

2009 Audit FAQ Pamphlet

Why so Much Paperwork?

The 2008 Financial Audit began on April 13th 2009, and the PAC has been requesting a lot of information pertaining to inventories, unit budgets, list of authorized approvers, and chapter directories. Why does the PAC needs all of this paperwork? Having this information and documentation sent to the PAC is not only for the protection of the organization but for the protection of all individuals involved in Pioneering.

Q: Why do we do a store inventory?

A: For any retail outlet an inventory is considered a financial asset. Like income, investments, and liabilities, assets must be documented and reported.

Imagine if a natural disaster or accident were to occur at the store location; e.g., if a fire were to happen destroying everything in the store.

- How would we know what was in the store?
- How would we prove to an insurance company the value of the items destroyed?
- What if the insurance company asked for documentation before they would give us a check to replace the damages? What would we give them?

It is important to know what items are still on the shelves and the value of those items to protect our assets.

In a similar regard, we are also required to report our assets at year end to the IRS on the form 990. Without an inventory of the items on hand, we would have no documentation or process to determine

the value of these assets, and could be subject to potential fines or penalties for not declaring these items.

Q: Why do we need a list of authorized approvers?

A: We are required to have procedures in place showing that more than one person is reviewing an expense, as well as cash income and cash expenses.

- At Chapter/Council/Club level: We have someone who submits the voucher, someone to approve the voucher, and normally the treasurer initials the voucher.
 - This one expense voucher would be seen by two or three individuals at the Chapter/Council/Club level.
- At PAC level: We have the PAC Finance Associate make sure the voucher is compliant; e.g., making sure the voucher has been signed by at least two different people and that the approver is not the person receiving the check. The PAC Finance Associate then processes the voucher and writes the check. The check is then reviewed by the PAC Manager and signed if compliant.

These processes help mitigate financial risk by ensuring that more than one person is reviewing all aspects for an expense through separation of duties.

Q: Why do we need to submit a unit budget?

A: An annual budget needs to be submitted from every unit to show that the Chapter/Council/Club has a plan on how and where the funds are going to be spent for the upcoming year.

Budgets will help planning to ensure the Pioneers meet the Better Business Bureau Wise Giving Alliance standards for Charitable Accountability.

Q: Why do we need to submit a chapter directory and distribution list?

A: A chapter directory includes a list of the chapter officers for the current year, unit Presidents, Treasurers, as well as leads over specified projects throughout the year. We here at the PAC use the chapter directory as a phone book when needing to get in contact with individuals within the Chapter.

A distribution list needs to be submitted to the PAC to ensure that monthly reports are being distributed to the most current Chapter/Council/Club Presidents and Treasurers. Unit Presidents and Treasurers need to compare their monthly reports against their own records for accuracy as well as to make sure that they are on track with their submitted budget.

Q: Why should we complete an Event Activity Sheet for cash collected or distributed at an event?

A: The Event Activity Sheet is a supplemental document, and does not replace the TPF1. The intent of this form is to protect the Pioneers by providing documented evidence that two people counted funds that were collected or distributed at an event.

Cash funds must be collected, counted and recorded by 2 pioneers according to the Cash/Check Handling Policy at an event; you may use the TPF1 voucher for the documentation or you may use the Event Activity Sheet and attach the form to the TPF1 voucher.

Our audit is prepared by the BKD Public Accounting firm. BKD reviews our processes to make sure we are compliant with Generally Accepted Accounting Principles (GAAP), and to issue our company wide audited financial statements.