Report from District 35 Audit Committee

Thomas F. Rozga, DTM – Chairman,

Laurie Baker, DTM & Justin Gottfried, DTM

Mid-Year Audit – February 9, 2019

The District is now using the Concur Expense Reporting system for reimbursement processing.

This system enables to Finance Manager improved controls of all District funds. The system includes an auditor function which streamlines the audit function.

Overall, District revenues are down, per the budget, but expenses are significantly down. We expect the expenses to get closer to budget during the remainder of the year.

Item #1 – Ensure that all expenses are tax exempt. Do not reimburse sales tax for any expense. We are tax exempt and should use our Wisconsin Tax Exempt Number for all purchases. The Finance Manager is aware of this issue and is taking appropriate steps to control the situation.

Item #2 – Approvals over $500 require an additional approval. The entries in Concur had an email attachment giving approval or a voucher added with the appropriate approval. This was an audit issue, from the last audit and the Finance Manager has taken appropriate steps to address the issue.

We did find three items, over $500, that did not have an additional approval email, attached to the Concur entry. They are:

1-Angela Graham, 8/13/2018, for $527.33
2-Edward Thelen, 8/27/2018, for $2,120.04
3-Keith Cumiskey, 8/26/2018, for $934.52

Item #3 – We are concerned about the decision to suspend mileage reimbursement to any member of the DEC. Please reconsider allocating additional funds or transferring dollars from some other account. We feel face-to-face contact with the district is an important aspect of the leadership team.

Overall, the committee would like to compliment the District Finance Manager, Jason Feucht, for his excellent job of record keeping and accuracy of the reports. The presentation of documents is well organized and made for a more efficient audit.

TOASTMASTERS INTERNATIONAL

Jason P. Feucht ACS, ALS
Finance Manager
District 35
email: jfeucht.tm@gmail.com

2/11/2019

NOTE:

As a follow-up to Audit Item #2, the required approvals for these three items have now been obtained. Those approvals follow this note and have also been added to Concur, so they are available for future audits. I appreciate the audit committee pointing out this mistake and having the ability to rectify it.

Respectfully submitted,

Jason P. Feucht ACS, ALS
2018-2019 Finance Manager
District 35

From: **kris.pool.dtm** kris.pool.dtm@gmail.com
Subject: Re: Fwd: Expense Report Pending Your Approval
Date: February 11, 2019 at 5:30 AM
To: Jason Feucht, ACS, ALS jfeucht.tm@gmail.com
Cc: Ed Thelen edmthelen@gmail.com, Rozaline Janci rozaline.janci@usbank.com

KP

I approve Angela's expense.

Kris

Kris Pool, DTM
Club Growth Director
920-698-0656

-------- Original message --------
From: "Jason Feucht, ACS, ALS" <jfeucht.tm@gmail.com>
Date: 2/10/19 10:10 PM (GMT-06:00)
To: Kris Pool <kris.pool.dtm@gmail.com>
Cc: Ed Thelen <edmthelen@gmail.com>, Rozaline Janci <rozaline.janci@usbank.com>
Subject: Fwd: Expense Report Pending Your Approval

Hi Kris,

As pointed out in the audit, or some reason I missed getting a third approval for this Expense Report.

This report of Angela's is over $500 so I need a Third Approval. Please reply to this email with "I Approve" to approve the expenses.

Thanks!

Jason

Jason P. Feucht, ACS, ALS
District 35 - Finance Manager

jfeucht.tm@gmail.com
http://www.district35.org

Begin forwarded message:

From: AutoNotification@concursolutions.com
Subject: Expense Report Pending Your Approval
Date: August 15, 2018 at 8:59:19 PM CDT
To: jfeucht.tm@gmail.com

SAP Concur

SAP

You have a report pending your approval.

