

Audit Report

*Potomac Area Technology and Computer
Society (PATACS)*

Fiscal Years 2023-2024

*Submitted by
PATACS Audit Committee
Geoffrey Goodrum, Chairperson*

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Acknowledgements

The Fiscal Year (FY) 2023-2024 audit of the Potomac Area Technology and Computer Society (PATACS) financial records would not have been possible without the support of PATACS volunteers and Board members.

Membership Chairperson and 2nd Vice President Melvin Mikosinski performed the sub-audit of PATACS membership payments and account transactions and provided scans of CapitalOne checking account statements. 1st Vice President Nick Wenri provided audit advice as FY2021-2022 Audit Committee Chairperson and supporting documentation for check approvals. Treasurer Roger Fujii provided the committee with access to check payment approval records. Secretary Jim Rhodes provided scans of CapitalOne savings account statements and Freedom Bank statements for Certificates of Deposit (CDs).

Executive Summary

The PATACS Audit Committee reviewed all PATACS financial transaction records for Fiscal Years 2023 and 2024. The Audit Committee reviewed bank statements, check approvals and income reports; there were no serious discrepancies.

The Audit Committee verified that all expenditures were reasonable and had proper approvals although supporting documentation was missing from some transactions. The Committee also reconciled financial transfers and income deposits to appropriate PATACS bank accounts.

Based upon findings from this audit, the Audit Committee recommends procedures to identify the Fiscal Year of each transaction consistently and strict enforcement of established procedures to document expenditures before issuing payments. Also, PATACS should transition from physical financial statements delivered by mail to digital statements (e.g. Portable Document Format and spreadsheet) by secure download to reduce effort and improve account security.

Introduction

The Potomac Area Technology and Computer Society (PATACS) is a tax-exempt organization [as defined by the U.S. Internal Revenue Code Section 501\(c\)\(3\)](#). PATACS is also registered with the Virginia State Corporation Commission under [Entity identification number 02722890](#).

Article VIII Section 4b of the [PATACS Bylaws](#) requires that an Audit Committee perform a financial audit every two years and whenever there is a change of Treasurer.

This audit covers the term of Fiscal Years (FY) 2023 to 2024 (i.e., October 2022 through September 2024).

PATACS fiscal operations include managing bank accounts (e.g. checking and savings deposit accounts) and online payment services (e.g. PayPal).

The primary sources of PATACS income are membership dues and tax-deductible donation of funds with additional income from interest payments.

PATACS expenses include printing and mailing the PATACS newsletter, procuring presentation equipment, insurance coverage, video conferencing services (e.g. Zoom), internet services (e.g. domain name registration, website hosting, email services) and meeting door prizes, and making donations to partner non-profit organizations.

The PATACS Officers and Board Members approve expenditures as designated line items in the annual budget and as individual motions before the Board that receive majority approval.

The Treasurer maintains the current cash flow records, deposits funds, issues checks for approved expenses and provides monthly reports for the PATACS Board meetings. Most of the Treasurer's financial activity is with

the operating fund checking account. The Treasurer issues checks from the operating account directly to a service/equipment provider or to an individual who made an approved expenditure. The Treasurer must sign and a second PATACS Officer must countersign each issued check with signature authority registered with the issuing bank. The Treasurer maintains a list of checks issued and associated expenditure request approvals.

The 2nd Vice President/Membership Chairman maintains detailed records of PATACS income from membership dues payments and donations. The Treasurer deposits cash and check payments in the operating fund account; online payments via PayPal incur a processing fee and are transferred periodically from the PATACS PayPal account to the operating fund account.

Methodology

The Audit Committee obtained and reviewed the following items from the FY2023-2024 period to perform the audit:

- Bank Records (i.e., monthly statements for the checking and savings accounts, and quarterly statements for the certificate accounts);
- Check Authorization forms (i.e., expense reports with check approval signatures);
- The Membership Chairperson's records showing income from membership payments and donations (including via PayPal);
- Records of non-membership income (e.g., "Pizza SIG" donations and other special donations to the club); and
- Records from the Treasurer's accounting application (i.e., Intuit Quicken).

