

Margaret Mead PTSA Mid-Year Audit Report

To: Margaret Mead PTSA (hereafter "PTSA") Board of Directors

From: Mitchell Almaguer-Bay, Auditor

Date: April 4, 2021

Re: PTSA Mid-Year Audit covering July 1, 2020 through December 31, 2020

The Board of Directors is responsible for the financial well-being of the PTSA. The Treasurer is the authorized custodian, elected by the members, to administer the funds of the PTSA on behalf of the membership and the Board of Directors. An audit has been conducted in accordance with the guidelines of the Washington State PTA ("WSPTA"). The scope of this mid-year audit covers the first half of the fiscal year, a period running from July 1, 2020 through December 31, 2020.

The Mid-Year Audit (conducted using the WSPTA Financial Review form) involved an examination of the financial transactions of the PTSA and the procedures used to conduct those transactions.

The Treasurer, Molly Hylen, is an experienced and responsible member of the PTSA board, and has maintained a well-organized and accurate account of the PTSA records.

Several exceptions were noted during the review, with details as follows.

Section 1, Item 2c. The following checks had not cleared the bank as of December 31, 2020. Those with an asterisk were more than 6 months outstanding:

- 6801* 11/15/2017 \$18.07
- 7031* 5/7/2018 \$252.53
- 7171* 3/6/2019 \$42.87
- 7172* 3/6/2019 \$19.95
- 7291* 11/7/2019 \$115.16
- 7349* 5/23/2020 \$120.96
- 7386 12/14/2020 \$76.98

Section 1, Item 2f. Monthly bank statements were reviewed, dated and signed monthly by secretary except for September 2020, which was not signed and dated (but reportedly reviewed).

Section 1, Item 3e. There are several types of expenditures for which no payment or reimbursement form is created, including:

- Fees associated with credit card processing, appearing on the bank statements as "B of A Merchant Services". These fees are autogenerated by Bank of America and vary according to an agreement which renews annually and depends on the number and size of transactions (with a required minimum fee).
- WSPTA collection of dues (including for the national PTA), a monthly EFT debit determined by new memberships during the month, based on data collected via the Member Planet online membership reporting system, with an monthly invoice provided by WSPTA as documentation.

Section 1, Item 4c. There are also deposits for which no deposit form is created and which no PTA members count, such as Amazon retail cashback/rewards program earnings, appearing as an EFT deposit and based on a purchases made by members using a Mead PTSA identifier.

Section 1, Item 4e. Receipts are not issued by the PTSA. Typically, cancelled checks and credit card processing confirmations and statements act as receipts.

Section 1, Item 4f. The accounting system (which includes Moneyminder for budgeting and bookkeeping along with Bank of America Small Business Checking for banking services) is generally sufficient to maintain accurate records of income and expenses. However, there is one area in which it is very difficult to tie out income and expenses, and that is in credit card processing. Currently, credit card payments made to the PTSA occur by entering credit card information into a form at meadptsa.org. The credit card data is processed by Authorize.net for credit approval, after which the funds are transferred to the bank account via B .of A. Merchant Services. Deposits to the bank account are made as a batch total, rather than per transaction. The date and even time of day can affect the batch in which the credit card processing takes place. Further complicating procedures, the Meadptsa.org membership data includes non-credit transactions. There is no specific process by which these three connected steps are reconciled. For a given month, the three totals for credit card revenues (Authorize.net settled transactions, B of A Merchant Services deposits to checking, and meadptsa.org charges) can vary, even by dollars. I recommend that consideration be given to improving the credit card processes either by modifying the authorizations procedures or by creating reports that can be used to reconcile the systems.

Section 1, Item 5c. No equipment list is maintained. The only equipment owned is a popcorn machine, but it is undocumented in records.

Section 1, Item 5e. It is unclear what is meant by the term “grant” on the WSPTA Financial Review form. Funds were provided (granted) to the school during the review period for remote learning supplies and reading support software licenses.

Section 2, Item 1a. The budget was prepared by members of the PTSA board.

Section 2, Item 4a, b, and c. There is no provision in the PTSA standing rules for management or control of online logins and passwords. A list of online resources with logins and passwords is maintained by the Treasurer. There are no specific written procedures regarding logins and passwords, apart from this list. Most passwords were *not* changed once the new officers assumed office after July 1. It is recommended that the standing rules be amended to include controls for online accounts and passwords, that procedures be written for establishing and authorizing online accounts, and that all passwords be changed after the new officers assume office after July 1.

I would like to thank Denny Kung and Bahar Wadia, who also participated in the Audit/Financial Review by examining the form, report, and books. Treasurer Molly Hylan provided all of the records and books necessary for the audit. She was available for clarifying questions and promptly answered them. An active and responsible Board of Directors has helped to ensure that the Mead PTSA can fund wonderful activities and provide support for the academic endeavors of students and staff at Margaret Mead Elementary.