



Get Ready for an Audit

Monday April 11, 2016
3:15PM

LCS

- Incorporated since 1988
- 160 employees and growing
- 100% debt-free
- 18-24% business growth for 14 consecutive years
- Wide range of IT solutions



- 30+ years
- Supports all business types
- Full property management and accounting
- Fully manages your:
 - Website
 - Phone system
 - Marketing campaigns
 - Service Management
 - Workflow management
 - Customer relationship management
 - And more!

Ali Hinkle

Instructional Designer & Trainer

3 years with Rent Manager

- Internal Training
- Virtual Training
- User Conference
- Rent Manager University

CPA (inactive)

- Grant Thornton
Senior Audit Associate
- Caterpillar
Senior Accountant



Types of Audits

1

Financial Statement

Verify accuracy of financial statements

2

Compliance

Verify proper adherence to rules and guidelines

3

IRS

Verify accuracy of information reported on tax forms

4

Internal

Internal verification of reports and controls



Auditor Goals

Use supporting documentation to **verify** reported financial balances.



1. Existence or occurrence
2. Completeness
3. Rights & obligations
4. Valuation & allocation
5. Presentation and disclosure

Monthly Close Process



Complete entries



Review financial reports



Verify accuracy



Lock down data



Variance Analysis

1

Large changes

2

No changes

Profit & Loss Comparison

Comparison Periods: 03/01/15 - 03/31/16 and 03/01/14 - 03/31/15 (cash basis)

	03/01/15 - 03/31/16	03/01/14 - 03/31/15	\$ Change	% Change
INCOME				
4100 RENTAL INCOME				
4101 Rental Income	1,969,958.17	1,940,074.16	29,884.01	1.5 %
4102 Subsidized Housing Income	15,185.00	0.00	15,185.00	
4104 Market Rent	6,135.00	6,000.00	135.00	2.2 %
4106 Loss to Lease	115.00	250.00	-135.00	-54.0 %
4112 Late Fees	1,956.00	550.00	1,406.00	255.6 %
4116 Dues	16,685.00	27,495.00	-10,810.00	-39.3 %
4118 Storage Fees	39,372.00	0.00	39,372.00	
4120 Manuf Home Rental Income	3,990.00	0.00	3,990.00	
4100 Total RENTAL INCOME	2,053,396.17	1,974,369.16	79,027.01	4.0 %
4150 CAM INCOME				
4151 CAM - Maintenance	386,418.83	630,693.09	-244,274.26	-38.7 %
4150 Total CAM INCOME	386,418.83	630,693.09	-244,274.26	-38.7 %
4300 MAINTENANCE INCOME				
4302 Cleaning	465.00	275.00	190.00	69.1 %
4304 Damages	998.00	150.00	848.00	565.3 %
4306 Misc Repairs	205.00	150.00	55.00	36.7 %
4300 Total MAINTENANCE INCOME	1,668.00	575.00	1,093.00	190.1 %

Variance Analysis

Look for deviations from **trends**.

