



# AUDIT COMMITTEE REPORT

**DATE:** January 25, 2020  
**TO:** Northeast Region Board of Directors  
**FROM:** Audit Task Team  
**SUBJECT:** Report of Audit Task Team

## A. Report Summary

1. The Audit Task Team reviewed the financial statements of the Northeast Region CSI for FY 2019. We conducted our audit in accordance with standards generally accepted in the United States for internal audits of small non-profit corporations to obtain reasonable assurance the financial statements are free of material misstatement. In our opinion the financial statements reviewed the financial position of the Northeast Region of the Construction Specifications Institute Inc. for the fiscal year ending June 30, 2019.

## B. The Report

1. Summary of activities: The committee, comprised of Howard Levine, William DuBois, and Roy C. Olsen, reviewed the bank statements and financial reports prepared by the Treasurer. After online correspondence and discussion among the committee members, the committee chairman communicated with the Region Treasurer via telephone and email, to perform additional transaction documentation checks. The documentation provided to the members included:
  - a. CSI Northeast Region Balance Sheet as of June 30, 2018.
  - b. CSI Northeast Region Balance Sheet as of June 30, 2019.
  - c. Statements from PayPal.
  - d. Statements for Bank of America
  - e. Statements for Citizens Investment Services.
  - f. Reimbursement Transaction Reports.
  - g. Cash Flow Reports (by category) FY 2019.
2. Documents not reviewed include:
  - a. Tax Return for year ending June 30, 2019.
  - b. Insurance and bonding statements.
  - c. Profit and Loss Detail for FY 2019 showing all transactions categorized to match the budget report.
  - d. FY19 Profit and Loss Budget vs Actual Report.
3. In-person documentation check was not performed, all reviews occurred electronically, the Treasurer, Tom Scriven, provided access to all statements and documents, expense reports and receipts.
4. Financial Statements were prepared by the Treasurer September 28, 2019.

5. All disbursements are handled by check. There are no issues of concern for petty cash handling at the present time. If there is a need for miscellaneous cash transactions in the future, procedures should be documented by the finance committee and included in region policy. All disbursements to the Treasurer were signed by the Region President. Disbursements of large amounts were signed by two officers.
6. The account balances in the balance sheet dated June 30, 2019 reconcile with the account statements for the fiscal year 2019. Records also indicate Treasurer regularly reconciled accounts with bank statements on a monthly basis.
  - a. Region policy indicates the Finance Committee should also review all statements on a monthly basis. There did not appear to be regular communication between the Finance Chair and the Treasurer during FY2019, the committee could not verify whether this did or did not occur.
7. Restricted (scholarship) funds were appropriately held in a separate account. Scholarship distribution was made from the operating account and funds then transferred from the scholarship account to reimburse the operating account.
  - a. While the balance sheet report indicated the separately held scholarship account funds, the audit committee recommends the report clearly indicate these as "*restricted*" so that there is no misunderstanding of the requirement that these funds may not be utilized for general operations or considered operating reserves.
8. The NER CSI had approximately 265 transactions in FY 19. A closer review of 10 transactions for clarification due to discrepancies between the Transaction Report and the Bank of America Statement. Further review of the documentation clarified the perceived discrepancies.
  - a. Check #2058 to Melody Iannone in the amount of \$500 was not shown to be cashed. Evidence of the check clearing was provided showing a downloading of the bank statement. Inquiry closed.
  - b. Check #2059 to Matt Ruis in the amount of \$500 was not shown to be cashed. Evidence of the check clearing was provided showing a downloading of the bank statement. Inquiry closed.
  - c. The undocumented transaction was a check for \$400.00 made to Christopher Webb (Mark Twain) was not cashed. The Bank of America showed the check cashed as #2092 but in reality was #2060. Inquiry closed.
9. There were no outstanding items at the end of the fiscal year nor other known outstanding items or items in dispute.
10. Federal income tax filings are in the process of being filed in a timely manner for fiscal year 2019.
11. The dates of expense reimbursements indicate the treasurer has reimbursed members for travel expenses submitted outside the region policy requirement of submission within 14 days of meeting.

12. The income reported under items 101 thru 115 reflect the amounts assessed and paid during the fiscal year.

**C. Suggestions for the benefit of the Region**

1. None.

**Respectfully submitted;**

Audit Committee Task Team - Howard Levine, William DuBois, and Roy C. Olsen  
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**END OF REPORT**

Cc: Region Secretary



## Northeast Region Construction Specification Institute BOARD REPORT

**DATE:** May 21<sup>th</sup> 2020  
**TO:** Northeast Region Board of Directors  
**From:** Tom Scriven, Northeast Region Treasurer  
**Subject:** Finance Committee (Tom Scriven, Tom House, Rebecca Campbell & Martin Helly)

### **A. Committee Duties**

1. The committee met via 2 virtual meetings to review the cash flow and balances for FY 2020 and propose a budget for FY 2021.

### **B. The Budget Process**

1. We assumed that the Covid pandemic would make it more difficult for Chapters
2. Although Chapters would do their best to energize members through virtual type meetings, we expected a downturn in Regional Membership.
3. Revenue for the region comes from 3 major areas:
  - a. Region Assessment from National
  - b. Chapter Assessment from 15 Chapters
  - c. Revenue from Regional Conference
4. Expenses for the region consists of:
  - a. Fall and Spring Travel Reimbursements
  - b. Executive Site Visits Travel Reimbursements
  - c. Committee Expenses
  - d. Administrative Expenses
    1. Accountant and Legal Fees
    2. Insurance Costs (Liability and Corporate)
    3. Staff Payroll
  - e. Regional Conference Expenses

### **C. Goals for Nominating Committee**

1. At the Regional meeting last may we expressed a desire to run down some of the extra money in our accounts.
2. Some costs saved because of less travel expenses (i.e. Site visits and less travel expenses due to Albany regional meeting instead of DC meeting at Construct
3. We would like to offer a budget for 2021 without Chapter Assessments. That would require some tightening of the budget to help the chapters

#### **D. Budget Recommendations**

1. No Chapter Assessments for FY 2020
2. Cap Travel Expense Reimbursement for Fall and Spring Meetings at \$ 600 / head. The meetings expected to be at Construct in Grapevine TX and Plymouth MA. Should the Fall meeting be moved or change virtual we can adjust the travel expense for the Spring Meeting.
3. The Chapter speaker fund was underutilized in FY 2020. Only 20 % requested. Suggested to leave this out of Budget for 2021
4. General intent of conference funding is to be revenue neutral with conference revenues matching conference expenses. Any net income is shared with host chapter. Recommended budget includes net income like 2019 conference results.
5. Should these choices be board approved we expect the Region to reduce its cash holdings by \$ 21,000

#### **E. Investment Oversight**

1. Currently we have 2 funds both are Growth Stock Funds. The committee suggests balancing and switching half to a Corporate Bond Fund. Our Current funds are:
  - EPGAX -Fidelity Equity Growth CL A (\$ 18,584)
  - FAGAX – Fidelity Advisor Growth Opps Class A (\$ 14,992)
  - Recommended Bond Fund – FCBFX Fidelity Corporate Bond Fund ( Low Cost Low Risk)