

**FOR THE PERIOD 2017 TO 2018  
REPORT TO MANAGEMENT**

**ERNEST R. GARZA  
AND COMPANY, P.C.**  
*Certified Public Accountants*  
10201 Leopard #A  
Corpus Christi, Texas 78410  
Bus. (361) 241-2452  
Fax No. (361) 242-1525  
Toll Free 1-800-241-1272

MEMBER  
American Institute of Certified Public Accountants  
Texas Society of Certified Public Accountants



6102 Ayers St. #106  
Corpus Christi, Texas 78415  
Bus. (361) 723-0685  
Fax (361) 723-0689

**MCALLEN NORTH ROTARY FUND  
CHECKING ACCOUNT NUMBER 1283014 AT RIO BANK  
PERIOD 08/28/2017 TO 10/31/2019**

To: District 5930 Advisory Committee

RE: Cursory Review of the Hurricane Harvey Relief

Our consideration of the limited purpose over controls and documentation of the Hurricane Harvey Relief Fund – Account number 1283014 at Rio Bank. There can be no assurance that all such deficiencies have been identified. We did identify some deficiencies in internal control as noted as follows.

The Grant was from the Rotary and not from Federal and/or state funds. The Grant had overall low controls due to the need to get funding out to the hard hit areas of Hurricane Harvey. Therefore, we took that into consideration regarding the overall control structure.

The financial ledgers were maintained in adequate condition. In reviewing the documentation, we noted the Grant should be set up in separate folder(s) including but not limited to:

1. Grant contract/award
2. Sub-contract award proposal in separate folders

Sub-contract award expenses for each Grant award by folder (if you have 40 awards, then each grant should have the applicable expenses by check in a separate folder totaling the grant award), issue, the grant expenses were in the box as noted. They may be elsewhere but we envision a grant award – with all applicable expenses as support in that folder – behind the check. All Special projects/ (Grant requests).

Allowable Costs -Allowable Costs (Types of expenditures) should be established beforehand and presented in writing as part of the application. And classification for recording purposes.

We noted on some of the applications for assistance, additional information was provided for the requested expenditure such as a quote for assistance for a construction project. Some had quotes for destroyed items such as laptop computers for example, while others did not have any support for the estimated request for assistance. Some type of support for amount of expenditures should be provided at time application is submitted.

Disbursements appear fairly stated to the checks. All check stubs are accounted for. Financial statements appear to be in order. Report found lacking records in some areas: Grants, Sage fees, receipt cards. Project Request and acceptance form not reported: H-48 Rockport Rotary Club. Bank statements were found to be missing records in some details: September 30, 2017, November 30, 2017, December 31, 2017 and January 31, 2018.

Finding No. 2019-01. Grant folders were not sufficiently documented with the grant and to the grant checks and applicable invoices to support those expenditures.

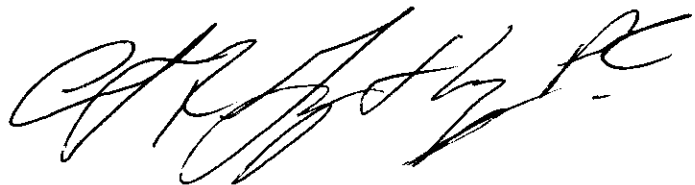
Recommendation No. 2019-01. Grant folders should be established for each grant and in that folder the applicable award grant and check(s), those checks should have supporting invoices/expenses to support that check.

Finding No. ML2019-02. During the review of the expenditures, we noted that the some invoices were not stamped "paid" and did not have any ledger account coding on them for referencing.

Recommendation No. ML2019-02. For accountability, compliance and internal control purposes the Rotary International paid invoices should be referenced with an account code and stamped "Paid" when paid.

This communication is intended solely for the information and use of management, the board of directors, others within the organization and any required agencies, etc. and is not intended to be and should not be used by anyone other than these specified parties.

Ernest R. Garza and Company, P.C.  
Certified Public Accountants  
May 19, 2020

A handwritten signature in black ink, appearing to be 'ER Garza', written in a cursive style.