

Knob Hill Home Property Owners Association
Non Appointed Audit for 2012-2013
October 2014

- Introduction: Reason for non appointed audit
- Pages 1 – 4 Audit work sheets 2012
- Pages 1b-4b Audit work sheets 2013
- Audit report from Kelli Hollifield
- Issues resolved on Kelli's Audit
- Findings
- Recommendations

Knob Hill Home Property Owners Association
Non Appointed Audit for years of 2012-2013
Completed October 2014

This audit for years 2012 and 2013 was done by 2 Knob Hill Property Owners that were not appointed by the President Chuck Elmore to do an official audit. Current Treasurer sat in on this non appointed audit.

An audit that was done by Kelli Hollifield, appointed by the President Chuck Elmore to complete: see attached. Issues Kelli found were not followed up by anyone to resolve. Some issues Kelli found are resolved: see attached.

Current Treasurer was late to the May meeting, did not hear audit report given. Current Treasurer was not given a copy of the audit. The minutes from May meeting state the audit was uploaded, current Treasurer was unsuccessful in getting the URL for where audit is uploaded to see audit. Attempts by current Treasurer to get a copy of the audit report or view the uploaded audit were unsuccessful. On September 15, 2014 Phyllis Elmore emailed the current Treasurer a copy of the audit.

The minutes from the meeting in May, when audit report was given by Kelli, do not match what the Audit Report notes Kelli has on it. Many stated they did not hear Kelli say what is in the minutes. The meeting in May was not tape recorded by the Secretary, to refer back to the audit report given. Current Treasurer was in conflict with knowledge of the records to what the minutes on audit report given at the May meeting.

Due to 10 months of current Treasurer being in possession of outgoing Treasurer's records, the current Treasurer sat in on the non appointed audit. This could be considered a conflict. In this situation, the records from the outgoing Treasurer remained in the current Treasurer's possession for 5 months before Kelli took possession of records for audit. Current Treasurer became responsible for the records of outgoing Treasurer on January 3, 2014.

Knob Hill Home/Property Owners Association
Audit Work Sheet for January 2012 – December 2012

The audit for 2012 is compiled by using –

1. Bank Statements
2. Deposit book
3. Disbursements
4. Receipts

*** Refer to notes on page 3 ***

Beginning Balance as shown as ending balance 12/31/2011 on the 1/09/2012 Bank Statement	28,528.74
Deposits 1/09/2012 – 12/31/2012	+17,640.00
Interest	+11.79
Sub Total	46,180.53
Expenses 1/09/2012 – 12/31/2012	-21,379.07
Ending Balance 12/31/2012	24,801.46

Discrepancies (missing receipts/documentation)

Ck#	Date	Payee on Check	Written for (on check memo)	Amount
1032	05/30/12	Secretary of State	Non-Profit Filing	5.00
1033	06/03/12	Mickey Rutledge	PO Box Rental 6 months	22.00
1036	10/25/12	Mickey Rutledge	Stamps	45.00
1037	11/26/14	Postmaster	PO Box Rental 12 months	44.00

Resolution of Discrepancies

Ck#	Date	Contacted	Response	Accept Y/N
1032	05/30/12	No one	Current President has. Current Treasurer Vickie Rodgers was shown it by Phyllis Elmore, to determine one needed to filed this (2014) year.	YES
1033	06/03/12	Post Office	Given a print out with payment history for PO Box.	YES
1036	10/25/12	Mickey Rutledge	He is looking to see if can find..... not resolved.	NO
1037	11/26/14	Post Office	Given a print out with payment history for PO Box.	YES

We have examined the records of KHHPOA Treasurer Books for January 2012 through December 2012.
We find them to be:

_____ Correct:

 X **Incomplete:** The Treasurer's records for 2012 do not contain:

1. Bank Statement Reconciliations
2. Month End Reports:
 - Detailed Deposit Report
 - Balance Sheet
 - Profit & Loss
3. Treasurer's Quarterly Reports

 X **Substantially:** correct with the following adjustments:

Several deposit slips in deposit book do not match the copy of the deposit slip included on the bank Statements. Missing some receipts.