The 2nd Vice President/Membership Chairperson performed a detailed subaudit of FY2023-2024 transactions including membership dues payments, direct donations and “Pizza SIG” (i.e., unnamed contributor) donations, as well as PayPal transaction fees and Amazon commissions received from the AmazonSmile charitable giving program (discontinued in February 2023), and annotated scans of the operating checking account statements with cross references to transaction record audits for membership and Amazon income, “Pizza SIG” donations, and PayPal transactions. The audit documentation package includes copies of the seven subaudit documents listed in [Table 1](#).

Table 1. Subaudit Documents
0-FY23-24 Sub-Audit Report
1a) FY 23 Operating Fund 4092 Bank Statements
1b) FY 23 Membership Audit Spreadsheet
2a) FY 24 Operating Fund 4092 Bank Statements
2b) FY 24 Membership Audit Spreadsheet
3) FY 23 FY 24 PayPal Audit Spreadsheet
4) FY 23 - FY 24 Pizza Sig Bank Audit Spreadsheet

The Audit Committee treated bank statements as the primary verification source for the date and amount of all financial transactions, and verified the Treasurer and membership transaction records against these and each other, as appropriate.

For the overall audit, the Audit Committee entered all bank transactions with dates from all statements (checking, savings, and Certificates of Deposit) into a single spreadsheet including cross references to the subaudit notes and three columns to checkoff verifications against bank

statements, the Treasurer's accounting application entries, and the membership subaudit spreadsheets. The audit spreadsheet also indicates check numbers for the operating checking account, which correspond to the expense approval document identifier.

As many single bank transaction entries (deposits and check payments) are split across the Treasurer's accounting categories (e.g. a single deposit can include dues and donations), the auditor duplicated bank transaction entries in the spreadsheet as needed for split transactions to detail the amount for each category and payer, and verified that the sum across all categories matched the single bank transaction.

As the auditor did not have access to original PayPal account statements and transaction details (i.e., dues, fees and donations), the auditor entered only PayPal transfers (deposits) into the operating checking account categorized as "[Paypal epayments@patacs.org]." Refer to the subaudit reports for details of the PayPal transactions.

The auditor manually compared the bank transaction entries in the spreadsheet against the subaudit membership audit documents and the Treasurer's accounting application entries, entering a "x" in the appropriate verification column of the spreadsheet for each transaction row for a verified matching entry. Note that the subaudit is not applicable to check payments nor transfers between savings and checking accounts, so subaudit verification is not applicable for these transactions.

The auditor used bank statements for the two certificates of deposit (CDs) and determined accrued interest from the difference between statements when each CD rolled over, which is different from the interest income method that the Treasurer used in the accounting application entries. Therefore, the auditor was unable to verify the Treasurer's accounting records but treated the bank statements as automatically verified for the audit.

The auditor verified each check approval form and documentation against the bank transactions and Treasurer’s accounting entries in the spreadsheet.

The auditor noted any discrepancies as embedded notes in the appropriate cell of the spreadsheet transaction record.

Findings

The Audit Committee did not find issues in the audit of PATACS financial transactions during the FY2023-2024 period that indicate misuse of PATACS funds. However, there are some instances of transaction discrepancies and room for improvement in financial management procedures.

Although PATACS procedures require that individuals requesting reimbursement for approved expenditures include the receipt and the PATACS expense report form, many approvals did not include the expense report form or receipt (refer to [Table 2](#)). The auditor did not flag missing expense forms as a serious issue as only the receipt is needed to verify the expense. Upon the auditor’s request, the Treasurer and 1st Vice President provided several documents missing from the original check approval documents that are included as audit artifacts, and [Table 2](#) lists status under the “Corrected” column.

Table 2. Check Approval Issues

Check	Issue	Suggested Correction	Corrected
2236	missing receipts	Amend approval with receipts.	Expense report, invoice and receipts provided
2241	missing receipts	Amend approval with receipts.	Expense report and receipts provided
2242	missing documentation	Amend with Board Minutes authorizing expenditure or Friends of OLLI receipt.	Minutes provided
2243	missing documentation	Amend with receipt from VA State Corporation Commission.	No receipt but proof of filing provided
2244	receipt does not clearly identify personal expense (single stamp cash purchase)	Recommend keeping personal expenses separate.	Not Applicable
2246	missing/sequence broken; no expense nor authorization	Confirm that check 2246 is voided.	Check voided per Treasurer email dated 17 March 2025
2251	missing receipts	Amend approval with receipts.	PayPal receipt provided

There are instances of split transactions in the Treasurer's accounting application that appear to be "Pizza SIG" donations only according to the subaudit notes (e.g. A36, A44, A48), so it is unclear how these transactions are split. The Treasurer acknowledged issues with how the accounting application Quicken handles split transactions.