Profit & Loss 12 Month Recap													
Monthly recap 04/01/15 - 03/31/16 (cash basis)													
	APR 15	MAY 15	JUN 15	JUL 15	AUG 15	SEP 15	OCT 15	NOV 15	DEC 15	JAN 16	FEB 16	MAR 16	TOTAL
INCOME													
4100 RENTAL INCOME													
4101 Rental Income	490,973.75	212,782.66	228,025.04	228,479.47	217,523.00	216,673.00	218,853.00	875.00	0.00	4,350.00	0.00	0.00	1,818,534.92
4102 Subsidized Housing	0.00	2,435.00	2,435.00	2,390.00	2,480.00	1,935.00	3,310.00	0.00	0.00	200.00	0.00	0.00	15,185.00
4104 Market Rent	1,200.00	1,245.00	1,245.00	1,245.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,935.00
4106 Loss to Lease	50.00	5.00	5.00	5.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	65.00
4112 Late Fees	1,906.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50.00	0.00	0.00	1,956.00
4115 Application Fees	0.00	0.00	0.00	0.00	0.00	0.00	150.00	0.00	0.00	0.00	-150.00	0.00	0.00
4116 Dues	2,115.00	2,115.00	2,115.00	2,115.00	2,115.00	2,115.00	1,880.00	0.00	0.00	0.00	0.00	0.00	14,570.00
4118 Storage Fees	18,942.00	2,820.00	3,180.00	3,570.00	3,650.00	3,440.00	3,770.00	0.00	0.00	0.00	0.00	0.00	39,372.00
4120 Manuf Home Rent	0.00	0.00	0.00	0.00	1,330.00	1,330.00	1,330.00	0.00	0.00	0.00	0.00	0.00	3,990.00
4100 Total RENTAL INC	515,186.75	221,402.66	237,005.04	237,804.47	227,098.00	225,493.00	229,293.00	875.00	0.00	-4,600.00	-150.00	0.00	1,898,607.92
4150 CAM INCOME													
4151 CAM - Maintenance	55,202.69	55,202.69	55,202.69	55,202.69	55,202.69	53,680.24	1,522.45	0.00	0.00	0.00	0.00	0.00	331,216.14
4150 Total CAM INCOME	55,202.69	55,202.69	55,202.69	55,202.69	55,202.69	53,680.24	1,522.45	0.00	0.00	0.00	0.00	0.00	331,216.14
4300 MAINTENANCE INC													
4302 Cleaning	0.00	0.00	375.00	90.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	465.00
4304 Damages	0.00	0.00	598.00	0.00	0.00	200.00	0.00	0.00	0.00	200.00	0.00	0.00	998.00
4306 Misc Repairs	0.00	0.00	0.00	0.00	155.00	50.00	0.00	0.00	0.00	0.00	0.00	0.00	205.00
4300 Total MAINTENANCE	0.00	0.00	973.00	90.00	155.00	250.00	0.00	0.00	0.00	200.00	0.00	0.00	1,668.00
4400 UTILITY INCOME													

Protect Your Data

No changes to closed periods.

Restrict user access to make changes to financial data after it has been reviewed and approved

System Accounting Close Date

Current Close Date : 3/31/2016

Accounting Close

No Close

Specific Date

Monthly Closing Day Effective Day

Yearly Closing Month/Day Effective Month/Day

X Days Ago days ago

Approval Process

Require a **second set of eyes** on transactions.

Checks/Bills

- Require bills to be approved before they can be paid
- Bill Approval Maximum - Tier 1: 100.00
- Warn if bank account used on checks/bills is not the property default
- Enforce sequential check numbers
- Default memo field to vendor account number
- Require two signatures on checks over 5000.00
- Select property first on checks/bills

1. Bills
2. Checks over \$X
3. Changes to closed periods
4. Journal entries

Journal Entries

1 Approval

2 Support

Premiere Management Company

Journal Entry Request Form No. **132**

Description:

Nadine Anderson Charged Pet Fee in error in Sept.
Correcting with a JE so I don't adjust her account or
change Sept financials.

Entry:

PROP	ACCOUNT	DEBIT	CREDIT
FMHP	4114 Pet Fees	40.00	
FMHP	4118 Storage Fees		40.00

Requested By: ASJ # **Date:** 10/1/15

Approved By: J. [Signature] **Date:** 10/1/15

Support Attached: Y

11/01/14	Rent Charge	-375.00	0.00
11/07/14	Late Charge	375.00	375.00
11/11/14	MO Payment Received	50.00	425.00
12/01/14	Payment Received	-425.00	0.00
12/03/14	Rent Charge	375.00	375.00
01/03/15	Payment Received	-375.00	0.00
01/03/15	Rent Charge	375.00	375.00
02/01/15	Payment Received	-375.00	0.00
02/04/15	Payment Received	375.00	375.00
03/01/15	Rent Charge	-375.00	0.00
03/01/15	Payment Received	375.00	375.00
04/01/15	Rent Charge	-375.00	0.00
04/07/15	Late Charge	375.00	375.00
04/10/15	Payment Received	50.00	425.00
05/01/15	Rent Charge	-425.00	0.00
05/01/15	Payment Received	375.00	375.00
06/01/15	Rent Charge	-375.00	0.00
06/01/15	Payment Received	375.00	375.00
07/01/15	Rent Charge	-375.00	0.00
07/01/15	Payment Received	375.00	375.00
08/01/15	Rent Charge	-375.00	0.00
08/01/15	Storage Fees	40.00	415.00
08/01/15	Manuf Home Asset Fee	65.00	480.00
08/01/15	Payment Received	-480.00	0.00
09/01/15	Rent Charge	375.00	375.00
09/01/15	Pet Fee X STORAGE	40.00	415.00
09/01/15	Manuf Home Asset Fee	65.00	480.00
09/01/15	Payment Received	-480.00	0.00

