

## **UPSES, Inc. Internal Audit Report**

**January 18, 2026**

### **Introduction**

Good evening, Ladies and Gentlemen, my name is Teri Miller Vanoni, and I am the Co-Chair of the UPSES Audit Committee, here to present the results of the Internal Audit performed. Our other Co-Chair, Lynn Guidi could not be here tonight. Our other members, Geri Lauriano, Bud Silva, Caprice Virissimo and Donald Valadao are here tonight. The Internal Audit for the Hall was requested at last year's Contas. The Audit Committee is comprised of volunteers from the Portuguese Community, and we are all former UPSES Board members with a background in Business or Accounting. None of the committee members are professional auditors or current board members. Therefore, this is technically an informal Internal Audit.

Most of the Audit committee members were contacted at the end of February 2025 by the President of the Board of Directors and asked to help with the internal audit. Our first meeting was held at the end of May 2025. Our first request for documents was sent to the Board President on June 23, 2025. We received a Confidentiality Agreement to sign on August 6, 2025, before we could receive the documents requested. We met with the Executive Board in October and received an Amended Financial Code of Ethics to sign instead of the Confidentiality Agreement, and all Audit Committee Members signed the final document on November 11, 2025. We then began to receive 2024 reports, 2024 bank statements, and 2024 Board Minutes. On December 29, 2025, we received the 2023 Bank Statements and 2023 Board Minutes. I tell you this not to disparage anyone, but to explain the arduous process of obtaining sensitive information while ensuring that to the best of everyone's ability, the necessary confidentiality is maintained. Also during this process, we lost family and community members, there were pre-planned trips out of the country, and people sidelined by sickness. Again, most of the people involved in this process have full-time positions, families, and are volunteering their time to help the Portuguese Hall.

Our goal as the Audit Committee was to review the organization and management, organizational structure, risk monitoring, financials, process and procedures, segregation of duties, Authorization and Approval Controls, IT Infrastructure and Maintenance, Financial Management, Budgeting and Forecasting, Expense Management, Financial Reporting and Compliance, Regulatory Compliance, Contract Management, Performance Metrics and KPI's, and Quality Control and Assurance.

Because we did not receive financial documents until mid-November, we could not research each of the categories as deeply as initially planned. We tried to do the best we could with the information provided and timeline remaining and have provided recommendations on the following topics based on our findings.

This Internal Audit Report was prepared to demonstrate transparency, support operational improvements, and help secure the long-term financial success of the hall. The audit process included requests for documentation, a review of financial documents, procedures, and recommendations for best practices.

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### **Requests for Documentation**

To ensure a thorough review, the following documents and access were requested initially:

- A copy of the QuickBooks Company Portable File.
- Access to all bank statements and credit card statements for all accounts and cards in existence in 2024.
- Access to all vendor files for 2024.
- Access to all BOD Meeting Minutes for 2024.

### **Preliminary Recommendations**

#### **Outside Audit**

We strongly recommend procuring an outside audit by a CPA Firm experienced in non-profit accounting and audit. It is our understanding that the last professional audit was completed nearly 30 years ago. The Audit Committee should be the primary liaison between the UPSES and the Auditor to ensure independence.

#### **Organization and Management**

Recommend the elimination of conflicts of interest in board positions between entities:

People serving on the UPSES Board should not also serve on the Board of a related entity at the same time.

Employees of UPSES Inc. should not be eligible to serve on the UPSES Board.

#### **Organizational Structure**

Recommend a co-sourced, hybrid structure consisting of existing Board Members and external providers with specialized skills to manage financials and IT – computer systems. (Part-time CFO with non-profit experience to reconcile financial statements, financial system, provide guidance on revenue, expenses, and financial efficiencies.)

Incorporate past UPSES Presidents to provide guidance during transitions of Board Executives.

#### **Management Accountability**

Recommend that managers of each department (Bar, Market, Hall) meet with Part-time CFO and Financial Secretary periodically (Monthly, then moving to quarterly) to review departmental financials in-depth to get a better understanding of goals, reporting, and efficiencies.

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## **Governance & Oversight**

Recommend that the UPSES Board work with the Audit Committee to review the audit plans, implement recommendations and monitor compliance.

## **Risk Monitoring and Reporting**

Recommend that the UPSES Board work with the Part-time CFO to continuously evaluate the established controls to mitigate risks, identify gaps, and communicate findings to employees to ensure objectives are met, compliance is maintained, and resources are protected.

## **Policies and Procedures**

1. Create detailed procedure manuals in the event of staff turnover and for training new personnel.
2. Create detailed job descriptions for all positions.
3. Develop a flow chart for personnel for Board Members and Employees so that everyone knows who oversees various duties.
4. Develop a flow chart for volunteers at events so that everyone knows who oversees various duties and provide emergency phone numbers for all managers.
5. Develop a detailed list of rules for the bar and market in accordance with applicable laws. Have emergency phone numbers for managers of bar and market accessible to employees.
6. Conduct regular training once new procedures are in place.
7. Create step-by-step procedures for processing invoices and deposits.
8. Attach invoices to bills entered into QuickBooks (Scan and upload).
9. Enter detailed information for every transaction entered into Quickbooks on memo line so that detail can be seen on canceled check (Invoice #, Detail of what payment is for) or in Quickbooks detailed reports.
10. Create step-by step procedures for handling cash deposits (e.g., Bingo, Festa).
11. Pre-approve large or unusual reimbursements/payments in writing.
12. Ensure all transfers between accounts/banks are clearly documented, noting Account information in memo along with reason for transfer.
13. Request copies of cancelled checks with bank statements to keep on Google Drive.

