

AFT Local 434 Management Letter Comments August 31, 2021

Although there were no material weaknesses in controls or accounting procedures noted during the audit, the following are suggestions or comments to help improve the accuracy and integrity of the financial data:

1. Continue to document approved salary payments for members in the first minutes of the fiscal year. Please clearly document the salary pay periods and a detailed list of individuals and respective monthly stipends in the minutes. (i.e. name/monthly salary, bi-monthly salary, etc.) If any of these salaries change throughout the year, the minutes should be stapled to the source document showing the adjustment.
2. The suggestion last year for the Treasurer/Comptroller, in addition to the Accountant, to complete bank reconciliations and include with the bank statements is evident and should continue.
3. Last year it was noted that we strongly encouraged the Treasurer/Comptroller to have access to online bank statements, current account balances, and account activity at all times. This is necessary in order to complete the treasurer duties accurately and in a timely manner.
4. The Accountant should also have access to bank statements of all accounts or copies of them in order to keep accurate records. Although discrepancies were very minor with the Escrow account, it still should follow the GAAP guidelines.
5. Any accruals need documentation duplicated for both fiscal years.
6. Document specific information, in detail, for any errors discovered and needing adjustments. Discrepancies found this year were minor but include:
 - a. Differences in salary payments. Source documents need to show an explanation of overpayments or underpayments. This was evident, however, the most recent meeting minutes need to be included in the source document. Why are there so many changes in salaries? Frequent changes to salaries are audit red flags with no justified documentation.
 - b. Very minor discrepancies between documentation in the checkbook, check register, source document, meeting minutes, and Quick Books entry. (i.e. incorrect amounts written in checkbook, deposit slips matching bank statement, and incorrect amounts recorded in the minutes for salaries)
7. Excess accumulation of funds in the checking account is not standard practice. Consider a discussion for the Comptroller to be able to transfer funds when necessary to the Money Market account in order to keep an appropriate amount in the checking account. The current account balance is over \$90,000.