Transactions 07/17/15 4:36:22 PM Page 1 of 1 rentmanager.com - property management systems rev.12.080

Limit Access

Restrict access to areas of software to prevent:

1 Fraud

2 Errors

Name	Enabled	Add	View	Edit	Delete
Setup	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Beginning balances			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Budgets			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Set accounting close date	<input checked="" type="checkbox"/>				
Override accounting close date	<input checked="" type="checkbox"/>				
Tasks		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Accounting	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
General ledger accounts		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Charge types		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Journal entries		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Set journal basis (cash or accrual)	<input checked="" type="checkbox"/>				

Rental Income

Existence

- Does the balance exist?

Rights

- Have you earned the income?

Charge Detail Report

Property: Riverview Apartments
 Current tenants - Date Range: 01/01/15 - 12/31/15

Tenant Name	Acc	Unit	Unit Type	Charge	Date Charged	Amount Charged	Date Paid	Amount Paid
Riverview Apartments								
Clark, Marcia	143	1	2B2B	RC	1/1/15	875.00	1/6/15	875.00
				RC	2/1/15	875.00	2/4/15	875.00
				RC	3/1/15	875.00	3/1/15	875.00
				RC	4/1/15	875.00	4/2/15	875.00
				RC	5/1/15	875.00	5/1/15	875.00
				RC	6/1/15	875.00	6/1/15	875.00
				RC	7/1/15	875.00	7/1/15	875.00
				TRASH	8/1/15	45.00	8/1/15	45.00
				RC	8/1/15	875.00	8/1/15	875.00
				RC	9/1/15	875.00	9/1/15	875.00
				RC	10/1/15	875.00	10/1/15	875.00
						8,795.00		8,795.00
Apegian, Charlie	144	2	2B2B	RC	1/1/15	875.00	1/4/15	875.00
				RC	2/1/15	875.00	2/4/15	875.00
				RC	3/1/15	875.00	3/1/15	875.00
				RC	4/1/15	875.00	4/2/15	875.00
				RC	5/1/15	875.00	5/1/15	875.00
				RC	6/1/15	875.00	6/1/15	875.00
				RC	7/1/15	875.00	7/1/15	875.00
				TRASH	8/1/15	45.00	8/1/15	45.00
				RC	8/1/15	875.00	8/1/15	875.00
				RC	9/1/15	875.00	9/1/15	875.00
				SEC8	10/1/15	375.00	10/1/15	375.00

Security Deposits

Existence

- Does the balance exist?

Completeness

- Is this the total liability?

