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Ryan Mueller, Treasurer
Phi Delta Kappa UNL Chapter 15
3030 N. 90th St.
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 June 15, 2012 to June 30, 2013. 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.

Overall Financial Summary

As of June 17, 2013 for the checking account, and June 30, 2013 for the Certificate of Deposit and June 28, 2013 for the Savings account, these are the current balances:

Checking Account:	\$6,218.20	(Reconciled balance)
Savings Account	\$6,590.50	
CD	<u>\$6,569.21</u>	(Estimate – Bank not contacted)
Total	\$19,377.91	

That compares to \$18,410.38 that I reported as of June 30, 2012.

Checking Account

I reviewed checking account activity from June 15, 2012 to June 17, 2013. The summary of activity follows:

Checking Balance June 15, 2012	\$8,176.90	
Deposits	+\$4,271.49	
Claims	<u>-\$6,105.19</u>	
Balance June 15, 2012	\$6,343.20	(Balances with Bank Statement)
Checks not cleared	<u>-\$ 125.00</u>	(1 check: 1117)
Reconciled Balance	\$6,218.20	

Comments

- All expenses had claim reimbursement forms except seven checks. Four of the exceptions were for scholarship recipients. One was for an additional check blanks. One was for check 1103 – Union Market. One was to UNO for the combined event

- check 1111. Just for the sake of history, I would recommend that all checks written have a reimbursement for or some other paper trail.
- Check 1103 to Union Market was troubling. There was an invoice but no reimbursement form, so I am unsure the reason for the expense.. Also, the invoice was for \$213.80, but the check was written for \$218.80 and the bank processed \$218.80.
- All claim reimbursement forms had attached receipts or invoices except the scholarships, check 1111 to UNO, and the withdrawal for new check blanks.
- All receipts matched check book amounts.
- All claims were correctly reported in the Treasurer’s Report except the interest earned in March, 2013 and the cost of the new check blanks (not reported at all).
- Check 1101 was voided and that was not reported on the treasurer’s report.
- 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 any missed deposits/claims in the Report, and it will help make the checkbook register a supporting source to balance the account. This is the second year I have made this recommendation, and similar to Mr. Havelka’s #1 recommendation in the review two years ago.
- 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.
- I am uncomfortable with the documentation from those who are providing web service the chapter. I would want more documentation about hours/charge per hour, etc. An invoice from them would help. Again, if nothing else, more documentation provides a history of those services.
- 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 June 29, 2012 to June 28, 2013. The summary of activity follows:

Balance June 29, 2012	\$5,947.72	
Deposits	+\$ 642.78	
Claims	-\$ <u>0</u>	
Balance June 28, 2013	\$6,590.50	(Balances with Bank Statement)

Comments

- The Savings Account balance appears to be divided into three categories: Joekel Scholarship (\$4,808.00 balance), Other Scholarships (\$1,150.50 balance), and Raffle/Pass the Hat Fund (\$632.00 balance). I am not sure on this split, as all three categories are not reported on the Treasurer's Report.
- All deposits other than interest appear to be going to the Raffle/Pass the Hat Fund, although there were \$637 in those deposits, but the balance reported on the Treasurer's Report is \$632.
- Interest deposits went into the Other Scholarship" category.
- There were no claims on this account; however, I note that only 1 scholarship has been paid this year, so others will need to be funded soon.
- 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; however, there are no claims for this period.

Recommendations (same as last year)

- If there is ever more activity in this 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.
- As you can surmise from my comments above, tracking of the sub accounts (Joekel Scholarship, Other Scholarships, and Raffle/Pass the Hat) 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.

Certificate of Deposit

I reviewed Certificate of Deposit activity from June 20, 2012 to June 30, 2013. The summary of activity follows:

Balance June 20, 2012	\$6,479.09	(Estimate)
Deposits	+\$ 90.12	(Interest)
Claims	<u>-\$ 0.00</u>	
Balance June 30, 2013	\$6,569.21	(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 July 5, 2013 Treasurer's Report to indicate the current value of the CD. I did not independently contact the bank. 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 (same as last year)

- 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 Treasurer's Report.

Final Summary

As I said last year, I would commend Treasurer Ryan Mueller for making sure the overall financial records of the Phi Delta Kappa Chapter 15 are 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 current Chapter members and leadership, and provide a history in the future.

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.