Report From	Angela Graham
Report Name	Dec Aug and area visit
Report Purpose	
Requested Amount	527.33 USD

View Report

From: **kris.pool.dtm** kris.pool.dtm@gmail.com
Subject: Re: Fwd: Expense Report Pending Your Approval
Date: February 11, 2019 at 5:31 AM
To: Jason Feucht, ACS, ALS jfeucht.tm@gmail.com
Cc: Ed Thelen edmthelen@gmail.com, Rozaline Janci rozaline.janci@usbank.com

KP

I approve Keith's expense report.
Kris

Kris Pool, DTM
Club Growth Director
920-698-0656

-------- Original message --------
From: "Jason Feucht, ACS, ALS" <jfeucht.tm@gmail.com>
Date: 2/10/19 10:10 PM (GMT-06:00)
To: Kris Pool <kris.pool.dtm@gmail.com>
Cc: Ed Thelen <edmthelen@gmail.com>, Rozaline Janci <rozaline.janci@usbank.com>
Subject: Fwd: Expense Report Pending Your Approval

Hi Kris,

As pointed out in the audit, or some reason I missed getting a third approval for this Expense Report.

This report of Keith's is over $500 so I need a Third Approval. Please reply to this email with "I Approve" to approve the expenses.

Thanks!

Jason

Jason P. Feucht, ACS, ALS
District 35 - Finance Manager

jfeucht.tm@gmail.com
http://www.district35.org

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Begin forwarded message:

From: AutoNotification@concursolutions.com
Subject: **Expense Report Pending Your Approval**
Date: August 27, 2018 at 7:26:12 AM CDT
To: jfeucht.tm@gmail.com

SAP Concur

You have a report pending your approval.

Report From	Keith Howard Cumiskey
Report Name	IPDD Hotel Intl Conv 2018
Report Purpose	
Requested Amount	934.52 USD

View Report

From: **kris.pool.dtm** kris.pool.dtm@gmail.com
Subject: Re: Fwd: Expense Report Pending Your Approval
Date: February 11, 2019 at 5:32 AM
To: Jason Feucht, ACS, ALS jfeucht.tm@gmail.com
Cc: Ed Thelen edmthelen@gmail.com, Rozaline Janci rozaline.janci@usbank.com

KP

I approve Ed's expense report.
Kris

Kris Pool, DTM
Club Growth Director
920-698-0656

-------- Original message --------
From: "Jason Feucht, ACS, ALS" <jfeucht.tm@gmail.com>
Date: 2/10/19 10:10 PM (GMT-06:00)
To: Kris Pool <kris.pool.dtm@gmail.com>
Cc: Ed Thelen <edmthelen@gmail.com>, Rozaline Janci <rozaline.janci@usbank.com>
Subject: Fwd: Expense Report Pending Your Approval

Hi Kris,

As pointed out in the audit, or some reason I missed getting a third approval for this Expense Report.

This report of Ed's is over $500 so I need a Third Approval. Please reply to this email with "I Approve" to approve the expenses.

Thanks!

Jason

Jason P. Feucht, ACS, ALS
District 35 - Finance Manager

jfeucht.tm@gmail.com
http://www.district35.org

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Begin forwarded message:

From: AutoNotification@concursolutions.com
Subject: **Expense Report Pending Your Approval**
Date: August 31, 2018 at 9:18:03 AM CDT
To: jfeucht.tm@gmail.com

SAP Concur

You have a report pending your approval.

Report From	Edward Michael Thelen
Report Name	ET July-Aug Expenses
Report Purpose	
Requested Amount	2,120.04 USD

View Report

Audit Committee Guidelines

Overview and Purpose

Areas, divisions and districts (all referred to hereafter as "district" or "districts") are legally considered a part of Toastmasters International. Therefore, regardless of the source, district funds are considered funds of Toastmasters International. Members of the district audit committee are responsible for reviewing and substantiating whether district funds have been spent in accordance with the mission and governing documents of Toastmasters.

Each finance manager is responsible for preparing the following 12 Profit and Loss Statements for the Toastmasters fiscal year that runs from July 1 through June 30 of the subsequent year:

- Monthly Profit and Loss Statement — July Monthly
- Profit and Loss Statement — August Quarter 1
- Profit and Loss Statement — September Monthly
- Profit and Loss Statement — October Monthly
- Profit and Loss Statement — November Mid-year
- Profit and Loss Statement — December Monthly
- Profit and Loss Statement — January Monthly
- Profit and Loss Statement — February Quarter 3
- Profit and Loss Statement — March Monthly Profit
- and Loss Statement — April Monthly Profit and
- Loss Statement — May
- Year-end Profit and Loss Statement — June

These reports provide valuable information about the financial activities of the district and its performance compared to the budget. In addition, the information in these reports is used in Toastmasters International's audited financial statements, and federal and state nonprofit tax returns.