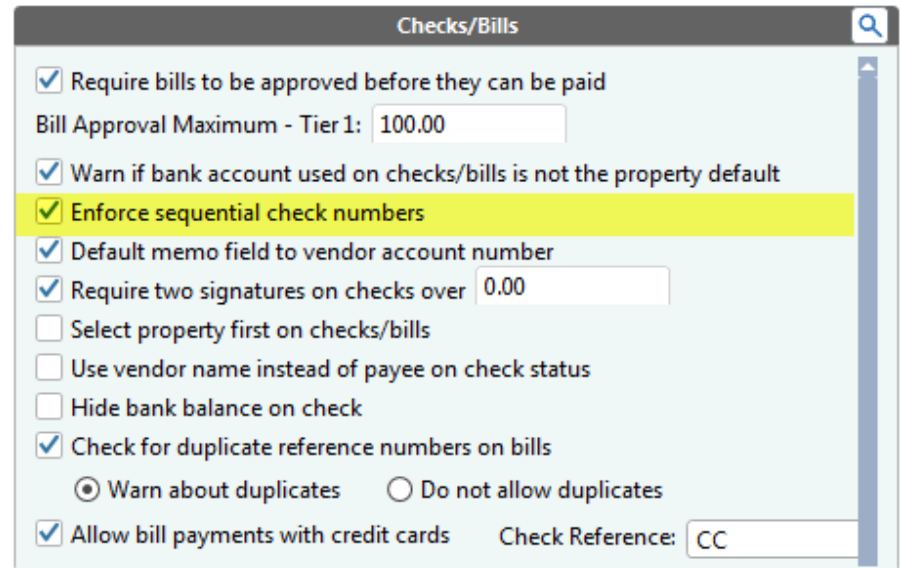
Security Deposit Listing										
Property: Riverview Apartments										
Current tenants as of 03/31/16										
Security Deposit Types: DP,PETDEF,LMR										
Tenant Name	Account	Unit	Phone Number	Address	Move In	Move Out	Charged	Received	Refunded	Held
Riverview Apartments										
Clark, Marcia	143		1 513-555-4223	1492 Loveland-Madeirs	3/15/12		875.00	875.00	0.00	875.00
Logan, James	439	10			6/1/15		0.00	0.00	0.00	0.00
Randall, Thomas	151		11 513-555-2442	1492 Loveland-Madeirs	11/1/12		875.00	875.00	0.00	875.00
Kerr, Josh	152		13 513-424-6303	1492 Loveland-Madeirs	11/1/12		875.00	875.00	0.00	875.00
Dutto, Rina	153		14 513-204-2783	1492 Loveland-Madeirs	4/1/12		875.00	875.00	0.00	875.00
Gregory, Shannon	154		16 513-204-1586	1492 Loveland-Madeirs	4/15/09		875.00	875.00	0.00	875.00
Hatch, Tina	155		17 513-473-1187	1492 Loveland-Madeirs	3/1/11		875.00	875.00	0.00	875.00
Villa, Laura	156		19 513-555-9028	1492 Loveland-Madeirs	10/1/11		875.00	875.00	0.00	875.00
Apegian, Charlie	144		2 703-555-9342	1492 Loveland-Madeirs	11/1/12		875.00	875.00	0.00	875.00
Yeager, Melissa	157		20 513-316-2448	1492 Loveland-Madeirs	6/1/09		875.00	875.00	0.00	875.00
Angelini, Mateo	158		21 513-501-2858	1492 Loveland-Madeirs	7/1/13		795.00	795.00	0.00	795.00
Van De Laar, Walter	159		22 513-204-0314	1492 Loveland-Madeirs	11/1/12		795.00	795.00	0.00	795.00
Yang, Lisa	160		23 513-316-3664	1492 Loveland-Madeirs	11/1/12		795.00	795.00	0.00	795.00
Mandel, Roger	161		24 513-204-5137	1492 Loveland-Madeirs	2/1/12		795.00	795.00	0.00	795.00
Kandil, Najwa	162		25 513-474-4041	1492 Loveland-Madeirs	6/1/11		795.00	795.00	0.00	795.00
Maysfield, Sterling	163		26 513-813-8651	1492 Loveland-Madeirs	1/1/09		795.00	795.00	0.00	795.00
Vecchio, Jerry	164		27 703-555-8482	1492 Loveland-Madeirs	8/1/12		795.00	795.00	0.00	795.00
Helterbrand, Justin	165		28 513-830-0764	1492 Loveland-Madeirs	11/1/12		795.00	795.00	0.00	795.00
Gregory, Fred	145		3 703-555-1405	1492 Loveland-Madeirs	11/1/12		875.00	875.00	0.00	875.00
Dalton, Lily	166		30 513-474-6743	1492 Loveland-Madeirs	11/1/12		795.00	795.00	0.00	795.00
Grandin, Rudy	167		31 513-883-2682	1492 Loveland-Madeirs	4/1/09		795.00	795.00	0.00	795.00
Holcomb, Tammy	168		34 513-316-1880	1492 Loveland-Madeirs	12/1/10		795.00	795.00	0.00	795.00
Klein, Gregory	146		4 513-438-3378	1492 Loveland-Madeirs	5/1/12		875.00	875.00	0.00	875.00
Welsh, Kate	147		6 703-555-1305	1492 Loveland-Madeirs	7/1/13		875.00	875.00	0.00	875.00
Stein, Scott	148		7 703-555-3871	1492 Loveland-Madeirs	11/1/12		875.00	875.00	0.00	875.00
Lee, Meehee	149		9 513-471-6230	1492 Loveland-Madeirs	4/1/10		875.00	875.00	0.00	875.00
Totals for Property:							20,995.00	20,995.00	0.00	20,995.00
							20,995.00	20,995.00	0.00	20,995.00

First Check/Last Check

Completeness

Looking for gaps in check sequence.

