

**Potomac Area Technology and Computer Society (PATACS)
Audit Review (2012-2013)**

An audit review of NCTCUG/PATACS financial records for the fiscal years 2012 and 2013 was conducted during PATACS Board of Directors Meetings on November 18 and December 16 2013.

The review committee consisted of the following Society members:

Jim Rhodes – President
Roger Fujii – Director
Ron Schmidt – Vice President
Mel Mikosinski – Director
Jorn Dakin – Director
Bill Walsh – Director

In general the Quicken files and bank records were in agreement for check and cash deposited and for checks issued.

Since the merging of NCTCUG and WACUG the number of income transactions increased significantly increasing the workload of the audit committee. The audit committee did face other challenges in dividing up the workload for the audit.

Deficiencies noted during the audit-

Three issued checks had authorizations with only one vice the two signatures required.

One check was issued on a Wells Fargo account, which was subsequently closed as a redundant account due to the merger of the WACUG and NCTCUG clubs. It was authorized properly, but not reflected in the Quicken Transactions Report used to facilitate this audit. The check was the only expenditure in this account after the merger on 5/19/12, prior to the closing of this account (Check 1140 -Issued to Printing Images).

One deposit slip for a Pizza Sig donation from John Mabudian was missing.

In the PO files:

PO file printout packages for NCTCUG and PATACS contained a duplicate print out of PO120602.TXT.

PO120605.TXT listed Pizza SIG at \$14 vs. \$15 noted in Quicken records (5/2/12).

PO111018.TXT check number listed did not agree with Quicken record (#2414 vs #2141) (Probably a typographic error?).

PO120502.TXT had a check #9554 listed as \$50, Quicken only showed \$25 membership fee for the transaction. (Appears to be a PO error, since bank records agree with the \$25 deposit for check #9954)

In Quicken Records::

Transaction 4

10/27/2011 - Check # for Perry does not agree with PO111018

05/21/2012 - Check #9554 (Looney) only shown as \$25, PO120502 shows amount as \$50. (\$25 Membership) (See comment on PO120502.TXT above in PO File comment section)

06/07/2012 - Check number for Lowe does not agree with PO120602
PSIG not noted for 3 deposits

(Initial printouts included PSIG and Amazon deposits that were not indicated on the PO File printouts. A supplemental spread sheet detailing the PSIG and Amazon deposits did agree with the Quicken Data.)

Transaction 2

09/06/2012 - Shows 8/20-8/22-9/5 donations as \$57 – PO0121129 shows \$46 for same period.

09/24-26-28/2012 Could not find corresponding PO file for total of \$100 in DONREV income. (It was reported that no PO file was generated for these transactions that were hurriedly made to the interest bearing account to avoid a penalty charge for failing to meet the number of monthly deposits required in a specific time period.)

12/17/2012 - Transaction printout only shows two of three PSIG contributions (11/28-\$17 and 12/5-\$23 while total shown was \$54. The 12/17-\$14 entry was not shown.(PO130412)

Conclusions/Recommendations:

As previously stated, with minor discrepancies in documentation (typos, etc.) the audit did not find any major errors..

The audit was complicated and required more time to complete by the increase in the number of income transactions due to the merging of NCTCUG and WACUG membership. As discussed at subsequent board meetings, it would be beneficial to look at reviewing the bank records on a more frequent basis than the current two year cycle.

The current arrangement of using Quicken Files, PO Files and bank records to document the financial transactions appears to be complicated in the areas dealing with periodic blocks of income (PSIG donations and Amazon partner payments) One line of the Quicken report may include multiple PSIG contributions. The PSIG contributions are cash income usually three times a month and appear to be handled by combining a number of them and having a personal check written to deposit them in the Club's bank account. Thus four or five individual cash transactions appear as one bank deposit item. A change in the accounting procedures or recording methods are needed to simplify audit process. Maybe reporting income as it occurs, or reporting a months worth of these types of cash donations as a lump sum that agrees with the bank statements but with the addition of another record showing the individual transactions that are included in the monthly deposit.

It appears some areas of the reporting scheme require a duplicate entry of data such as check numbers (PO files and Quicken files). This can lead to the introduction of typographic errors when entering the same data twice.

In Summary

No major deficiencies were noted during the audit. With the increase in membership (due to the merging of NCTCUG and WACUG) there was an increase in the number of income transactions that required review, lengthening the audit process. Either the expected amount of time for an audit needs to be increased, or more frequent (instead of every 2 years) audits should be considered. The Post Office (PO) files are relatively easy to resolve with the Quicken files and bank statements with the exception of cash donations that end up in a number of different ways of being reported. (PO files report multiple dates and generally agree with Quicken data, but at different reporting dates, and bank records are based on check deposits that combine a number of different cash donations)

Nicholas Wenri

Nicholas Wenri
Director - 2012/2013 Audit Chairman

Rev 1/21/2014