

## FOUNDER'S DISTRICT YEAR END AUDIT REVIEW

In accordance with Toastmasters International Audit Committee Guidelines this Mid-Year Audit Review is broken down into the following categories:

- A. General Overview with recommendations to improve both the internal controls and the efficiency of handling the Treasury function.
- B. Specific items indicated by month in both the District Account and the Division Accounts where discrepancies were noted.
- C. Action Items Pending.

### A. General Overview Comments Updated to Reflect Treasurer's 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 June 30, 2012. 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 the Audit Committee decided to "sample" test checks to see that the amounts, payee, and signature requirements were shown on both District and Division checks. Any discrepancies noted are shown below.
4. It was noted that the Quarterly Financial Report ending September 30, 2011 was prepared and signed by the District Treasurer and District Governor, but the December 31, 2011 at the time of the Audit was still not available. One reason was that 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 other reason is that Division H had not submitted financial reports for the period October thru December 2011 which have been requested by the District Treasurer. **Results: District Treasurer worked with TI to post missing information to correct errors noted. Division H submitted information that was missing earlier.**
5. This item was noted at the mid-year audit as well where some 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. **TI is responsible for correcting this issue.**
6. This item was noted at mid-year audit 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. **Results: District will encourage payees to cash checks in a more timely manner; no change will be made to the checks.**

7. This item was noted at the mid-year audit 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). **Results: 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.**

**B. Specific Discrepancies Noted based on a meeting with the Audit Committee and the District Treasurer on July 22nd are indicated below:**

**Sample Checks reviewed:** Of the 25 checks all District checks had the appropriate signatures on each check. There were several checks #5909 for \$19.00 and #5911 for \$270.14 where no voucher could be located. Regarding Division checks there was no voucher found for Division B Check #1390 for \$35.89 written in January 2012. It was also noted that even several Division Checks over \$500.00 had only one signature (Checks #1415 for \$860.00 Div B; #1220 for \$555.40 Div G; Div C #442 for \$643.55). It is recommended that the procedure be modified to adhere to District requirements that all checks of \$500.00 or more have 2 signatures.

**District Commentary of discrepancies noted:**

Check in January 2012 #5875 for \$100.00 no invoice found: Check #5880 for \$79.57 no invoice found for \$11.00. Check #5885 for \$2,730.34 and Check #5886 for \$236.95 vouchers with signatures not included in binder.  
 In May 2012 did not find packing slip documentation from TI for Check 5561 for \$96.90 in the Reserve Account  
 In June 2012 Ck#5955 for \$49.80 was not included in the total amount of receipts to Norm Stein. On District Bank Statement item deposited that was returned for \$31.50 could not be identified.

District Reserve	<ol style="list-style-type: none"> <li>1. Order #900 070 3670: Missing receipt or packing slip for \$151.20, \$0.08, and \$75.64.</li> <li>2. Order #900 073 6944: Portable lectern \$96.98 does not show up on the District Reserve Statement.</li> </ol>
Founder District	<ol style="list-style-type: none"> <li>1. Purchased from Neel Sirosh on 2/19/12, amount \$79 from Citrix Online: No Voucher for Reimbursement.</li> <li>2. Voucher for Reimbursement from Lee Lance, requested 2/29/12, check #5897, check cleared 3/7/12, amount \$42.00 → should be \$49.03.</li> <li>3. Voucher for Reimbursement from Colette Garone, requested 2/29/12, check</li> </ol>

	<p>#5898, check cleared 3/5/12, amount \$92.41 → should be \$112.41.</p> <p>4. Voucher for Reimbursement from Lois Sicking, requested 2/18/12, check #5895: should have additional \$12.26.</p> <p>5. Voucher for Reimbursement from Victoria Broski, requested 1/12/12, check #5880, check cleared 2/21/12, amount \$79.59 → should be \$68.59.</p>
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**C. Division Commentary of Discrepancies Noted:**

**Division A** – No voucher for reimbursement completed for \$150.00 to the City of Tustin. Voucher for Check #1308 for \$30.00 where email authorization is not attached.

**Division B** No discrepancies noted except as indicated under Sample Checks Reviewed

**Division C** – Voucher for reimbursement requested 2/14/12 for \$152 with no signature shown of Division Governor.

**Division D** – No voucher found for Check #1221 in January 2012.

**Division E** – No discrepancies noted

**Division F** – Check #1230 for \$117.25 no voucher found for reimbursement; Check #1231 for \$611.21 voucher did not have 2 signatures. Deposit slips not shown in month of May 2012

**Division H** – In June 2012 no proof of deposit for deposits made on June 1 for \$104.00 and \$365.00; determined the it was recorded in March but not deposited until June Check #290 in June 2012 for \$15.00 no voucher found.

**D. Action Items Pending:**

1. Review of these findings by the District Treasurer to determine what items can be corrected before the release of the final Year Audit Report. Have the Treasurer’s June 30, 2012 reviewed and signed by Treasurer and District Governor.
2. Review by the Founder’s District Executive Committee (DEC) on August 22, 2012 the findings of the Audit Committee, and to have the DEC approve the Year Audit Findings before releasing the report to Toastmasters International.

Respectfully Submitted to the District Governor and District Treasurer

Ray Brooks, Founder’s Audit Chair July 31, 2012

