



CAMEROON AMERICAN  
COMMUNITY OF HOUSTON

# Cameroonian American Community of Houston (CAMCOH)

Internal Audit Report

Audit Period: February 28, 2011 through November 21, 2011

26 February 2012



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COMMUNITY OF HOUSTON

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## CAMEROON AMERICAN COMMUNITY OF HOUSTON

### 1- Background and Objectives

The Cameroon American Community of Houston (CAMCOH) was formed on April 10 2010. CAMCOH's vision is "to be an umbrella organization that will strive to bring all Cameroonians and well-wishers to collaborate in a non-profit and service organization."

As a non-profit organization with a 501C status, Camcoh's primary source of revenue is derived from its members' contributions, donations as well as various fundraising activities that CAMCOH organizes to raise funds.

### 2- Scope and Methodology

#### A- Scope

The auditor's report is intended to advise the community on whether the auditees' (namely the organization's financial secretary and its treasurer) financial statements, bank reconciliations and withdrawals are free of material misstatements, meaning free of important and significant errors and whether they show a true and fair view of the operating results, financial position and cash flows of the organization. In other words, the report is an assurance as to whether the financial information presented by the auditee is reliable, materially correct and trustworthy for making various decisions, including but not limited to: organizing community events, building trustworthy rapport with the community, raising funds and securing loans from financial institutions to build the community center.

Our control focuses over financial reports, policies and procedures that:

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the organization;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements and that receipts and expenditures are being made only in accordance with authorizations of the executive's decisions as stated on minutes and/or in bylaws;
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Camcoh's assets that could have a material effect on the financial statements and the organization's integrity.



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### B- Methodology

To conduct the audit, several tools were used:

- ✓ Financial reports (Excel spreadsheet) as produced by the treasurer.
- ✓ Minutes as reported, read, and approved by the organization
- ✓ Bank statements (Camcoh Chase Account)
- ✓ Executive decisions (if any)
- ✓ Bylaws
- ✓ Current bank balance and account activities
- ✓ Various paper trails and statements

### 3- Audits

For the year 2011, the organization held two major events; the fundraising Gala on May 20, 2011 and a cultural event on November 12, 2011. The team conducted the audit in two folds; first step looked into the May 20 gala funding and the second look into the November 12 Cultural event financing.

#### A- Cultural event

	Camcoh Account (per treasury file) <sup>(1)</sup>	Camcoh Account (per chase account)	Financial Committee fundraiser statement
Beg Balance 11/1 (before the event)	\$22,147	\$22,572.10	
Amount collected (paid pledges)	\$8,105	\$7,995	\$8,215
Amount collected in hall	\$210		
Hall expenses	(\$5,000)	(\$5000)	
Ending Bal 11/22	\$25,252	\$25,667.10	

Notes:



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(i) End – Beg 30 252 – 22147 = 8105 + 210 = 8315 as net amount collected per treasurer files for the cultural event. However, this amount is \$100 (8,315-8,215), over the amount recorded by the financial committee per file sent to the community in November 2011. Further, this amount is different from amount deposited by individuals directly into Camcoh account during the pledge period. The amount totalled \$7,995. A difference of about \$110 if the \$210 collected in the hall during the cultural event is included. (8,105 + 210 - 7,995).

This discrepancy could stem from the fact that some donations were given directly to the treasurer or financial secretary and were not recorded properly. A reconciliation of all accounts shows a final discrepancy of about \$10.00 that could not be accounted for.

A refund of \$175.00 from hall deposit is later tracked to the account which is included in the overall ending balance of the Camcoh chase account.

### Expenses Report for the cultural event:

	Hall	Deposit	Decorations	Security	Copy/Print	Non food items	DJ	Total spent
Expenses incurred and paid	\$4,000	\$300	\$1,000	\$210	\$112.55	\$286.41	\$700	\$6,608.96
Refund		+175						

### Notes

\$5300 charges for hall and cleaning, however, the contract shows a \$4000 for hall, no explanation is provided as of how much was spent for decorations and subsequent cleaning. Explanation pending contact with the secretary Mr. Ashu



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After review with Ashu Arrey, it is determined that the additional \$1000 added to the \$4000 contract price was for the hall decorations \$1000 (60 tables, 600 chairs), final contract was not available,

Refund  $300 - 125 = 175.00$  deposit in the account (deposit made by Ashu Arrey for \$225.00 with 175 accounted for deposit refund with \$50 made for pledge payment) on 11/18

Security \$210 paid in cash with proof of payment sent to the team. (receipt)

Copy/print for 112.55. Receipt provided. A check is issued to Chi Nche for reimbursement.