- Enforce sequential check numbers
- Void checks instead of deleting



Checks/Bills


- Require bills to be approved before they can be paid
Bill Approval Maximum - Tier 1:
- Warn if bank account used on checks/bills is not the property default
- Enforce sequential check numbers**
- Default memo field to vendor account number
- Require two signatures on checks over
- Select property first on checks/bills
- Use vendor name instead of payee on check status
- Hide bank balance on check
- Check for duplicate reference numbers on bills
 - Warn about duplicates
 - Do not allow duplicates
- Allow bill payments with credit cards Check Reference:

Bank Balances

Existence

- Does the balance exist?
- Is it presented fairly?

Trial Balance		
All Properties		
As of 03/31/16 (cash basis)		
Account	Debit	Credit
1000 Wells Fargo Trust	3,731.40	
1001 National City	119,172.15	
1002 Fifth Third Operating	78,379.80	
1003 Chase Bank	14,486.14	
1004 Financial Security	500.00	
1006 US Bank Operating	22,770.00	
1005 Heartland Operating	212,354.97	

	
FIFTH THIRD BANK	
Opening Balance	3/1/2016 \$ 131,058.90
Ending Balance	3/31/2016 \$ 102,058.59

Bank Reconciliation Report

Makes the connection.

- Balance per bank
- Balance per books

Bank Reconciliation Report

Fifth Third Operating
Reconciled on: 03/31/16

Deposits

Date	Ref #	Details	Amount
07/30/14	D252	Bank Deposit	17,523.65
08/30/14	D261	Bank Deposit	17,218.65
09/30/14	373	Bank Deposit	11,100.00
11/12/14	30	USAA Insurance	315.85
02/12/15	3016	USAA Insurance	315.85
05/05/15	3017	USAA Insurance	315.85
06/29/15		AAA Plumbing Inc.	30.00
07/01/15		AAA Plumbing Inc.	40.00
07/01/15		Premiere Management Company	20.00
02/17/16		Ellen Pierce	2,050.00
02/27/16	3018	Premiere Management Company	302,494.12
02/28/16	3020	Batson John	0.31
			306,347.83

Outstanding Payments

Date	Ref #	Details	Amount
02/28/16	3019	AAA Plumbing Inc.	23,679.10
			23,679.10

Summary

Cleared Balance:	131,058.90	→	Reconciled Balance	102,058.59
+ Selected Deposits	277,347.52		+ Uncleared Deposits	0.00
- Selected Payments	306,347.83	→	- Outstanding Checks	23,679.10
Reconciled Balance:	102,058.59		Register Balance	102,058.59
Goal:	102,058.59			
Difference:	0.00			

Trust Account Balances

Property level balances.

- Details by property
- Total per books

Property Trust Account

Fifth Third Operating
From 1/1/2016 to 3/31/2016

Property	Beginning Balance	Deposits	Withdrawals	Ending Balance
1127 Blackwell	0.00	17,793.78	40,484.64	-22,690.86
214 Cozumel	0.00	17,793.78	16,805.23	988.55
410-415 Southblock	0.00	17,793.78	16,805.23	988.55
510-515 Main Street	0.00	17,793.77	16,805.23	988.54
Bridgeview Apartments	0.00	20,793.77	18,855.23	1,938.54
Buckeye Hall	0.00	17,793.77	16,805.23	988.54
Clearcreek Condominiums	0.00	17,793.77	16,805.23	988.54
Corporate Business Park	0.00	17,793.77	16,805.23	988.54
Crestview Estates	0.00	17,793.77	16,805.23	988.54
Emerson Executive Suites	0.00	17,793.77	16,805.23	988.54
Flagstone Manufactured Home Park	0.00	17,793.77	16,805.23	988.54
Golden Gate Housing	0.00	17,793.77	16,805.23	988.54
Mountain Ridge Townhomes	0.00	17,793.77	16,805.23	988.54
Premiere Management Company	401,792.52	1,810.50	319,299.35	84,303.67
Riverview Apartments	0.00	17,793.77	16,805.23	988.54
Safe & Secure Storage	0.00	17,793.77	16,805.23	988.54
Springdale HOA	0.00	17,793.77	16,805.22	988.55
Tri-County Mall	0.00	17,793.77	16,805.22	988.55
	401,792.52	307,304.62	630,700.00	78,379.49