Because district leaders, World Headquarters staff, external auditors and tax authorities rely on these monthly Profit and Loss Statement, it is essential that they be complete and accurate. The finance manager's primary role is to complete these reports. The audit committee's role is to provide an independent and objective assessment of the reliability of the data contained in the district reports by applying the guidelines outlined in this document twice a year: on the Mid-year Profit and Loss Statement and the Year-end Profit and Loss Statement. Additionally, the audit committee is responsible for assessing the district's compliance with Toastmasters International governing documents.

Membership on the District Audit Committee

Per the District Administrative Bylaws, the audit committee must include at least three (3) individual members who are:

- Annually appointed by the district director
- Trained in basic accounting or have accounting experience
- Not part of the District Executive Committee (district director, program quality director, club growth director, public relations manager, administration manager, finance manager, division directors, area directors, and immediate past district director.

Audit Committee Responsibilities

The audit committee has a responsibility to ensure that the Mid-year and Year-end Profit and Loss Statements accurately reflect district income and expenses. Both district audits are included in the World Headquarters tax information filed with the U.S. Internal Revenue Service every year. Incorrect or inappropriate expenses may result in the loss of Toastmasters International's tax-exempt status.

Any unauthorized use of district funds that is not consistent with the district mission is a violation of the California Charitable Trust Act and is illegal. Even if the district is not in California, a diversion of charitable trust funds puts the organization at risk, because districts worldwide are administrative arms of Toastmasters International and are subject to the same laws and guidelines.

If the audit committee becomes aware of any financial irregularities or a diversion of funds that is either unauthorized and/or does not serve a business purpose consistent with the district mission, the committee is obligated to report the matter to the District Finance team at World Headquarters immediately.

Preparing for the Audit

The audit committee must obtain the following from the finance manager:

- All monthly Treasurer's Reports supporting the Mid-year or Year-end Audit report being reviewed
- All documents (bank statements, receipts, etc.) supporting the transactions related to the aforementioned Treasurer's Reports.
- Receipts Register report.
- Payment Register report.

With the exception of the mid-year and year-end reports, which have special due dates, Toastmasters International's policy requires that the finance manager complete a Profit and Loss Statements within 30 days following the end of each month. It is recommended that the audit committee chair receives copies of the Profit and Loss Statements on a monthly basis throughout the year.

Performing the Audit

The audit procedures can be summarized in the following three broad categories:

- Organization
- Substantiating transactions
- Policy review

The following Audit Committee Guidelines outline the detailed steps to be followed by the audit committee members. Once these procedures are completed, please sign the Audit Committee Guidelines as well as the Certification Page of the Mid-year (or Year-end Audit) Profit and Loss Statements and mail these documents to World Headquarters at the address listed below. Please be sure to include all documentation mentioned in the Preparing for the Audit section.

Toastmasters International
Attn: District Finance
9127 S. Jamaica St., Suite 400
Englewood, CO 80112

If you have questions, please email districtfinancialreports@toastmasters.org. The mid-year Audit documents are due to World Headquarters by February 15 and the year-end Audit documents are due by August 31.

Audit Committee
Guidelines

District #: 35

Circle one: **Mid-year Audit** or **Year-end Audit**

PROCEDURES TO BE COMPLETED	COMPLETED BY
A. ORGANIZATION	
1. Obtain all supporting documents for the Mid-year or Year-end Profit and Loss Statements from the district treasurer, and sort the documents in the following manner: ◆ Stack #1: Sort Profit and Loss Statements, bank statements and district reserve statements into separate groups, organize in chronological order and place in one stack. ◆ Stack #2: Sort all other supporting documents in the order they appear on the Receipt Register and Payment Register. Receipt supporting documents should be placed behind the Receipt Register, and payment supporting documents should be placed behind the Payment Register.	
B. SUBSTANTIATING TRANSACTIONS	
2. To ensure that all transactions are adequately supported, perform the following procedures: ◆ Trace and agree all transactions on the Receipt Register and Check Register to their respective supporting documentation. ◆ Place a check mark (✓) on the Receipt Register and Payment Register next to each transaction that has supporting documents. The only transactions that should not be check marked are the ones missing supporting documents. ◆ For the transactions missing supporting documents, contact the finance manager and ask if such documents exist. If they do, request copies.	

