31 July 2022

MEMORANDUM FOR COLORADO SPRINGS ISSA BOARD OF DIRECTORS

FROM: DR. PATRICK LAVERTY/MS. MELISSA ABSHER

SUBJECT: Audit of 2021 Colorado Springs Chapter Financial Records

1. In accordance with the chapter bylaws, an audit of the financial records were reviewed by myself and Ms. Melissa Absher. This paper provides clarity on how the chapter financial records are being managed and recommendations for improvements:

   A. The Chapter Treasurer, Ms. Debi Caldwell, provided all financial records requested on the same day the request was made
   B. Ms. Colleen Murphy, former Chapter President, provided all board meeting records so that a cross-check could be completed between what was authorized and any funds expended.
   C. No other material was requested. Ms. Caldwell told me in a conversation that we had some receipts but not receipts for everything. Reviewing the types of charges, I determined that it would not add to the validity of the audit to review partial receipts but to instead make it a recommended improvement area.

2. Here is a list of observations with recommended corrective actions if required:

   A. The board minute meeting minutes provided good support for chapter spending but didn't always provide the clarity needed. **Recommendation:** Add to the General Ledger spreadsheet a column that says who approved a chapter expenditure of funds and when. This would ensure that expenditures are being approved at the proper level.
   B. In the 2020 General Ledger there is some good detail that was no longer present in the 2021 General Ledger. **Recommendation:** Use the 2020 Ledger as a template as it provides more specific detail that is helpful for auditing purposes. Also, recommend updating the "Instructions" tab of the ISSA Financial Report. Our assessment is the categorization of transaction types is very basic (e.g., Income, Expense). Content in Column R for the 2021 General Ledger refers to individual transaction PDFs from Ent? It would be beneficial for this column to refer to the receipt PDF.
   C. In the 2021 General Ledger, there are 61 separate line entries but only one "Y" under the receipt's column. **Recommendation:** The chapter needs to maintain receipts for each expenditure. If paper, they should be scanned in and if electronic, they should be downloaded so that every expenditure has a corresponding receipt.
      NOTE: Reviewing the expenditures, it appears they are all consistent with expected spending based on reviews of board minutes and in line with expected expenditure types to support chapter activities.
   D. Chapter audits should be timely. **Recommendation:** Conduct the chapter audit NLT January of each year for the previous year. So that any issues can be identified and discussed while information is still fresh in people's minds, recommend quarterly reviews be conducted by an audit committee. Doing quarterly reviews would typically take approximately one hour and would make the annual reviews more of a validation activity.
   E. Members are not regularly informed of chapter financial status. **Recommendation:** Provide additional financial transparency periodically at some regular interval chosen by the Board (monthly/quarterly/annually) to present to the membership the approved budget and actual expenditures.

3. Based on our review, we believe the chapter is complying with financial requirements for a non-profit organization, but the items identified in Section 2 should be considered for implementation. These items will help ensure more detailed record-keeping and more timely oversight.

4. Please direct any questions to us at pat.laverty@synapp.com, (719) 660-0631 or melissa.absher@gmail.com, (719) 464-7952.

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PATRICK J. LAVERTY, DM
Audit Committee Member



MELISSA ABSHER
Audit Committee Member