There is one instance of an unauthorized payment of \$25.00 made from the PATACS PayPal account and reimbursed by the Treasurer under accounting category "Admin; Misc." This is documented in the Treasurer's accounting application as "Mistake by rmf / reimbursed by Cap one check on 4/15" and as subaudit item B14.

Reconciling transactions across the Fiscal Year boundary is a continuing challenge and results in complicated adjustments to PATACS accounting records. An extreme example is check approval 2237 dated 28 September 2022 for reimbursement on a postage purchase made a year earlier (23 September 2021) with the expense report dated 15 August 2022, and the check payment transaction posted on 03 November 2023. The subaudit report cites several examples of deposits made in October of funds received in the previous Fiscal Year, and allocates these funds to the FY in which they were received, not deposited.

The audit spreadsheet provides financial summaries of payments and deposits by Fiscal Year that are linked to this report. [Table 3](#) is a transaction summary by bank account and [Table 4](#) is a transaction summary by accounting category. [Figure 1](#) is a pie chart of income sources by category and [Figure 2](#) is a pie chart of expenditures by category.

Table 3. Transaction Summary by Account

	2023		2024		Grand Total	
<i>Account</i>	SUM of Deposit	SUM of Payment	SUM of Deposit	SUM of Payment	SUM of Deposit	SUM of Payment
Business Advantage Savings	\$12.71	\$1,600.00	\$2,011.69	\$0.00	\$2,024.40	\$1,600.00
Capital One Checking	\$6,046.70	\$6,307.95	\$4,843.50	\$5,524.58	\$10,890.20	\$11,832.53
CD F-6326	\$16.65	\$0.00	\$36.95	\$0.00	\$53.60	\$0.00
CD G-9303	\$134.71	\$0.00			\$134.71	\$0.00
Grand Total	\$6,210.77	\$7,907.95	\$6,892.14	\$5,524.58	\$13,102.91	\$13,432.53

Table 4. Transaction Summary by Category

	Fiscal Year	Values				
	2023		2024		Grand Total	
Quicken Category	SUM of Deposit	SUM of Payment	SUM of Deposit	SUM of Payment	SUM of Deposit	SUM of Payment
[Business Advantage Savings XX4404]	\$1,600.00	\$0.00	\$0.00	\$2,000.00	\$1,600.00	\$2,000.00
[Checking - Operating Capital One]	0	\$1,600.00	\$2,000.00	0	\$2,000.00	\$1,600.00
[Paypal epayments @patacs.org]	\$1,582.44	\$0.00	\$1,000.00	\$0.00	\$2,582.44	\$0.00
In: Admin; Misc			\$25.00	\$0.00	\$25.00	\$0.00
In: Amazon Commissions	\$51.26	\$0.00			\$51.26	\$0.00
In: Donations; Direct	\$1,060.00	\$0.00	\$2,575.00	\$0.00	\$3,635.00	\$0.00
In: Donations; Pizza SIG	\$613.00	\$0.00	\$283.50	\$0.00	\$896.50	\$0.00
In: Dues	\$1,140.00	\$0.00	\$960.00	\$0.00	\$2,100.00	\$0.00
In: Interest Income	\$164.07	\$0.00	\$48.64	\$0.00	\$212.71	\$0.00
Out: Admin; APCUG Membership	\$0.00	\$50.00	\$0.00	\$50.00	\$0.00	\$100.00
Out: Admin; Postage	\$0.00	\$12.00			\$0.00	\$12.00
Out: Admin; State Filing Fees	\$0.00	\$25.00	\$0.00	\$25.00	\$0.00	\$50.00
Out: Contribution ; OLLI	\$0.00	\$500.00	\$0.00	\$800.00	\$0.00	\$1,300.00
Out: Insurance	\$0.00	\$475.00	\$0.00	\$325.00	\$0.00	\$800.00