PROCEDURES TO BE COMPLETED	COMPLETED BY
C. POLICY REVIEW	
3. To ensure that transactions were executed within the company policies, perform the following procedures: ◆ Review all cancelled checks and verify that they were signed by both the district director and finance manager (checks made payable to the district director or finance manager should be signed or approved in writing by the program quality director or the club growth director). ◆ Review all reimbursement requests and verify that they were approved by the district director. Ensure that all expenses on the request have adequate documentation (receipts or other supporting materials). Copies of credit card and/or bank statements are not valid receipts or documentation. ◆ Identify all payments in excess of USD $500 and verify that each expense was properly approved by the district director and at least the program quality director or the club growth director. Any individual expense in excess of USD $500 must be authorized in advance; there should be approval included in the supporting documentation and some indication of when the expense was approved (an email approving the expense is acceptable). ◆ Review all Debit Card transactions to ensure that all payments made by the district director were authorized in advance in writing by the finance manager and either the program quality director or the club growth director. Payments made by the finance manager must be authorized in advance by the district director and either the program quality director or the club growth director. ◆ Identify Other District Expenses (gifts, flowers, expressions of sympathy, etc.) to ensure they are not lavish or excessive and that they support the mission of the district. Tokens of appreciation are allowed up to $25. Donations are not permitted in lieu of flowers or to any charitable fund. ◆ Review all meal expense reimbursements for District Leader August and Mid-year trainings to ensure the district director, program quality director, and club growth director were reimbursed for their meals purchased, up to $30 a day with supporting receipts. (Meal expenses are NOT covered by a per diem.)	

[illegible], DTM
AUDIT COMMITTEE MEMBER SIGNATURE

2/9/2019
DATE

[illegible], DTM
AUDIT COMMITTEE MEMBER SIGNATURE

2/9/2019
DATE

[illegible], DTM
AUDIT COMMITTEE MEMBER SIGNATURE

2/9/2019
DATE

TOASTMASTERS
INTERNATIONAL

TOASTMASTERS INTERNATIONAL
Certification for
December
2018-2019

DISTRICT 35

INSTRUCTIONS:
1. Complete all sections on the Narrative tab.
2. Fill in the white cells below with the appropriate information and print out this page.
3. Obtain related signature below. **Electronic signatures are not acceptable.**
4. Distribute monthly reports per Toastmasters International protocol 8.4, to the district governor and lieutenant governors within 30 days after the end of the month.
5. Quarter reports due to World Headquarters:
* September Report: **October 31**
* December (Audit) Report: **February 15**
* March Report: **April 30**
* June (Audit) Report: **August 31**
6. Submit approved narratives and certification page to World Headquarters by email or fax:
* Scan and email the PDF to **DistrictFinancialReports@toastmasters.org**
* Or fax to (949) 589-3456

NOTE: This certification form must be complete for the report to be accepted by World Headquarters. Reserve funds will not be released until World Headquarters receives the completed report.

In Base Currency	**USD**
Monthly Net Income/(Loss)	($3,902.42)
Year to Date Net Income/(Loss)	($825.00)
Total Available Funds	$22,328.63

1. We, the undersigned, certify that all district financial records have been made available to the audit committee for inspection and that any unpaid bills or other outstanding obligations for the 2018-2019 term have been reported to the audit committee and included in accruals section of this audit. We further certify that there are no other outstanding district obligations incurred for the 2018-2019 term.

Dated this 30th day of January

Edward M Thelen
District Director (for the year audited)

District Finance Manager (for the year audited)

Complete only for the Mid-year Report and Year-end Report:

2. We, the undersigned members of the Audit Committee, have examined the records of District 35 for the 2018-2019 term in accordance with the Audit Committee Guidelines* and believe that this report properly reflects the operation for that term.

Dated this 9th day of FEBRUARY

Thomas D. [illegible], DTM
Chairman

[illegible], DTM
Member

Laurie Baker, DTM
Member

* Audit Committee Guidelines are available at the District Finance Corner: www.toastmasters.org/AuditGuide
NOTE: Audit committee members cannot be members of the district executive committee (e.g., district director, program quality director, club growth director, immediate past district director, secretary, finance manager, public relations officer, division directors, area directors).

