

FOUNDER'S DISTRICT MID-YEAR AUDIT SUMMARY REVIEW

A. General Overview Comments:

1. In preparing for the Audit the District Treasurer made available all of the supporting documentation for the review of the Bank Statements, Receipts Collected and Disbursements Made over the six month period ending December 31, 2011. This information was organized by month which made it relative easy to review both the District and Division activity for each month. Thus, the Audit Guidelines referring to Organization of materials was not necessary.
2. In substantiating transactions the Audit Committee reviewed the Bank Statement transactions to the detail receipts and payments made by month. Should support be missing the District Treasurer is presented with such items below to see if supporting records exist.
3. In looking at Policy Review per the Audit Guidelines we were unable to review cancelled checks to verify signatures as the bank they use does not provide this documentation except as requested. As an alternative procedure we "sample" tested 24 check disbursements from both the District and the various Divisions. **The District did provide the 24 checks requested and with the exception of one District check #5847 for \$1,000 all the District checks has two authorized signatures shown. Regarding the Division checks they appeared appropriate disbursements with supporting documentation; however, they only showed one signature on the checks; whenever practical these Division checks should reflect two signatures.**
4. The District Treasurer needs to work with Toastmasters International to fix some financial software issues so that such information will be available to the Audit Committee to review. **The District Treasurer worked with TI to post missing information to correct errors noted.**
5. Only the District Governor and District Treasurer can have access to the Toastmasters financial system which makes it difficult for the Audit Chair to adequately review the Financial Statements. It is recommended that the Audit Chair be given a password for purposes of doing the Audit Review. **TI refuses to allow Audit Committee access to the software system due to additional cost to provide such access. It is therefore assumed that Toastmasters International outside auditors will perform transactions testing into the General Ledger.**

6. Various old outstanding checks which should be cancelled; however, according to the District Treasurer TI will not allow such transactions to be voided and perhaps reissued because the TI Tax Statements which have already been prepared for 2010 may have to be amended. For example, check #5638 dated January 4, 2010 which is over 2 years old for \$1,700 payable to the Crystal Cathedral is still outstanding. It is recommended by the Audit Committee that such transactions be voided. **District Treasurer indicated that TI is responsible for correcting this issue.**
7. It was noted that various Divisions who wrote checks to other Toastmasters for reimbursement were not having these checks cashed in a timely matter (i.e. within 30 days); in fact, several checks were outstanding for more the 90 days. It is recommended that the District consider having the checks upon reorder show that the check must be cashed within 60 days to minimize this issue. **District will encourage payees to cash checks in a more timely manner; no change will be made to the checks.**
8. It was noted that certain District Officers have been paying out of their own pocket obligations owed primarily to hotels for Conferences because both the District Governor and District Treasurer were not available to sign checks. It is recommended that both the Lt Governor of Education and Training and the Lt. Governor of Marketing be allowed to sign checks (except for reimbursing themselves) to minimize this issue. An alternative would be to give the District Governor & District Treasurer access to use a Debit Card with password protection and a limited amount that could be drawn per transaction (i.e. \$1,000). **Treasurer indicated that TI is looking into Debit Cards. Also recommended by Treasurer that TI consider having an advisory committee of District Treasurers to address system issues.**
9. According to the Mid-Year Audit Guidelines the District Audit Committee is to submit it Audit Report no later than February 15th Since the District has not scheduled its next District Executive Committee (DEC) meeting until February 29, 2012, it was recommended that the District Treasurer maintains such records until the DEC has approved the Audit Report. **TI expects that Founder's DEC Committee will approve the Audit Report on Feb 29, 2012 and therefore requested the completed Audit Report to be submitted to them by the due date of Feb 15, 2012.**
10. The existing software system indicates whenever there is a correction that needs to be made that it automatically defaults to Division A. **This problem is being reviewed by TI World Headquarters.**

B. Specific Discrepancies that were not corrected: Note that there were a total of 29 discrepancies found by the Audit Committee of which only 2 remained outstanding once the District Treasurer, District Governor, and Division Governors & Treasurers met at a later date that resolved 27 of the discrepancies initially noted by the Audit Committee.

District Comments That Remained Outstanding Issues

1. An attendee list for the Contest Training Event to support the \$103.00 revenue (only a planning email that discusses the event). **There was no attendance log available to review**
2. There was an incorrect reimbursement for check # 6084 since, according to the documentation provided, the office supplies expenditures should be \$17.27 + tax and not \$30.65. **This discrepancy was unable to be corrected.**

Respectfully Submitted to the District Governor and District Treasurer

Ray Brooks, ,DTM, PID, AS
Founder's Audit Chair
February 15, 2012

Founder's District

Statement of Program Revenues and Program Expenses

July 1, 2011 – January 31, 2012

Revenues	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Membership Dues	\$ 34,243	\$ 33,850	\$ 393
Conference	12,171	19,840	(7,669)
TLI	5,805	4,800	1,005
Divisions	17,422	12,882	4,540
District Store	4,131	2,400	1,731
Miscellaneous	644	1,603	(959)
Total Program Revenues	74,416	75,375	(959)
Program Expenses			
Conferences	16,249	21,003	(4,754)
TLI	11,671	11,600	71
Divisions	14,111	12,882	1,229
District Store	3,591	1,600	1,991
Marketing and Club Growth	7,525	12,548	(5,023)
Communications and Pro	5,997	9,283	(3,286)
Education and Training	33	4,066	(4,033)
Speech Contest	-0-	350	(350)
Administration	2,029	679	1,350
District Travel	4,597	8,685	(4,088)
Total Program Expenses	65,803	82,696	(16,893)
Net Program Revenues	\$ <u>8,613</u>	\$ (<u>7,321</u>)	\$ <u>15,934</u>

Founder's District

Schedule of District Store Revenues and Store Expenses

July 1, 2011 – January 31, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
District Store Sale	\$ 4,131	\$ 2,400	\$ 1,731
Beginning Inventory	-0-		
Purchases	<u>4,774</u>		
Total Goods Available for Sale	4,774		
Less Ending Inventory	<u>(1,183)</u>		
Cost of Goods Sold	<u>3,591</u>	<u>1,600</u>	<u>1,991</u>
Net Revenues	\$ <u>540</u>	\$ <u>800</u>	\$ <u>(260)</u>