



**Committee Status Report**  
**District Executive Committee**  
**Committee Reporting: Audit Committee**  
Report Presenter: Jeannie Enders, DTM

January 26, 2019

District Director, Members of the District Executive Committee and Fellow Toastmasters,

The mid-year audit was completed on January 20, 2019. The audit committee consisted of PJ Glauz, Bobbie O'Connell, Lynne Brasher, Rose Swearingen, Deanna James, DJ Reed and Tim Swearingen. The audit committee was a highly qualified committee – 1 past International Director, 1 past Regional Advisor, 3 past District Governors, 2 past District Treasures, 5 past Conference Chairs and all Distinguished Toastmasters. I list all those positions to demonstrate the combined knowledge of both Toastmasters International Policy and Procedures and our District 3 Procedures we brought to this audit.

Please turn your attention to the audit report and audit findings. These are all the findings as of the audit on Sunday. Some of the findings have already been corrected, but due to time restraints and giving the Finance Manager enough time to research every item, the corrected final report will be posted to the District 3 website as soon as it is completed. As an example, two findings that have already been mitigated and backup has been presented are the August finding of the Gila River Casino payment that was minus the pre-approval; this no longer an issue as the original contract with pre-approval for the meal and room cost is now attached to the payment. The Concur Expense Report Findings lists an item in December which was thought to exceed the meal expense allowance. Documentation has been found that shows this was for multiple members. Please be sure to look for the full corrected report on the District's website in the near future.

The guidelines for the audit committee are listed on the second page of your packet. Please direct your attention to Item C. Policy Review, Number 3. It reads "to ensure that transactions were executed within the company policies, perform the following procedures." Under each diamond point is a description of the audit to be performed.

The first policy review, checking that proper signatures were on cancelled checks and depending on who it was paid, to the proper two leaders provided the signatures; the audit team did not find any violations.

The second policy review, all reimbursement requests were approved by the District Director and ensure all expenses on the request have adequate documentation; the audit committee found multiple policy violations, some being serious. Lack of proper documentation, reimbursement requests that violated the District reimbursement policy of submitting requests within 60 days of the expense, and even approval for payment of an inappropriate expense. We do not pay for travel insurance of keynote speakers. The audit team found over \$4000 worth of expenses that should have been paid or reimbursed in the 2017-2018 year. These expenses were submitted after a year end accrual template had already been submitted to Toastmasters International noting zero expenses left to pay from the outgoing leadership. All receipts for expenses were prior to July 1, 2018 and should have been paid prior to July 1, 2018. All requests for reimbursements were after July 1. Some of the expenses listed on the corrected accrual template were for expenses as far back as January and February. One of the more egregious policy violations is the reimbursement of a payment of a single member's conference package and hotel room for their work on the District Conference in the amount of \$432.92. The District does not compensate a volunteer for their work on conference. Toastmaster's International has requested repayment to the District of these monies as they were paid thru the Concur system in September (the Conference was in May). The audit committee noted at the time of the audit there was no evidence that these monies have been paid back to the District.

The third policy review, identify all payments in excess of \$500 and verify that each expense was properly approved by the District Director and at least one of either the Program Quality Director or the Club Growth Director; there are numerous items where there is not a pre-approval attached to the expense in excess of \$500. This included purchases for TLI and orders placed with Toastmasters International. In July there were numerous expense reimbursements above the \$500 threshold thru the Concur system without pre-approval.

The fourth policy review, to review all Debit Card transactions to ensure that all payments made by the District Director and Finance Manager were authorized in advance in writing by the Finance Manager, Club Growth Director, and/or the Program Quality Director. The Audit Committee found numerous violations of 2017-2018 District Director payments, that were submitted after July 1, with no supporting pre-approval documentation. The Audit Committee found no violations found for payments made by the Finance Manager, since July 1.

The fifth policy review, identify other District Expenses or ensure they are not lavish or excessive and that they support the mission of the District. Tokens of appreciation are allowed up to \$25; a violation of this policy was noted in a purchase of flowers that exceeded the allowed amount by \$20. The audit committee noted there was no evidence that these monies have been paid back to the District at the time of the audit.

The sixth policy review, review all meal expense reimbursements for August and Mid-year trainings to ensure the District leadership were reimbursed for their meals purchased with supporting receipts; there were no violations noted.

Additional to the above noted violations, the audit committee found there were numerous prior year expenses paid that the sum total of those payments exceeded the \$500 threshold yet it looks as though the payments were broken out into lesser amounts in an attempt to stay below the cap and need for pre-approval.

The audit committee also noted the District is under budget by \$20,942. Some of the areas under budget: TLI \$2994, Marketing \$6255, Communication and PR \$7322, and Education and Training \$8052.

This audit committee has the following recommendations:

- Expenses submitted outside of the 60 day window may not be reimbursed.
- Expenses submitted by a single resource, for a single event must be submitted on a consolidated expense report to not structure the debt when the combined total exceeds the \$500 threshold for pre-approval.
- Finance Manager must process reimbursements for denied expenses in 60 business days

This audit committee requests that the District leaders be better fiduciaries of our members' money.

Respectively Submitted,

Jeannie Enders, DTM  
Audit Chair