

# **SaddleBrooke Genealogy Club**

## **Audit Committee Report**

September 27, 2014

**Hod Wells** called to order the meeting of the **Audit Committee** at **3PM** on **August 13, 2014** at **his home**. The audit Committee was appointed by President Dave Tiefenbach in accordance with the provisions of Article VII and Article X of the By-Laws.

Committee members **Gary Zellinger** and **Bill Hooks** were present, and Bill Hooks was present at the second meeting of the committee on August 20. All three are members of the SaddleBrooke Genealogy Club.

The Club Treasurer for 2014-2015 **Pat Spencer**, provided financial materials for review. Also obtained during the review were the financial materials from the previous year and audit.

### **Statement Findings and General Observations:**

1. There was nothing found that would cause concern for significant fraud or malfeasance. The Record Keeping continues to be commendable so there is a reasonable ability for club members assigned to accomplish an audit and to be able to do so with some degree of confidence.
2. The Audit Committee Report of August 17, 2013, outlined 2 recommendations to improve accountability, record keeping and generally be able to allow for an audit committee to be able to ensure the membership that financial accountability is being achieved. Those recommendations with the appropriate comments regarding implementation are as follows:
  - A. That there be documentation of the Receipt Numbers that are used during the year. It appeared that at least three separate receipt books were used during the FY 2012-2013. There is no way to determine if any funds were collected from someone, a receipt issued and the funds not deposited in the accounts of the Club. A clear statement at the beginning of the Fiscal Year what the receipt books starting numbers are would cover that problem. **This was not accomplished and it continues to cause confusion and potential problems with accountability. There was evidence that three or four different receipt books were used and the committee could not determine if any were used inappropriately.**
  - B. That the funds collected during April and May for membership dues or even earlier for dues renewal, be held for deposit until the next Fiscal Year or until the last day or two of the current Fiscal Year. This would help in keeping straight the paid status of members, which in this audit was the cause for some concern. **An attempt to do this was made, but the deposit on May 9, 2014 of next year dues, was shown on the bank statement, but the check register recorded it in June. The Committee has a recommendation as to how to improve this situation.**

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3. As taken from the Bank Statements, and as shown in the Check Register, the low balance in the bank during the FY 2013-2014, including the amount in the Savings Account, was \$4,963.00 on or about October 8, 2013. This shows that there are still significant funds in the Club Accounts, much greater than is required to carry out the business of the club from year to year. This is noted again to point out the significant potential for fraud or malfeasance to occur if careless practices are permitted. Continued rigorous attention to financial detail is essential.

**Statement of process of the Audit:** The duties of the Treasurer are outlined in the By-laws and the Standing Rules. The expectations of the Audit Committee are also outlined in the Standing Rules. The listing of the deficiency below is as a result of the Audit Committee performing the review in concert with the expectations and in light of the evidence provided by the Treasurer documenting the financial transactions for the Fiscal Year.

The SBGC Check Register for FY2013-2014 was used to compare the bank transactions with the Bank Statements. As the comparisons were made the SBGC Member List was annotated to document the payment of dues for all listed members. The receipts are included with the Bank Deposit Slips. There were receipts documenting that all listed members had paid their dues, but there were three member's dues for which the receipts were not present and not shown to have been deposited in the Bank.

**The significant discrepancy found** is the case where receipts were issued to three members, but there is no record that those funds were deposited in the Bank Account. The committee has attempted to resolve this discrepancy, but has not been able to do so. The Membership Roster dated March 6, 2104 indicated that the following members had paid dues for 2013-2014 and had been given the indicated receipt:

Ginger Hess Receipt 930051  
Jim Lesing Receipt 808868  
Ruth Nelson Receipt 869150

There is no evidence of these receipts in the financial materials. No evidence that these checks were deposited into the SBGC Checking Account. Additionally, it appears that these three receipts were from three different receipt books.

### **Recommendations:**

- **Again, that there be documentation of the Receipt Numbers that are used during the year. It appeared that at least four separate receipt books were used during the FY 2012-2013. There is no way to determine if any funds were collected from someone, a receipt issued and the funds not deposited in the accounts of the Club. A clear statement at the beginning of the Fiscal Year what the receipt books starting numbers are would cover that problem.**
- **That the funds collected during April and May for membership dues or even earlier for dues renewal, be deposited in the Savings Account until the beginning of the Fiscal Year. After June 1, then the funds can be taken out of the Savings Account and deposited into the Checking Account with the appropriate attachment of the receipts to the deposit slips into the checking Account.**

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- That when a gift certificate is given for Annual Dues that the transaction be recorded as a Debit to the "Monthly Door Prizes" line item and a Credit to the "Dues" line item.
- That the situation with the lack of evidence of deposit of the three member's dues be pursued with the past treasurer.
- That the Treasurer continue with Annual Budget/Actual Report and provide it monthly to the Board. A Monthly column should be added to the Actual Year to Date Column. This would provide a very good picture to the Board of the financial activities throughout the year.

**Summary:** It has been a pleasure to accomplish this Audit. The records are clear. The discrepancy can and should be resolved. At the most there was \$60 that may have been missing. Considering the magnitude of the operation, this is not too significant.

**Report submitted by:** Howard A. (Hod) Wells, Jr. \_\_\_\_\_

Gary Zellinger \_\_\_\_\_

Bill Hooks \_\_\_\_\_