

District 64 Toastmasters
Mid-Year Financial Audit for the Period of July 1 to December 31, 2024

Introduction

The purpose of this audit is to provide an independent, objective evaluation of the financial records and operational processes of District 64 for the first half of fiscal year 2024/2025. As required by Toastmasters International (TMI), the audit was conducted in accordance with the Audit Committee Guidelines set forth by TMI. This audit ensures transparency, accountability, and compliance with TMI's financial standards.

Documentation was provided by the Finance Manager, and limited access to the electronic financial system, was granted by TMI. The audit confirmed that adequate internal controls are in place and effectively enforced under the oversight of the Finance Manager.

The following findings and recommendations are based on the financial activities reviewed for the first half of the fiscal year. A more comprehensive report will be provided after the full year's transactions have been audited.

Findings

The audit committee found:

- **Approval of Expenses Over \$500:** According to policy, expenses exceeding \$500 must receive prior approval from the District Director. In one instance, a deposit for the Spring Convention of \$3,500 was processed with approval granted after the transaction had occurred.
- **Hotel Room Sharing:** To optimize cost efficiency, hotel rooms should be shared whenever possible. In one case, this protocol was not followed, and no supporting documentation on the travel expense reimbursement was provided to justify the exception.
- **Missing Receipt:** A Travel expense claim lacked a supporting receipt. In place of the receipt, a statement was provided affirming the legitimacy of the expense and the amount claimed.
- **Outstanding Cheque:** A cheque issued on November 30, 2024 remains outstanding, indicating a need for follow-up and resolution.
- **Adjusting Entries by TMI Finance:** Several adjusting entries were made by TMI Finance without adequate explanations or complete documentation. This lack of clarity complicated the audit trail, especially given the audit team's limited access to the automated financial system. Additionally, some correcting entries were identified within the District's records.
- **Financial Records Management:** Despite the issues noted above, the District's financial records were found to be up-to-date, well-organized, and supported by comprehensive documentation for both expenses and revenue.

Recommendations

The Audit Committee would recommend the following items that warrant review by the District 64 Executive:

- Clarification of Adjusting Entries: TMI Finance should provide detailed explanations for all adjusting entries. In one instance, the District is actively following up to verify its accuracy.
- Financial Team Development: Greater detail should accompany each financial adjustment by TMI Finance to serve as a learning opportunity for members of the financial team.
- Monitoring System for Recommendations: A monitoring system should be implemented to track the status and implementation of recommendations made in previous audit reports, including those from the 2023/24 mid-year and year-end audits.
- Adherence to Updated Guidelines: The Executive Team must ensure compliance with the updated District Financial Guidelines (2024) when making financial decisions.
- Travel Expense Procedures: Travel expenses should be budgeted and pre-authorized in writing before travel occurs. Mileage claims should be supported by a Travel Expense Claim that details the purpose of travel, date, time, destination, and distance. Other travel expenses should be supported by a Travel Expense Claim that provides a clear breakdown of expenses, including dates, flights, meals, transportation, luggage fees, and any additional expenses.

Acknowledgements:

- This report is intended to support continuous improvement in District 64's financial management practices, ensuring accountability, transparency, and alignment with Toastmasters International's standards.
- All of the required documents were provided to the audit team and questions were promptly answered. A big "thank you" to Lloyd Gwilliam for his co-operation and assistance.

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