

# District 62

## Mid-year Audit

### February, 2011

**Committee:** Lowell Johannsen, Sheila Kragt and Trish Spaulding

**Narrative:** Overall the Treasurer and executive team seem to be controlling the finances of the District fairly well, understanding and following the policies and procedures of Toastmasters as well as the District. The Treasurer maintains all of its documentation in a three-ring binder for easy access to information based on the various transactions. The District utilizes both the District Checking account and Debit card for disbursements. The finances seem to be in order with no evidence of fraud or misuse of the District funds. Though we found no major findings, it should be noted that there were some minor findings that seem to be a pattern that should be rectified. Those findings are listed below.

**Procedures:** The District seems to have a good procedure in place to authorize and disperse funds for District-related expenses. Though these procedures are not always followed and should be addressed to ensure that all transactions follow the same procedures. The District has also incorporated a Conference Tally sheet which is a great improvement to track revenue related to the conference and ensures double-checking of figures as at least two people review this document.

**Budget:** Overall the budget was in line with the actual costs with only one exception, the meals for the Fall conference were over by \$2,000, but was explained that this was due to the high attendance at the conference.

**Major Findings:** None found

**Minor findings:**

1. Authorizations not being followed all the time when using the District Debit Card. The use of the debit card can cause concern for proper approval of expenditures. This was found on several occasions, where expenses were charged on the debit card, but a different officer didn't sign off on the expenses.
2. Authorizations not being followed all the time on purchases made by the District Governor and other Executive team members. Expenditures by the District Governor need to be approved by one of the other Lt. Governors.
3. Taxes being paid on District expenses. Though only a few transactions occurred where taxes were paid, it is important that the District Committee members have access and utilize the Tax Exempt form for purchases to avoid paying taxes.
4. Missing receipts on a few transactions. Other than millage, which should still be documented on the reimbursement form, all expenses should be accompanied by actual receipts. (See schedule for details)
5. Expenditures over \$500 do not have the required 3 signatures for approval. It didn't seem like any of the expenditures over 500 were approved by all three district officers, per TI policies. (See schedule for details)

6. One statement had the amounts crossed out. Though everyone does a bank reconciliation differently, it is important that the amounts on the statement are still visible for follow-up purposes and audits.
7. November 11<sup>th</sup> C Division contest took money from contest revenue to pay for expenses. Mixing revenue and expenses does not follow GAAP or TI policies. Revenue should be recognized separately and not used to pay expenses. Expenses still need to follow the approval process. This will avoid any possibility of fraud or inaccurate accounting of both expenses and revenue.
8. November 22<sup>nd</sup> Conference utilized money from an individual and then was taken out before giving to the District Treasurer. It is recommended that advances for the purposes of the bookstore or registration be made by check, accompanied by the Talley sheet reflecting that there was an advance and the amount of the advance. Then all of the revenue can be accounted for and there is no questions as to how much was put into the till prior to the event.

Though there seems to be a slight problem with following procedures, over the audit went well and with no major findings, they seem to be properly accounting for the funds of the District.