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Ryan Mueller, Treasurer  
Phi Delta Kappa UNL Chapter 15  
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Lincoln, NE

Dear Ryan and Executive Committee,

Please accept this letter as my report on an informal audit I have performed on the Phi Delta Kappa Chapter 15 financial accounts from January 1, 2011 to June 15, 2012. Since I am not a qualified accountant, I am referring to it as an informal audit or financial review. Ryan Mueller, Treasurer, made available to me all bank statements, copies of checks, treasurer's reports, and claim forms with receipts. I reviewed those items for consistency and accuracy.

James Havelka completed the previous audit of accounts on February 10, 2011 for the time period of December 15, 2009 through December 15, 2010. He reported no material problems and made several recommendations that have been incorporated into the financial reports and processes.

Overall Financial Summary

As of June 15, 2012 for the checking account, and June 20, 2012 for the Certificate of Deposit and June 29, 2012 for the Savings account, these are the current balances:

Checking Account:	\$5,982.98	(Reconciled balance)
Savings Account	\$5,947.72	
CD	<u>\$6,479.68</u>	(Estimate – Bank not contacted)
Total	\$18,410.38	

That compares to \$18,492.60 that Mr. Havelka reported as the December, 2010 balance.

Checking Account

I reviewed checking account activity from December 30, 2010 to June 15, 2012. The summary of activity follows:

Balance December 15, 2010	\$8,644.05	
Deposits	+\$9,255.22	
Claims	<u>-\$9,722.37</u>	
Balance June 15, 2012	\$8,176.90	(Balances with Bank Statement)
Checks not cleared	<u>-\$2,193.92</u>	(4 checks:1101,1141,1149,1150)
Reconciled Balance	\$5,982.98	

## Comments

- All expenses had claim reimbursement forms except six checks. Five of the exceptions were for scholarship recipients.
- All claim reimbursement forms had attached receipts or invoices except one.
- All receipts matched check amounts.
- All receipts appear to be for approved and appropriate expenses. One exception was a claim for mailing supplies that included \$13.99 for batteries. Since other claims were so precise, I do not assume this is a personal expense, but simply a mislabeled claim supply.
- All claims were correctly reported in the Treasurer's Report.
- In six instances, the monthly interest on the account was not reported on the Treasurer's Report, causing the report to be incorrect. Since the interest per month is less than \$2.00, the error this created was slight.
- One series of checks was not written in numerical order. I did review the unwritten checks to make sure that no unused check was missing. I did not see any check missing, nor was there any evidence that an unused check was used inappropriately.
- Although the check book register included all claims, several deposits, mostly interest payments, were not included in the register. This makes the register inaccurate for balance comparison.
- Overall, the documentation for claims was excellent, and the Treasurer's Report was a good indicator of the financial position of the organization.
- I did not find any inappropriate or unusual spending or deposit problems. However, on cash deposits, there is no record of the source (currency, coins, and checks) of the deposit.
- Mr. Mueller is managing the funds from the Chapter with sound internal controls.

## Recommendations

- I would recommend the Treasurer balance the checkbook with the bank statement every month and add those claims and deposits into the draft Treasurer's Report on a monthly basis. This will help alleviate the missed interest deposits in the Report, and it will help make the checkbook register a supporting source to balance the account. This is similar to Mr. Havelka's #1 recommendation in the last review.
- Make sure all service providers provide an invoice for services. The Chapter may want to look into whether it is required that it send a 1099 form to those single-person providers that the Chapter has paid over \$600. I am not sure if the Chapter is required to do that, but there are a couple of providers that get close.
- The Chapter should consider report for deposits, especially cash or check deposits. Similar to the back of a bank account deposit slip, the currency and change should be listed along with identification and amount of each check deposited.