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14. Establish procedures to ensure that items in BOD Minutes are followed up from month to month.

- a) Authorizations for expenditures – should be followed up with the total amount paid in a future board meeting minute notation.
- b) Refrain from making purchases without prior written board approval.
- c) When recording conversations, ensure that the subject matter is clearly notated so that the reader can understand the situation.

15. Add new classes in QuickBooks:

- a) Hall
- b) Apartments
- c) New Property/Warehouse
- d) Dancers
- e) Bingo
- f) Philharmonic
- g) Bar

16. Set up an administrator in QuickBooks for file recovery, and a different user for daily entries.

17. Journal Entries should be reviewed and approved by Part-Time CPA.

### **Segregation of Duties**

1. Require dual signatures for all checks over an agreed-upon amount – i.e. \$500.00.
2. Conduct monthly bank reconciliations, with a separate person reconciling accounts from the person generating payments or deposits.
3. Segregate the person depositing cash from the person entering the deposit transaction – have two people counting and signing for cash received.
4. Require that two people independently count cash for Bingo, and have bank confirm cash count.
5. Require that two people independently count cash from cash registers when closing.
6. The check signer and payee should not be the same person.
7. Set up an Administrator in QuickBooks for file recovery. The person entering checks and deposits should not be the Administrator – that person should be a different user with different permissions to maintain controls.

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### **Authorization and Approval Controls**

1. Require dual signatures for all checks over an agreed-upon amount – i.e. \$500.00.
2. Require prior written approval for reimbursements.
3. Require prior written approval for large credit card purchases – over \$250.00.

### **IT Infrastructure and Maintenance**

Recommend that an IT Professional be hired to perform an initial audit of the organization's hardware, software, networks, and policies to ensure they are secure, compliant, and reliable.

Recommend that all computer access information be documented:

1. Computer access information to be documented and kept in secure location, accessible by President,
2. All Banking access information
3. All online payment information
4. Security, building access, emergency information

### **Financial Management**

Recommend that the Part-Time CPA reconcile existing financials in conjunction with the outside audit findings, develop reports that can better serve the Board and UPSES Members, and assist Board with best practices and proper governance.

### **Budgeting and Forecasting**

Recommend that Board, Financial Secretary and Department Managers work with Part-Time CPA to prepare budgets and perform ongoing monitoring.

### **Expense Management**

Recommend that Board, Financial Secretary and Department Managers work with Part-Time CPA to evaluate, control and track spending in all departments to align with policies and financial goals.

### **Financial Reporting and Compliance**

Recommend that the Part-Time CPA make the necessary revisions in Quickbooks to enable financial statements to be run directly from Quickbooks for monthly and annual meetings, vs. importing data into a spreadsheet to save time and enhance accuracy.

Recommend adding Classes in Quickbooks for Hall, Apartments, New Property, Bar, Bingo, Philharmonica, Dancers, Market. (If they are not already there.)

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### **Regulatory Compliance**

Recommend processes and procedures be put in place to ensure that all rules and regulations regarding the liquor license and commercial kitchen/market usage/food handling are communicated to all board members and volunteers to ensure compliance.

### **Contract Management**

Recommend that all contracts be reviewed annually for pricing, any insurance requirements, minimum usage requirements and language that may not benefit the UPSES.

Recommend all vendor contracts to be reviewed annually and new bids obtained to ensure competitive pricing.

### **Financial Performance**

We believe that a Part-Time CPA would be key in enhancing the financial performance of the UPSES in addition to creating and maintaining process control.

### **Quality Control and Assurance (Bar and Market)**

- Monitor alcohol portions uniformly to maximize revenue.
- Refrain from purchasing alcohol from retail sources. (in accordance with ABC License rules)
- Market - continuously monitor inventory to ensure food is not out of date.

### **Conclusion**

In conclusion, our audit did not reveal any major discrepancies, but we did not have the time or the information necessary to do a deep dive into the financial information and did not get access to Quickbooks to assist in doing so. We do strongly feel that an outside audit by a CPA specializing in non-profits would be beneficial in many ways – to see exactly where current processes are lacking in recordkeeping and help the future leaders of the Hall to proceed with best practices and guidelines for success. At the end of the day, we are all one community of people of Portuguese descent, all volunteers, trying to keep our heritage and traditions alive for all the generations to come so that our children, grandchildren, great-grandchildren and beyond know the history of our families and our culture.

In closing, we would like bring a motion to the floor to vote to procure an outside audit with a CPA specializing in non-profits, where the Audit Committee is the liaison.

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We would also like to bring another motion to the floor to vote to hire a part-time CPA/CFO to assist in cleaning up the books so that financials can be run directly from QuickBooks and guide the Financial Secretary and Board of Directors forward to strengthen the processes and procedures, improve financial reporting and attain financial goals. The Audit Committee would work with the CFO at the onset to coordinate the findings of the audit along with the recommendations presented to create a plan to go forward.