	<i>Fiscal Year</i>	<i>Values</i>				
	2023		2024		Grand Total	
<i>Quicken Category</i>	SUM of Deposit	SUM of Payment	SUM of Deposit	SUM of Payment	SUM of Deposit	SUM of Payment
Out: Meeting; Door Prize	\$0.00	\$490.00			\$0.00	\$490.00
Out: Meeting; Equipment	\$0.00	\$1,727.26	\$0.00	\$595.88	\$0.00	\$2,323.14
Out: Meeting; Food - Hospitality			\$0.00	\$218.18	\$0.00	\$218.18
Out: Meeting; Live Streaming Services	\$0.00	\$209.80			\$0.00	\$209.80
Out: Membership Services; Answering Service	\$0.00	\$30.00			\$0.00	\$30.00
Out: Membership Services; Brochures			\$0.00	\$42.40	\$0.00	\$42.40
Out: Membership Services; Website DNS Reg, SSL Cert	\$0.00	\$127.02			\$0.00	\$127.02
Out: Newsletter; Postage	\$0.00	\$1,366.40			\$0.00	\$1,366.40
Out: Newsletter; Printing	\$0.00	\$1,261.99	\$0.00	\$1,429.84	\$0.00	\$2,691.83

	<i>Fiscal Year</i>		<i>Values</i>			
	2023		2024		Grand Total	
<i>Quicken Category</i>	SUM of Deposit	SUM of Payment	SUM of Deposit	SUM of Payment	SUM of Deposit	SUM of Payment
Out: Website; Hosting Services	\$0.00	\$33.48	\$0.00	\$38.28	\$0.00	\$71.76
Grand Total	\$6,210.77	\$7,907.95	\$6,892.14	\$5,524.58	\$13,102.91	\$13,432.53

