

**Crossfield Parent Teacher Organization**

**Audit of Financial Statements**

For Fiscal Years 2015/16 and 2016/17

	<b>FY15/16</b>
Beginning Cash Balance (A) August 1, 2015	\$ 50,527.41
Receipts during Period (B) _____	150,146.55
Total Cash Available (C)= A+B= _____	\$ 200,673.96
Disbursements During Period (D) _____	\$ 151,101.12
Ending Cash Balance (E) = (C-D) = _____	\$ 49,572.84
Bank Statement Balance (F) _____	\$ 49,572.84
Checks Outstanding (List Below) (G) _____	\$ (2,094.73)
Deposits Outstanding (List Below)(H) _____	\$ 4.25
Reconciled Cash Balance (I)=F-G+H= _____	\$ 47,482.36
Checks outstanding and other Reconciling Deductions (Write total on line G) above	
Outstanding Checks \$352.10 Outstanding transactions \$1742.63	\$ (2,094.73)
Bank Fees not recorded and other reconciling Additions: (Write this total on line H above)	
Interest Earned \$4.25 Outstanding Deposit \$0.00	\$ 4.25
	<b>FY16/17</b>
Beginning Cash Balance (A) August 1, 2016	\$ 49,572.84
Receipts during Period (B) _____	164,838.68
Total Cash Available (C)= A+B= _____	\$ 157,981.86
Disbursements During Period (D) _____	\$ 151,101.12
Ending Cash Balance (E) = (C-D) = _____	\$ 6,880.74
Bank Statement Balance (F) _____	\$ 49,572.84
Checks Outstanding (List Below) (G) _____	\$ (5,414.17)
Deposits Outstanding (List Below)(H) _____	\$ 1,335.04
Reconciled Cash Balance (I)=F-G+H= _____	\$ 45,493.71
Checks outstanding and other Reconciling Deductions (Write total on line G) above	
Outstanding Checks \$5019.17 Outstanding transactions \$395.00	\$ (5,414.17)
Bank Fees not recorded and other reconciling Additions: (Write this total on line H above)	
Interest Earned \$0.00 Outstanding Deposit \$1335.04	\$ 1,335.04

Audit Committee Statement: We have examined the books of the treasurer and have found that the Reconciled Cash Balance presented above is correct, and that all receipts and disbursements during the period were in accordance with this organization's mission and Fairfax County policies and procedures.

As a parent run PTO, all positions are filled with non-paid parent volunteers who may or may not have experience in such role or with such tasks. This fact was noted when the audit was being completed and in no way is the audit purpose to display individuals' weaknesses but rather to show if the statements

are a fair representation of the financial state of the PTO. There were a few audit discrepancies and those are noted below with recommendations. In my opinion the financial statements fairly and materially state the financial state of the PTO.

A separate report of exceptions noted during the audit is attached.

Signed: *Karen Spence* Date: 12/31/17

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

Audit Completion and Exceptions: If exceptions are noted during the audit (errors, irregularities), then consult with the organizations treasurer and president (if necessary) to resolve the exception. The treasurer is responsible for making any corrections to the ledger or checkbook.

All cash receipts and deposits have been compared to the bank statement.

The addition and subtraction on all cash/check receipts and deposits has been verified. There were a few discrepancies and the Treasurer has provided written backup on recognition of such.

Most Disbursements have been properly approved. There are times when disbursements are not approved and it is recommended that authorization system currently in place be followed rigorously.

Most checks were signed with two signatures. There were a few times when checks were submitted without two signatures. In 2015/16 2% of checks were submitted without two signatures and in 2016/17, 1% of checks were submitted without two signatures. It should be noted that the invoices/disbursements were authorized properly for those checks. It is recommended that the signature system currently in place be followed rigorously.

All checks have been deposited or cashed by the payee indicated and that no information on the face of the check has been altered. There are a number of outstanding checks which have not been cashed. It is recommended that the persons holding those checks be contacted and/or those checks reissued. In the event that the checks remain outstanding, the amounts should be turned over to the Comptroller of Virginia.

Most Disbursements have been properly documented with an invoice or receipt. All checks disbursements are properly documented with an invoice or receipt. However, the direct withdrawals from the account are not always properly documented. It is recommended that disbursements approval system, regardless of whether a check is written or directly debited from the bank account, be rigorously followed.

Applicable sales tax was paid.

Required IRS forms were compiled and Form 990 filed as required.

The treasurer's periodic reports were reviewed and check them for accuracy. The beginning and ending balances on each report to verify that correct ending balances were carried forward as beginning balances on subsequent reports.

The Treasurer was notified of the exceptions and all exceptions but two were cleared. The two exceptions are the same nature just displayed once each year. The exception shows that the bank statement balance is off from the reconciled balance on accounting system each year; however, it is not a material amount, 1%. The cause of this is the manner in which the program income and disbursements are recorded on the system. There are many programs and many volunteers and vendors and many corrections for attendance/dropping of classes. It is recommended that the program income and disbursements be reconciled by program/class on a monthly basis in order to discern the discrepancies as they occur.

It is recommended as a reminder for the book sales that the deposits should be deposited into the bank by the next banking day and maintained in a locked place overnight.

There have been strides towards automation of deposits and disbursements. This is a good time saver; however, internal control must be maintained over these transactions as well. It is recommended to provide authorization for automated deposits and disbursements utilizing the current procedural system.