

# Financial Review Procedure

1. Start the financial review with the records posted after the last audit. Check to see if the amount shown on the bank statement corresponds to the starting balance recorded in the checkbook and ledger.
2. Complete a sample test of transactions. The size of this sample should be based on the size of the association. If mistakes are found, the sample should be broadened to take in more transactions. It may be deemed necessary to review all the transactions of a PTA. You should consider retaining the services of an external auditor if nearly all of the transactions are reviewed due to errors or concerns regarding accuracy.

## Some items to look for:

- Monthly bank reconciliation
  - Unexplained reconciling items
  - Unusual endorsements on checks
  - A match of check endorsements to payees
  - Disbursements not supported by invoices or other documentation
  - Blank checks secured in a safe place
  - Deposit ticket dates timely with dates received by bank
  - Timeliness of deposits based on known dates of events
  - All invoices paid by check and not cash
3. Make certain that state and national portions of the membership dues have been kept separate from other receipts and forwarded immediately to the state office.
  4. Make certain that money collected for a specific purpose (special projects, gifts, scholarship funds, council dues, etc.) has been so disbursed.
  5. Check the treasurer's reports and annual report for accuracy.
  6. After any errors have been corrected by the treasurer, and the president is satisfied that the financial accounts are correct, sign and date the annual report using a different color ink: "Examined and found correct. (Name), (Date)."
  7. If all is in order, the financial review committee or auditor should prepare a statement, and the auditor, or each member of the financial review committee, should sign it.

A sample statement might read, "The auditing committee has examined the records of \_\_\_\_\_ PTA for the period of (time covered) and found them to be correct. Balance on hand: \$ \_\_\_\_\_"

\_\_\_\_\_.” (Signatures of committee)

The committee or reviewer might wish to use the sample financial review form.

8. The financial review committee also must submit a report in the event that there are not adequate records available to conduct a proper accounting of the association’s funds.

A sample statement might read, “The financial review committee has examined the records of \_\_\_\_\_ PTA and found that more adequate accounting procedures need to be followed so a more thorough financial review can be given.” The financial review committee should indicate the information that is needed.

9. The financial review must be officially adopted by the association and must be included in a completed annual report covering the association’s entire fiscal year. If the report states that additional information and verification is needed, the requested information should be provided by the treasurer.

10. If the validity of the financial review is questioned, an independent certified public accountant (CPA) should be engaged. At any time during the process, the state PTA may be contacted for information or assistance.