

February 4, 2019

The Audit Committee met on February 2, 2019 with Finance Manager, Susan McClure, DTM. The Audit Committee consisted of the Chairperson, Lee Ann Ramsey, DTM, Amy Espinoza, DTM, PDD, and Debi Sigrest, DTM.

Concur is the approval system being used by the District and appears to be working well. All transactions had the required number of approvals. The handwritten checks also had the required approvals.

We examined various registers and reports, and items over \$500 in accordance with the guidelines. The 60 day submission request for reimbursement and mileage reimbursement calculation appear to have been followed.

The Audit Committee has the following suggestions and recommendations for the transactions that occurred between July 1, 2018 and December 31, 2018.

We examined the Accrual template from the prior year and found the following items.

1. An entry for Decorations expenses for the Spring Conference for \$242.12 was miscoded.
Suggestion: It should have been coded 7080 Gifts and Thank Yous to match the Concur entry.
2. An entry to the chief judge was approved for the incorrect amount of \$ 94.36. The backup receipt on concur was for \$96.34 not \$94.36.
Recommendation: Make sure that all levels of approvals review the receipts to ensure the proper reimbursement. The Finance Manager did not reimburse more than requested and the chief judge did not request the additional funds.

We examined the Available Funds statement, Profit and Loss statement, and Bank Reconciliations for the Period ending December 31, 2018, the following items were noted.

1. There were three Cash accounts all with the same name and the last digits of the account number at the end.
Suggestion: Add an additional description to the name to make it easier to denote which account is being examined.
2. It was uncertain exactly what the purpose of the Cash Box account was for because there had been no activity and the amount in this account had not changed since 2017.
Recommendation: Rename this account as a Petty Cash account and use it as seed money for various events at the conference or TLIs or deposit it into the main district checking account and do away with it.

3. The Bank Reconciliation Report as of December 31, 2018 for Cash-RBFCU (4440), which is the main checking account for the District, has several outstanding checks from 5/01/17 that total \$140.00 with no check numbers and a check #1567 to Boyce Jarrett for \$112.64.
Recommendation: Outstanding checks more than 6 months old should either be voided or reissued.
4. On the Profit and Loss Statement there was an expense in the month of October of \$1,032 for Speech Contests that had been coded with an incorrect event period so it appeared they were unbudgeted expenses. It should have been coded with an event period of 2/19 or 3/19 when contests actually occur.
Recommendation: Review the Financial Reports at the end of each month to ensure the expenses are reported correctly.

We examined the Check Registers for the various accounts and found the following items.

1. On the Check Register for Cash-RBFCU (4440) there were several check number sequences missing and out of order based on when they cleared the bank. The Finance Manager stated that multiple checkbooks on this operating account were used in the prior year by the District Director and Finance Manager.
Recommendation: Only one checkbook per account should be used at a time to keep track of any possible outstanding checks. If a check is needed by the District Director, he should obtain it from the Finance Manager.
2. The backup for check #1594 did not match the check.
Suggestion: Make sure the supporting documentation matches the check. The Finance Manager later provided the correct backup to the committee.

On the Check Register for the District 55 Reserve account there were prior year items at the beginning of the year that should have been taken care of in the prior year. They did appear on the Accrual template.

1. The charges for the Spring Conference in May 2018 for \$21,593.04. These charges occurred because the prior year Finance Manager left the Conference before the final bills were taken care of and the District Director had to obtain permission from TI to use the Debit Card after she tried to use the debit card initially and the transaction was denied.
Recommendation: Have the Finance Manager present at the conference until the end to ensure that all unpaid bills are paid before leaving the conference or if the Finance Manager cannot be present, plan ahead so that the District Director has a check with appropriate signatures to make the final payment or make arrangements with the conference location to make payment after all expenses are tallied a week or two after the conference.
2. It was also noted that the shipping costs of TI purchases were reflected on the District Reserve Statement as part of the total cost of the merchandise instead of as a separate line item as it was on the supporting documentation.
Suggestion: Check with TI and see if the shipping costs can be listed separately so that the costs of shipping can be more easily reviewed for budgeting purposes in the future.

The Finance Manager suggested that perhaps because the automated system slows down the review of entries and supporting documentation, that the Audit Committee may want to meet before the end of the second six months period and review the books so that it may be easier at the end of the year. The Audit Committee agreed this would be extremely helpful in examining the records and will contact the Finance Manager to meet with the committee at a convenient time prior to the end of the year. The Audit Committee would like to thank the Finance Manager, Susan McClure, DTM for her hard work and dedication to District 55. The records were in good order and the committee was able to have any questions answered to their satisfaction.

Respectfully submitted by the Audit Committee to the District Director.

Lee Ann Ramsey, DTM-Audit Chair

Amy Espinoza, DTM,PDD

Debi Sigrest, DTM