

YMCA of STANISLAUS COUNTY
COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED MARCH 31, 2004

- 1) The Association did not prepare a realistic budget for the 2003/2004 fiscal year, nor were budget revisions made to reflect current changes in operations. A soundly prepared and developed budget is necessary as a valuable tool for management to establish plans for coordinating and implementing operations, motivating personnel to perform well, and controlling and evaluating their results. The budget should be challenging, but it must be attainable.
- 2) Monthly financial reports prepared by the finance department for management were frequently not completed on time. The importance of current financial information being available for management is imperative to help operating efficiency. Management needs to define employee positions in the finance department to enable and ensure that personnel responsible for monthly reports have the time and capabilities to complete them in a systematic and timely fashion.
- 3) The Association, in part due to the comments discussed above, sustained material operating losses and allowed trade accounts payable to become increasingly overdue. The result of this has been unnecessary late charges being assessed, final notices for payments received, and potential negative impressions about the Association from the community.
- 4) The Association has borrowed from restricted funds to meet current obligations causing the Association to be in noncompliance with donor restrictions and at risk of losing donor restricted funds, as well as exposure to legal inquiries. Management must stop the practice of temporary borrowings from restricted funds.
- 5) The Association needs to update and establish a consistent policy regarding the allocation of general and administration costs to the individual programs. The YMCA national should have current information available regarding general and administration expense allocation.
- 6) Separation of duties in regards to cash receipts and disbursements can prevent potential accounting irregularities. Procedures should be set-up so that the person opening the mail is not the same person making the bank deposit or handling accounts receivable. Also, the Executive Director should receive copies of the daily cash receipt logs and receive and review unopened bank statements before forwarding them to the financial department. The Finance Committee of the Board of Directors should continue to scrutinize and review all monthly cash disbursements, including payroll. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of one transaction.
- 7) In our review of cash disbursements, we noted numerous checks which had only one of the prescribed two required signatures. In the future, upon any prolonged leave of absence by one of the two usual check signers (CEO & Controller), the checks should be reviewed and signed by one of the Board Members. Also, all expense reimbursement checks submitted by management should always be reviewed and signed by a Board Member.