## Savings Account

I reviewed savings account activity from December 31, 2010 to June 29, 2012. The summary of activity follows:

Balance December 31, 2010	\$3,847.06	
Deposits	+\$5,600.66	
Claims	<u>-\$3,500.00</u>	
Balance June 29, 2012	\$5,947.72	(Balances with Bank Statement)

### Comments

- The Savings Account balance is divided into three categories: Joekel Scholarship (\$4,808.00 balance), Other Scholarships (\$1,139.72 balance), and Raffle Fund (\$0 balance).
- Of the \$5,600.66 in deposits, \$48.00 went into the Raffle Fund, \$10.41 in interest went into Other Scholarships, and \$5,542.25 went into the Joekel Scholarship.
- Of the \$3,500 claims, \$2,000 was for the Joekel Scholarship and \$1,500 was for Other Scholarships.
- In some organizations' accounts, interest is deposited into each sub account based on the balance each month. It appears all interest is added to the Other Scholarships, even though the Joekel Scholarship has the highest balance. I am making some assumptions on this because the Treasurer's Report seems unclear about the sub account activity.
- All claims are paid by transferring funds into the checking account where they are processed. The Treasurer's Report identifies the transfer amount and the reason for the transfer. I believe this is adequate documentation for the transfers.

### Recommendations

- If there is ever more activity in the account, the Chapter may want to start using claim forms and deposit records similar to the checking account documentation. At this point, there is so little activity, tracking of funds is simple, and it appears further documentation is not needed.
- Tracking of the sub accounts (Joekel Scholarship, Other Scholarships, and Raffle) is confusing and not well documented. The only indication of the split in funds is on the Treasurer's Report. The Chapter may want to set up a spreadsheet to track the changes in each sub account. Using this process, the interest could be added each quarter based on the balance in each sub account, if that split is what the Chapter desires.
- The Chapter should consider a report for deposits, especially cash or check deposits. These come mainly from the Raffle receipts. Similar to the back of a bank account deposit slip, the currency and change should be listed along with identification and amount of each check deposited. There were two deposits for the Joekel Scholarship that I was unable to identify the source. I assumed the source was the Joekel family.

### Certificate of Deposit

I reviewed Certificate of Deposit activity from December 31, 2010 to June 20, 2012. The summary of activity follows:

Balance December 31, 2010	\$6,251.49	(Estimate on Havelka Review)
Deposits	+\$227.60	(Interest)
Claims	<u>-\$0</u>	
Balance June 20, 2012	\$6,479.09	(Estimate)

### Comments

- Although the Chapter currently holds three Certificates of Deposit documents, it appears that two have been cashed in. CD 2300003206 was not cashed in on the maturity date of April 5, 2012, and was then extended 30 months for a new maturity date of October 5, 2014.
- The previous interest rate was 2.88%. I am unaware of the new interest rate on this CD.
- I have used the estimate provided in the June 20, 2012 Treasurer's Report to indicate the current value of the CD. Interest does add to the CD on a quarterly basis.
- Beyond the addition of quarterly interest, there was no other activity in this account.

### Recommendations

- I have always assumed that the actual CD certificate was valuable and necessary to cash in the CD. Since we hold two certificates that we have already cashed in, I may be wrong. However, if I am correct, I recommend that the CD certificate be held in a fireproof file or safe deposit box. If this is done, the whereabouts should be reported to the Executive Committee.
- Since the funds have been in this CD for quite some time, the Chapter may want to tag the use of these funds on the Treasurer's Report. Are these Joekel Scholarship dollars, or general funds, or other scholarship monies? As leadership changes, the purpose of these funds may be lost if not indicated in the Report.

### Final Summary

I would commend Treasurer Ryan Mueller for taking the time to keep the overall records of the Phi Delta Kappa Chapter 15 in good order. Based on my review, I believe that the accounts of transactions have been handled with fidelity and good accounting practices for the period I have reviewed. Most of the recommendations are minor adjustments that will help communicate more detail to Chapter members and leadership.

I would like to thank Ryan for his cooperation in this review. If any members have any question about this review, please feel free to contact me.

Sincerely,

Chuck Chevalier Ed.D.