

September 3, 2012

Board of Directors
Colorado Association of USA Track & Field
Colorado Springs, Colorado 80920

We appreciate the opportunity to audit the Colorado Association of USA Track & Field. During the course of the audit we observed the system of internal controls in the organization. A strong system of internal control contains checks and balances with the purpose of insuring that transactions are properly recorded and to safeguard the assets of the organization. The weaker the system of internal control, the greater the opportunity for improper recording of transactions, as well as compromising the safeguarding of assets. The following comments are based on our observations, which we hope the organization will find useful in creating a stronger system of internal controls.

One of the key components in a strong system of internal controls is a separation of duties. This is often difficult in small organizations, especially a volunteer organization such as this where people in position of responsibility reside in different cities. This can be overcome, especially with the technology now available regarding the internet and digital files.

In general, we suggest that a policy of approval be implemented where all invoices to be paid are approved. Though the expenditures appeared to be reasonable and necessary, approval by a person other than the one writing checks would help insure that the expenditures are reasonable and necessary. If the approval person is in another city, copies of the invoices to be paid could be scanned, emailed, approved, and returned to the treasurer for payment. In the rare instance where funds must be disbursed immediately and the approval person is not available, the approval could still be done after the fact. The approval should be written and obvious, which could simply be a note of "Ok to pay" with the approving person's initials and date written on the invoice or receipt.

Various expense reimbursement reports were missing receipts for items listed for reimbursement. Expenses should not be reimbursed if receipts are not attached. The organization does provide a meal allowance and the expense report should provide for a line where the details of the meal – date and meal should be itemized.

Regarding the youth checking account, we have the following observations:

1. There appears to be a large philosophical difference between the elected officers and the appointed chair people running the youth division as to how to operate this area. As a result, the youth division maintains a separate checking account. The existence of this account appears to not be in conformity with the bylaws of the organization. Article XVI, B. – Fiscal and Legal Matters describes how the organization is to manage such accounts. Item 1. of the Article states amounts over \$1,000.00 are to be signed by the

President and Treasurer. This is not the case with this account. Item 2. does provide for an imprest account when liquidations require prompt payment. An imprest account is an account that is reimbursed for the amount of checks written, so as to maintain a minimal balance. This section provides that the checks on this account can be drawn upon the signature of one officer. This is not the case as the authorized signatory is not an officer.

2. We only observed written approval for two invoices where Sherry Markham sent an email to Don Sinclair asking for approval, which was granted. Though the other invoices may have been approved, we did not observe this in writing, except for the above mentioned instances.
3. Sufficient documentation is not available to audit the deposits in the youth account. It is our understanding that beginning in 2012, an outside organization (Coach O) is handling online registration for events. We suggested to Sherry that they obtain a report from this organization that allows them to match the registered entrants and their fees to the deposit to verify that the information and deposits are correct. A higher level of control would be to have the reports for registration go to another person, such as the organization's bookkeeper. This person could do the comparison between registered participants and fees paid.
4. Various expense reports did not contain all receipts. The comments as mentioned above also apply to these reports.
5. Check 1278 on February 6, 2012 appears to be a \$500 donation to CSU. Is this donation within the purpose and approval of the organization as it is made to this particular university and not others?
6. Three items of equipment were purchased in 2010 totaling over \$5,200 are in the possession of Dave Kemman. This is of particular concern since Dave was relieved of his duties administering the website, which has led to what appears to now be a contentious relationship with the officers of the organization.
7. Checks totaling \$1,850.00 were cashed and recorded to petty cash during 2011. Though it was explained to us that these funds were used to buy supplies needed for events and excess funds are re-deposited, there were not any receipts to support these purchases and we could only verify one re-deposit of \$250.00 at the end of the year. All petty cash disbursements should be supported by receipts.
8. The youth account information is input into the organization's bookkeeping program by an outside bookkeeper, and this account is reconciled each month. As long as the youth division has a separate checking account, this is a good control.

The youth division is very active with their involvement in various events. From a business standpoint, we suggest considering implementing a budget for the events scheduled for the calendar year, and a report summarizing receipts and disbursements for each event with a comparison to the budget. This would help with the planning and control of costs. The

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organization may also consider tracking any assistance from volunteers, their hours, and any donated supplies and equipment. Best estimates for volunteer hours would be acceptable.

Budgets and actual cost comparisons would be beneficial to all divisions where not already implemented.

We are impressed with the dedication of the people involved in the various areas of the organization and recognize the many hours spent devoted to this purpose. We hope the above comments will not be perceived as policies that are burdensome, but as policies that will help the organization run more efficiently from a financial standpoint, and help protect the integrity of those involved in handling funds from suspicion of any wrongdoing.

A handwritten signature in black ink, appearing to read "Sotiros & Sotiros, LLC". The signature is written in a cursive, flowing style.

Sotiros & Sotiros, LLC