Non food items \$200 recorded but receipts shows \$286. 41. Check issued to Pauline Kwang

DJ \$700.00 paid amidst dissatisfaction with the service provided.

Total amount spent \$6608.96

**Amount remaining  $8315 - 6608.96 = 1706.04$**

175 (refund) was already computed in the account balance given that Ashu Arrey deposit the refund in the account on 11/18 and the bank ending balance on 11/22 reflect the deposit made few days earlier. This figure reflect data compute based on treasurer books

**Note:** The cultural event financial committee chair in its report show a remaining balance of \$2,037.45

Below find the excerpt of the report as published by Chi Nche, the committee chair:

### **“1) Financial Pledges – Income/Expenditure**

A total of \$8,500 was pledged. As of today we have collected a total of \$8,250. We would continue our efforts to get the remaining \$250 fulfilled. The list of all our donors is published on camcoh.org. Thanks to all the various groups and individuals that made this possible.

### **Expenditures**

- Hall and decorations - \$5,000
- Security - \$210
- Non-Food Items - \$200
- Copy/Print - \$112.55
- DJ - \$700



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**The total expenditure was \$6212.55.**

Based on cash collected, the excess is **\$2037.45**. This will be applied towards the same event next year.”

However this balance does not show a complete list of all expenses; the \$300 deposit is not included, nor is the \$86.41 added to the non-food items expenses.

The committee expense correction should be as follows

$\$6212.55 + 125$  (deposit forfeited)  $+ 86.41 = \$6423.96$  therefore an excess of **\$1826.04**

Thus a discrepancy of **\$120.00** ( $1826.04$  (per financial committee) –  $1706.04$ (per treasurer book))

### **B- Camcoh Gala**

Tickets were issued and a spreadsheet created – see treasurer file

A summary of the file created shows the following:

- Amount collected: Total Tickets sale \$21 953.00 collected,
- 590 tickets disbursed,
- 300 sold
- 271 returned.

Champagne Auction \$1235 but the treasurer statement shows 1035

Wine sale \$1380

Donations \$9,067

Advertisement \$300

Pay pal \$120 wine sale not collected with pay pal

Pledge not received \$600 Mami Hengo



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Total amount 12702 – 600 (pledge not received = 12102 with pay pal amount of 120 not collected so the amount in the account is 11982.00 the treasurer report reflect 11782 with 200 less than amount recorded. After investigation, we found out that the amount collected \$200.00 for wine paid for by Blaise Nzeda was not reflected in the total amount collected for champagne auction

Total amount collected (21953 + 11982 = 33935)

### Activities Summary and Audit reconciliation May 20 Gala

	Camcoh Account (per treasury file)	Audit reconciliation (1)	Camcoh Chase Account Activity(2)
Ticket sale	\$21,953	\$34,275	\$10,501.94 – April
Donations	\$9,067	\$600 (Wicuda dues 500, Tangeh \$100)	\$20,596.68 – May 31 \$13,139.85 – June
Champagne Auction	\$1,235		\$16,317.60 – July
Wine Sale	\$1,380	\$1,380	\$23,504.60 – August
Advertisement	\$300		\$24,824.60 – Sept
Pay pal wine sale (pending)	\$120 (not computed)		\$20,539.60 – Oct
Pledge not received	\$600 (Not computed)		\$24,967.10 - Nov
Total collected	\$33,935	\$36,255	

Uncollected pledge 600

Uncollected Revenue for tickets sale 872

1500 tickets of which 590 were disbursed and the remaining remained with the financial secretary



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(1) The audit reconciliation should be taken with caution as it is solely based on deposit stubs provided by the auditees. The limitation is due to the fact that some of the deposits are made for registrations and dues and it became a very cumbersome task to differentiate what was deposited for the gala and what was not.

