USPC Peer Financial Audit Review

Presentation for Treasurers, Regional Supervisors and District Commissioners
What Is a Peer Review

• **Peer review** is a process of self-regulation or a process of evaluation
• Peer review methods are employed to maintain standards, improve performance and provide credibility.
• Peer reviews are a BEST PRACTICE for not for profit organizations.
Who Should Appoint the Peer Audit Committee

– The RS and the Regional Council/ or the DC and the Club Sponsors select a committee of two to three people, that otherwise have no elected status currently

– Former Regional or Club treasurers are ideal candidates for a term on this committee. Others are sponsors or parents of members with financial, accounting or legal experience. HOWEVER, no particular background is required. Interest and the ability to balance a checkbook should be enough.
Why have a Peer Review

• A second set of eyes
• Keeps everything in the open and protects Club and Regional Officers.
• Keeps the focus on the Pony Club Mission Statement by indicating sources and uses of funds. Keeps the 501(c3) status viable
• Avoids Unnecessary Conflict
• Can benefit the Clubs and Regions by creating more involvement from the parent/sponsors.
When to have a Peer Review or an Audit

• Should be done whenever there is a changing of the guard—new DC or RS or a new Treasurer.

• Should be done at least every two years for smaller clubs and every year for larger clubs.
Records to be provided by the region or club treasurer to the Peer Review Committee

a. Bank Statements for each of the prior twelve months
b. Bank reconciliation reports for each month
c. Detailed record of bank deposits
d. Detailed access to records for region or club, which show the source and purpose of each deposit.
e. Draft copy of the current year-end Cash Receipts & Disbursements report or access to the club on line accounting program, with auditor rights only
f. Copies or all requests for funds, reimbursements and bills.
g. Cancelled checks (online access acceptable) and all voided checks.
H. Petty Cash information-source and use and balance
K. All Credit and Debit Card records (Sources and Uses)
l. Review and verify that all IRS and State filings have been made.
What is Audited?
This is a general list

Year-End Financial Peer Review Checklist
- Region or Club budget (proposed, approved, actual, and addendums)
- Check Request Forms (attach receipts) – verify all receipts match up to checks written.
- Monthly region or club ledger reports (completed) – verify that all deposits are properly accounted and balanced.
- Petty Cash (if applicable) – verify the cash total and the ledger matches disbursements and additions. We strongly recommend that clubs do not keep petty cash.
- Reconciled bank statements – verify each month was reconciled and any adjustments (service charges, return checks or fee are explained). Require 12 months of Bank Statements.
- Annual financial report (Cash Receipts & Disbursements) or Cash Receipts & Disbursements (December 31) – verify bank totals at year end match financial reports.
- Cancelled and voided checks & deposit slips – verify they are accounted for in the financial records.
- Receipts for all income – verify amounts were appropriated to proper accounts and in balance.
- On-line annual financial report (when applicable)
- Inventory of blank check stock.
  - Ending number less the beginning number should equal the number of checks.
  - Now count the checks. If there is a discrepancy --
  - Locate the missing check(s)
What if the requested items are not Readily Available

• The items listed on the previous page are the ideal-in a perfect world. Not every Club/Region will have everything. But all Clubs and Regions can improve!

• If the Club or Region’s Records do not have all items—an note on the audit report form should recommend an improvement in financial record keeping. For example a list of club owned equipment might indicate that some may be no longer in existence or broken etc. The point is to keep records and track assets.
What if problems arise or are uncovered during the Audit

• RULE NUMBER ONE
Talk to the RS and or the VPRA as appropriate for guidance.

• RULE NUMBER TWO
Avoid unnecessary conflicts and seek guidance—see RULE NUMBER ONE
Audit Steps

1. Check reconciled bank statement and canceled checks. Make sure the postings are current and complete.

2. Examine all voided checks. If a voided check is not on file, verify that the check has not cleared the bank.

3. Total all funds received. Verify that cash receipts were written and that funds received were listed in the reports.

4. Total all deposits made to the bank account. This total should equal the total of all funds received, unless treasurer’s ledger reports show that some funds were retained as petty cash.

5. Total all expenditures. Verify that all expenditures were paid by check, not in cash.
Audit Steps Continued

6. Examine the Club or Region’s Annual Financial Report. Verify that the amounts listed agree with the amounts in the treasurer’s ledger reports, the total in the check register, and the bank statements.

7. Verify treasurer’s total balance at the beginning of the year (bank balance plus petty cash), plus all funds received, minus all expenses, must equal the treasurer’s total balance at the end of the year (bank balance plus petty cash.)

8. Examine the club inventory sheet and make sure that all property/equipment has been properly accounted for and documented. A letter or receipt should be on file for each gift received, documenting donor, date, value and any restrictions placed on the donation by the donor.

9. Check all debit card and credit card records and confirm that the amounts are included in the Club’s or Region’s Financial Reports.
The peer review committee found the following:

Recommendations:

This certifies that the peer review committee has reviewed the financial records and finds them:

☐ In order
☐ In order upon implementation of the recommendations
☐ Requiring further review and action

Signatures of peer review committee:

________________________________________

________________________________________

________________________________________

________________________________________

Dated: ________________________________
Pony Club – DC and Treasurer Training

Important Dates?

• February 15
  • Annual Summary of Cash Receipts and Disbursement due to USPC national office and the Region

• May 15
  • The 990 is due for the prior year. (Copies need to be sent to the National Office and the Region and kept in the Club’s papers.)

• November 15
  • Budget sent to USPC, Inc. as part of the annual packet. Provide data and advice to DC and Club.

• January 30
  • IRS 1099s sent to Individuals and Summary and appropriate information to the IRS and State
Who Sees the Report

- The DC and RS
- Club Sponsors if the audit is at the Club Level.
- If at the Regional Level All Club Sponsors
- Copy is sent to USPC and to the Treasurer for review
Suggested Time Table

Peer Review to be completed by February 10th each year for the immediate prior period ending December 31.