day of the 5th month following the end of the organization's taxable year.
5. In reviewing the uploaded minutes, documents labeled 'Meeting Minutes Oct 2024' and 'Meeting Minutes Sept 2024' reflect the October 17, 2024, meeting. Steps should be put in place to ensure accurate reporting.
6. A Conflict-of-Interest Statement should be signed annually for the officers of the Board.

Comments:

In my independent audit of the Douglas Elementary PTO's 2023-2024 fiscal year, I reviewed the financial transactions and record-keeping practices to ensure compliance and transparency. While the PTO demonstrated strong commitment to accountability, my audit identified areas that need improvement.

Specifically, there were missing receipts, which made it challenging to verify certain expenditures, and the audit trail was more complex than necessary.

I commend the PTO for transitioning to MoneyMinder; this system represents a positive step toward greater financial oversight and efficiency. However, to simplify record-keeping and ensure a more comprehensive review in the future, I recommend consolidating all financial record-keeping within one system. Doing so would improve transparency, streamline future audits, and enhance the PTO's ability to track and verify expenditures.

Signature:

Heidi Hunt

Heidi Hunt

heidi.n.hunt@gmail.com

616.379.1189