_____ Incorrect:

This audit for 2012 Treasurers Books/Records was complied and completed by:

Karen Long Debnat 11/9/14
Property Owner Date

Barbara Mueller 11/9/14
Property Owner Date

Vickie L. Rodgers 11/9/14
Property Owner / Current Treasurer/ BOD Member Date

Knob Hill Home/Property Owners Association
 Audit Work Sheet for January 2013 – December 2013
 Pages 1b-4b

The audit for 2013 is compiled by using –

1. Bank Statements
 2. Deposit book
 3. Disbursements
 4. Receipts
- * Refer to notes on page 3 ***

Beginning Balance as shown as ending balance 12/31/2012 on the 1/08/2014 Bank Statement	24,801.46
Deposits 1/08/2013 – 12/31/2013	+15,606.81
Interest	+11.33
Sub Total	40,419.60
Expenses 1/09/2013 – 12/31/2013	13,898.86
Ending Balance 12/31/2013	26,520.74

Discrepancies (missing receipts/documentation)

Ck#	Date	Payee on Check	Written for (on check memo)	Amount

Resolution of Discrepancies

Ck#	Date	Contacted	Response	Accept Y/N

We have examined the records of KHHPOA Treasurer Books for January 2013 through December 2013.
We find them to be:

 X Correct – bank statements, deposits and receipts

 X Incomplete: The Treasurer's records for 2013 do not contain:

1. Bank Statement Reconciliations
2. Month End Reports:
 - Detailed Deposit Report
 - Balance Sheet
 - Profit & Loss
3. Treasurer's Quarterly Reports

 Substantially correct with the following adjustments: _____

 Incorrect: _____
The following irregularities were found: _____

The audit for 2013 Treasurers Books/Records was complied and completed by:

Karen Long-DeSmet
Property Owner

11/9/14
Date

Barbara Mueller
Property Owner

11/9/14
Date

Vickie L. Rodgers
Property Owner / Current Treasurer/ BOD Member

11/9/14
Date

Audit Report By:
Kelli Halliford

2012/2013 Knob Hill Home Owners Association Financial Audit Report

- 1 Insurance policy effective for 12/19/13 - 12/19/14 present
- 2 All deposit slips present, one didn't match the bank statement. Appears changes were made at the bank after original was removed from the carbon. One check added. Original amount shows \$490, actual deposit was \$525
- 3 Checks were not always deposited in the month received. There is no record of checks received with the exception of the deposit slips with the homeowners name. There should be a form of accounting that needs to be signed off on for deposits of multiple checks. I don't know if the rules required it for an HOA though, I have included a sample of what I believed should be used.
- 4 Reimbursement form and receipts not present for all reimbursements. Item marked with an * below.

Opening balance as of Jan-12 Bank Statement = **\$27,158.74**

Bank Statement Date	Total Deposits	Total Disbursements	Notes
Jan-13	\$ 1,371.22	\$ -	
Feb-13	\$ 1,161.19	\$ -	
Mar-13	\$ 941.19	\$ 32.46	Ink
Apr-13	\$ 1.34	\$ -	
May-13	\$ 2,491.11	\$ 20,090.00	*Postage, No receipt for A1 Asphalt Paving
Jun-13	\$ 1,440.58	\$ 34.61	*No receipts, Non Profit bill, post office box and phone book
Jul-13	\$ 2,140.60	\$ -	
Aug-13	\$ 1,380.72	\$ 40.00	Homeowner check returned
Sep-13	\$ 5,155.83	\$ -	
Oct-13	\$ 835.93	\$ 105.00	HOA Refund to homeowner
Nov-13	\$ 1,205.99	\$ 45.00	
Dec-13	\$ 896.09	\$ 44.00	Post Office