(2) The bank balance include the \$600 that was deposited by each member of the executive and board as a "loan" to Camcoh prior to the gala in an effort to cover the expenses. Those loans were later reimbursed and the later bank balance should reflect the actual amount raised by Camcoh to date.

In an effort to account for every dollar that Camcoh collected, the audit team tracked the bank activity and reconciled all transactions and confirmed the balance month after month as shown on the table above.

Line by line expenses as verified by the audit team is reported below.

### **Expenses Report:**

Expenses accounted for 25764.45

Liquor expenses show on Stephanou bank statement (reimbursed by Camcoh)

Corkage fees shows: 290

Check book missing: deposit for linen rental 590, (check 1028 on 5/16 paid but service not rendered as per financial secretary and treasurer). Status of that deposit: Camcoh has a credit on account with the linen rental company.

Videography \$550 (check # 1052 On September 20 for \$275, 2nd one was found for \$275 on June 10 check# 1030)

Total expenses = \$27,194.45

Based on treasurer's book, fund raised for Camcoh gala is **\$6,740.55** (\$33,935 - \$27,194.45)

Audit reconciliation shows a net of **\$9,060.55** (\$36,255 - \$27,194.45). This amount should be taken with caution as previously reported.



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Confirmed receipts as seen: see treasurer file

### **4- Internal Controls**

Between February and November 2011, Camcoh held two major events that involved raising funds. One of our responsibilities while conducting this audit was to verify that internal controls are in place and effective. We noted that the financial secretary and the treasurer both have access to the account, though it appears that only the financial secretary can issue checks.

### **Recommendations**

- Though both auditees have access to the account, one signature withdrawals should only be made by the financial secretary; this serve the purpose of check and balance where one of the officer keep tap of account activities.
- No blank check should be issued for withdrawals or any other purposes.
- Appeal should be made to the community and other benefactors to write a memo on their check or deposit slip prior to deposit. This will facilitate account reconciliation as well as paper trails tracking.
- We also recommend that the financial statements or at least a statement of expenses and reports be prepared quarterly and presented to the key executives with yearly publication to the community at large. This will also comply with the non-for-profit regulations
- There should be a contract in writing which specifies the term of the contract for any vendor.
- Further, contracts for any event should be reviewed and approved by knowledgeable community members before signature.
- The organizing committee for the event should reassess the satisfaction of terms of contract as agreed upon before payment is processed.
- Volunteers should carry on their assigned duties



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A discrepancy of about \$110 was reported for the cultural event. The financial committee for that event should go back to the members in charge of the pledges to confirm that the amounts reported as deposit were in fact paid and deposited in the account. Members of the organizing committee should check back with their pledges.

### **Limitations**

1- One of the limitations for which corrective action should be taken is the lack of documentation the organization had at the time we conducted our audit; we were not able to verify that expenses incurred and paid had been mandated or authorized by the organization. Though these charges were inherent to the event taking place itself, we recommend that for an organization that is bound to grow, it is important to keep written minutes and other mandates given to those charged with carrying on activities on behalf of the organization.

Good record keeping is a must for good governance; a policy must be set that identifies what records are to be kept for years and who is to be the depository of such records. Examples of records keeping for Camcoh are as follows:

Articles of Incorporations & By Laws

Board & executive meetings minutes

Application for tax exemption – form 1024

E.I.N allotment letter

Financial statements

Cancelled checks

Existing boards and executives on record

Cash books, if any

Bank statements and reconciliations

Cash receipts and payments

Vendor invoices

Paid Bills



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### Bank deposit slips

2- As Camcoh compiles and keeps its paper trails (listed above) and publishes financial statements or quarterly expenses and funds reports, the audit team will reconvene at a later date to examine, on a test basis, evidence supporting the amounts and disclosures in the financial statements. We will also assess the expenses and revenues of the organization and whether significant expenses are carried under the mandate of the organization.

This report is intended for the information and use of the executive and board, the community at large and other state and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

### **5- Appendices**

For the purpose of this audit, Appendices include all documentations used to conduct this report. These are, treasurer spreadsheet, bank statements, financial committee report, and cancelled checks. These various documents will be scanned and attached to this report and available upon request by intended parties.