TOASTMASTERS INTERNATIONAL

TOASTMASTERS INTERNATIONAL
Narratives for
December
2018-2019

DISTRICT 35

In the following white cells, include a brief narrative (description/explanation) of the monthly income, revenues and expenses associated with each category of the Treasurer's Report. Explain if the monthly activities aligned or did not align with the district budget and the District Success Plan. A separate sheet may be used. For each of the four Quarter Reports, **all sections of this narrative page must be completed in order for the report to be accepted by World Headquarters.** The questions in the boxes are to help you formulate narratives. Delete the questions, and replace them with your narratives.

Membership Revenue

YTD Membership Revenue Actual is $21,688.50 versus a Budget of $22,491 resulting in being UNDER budget by $802.50

Currently YOY member payments are down.

Conference Net Income/(Loss)

YTD Conference expenses are $39.99 versus a budget of $0.00 resulting in being OVER budget by $39.99

This is due to an award from the Spring Convention 2018 that had to be remade, as originally the wrong one was ordered.

Fundraising Net Income/(Loss)

District 35 does not have any expenses, income, or budget for this category, as we do not fundraise.

TLI Net Income/(Loss)

YTD TLI expenses are $8,868.20 versus a budget of $9,400 resulting in being UNDER budget by $531.80
YTD TLI Revenues are $5,072.39 versus a budget of $5,000 resulting in being OVER budget by $72.39
The District TLI was in Decembber, and is a large District wide event representing most of the income and expense. YTD TLI is at a net cost to the district of $3,795.81 versus a planned cost of $4,400 Resulting in being UNDER budget by $604.19

TLI expenses are under budget due to managing the district TLI close to budget, Division Directors combining TLI events to create large

District Store Net Income/(Loss)

District 35 does not have any expenses, income, or budget for this category, as we do not run a District Store

Other Revenue

No other revenue is planner or has occurred YTD

TOASTMASTERS INTERNATIONAL

TOASTMASTERS INTERNATIONAL
Narratives for
December
2018-2019

DISTRICT 35

In the following white cells, include a brief narrative (description/explanation) of the monthly income, revenues and expenses associated with each category of the Treasurer's Report. Explain if the monthly activities aligned or did not align with the district budget and the District Success Plan. A separate sheet may be used. For each of the four Quarter Reports, **all sections of this narrative page must be completed in order for the report to be accepted by World Headquarters.** The questions in the boxes are to help you formulate narratives. Delete the questions, and replace them with your narratives.

Marketing

YTD Marketing expenses are $1,250.73 versus a budget of $4,824 resulting in being UNDER budget by $3,573.27

Marketing spending is off to a slower than expected start. A new clubs incentive was rolled out in September, Toastmasters Baseball, which incents club quality and alignment with the DCP program. Typically awards from these incentives are paid out at Fall convention, With no fall convention fewer incentives have been paid to date, however it is expected that these expenses will catch up prior to yearend.

Communications and Public Relations

YTD Communication & PR expenses are $162.49 versus a budget of $348 resulting in being UNDER budget by $185.51

Education and Training

YTD Education & Training expenses are $1,828.44 versus a budget of $1600.00 resulting in being OVER budget by $228.44

Most Expenses are for training the DEC

An additional expense was incurred for a working meeting with the regional advisor, Trio and IPDD that was not in the original budget. This expense has now bbeen covered by adustmented to other planned spending in this category.

Speech contests

No Expenses or Revenue has occurred YTD in this category.

Administration

YTD Administration expenses are $247.80 versus a budget of $696 resulting in being UNDER budget by $448.20

Expenses for the viritual DEC meeting were slightly lower than planned, however, expenses in this area are expected to still balance out over the course of the year.

Travel

YTD Travel expenses are $13,988.72 versus a budget of $13,376.98 resulting in being OVER budget by $611.74. Division Directors have expended their Annual Budget, Therore we have suspended anny additional mileage reimbursenents for this group. We will reconsider later in the year if oveall travel budget allows.
Mileage budgets were significantly reduced this year for all DEC members (at least 50% per person outside of the Trio) in order to stay within Toastmasters Guidelines. District 35 is a very spread out District and we are unable to reimburse for as much mileage as we would like to, and we already reimburse below the federal rate to allow for more mileage claims, and many DEC members donate travel.

Other Expenses

YTD Other expenses are $1,199.52 versus a budget of $91,199.52

These are administrative chargebacks from Toastmasters International.