Ending balance as of Dec-12 Bank Statement = **\$25,789.46**

Opening balance as of Jan-13 Bank Statement = **\$25,789.46**

Bank Statement Date	Total Deposits	Total Disbursements	Notes
Jan-13	\$ 1,371.22	\$ 988.00	Insurance Policy
Feb-13	\$ 2,081.17	\$ -	
Mar-13	\$ 2,026.04	\$ 376.71	Wal-Mart Lap Top
Apr-13	\$ 1,105.84	\$ 12,000.00	A-1 Asphalt Paving. Original Proposal \$1,000 less than bill paid
May-13	\$ 1,022.54	\$ 92.00	Postage
Jun-13	\$ 770.84	\$ -	
Jul-13	\$ 0.74	\$ -	
Aug-13	\$ 2,270.87	\$ -	
Sep-13	\$ 1,015.95	\$ 255.79	Security sign, ink and envelopes
Oct-13	\$ 3,130.93	\$ -	
Nov-13	\$ 1.19	\$ -	
Dec-13	\$ 1,261.02	\$ 59.36	Paper, envelopes and postage

Ending balance as of Dec-13 Bank Statement = **\$26,705.74**

Kelli Hollifield audit, items not on new audit:

There was no follow up after Kelli's audit to resolve issues she found:

1. Postage was in April, receipt is stapled to bank statement.
2. Invoice for A-1 paving \$20,000 was in pocket of binder with deposit books.
3. Phone book (check to Goff) : Receipts found, have been put in binder with bank statement.
- 4.
5. Home owner returned check. Homeowner paid for check and the bank fee charged to KHHPOA.

These items were resolved, not listed on new unauthorized audit.

Knob Hill Home/Property Owner's Association
Reconciliation Summary
Independent Bank, Period Ending 11/08/2011

	<u>Nov 8, 11</u>
Beginning Balance	25,543.68
Cleared Transactions	
Checks and Payments - 3 ite...	(1,147.43)
Deposits and Credits - 4 items	1,316.45
Total Cleared Transactions	<u>169.02</u>
Cleared Balance	<u>25,712.70</u>
Register Balance as of 11/08/2011	25,712.70
New Transactions	
Deposits and Credits - 2 items	1,445.00
Total New Transactions	<u>1,445.00</u>
Ending Balance	<u><u>27,157.70</u></u>

end of Nov

Knob Hill Home Property Owners Association
Non Appointed Audit for 2012-2013

Findings-Summary

The audit report for 2010-2011, done in 2012, did not go to end of December 2011. It covered to end of November 2011

- For the years of 2012 and 2013: There is no end of month reports or bank reconciliations in the Treasurer's files or binder with bank statements.
- No monthly property owner records for funds received from property owner(s).
- Appears tried to use Quick Books to keep records, did not have the training to use the program. Appears tried to transfer files from desktop to laptop, causing a massive input of wrong accounting.
- There were 200 stamps bought in April 2012, another 100 bought in October 2012 (ck to Mickey Rutledge, no receipt for). 300 Stamps were bought by KHHPOA in 2012. Due to implementing sending statements by email before 2012, and those without email that live in Knob Hill being hand delivered statements according to past Treasurer Mickey Rutledge. The ballots for 2013 and 2014 were emailed to all that had email, and hand delivered to those without email that live in Knob Hill. The amount of stamps bought and used is unexplained. There were 200 stamps bought in April 2103. 19 of those were handed over to new Treasurer on January 03, 2014.
- Funds received were held for extended amounts of time before being deposited. Some months no deposits made.
- The check book register has no balance entries in it, only checks written are recorded. This was the practice before 2012-2013.

Knob Hill Home Property Owners Association
Audit for 2012-2013

Recommendations

1. Postage and PO Box rental to be paid with KHHPOA check only.
2. Printer ink, copy paper/ Admin supplies to be purchased using KHHPOA check.
3. Bank deposits made at least twice a month. One of those deposits to be made as close to last day of month as possible.
4. No checks from property owners in Treasurer's possession are held from month received to the next month deposits, unless check is post dated for the next month.
5. Yellow deposit slips in deposit book, should match the deposit slip on bank statement with names and item count and total. Should not add names and amounts to white copy given to bank and not to yellow copy in deposit book. Or create a new deposit slip without having yellow copy of new deposit slip in deposit book.
6. A log of stamps used – to and for be kept.
7. Check book register be kept with current balance recorded in it.