

# Havelka Educational Services

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Mike McDonald, President,  
Phi Delta Kappa UNL Chapter 15  
Smith-Curtis 130E  
Nebraska Wesleyan University  
Lincoln, NE 68588

Dear Mike and Executive Committee,

The purpose of this letter is to inform you that I have completed an informal audit of the Phi Delta Kappa Chapter 15 financial accounts and find them to be in order. Since I am not qualified as an accountant and since this audit consisted mostly of a review of available bank statements and Treasurer's Reports provided by Ryan Mueller, I am referring to it as an informal audit or financial review.

Dr. Roy Baker completed your last audit on October 16, 2009. At that time, he showed a reconciled checking account balance of \$8,173.53 and three certificates of deposit totaling \$9,499.50. The checking account bank balance on Oct. 16, 2009, was \$8,275.29 with four outstanding checks. I endeavored to bring those figures up to date through December, 2009, and then provide a calendar year review. In the checking account for the period Oct. 16 through Dec. 15, 2009, I was able to account for deposits of \$1,474.83, interest of \$3.46, and checks cashed of \$684.24. This resulted in a balance of \$9,069.34 which matched to the bank's balance of Dec. 15, 2009.

During December, 2009, a CD recorded at \$1,173.33 was cashed and deposited in the checking account. In the same month, a savings account was opened with a beginning balance of \$100.00. Ryan and I were unable to determine from the records the exact value of the CD at the time it was cashed (we do know that \$1,173.33 was deposited in the checking account) and we were unable to determine where the \$100 came from to open the savings account. I suspect that the \$100 to open the savings account might have come from the CD. I could not tell from Dr. Baker's review or from the bank statements, the exact value of the three CD's that were in place in October, 2009, but based on what I could see, a scenario in which the CD was cashed, the savings account was opened, and the remainder was deposited in checking makes sense.

For the period from Dec. 15, 2009, through Dec. 15, 2010, the checking account showed deposits of \$5,433.00, interest of \$22.11, and checks of \$5,880.44, leaving a balance of \$8,644.05. I noted one check (#1075) for \$250 to be outstanding, yielding a reconciled balance of \$8,394.05. Using the data that Ryan recorded on the Treasurer's Report for January, 2011, I was able to arrive at the same reconciled balance. I do believe there is a typo on the report, however. The checking balance should be \$8,644.05 not \$8,664.05.

**PDK Audit (Continued)**

In the savings account, the value on Dec. 31, 2009, was \$100.02. Deposits total \$4,013.81, interest totaled \$3.23 and withdrawals were \$270.00, leaving a balance of \$3,847.06. The bank balance and the Treasurer's Report match.

The 2010 year began with two certificates of deposit with an estimated value of \$8,251.33. CD 2300460015 was cashed at \$2,312.80 on Aug. 6 and deposited in the savings account. CD 2300003206 was renewed in October, 2009, to April 5, 2010. It's current value is estimated at \$6,251.49.

So, as of December, 2010, the Chapter's assets were:

- (1) Checking: Reconciled balance of \$8,394.05.
- (2) Savings: Balance of \$3,847.06.
- (3) CD 2300003206: Estimated value of \$6,251.49.
- (4) Total assets: \$18,492.60.

This compares to \$17,673.03 that Dr. Baker reported in assets on Oct. 16, 2009.

Based on this review, it is my belief that the accounts of transactions of the Chapter have been managed with fidelity during the period reviewed. Mr. Mueller's Treasurer's Reports are well maintained and appear to accurately state the financial status of the Chapter. I would make the following recommendations:

(1) A monthly Treasurer's Report should be prepared even in those months when the Chapter does not meet. This will allow the monthly "books" to be compared to the monthly bank statements and will make tracking of the transactions much easier. Total assets -- checking balance, savings balance, and CD balance -- should be recorded each month. The Treasurer's Report format Ryan is using is very good.

(2) Independent of the bank's records, there should be documentation for of all receipts, expenditures, and transfers. Generally, expenditures were vouchered, but receipts and transfers were not. Keeping a record of these would be useful. I did find that six expenditures were not vouchered, but I've gone over these with Ryan and am satisfied that all were legitimate expenditures.

(3) The division of the savings account monies into funds available for general purposes, those designated for the undergraduate scholarships and those available for the graduate (Ron Joekel) scholarships is somewhat confusing. I think that can be remedied by clearly designating the division on the Treasurer's Report.

(4) As a matter of prudence, I would recommend that two officer's signatures be required on each check. I think the accounts are being managed faithfully, but requiring two signatures will be a safeguard for both the Chapter and for those who handle its funds.

I would like to express my thanks to Mr. Mueller for his cooperation and assistance and to express my appreciation to the Chapter officers for their diligence. If you have any questions, please contact me at the address above.

Sincerely,

JAMES P. HAVELKA