

August 2015

The District 55 Audit Committee met on August 29, 2015 with District Treasurer Cindy Cross to prepare for the End-Year Audit (January thru June 2015). The Committee reviewed the monthly treasurer's reports, reimbursement requests and related receipts, district reserve statements, district bank statements, receipt register, payments register and general ledger.

The Audit Committee confirms that transactions appearing on the receipt register or payment register are accompanied by supporting documents. The Committee reviewed cancelled checks and confirmed that checks were signed with two signatures. The Committee reviewed all vouchers for reimbursement and verified that they were approved by the District Governor and provided adequate supporting documents. The Committee reviewed all payments and verified that most expenses were properly approved by leadership according to TI rules/regulations.

The Audit Committee found the District's financial records to be in order. However, we provide the following commentary and recommendations in an effort to improve the financial recordkeeping and reporting of the District going forward.

A few of the recommendations from February 2015 have been instituted, however, several have not and will be listed again in this report.

#### Audit Committee Comments and Recommendations:

1. For District Leaders, the Audit Committee recommends that the entire Leadership READ AND REVIEW TOGETHER the entire current D55 Policies and Procedures (P&P) so everyone can be on the same page. We felt that once the leadership knows what can/cannot be spent with District money, the Audit Committee comments and recommendations would be minimal.
2. Division Governors are allowed \$100 to allot (or not) to themselves or their Area Governors for Club Officer Training. There were numerous contest reimbursement checks written to Area Governors/Toastmasters. The Audit Committee is unaware of any policy for reimbursing contest supplies (food). (Repeat from 2/15) The Committee is disappointed that this practice continued to be approved by the District Governor.
3. The Audit Committee reviewed all reimbursements and found several discrepancies.
  - a. Request for reimbursement of contest kits (and/or reprinting of those kits), which the District previously had ordered for the entire District – why are we reimbursing for more kits?
  - b. Several reimbursements included sales tax. The Audit Committee believes it is the Toastmaster member that is responsible for obtaining a sales tax exempt certificate in order to purchase items, or accept that they will not be reimbursed for that tax. (Repeat from 2/15)
  - c. Payment for tokens of appreciation for keynotes/speakers that exceed \$25; according to the Audit Committee Guidelines, tokens of appreciation are allowed up to \$25. The District needs to keep within those guidelines.
  - d. There were a few invoices that did not have the proper backup. (Repeat from 2/15) Credit card receipts as backup must have itemized listing of the transaction; the "end total" receipt will not suffice as proper backup.
  - e. Two invoices over \$500 did not have proper approval nor prior authorization backup. (Repeat from 2/15)
  - f. A reimbursement did not include any paperwork backup. (Repeat from 2/15)
  - g. Mileage was reimbursed for a non-required attendance to a meeting.

h. Hotel reimbursements were given to numerous members of the DEC that were against D55 policies. P&P states *“Hotel reimbursement for District events is limited to one night if roundtrip mileage exceeds 200 miles”*.

i. Reimbursement requests were processed 6-8 months after the initial transaction. P&P states that all receipts must be submitted within 60 days to be reimbursed.

Regarding items a. through i. , the Audit Committee recommends that the District Treasurer develop a checklist; then for each check request, review that checklist each time for accuracy, before writing the check, to avoid any discrepancies. (Repeat from 2/15)

j. Automatic payments debited through the checking account did not have authorization. The Audit Committee recommends that all auto pay accounts have proper authorizations approved at the beginning of the year and those written authorizations be given to the Treasurer as backup for those recurring invoices. (Repeat from 2/15)

k. The Audit Committee was unable to reconcile the actual revenue and expenses to the budget, due to numerous improperly coded line items. The Committee recommends that all revenue and/or expenses be entered into the proper line item with a budget amount.

l. A San Antonio TLI lost over \$400 due to over-ordering of meals. The Committee recommends to only order for pre-paid meals to avoid this loss.

Finally, the Audit Committee includes the Summary Treasurer’s Report for June 30, 2015 along with the narrative pages as part of the official end-year audit report.

The Audit Committee appreciates the challenging job that the District Treasurer, Cindy Cross has had to manage the District financial records this year. Cindy has done a good job!

Submitted by the District 55 Audit Committee

Susan McClure, DTM – Chair  
Margaret Cathey, DTM, PDG  
Doug Kelly, DTM, PDG

Attachments

- Detailed Summary Treasurer’s Report for 6/30/15
- Audit Committee Guidelines
- Certification Page of End-Year Audit