

## APPENDIX G

### PARENT SUPPORT ORGANIZATION SAMPLE AUDIT PROGRAM

#### *Audit Procedures:*

☒ **Check Box**

#### **BANK STATEMENTS**

- ☐ • Determine whether a procedure is in place for a club member, other than those that have check signing ability, to receive bank statements by mail and review for reasonableness.
- ☐ • Determine whether any cash corrections were identified on bank statements. Ensure that reasonable explanations are available.
- ☐ • Compare the number of cleared checks included in the bank statement with the number that is noted on the bank statement to ensure agreement.
- ☐ • Ensure that cleared checks contain signatures of individuals authorized to sign checks.
- ☐ • Ideally, bank accounts should be established to require two signatures.

#### **BANK RECONCILIATIONS**

- ☐ • Trace ending balances on the reconciliations to bank statements, outstanding check lists, and other reconciling items.
- ☐ • Verify that bank reconciliations were completed within 30 days of bank statement ending date.
- ☐ • Ensure that any outstanding or reconciling items on the reconciliations were cleared the following month.
- ☐ • Verify that the balance in the bank account (at beginning of school year), plus total deposits per check register, minus total disbursements per check register, balances to ending bank account balance (at end of school year).

#### **RECEIPTS**

- ☐ • From the receipt book/log or other accounting records select a representative sample to test (Use of spreadsheets is helpful).
- ☐ • Trace deposits to collection documentation/cash receipts for agreement.
- ☐ • Trace deposits to bank statements to ensure agreement.
- ☐ • Ensure that receipts are presented for deposit in a timely manner by reviewing the dates of cash receipts with the date of deposit on the bank statement.

#### **DISBURSEMENTS**

- ☐ • From the check register or other accounting records, select a representative sample of checks, withdrawals, and other debit (use of spreadsheets is helpful). If volume is significant, consider selecting only a representative sample.
- ☐ • Trace checks to supporting documentation such as invoices, receipts, approved expenses related to fundraisers, or any other documentation.
- ☐ • Review the canceled check to ensure agreement of payee name, endorsement, and check amount. Review for checks made out to cash or officer of organization.
- ☐ • Trace disbursements to budget approved by the membership or meeting minutes.

- ☐ • For bank withdrawals for the purpose of establishing a change fund for an event, confirm that the change fund was later re-deposited.
- ☐ • Confirm no school district employees have been paid through the organization.
- ☐ • 1099 is issued for all individuals and applicable businesses.

### **FUNDRAISERS**

- ☐ • Evaluate each fundraiser individually by calculating the value of items available for sale or number of tickets sold comparing to deposits and remaining inventory, if any, to ensure agreement.
- ☐ • Determine whether fundraiser applications were prepared and submitted to the campus principal for each fundraiser.
- ☐ • Review fundraiser reconciliation form for accuracy.

### **MISCELLANEOUS**

- ☐ • Inventory remaining check stock to confirm that all checks are present and sequential.
- ☐ • Ensure that the check number for the last check issued and first check available in check stock are sequential.
- ☐ • Confirm that check stock is retained in a secure place when not in use.
- ☐ • Determine whether any checks were voided during the course of the year. Ensure that any voided checks are retained in the records and have been sufficiently modified to eliminate the possibility of clearing the bank (i.e. signature portion has been cut out of the check and VOID has been written across the check).
- ☐ • Ensure that sales tax reports were prepared and filed timely.
- ☐ • Ensure that an IRS Form 990 was filed and review for reasonableness.

### **ESSENTIAL INTERNAL CONTROL PROCEDURES FOR SUPPORT ORGANIZATIONS**

- ☐ • Money should never be kept at a treasurer's home.
- ☐ • Two people should always count the money, and both should sign the receipt verifying the amount.
- ☐ • Two signatures should be required on all checks.
- ☐ • Have a member who does not have check signing authority review the bank statement monthly before giving it to the treasurer. This person is looking for red flags including: checks showing up in non-sequential order, checks made out to cash, cash withdrawals, checks written out to non-approved vendors, checks written for non-approved expenses, and checks written out to individuals.
- ☐ • Never sign a blank check or a check made out to "cash."
- ☐ • Money should be deposited into the organization's bank account daily or according to the districts procedures even if a project is ongoing.
- ☐ • All bills must be paid by check, never cash.
- ☐ • Conduct an annual audit of the books.

Auditor Name: \_\_\_\_\_

Auditor Name: \_\_\_\_\_

Auditor Name: \_\_\_\_\_

Date of Audit: \_\_\_\_\_

Date of Audit: \_\_\_\_\_

Date of Audit: \_\_\_\_\_