Keys to the Audit



Be your own auditor



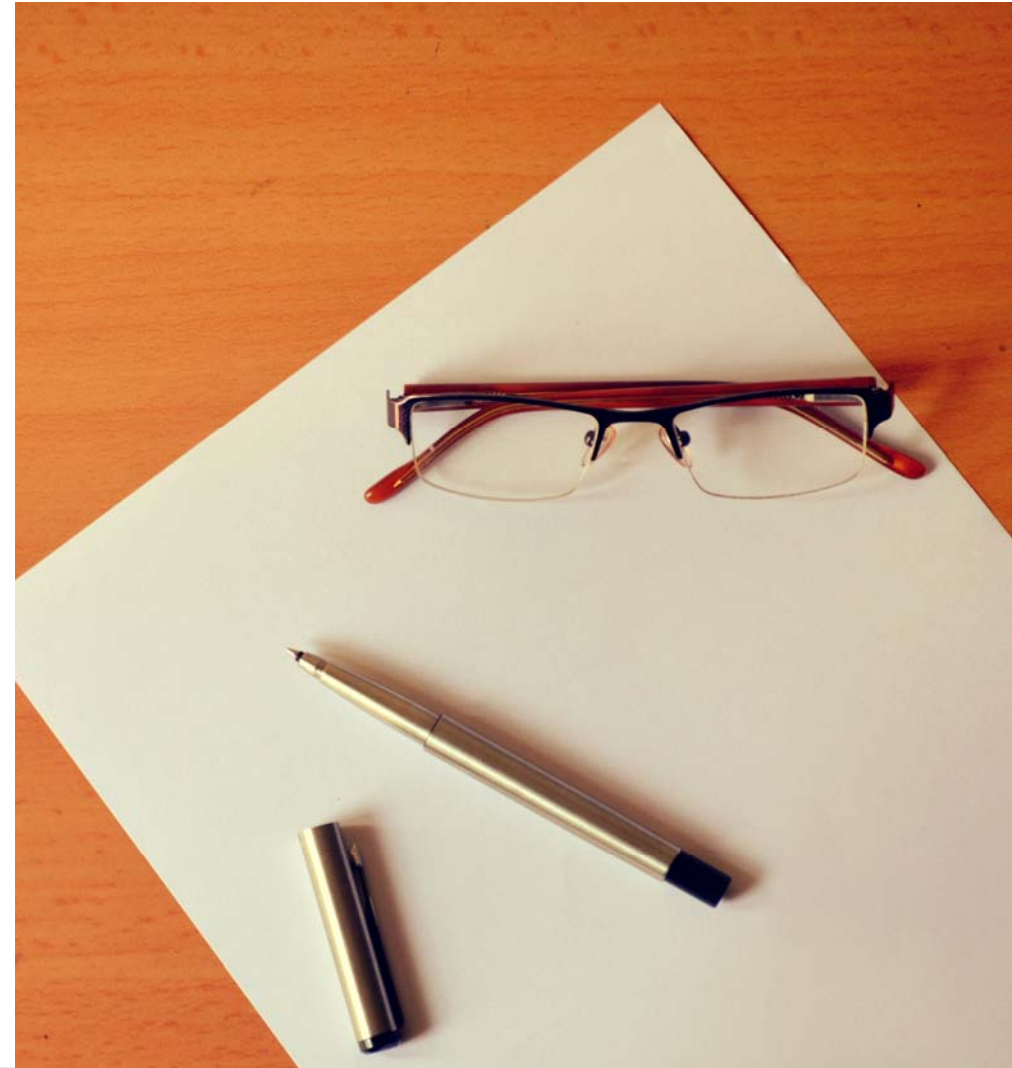
Keep an audit trail



Establish internal controls



Lock down data





QUESTIONS

