

*Comments to Audit Report Prepared by the Financial Review Committee
of the
Cuesta College Federation of Teachers*

Comments/Recommendations:

1. Internal Controls:

- a. The Executive Board minutes address monetary items; budgeted or not. The treasurer does an excellent job of being transparent to all members and providing current balance.
- b. The budget presented to the financial review committee was very detailed, however there was an expense found in the bank statements but not in the supporting documentation (see below).
 - i. The \$10 fee to the Franchise tax board was not included
- c. A copy of the fidelity bond purchased through the AFT, should be kept with the expense information to maintain that the insurance is in place for the protection of CCFT.

2. Cash Receipts

- a. The treasurer has taken a great deal of effort to ensure all deposits are made in a timely manner to ensure maximized usage.

3. Cash Disbursements

- a. The federation maintains transparency with all members and sticks to the budget created and approved. When expenditures are presented that are not budgeted the federation presents them to the Executive Board for approval and noted in minutes.
- b. There were two unusual events that complicated the financial records for CCFT during 2015-2016, which includes sending 4 CCFT members to the CFT convention, and activities in support of contract negotiation (such as mailings, picket signs, etc.).
 - i. It is recommended that when CCFT members make purchases for the union that they include personal purchase in a separate transaction so that it is easier to separate cash payments for reimbursement. This occurred when the CCFT President made a purchase at Staples that not only included an \$8.99 personal purchase, but also the use of a coupon. The treasurer estimated the reimbursement accurately, but best practice suggests these purchases should be made separately.
 - ii. For the CFT Convention, many meals were shared with other CCFT members, but some were shared with family members. When such things occur, an effort to isolate the member's costs, when reasonable, should be exercised.
 - iii. Any receipts without proper documentation should not be reimbursed. There was one meal, where a "best guess" for the final bill was included with no other supporting documentation, as it was cash establishment. No reimbursements should be made without receipts, where a credit card receipt would be minimally acceptable in situations where the receipt was lost. When neither is available, no reimbursement should occur. This occurred with check #2966 for reimbursements made for meals during the CFT convention.
 - iv. This also occurred with a Hotel Bill that referenced individual checks, but those checks with itemization were not included. As one of the purchases was at the bar, and some of the total was left off for alcohol purchases, reimbursement should only be given when receipts can verify the amount for food.
 - v. Finally, CCFT members should try to minimize expenses when possible, such as the option to valet parking for \$68/day vs. self-park for \$32/day, when staying at the Hyatt Regency for the CFT Convention since the purpose of staying at the Hyatt was to minimize travel expenses within San Francisco (based on proximity to the CFT convention site)

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4. Reconcile Bank Accounts
 - a. Checking accounts have been balanced monthly and accurately.
 - b. The financial review committee was able to independently reconcile the net worth for the entire year.
5. Reconcile Other Accounts
 - a. There are no other accounts to reconcile.
6. Supporting Documents
 - a. Typically included with great detail, except when missing, as in the case of check 2940 for the Franchise Tax Board payment, and with the missing receipt as noted in iii under Cash Disbursements.
7. Financial Statements
 - a. The federation treasurer does a great job at reporting balance detail and reconciling bank accounts monthly.

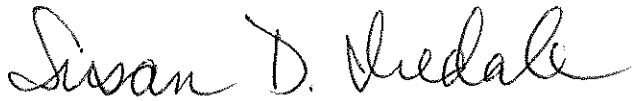
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August 31, 2016

I have examined the financial records for the Cuesta College Federation of Teachers for the period July 1, 2015 through June 30, 2016, and found them to be in good order. This examination was performed by a committee made of a member of the Cuesta College Federation of Teachers Council of Representatives and was not conducted in accordance with the generally accepted accounting principles. I have included some comments for the federation to take into consideration.

Based upon the examination, we consider the attached financial statements for the period July 1, 2015 through June 30, 2016 to be an accurate summary of transactions conducted during that period.

Sincerely,

A handwritten signature in cursive script that reads "Susan D. Iredale". The signature is written in black ink and is positioned above a horizontal line.

Susan Iredale, Economics Instructor, Cuesta College
CCFT Financial Review Committee