



Auditing Committee Report

Each Parent Organization is required to have a committee within the organization conduct an annual audit of the organization's revenue and expenditures. An Auditing Committee of not fewer than three members may include officers and non-officer members; however, the committee should have at least one or two non-officer members review the information. Auditing Committee members shall not be related to each other or to anyone with check signing privileges. (Related is defined as same family through a child or spouse.) The sponsor and officers authorized to sign checks are ineligible to serve on the Auditing Committee. An outside party, such as a CPA, may be used to audit the financial information instead of using a committee within the organization.

The Auditing Committee Report should be submitted using one of the example (or similar) formats. If an outside party performs the audit, their results should be shown in their own format. The outside party would need to sign and date their report. The examples of the Auditing Committee Reports show space for four (4) members; however, the parent organization may have more or less committee members. The same information must be documented for each of the committee members, regardless of the size of the committee.

The Auditing Committee Report examples include:

- Option A Audit was performed with no exceptions noted; therefore, the Financial Report appears proper and correct.

- Option B Audit was performed with immaterial exception(s) being noted. The Financial Report was either corrected or exceptions did not have a material effect. Except for these minor exceptions, the Financial Report appears proper and correct.

- Option C Audit was performed with material exception(s) being noted. Because of the material exception(s), the Financial Report is not proper and correct or the status cannot be determined.

In some instances, due to material exception(s), the committee may not be able to determine whether the Financial Report is proper and correct. When this situation occurs, the committee may state that the status of the Financial Report could not be determined because of material exception(s).

The Auditing Committee should choose one of these examples or a report similar in format to document the results and conclusions of their audit. This report along with the Financial Report should be submitted to the school principal by September 1st each year. The audit must be completed before the application renewal will be approved by the school principal for the new school year.

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Suggested Audit Steps

The following suggested steps are designed to assist the Parent Organization's Auditing Committee in conducting a thorough audit of the financial activities for the applicable school year.

- Audit the Financial Report (report of revenues and expenditures) prepared by the treasurer for your organization
 - The report should include information for the full applicable year.
 - The audit must cover the period beginning with the reconciled cash balance from the previous Financial Report and ending with the reconciled cash balance from the last day of the time period (typically June 30) reported by the organization.
 - Verify the amount held in cash/change boxes and that they are listed on the Financial Report.

- Audit the reconciled bank statements and canceled checks to determine the following:
 - Disbursements have been properly documented with an invoice or receipt.
 - Disbursements have been properly approved.
 - Checks have been properly signed.
 - Checks have been deposited or cashed by the payee indicated and no information on the face of the check has been altered.
 - Checks have been accounted for in the proper sequence (no missing checks).
 - Only applicable officers are authorized signers on the bank account(s). Former officers should not remain on the account(s) as authorized signers.

- Audit the reconciled bank statements deposit records to determine the following:
 - All receipts recorded in the receipt book have been deposited to the bank.
 - Addition and subtraction on cash receipts and deposits are correct.
 - All Concession Sales/Deposit Reports are counted and witnessed by two people.
 - The treasurer gave a receipt to all persons delivering funds collected.
 - Receipts have been accounted for in the proper sequence (no missing receipts).
 - Deposits for events where admission was charged provided a Ticket Sales Report or Wristband Report.

- Verify the membership dues, if any, are collected from their members (parents), not from students.

- Verify the receipts and disbursements were allocated to the correct account category.

- If independent contractors were paid through the Parent Organization, verify that Forms 1099 were issued or appropriate payroll taxes paid.

- Review Concessions Inventory and Profit Statement for reasonableness.

- Review Fundraiser Approval Forms for reasonableness and accountability for unsold items.

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- Verify that Fundraiser Approval Forms were completed and approved by the school principal for all fundraising activities.
- Verify Exempt Event Notification form (CG-EN) was approved by the Indiana State Gaming Commission for any fundraising activities involving raffles or games of chance.
- Verify a Public Performance Site License was obtained for any fundraising activities involving the showing of movies.
- Verify that the IRS Form 990 was completed accurately and filed.
- Verify that the Indiana Nonprofit Organization Annual Report (Form NP-20) was completed accurately and filed.
- Verify that the Annual Business Entity Report was completed accurately and filed with Indiana Secretary of State.
- Complete the applicable Auditing Committee Report (only one report type may be used per audit).

If exceptions are noted during the audit, consult with the organization's treasurer and president (if necessary) to resolve the exception(s). The treasurer is responsible for making any corrections to the records, checkbook and Financial Report.

Option A	No Exceptions (i.e., errors, irregularities)	Financial Report appears proper and correct.
Option B	Immaterial Exceptions	Financial Report appears proper and correct, except for some immaterial exceptions.
Option C	Material Exceptions	Financial Report does not appear proper and correct because of material exception(s) or Financial Report status cannot be determined because of material exception(s).

If material exceptions have been noted, prepare recommendations for controls to prevent the future occurrence of these exceptions.

The organization's treasurer and president are responsible for acting upon the recommendations made by the Auditing Committee.

Maintain the original written Financial Report and Auditing Committee Report on file with the treasurer of the Parent Organization. The file with these reports should be kept for at least five (5) years and should be forwarded to the new treasurer each year.

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Submit one copy of the following reports to the school principal by September 1st each year. The audit must be completed before the renewal will be approved by the school principal for the new school year.

- Annual Financial Report and Auditing Committee Report
- Copy of June 30th bank statement and reconciliation for each account
- FWCS Fundraiser Approval Forms with actual income and expenses completed
- Copy of the IRS Form 990 if required to file
- Copy of Indiana Nonprofit Organization Annual Report (Form NP-20)