Income FY2023-2024

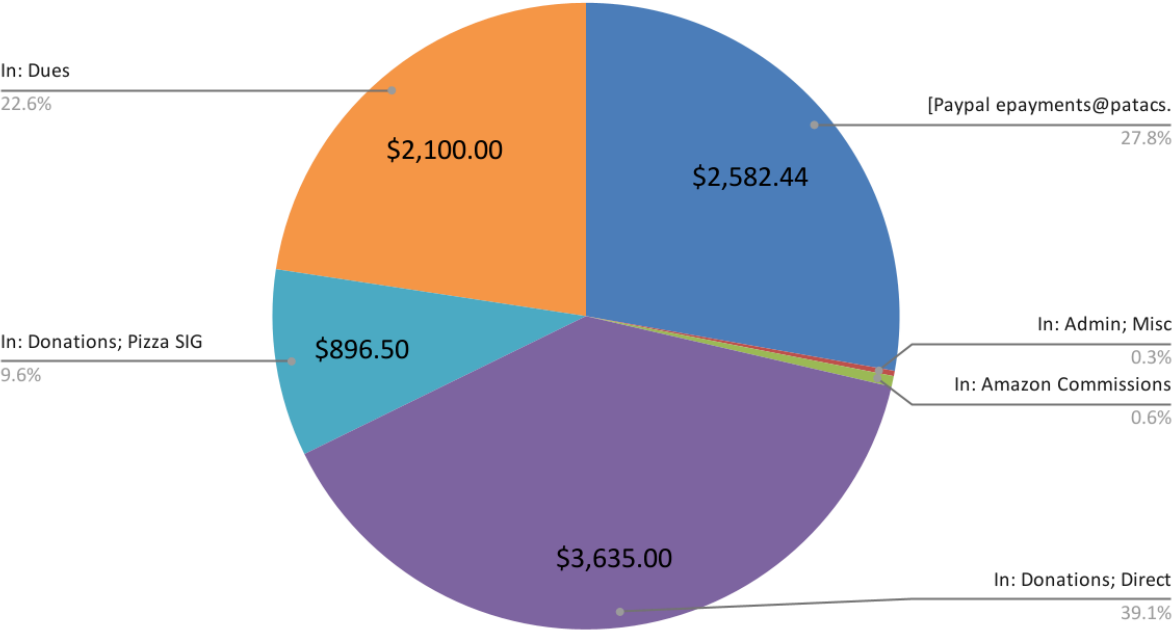


Figure 1. PATACS Income by Category

Expenditures FY2023-2024

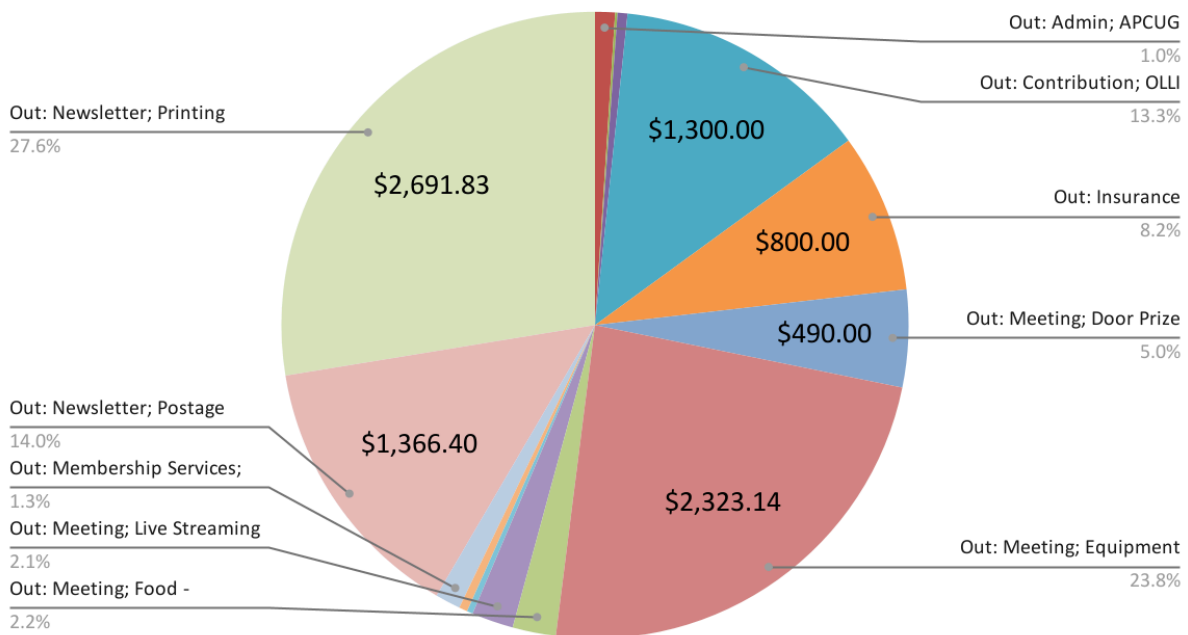


Figure 2. PATACS Expenditures by Category

Recommendations

The Audit Committee recommends the following financial process changes based upon the preparation of this audit and findings.

If possible, financial statements should be downloaded from the financial institution as digital documents and spreadsheet files and uploaded to PATACS-managed online storage instead of mailed physical statements to improve security, improve accuracy and reduce effort in recording and auditing transactions.

The Treasurer must ensure completeness of required documentation (e.g. completed and signed PATACS expenses form, invoice and proof of expense payment/receipt) before issuing a check. Receipts should only include PATACS reimbursable expenses.

While the audit process requires consistency, future audits should consider changing the process to use the transaction date from bank statements to determine the Fiscal Year of a transaction instead of when PATACS receives payments or issues checks. This approach provides an achievable unambiguous and objective determination of FY allocation. Note that the subaudit report recommends, “that the treasurer deposit member checks and cash donations in the month he receives them during the last month of the FY year.” The subaudit recommendation is a desirable goal but may not always be achievable in practice.

Upon review of a draft copy of this report, Board member Frank Fota recommended the following (email, 23 July 2025):

I recommend that significant expenditures approved by the board be assigned a unique identifier that ties them to the specific board meeting at which they were approved (e.g., 8-21-24-01 ...-02 ...-03, etc.). This will make future audits easier.

Summary

The PATACS Audit Committee reviewed all PATACS financial transaction records for Fiscal Years 2023 and 2024. The Audit Committee reviewed bank statements, check approvals and income reports; there were no serious discrepancies.

The primary sources of income over the audit period were membership dues and donations. The primary expenditures over the period were newsletter printing and meeting equipment.

The Audit Committee verified that all expenditures were reasonable and had proper approvals although supporting documentation was missing from

some transactions. The Committee also reconciled financial transfers and income deposits to appropriate PATACS bank accounts.

The Audit Committee recommends stricter adherence to existing procedures for check approvals and considering improvements to managing bank statements and handling end of Fiscal Year transactions.