

INTERNAL AUDIT

QUARTERLY REPORT

OCTOBER TO DECEMBER 2023

COMMUNITY MAINTENANCE FUND

March 12, 2024

Community Maintenance Fund

Carmelita Gardens

Santa Familia Village, Cayo

District Belize C.A.

Subject: Audit Report conducted - Quarterly

Dear Members:

We have reviewed the reporting and accounting procedures of the books of Carmelita Members Funds for the quarter ending in the year 2023. The auditor at L3G's & Associates have met with members of the community who are the acting representatives through volunteer of the current operations.

This community fund is enforced through a stipulated agreement outline on the contract at the time of a land purchase in the Carmelita Garden Community located in Santa Familia Village Cayo District. At the time of purchase each home owner makes a commitment to be part of such activity for the upkeep and maintenance of the community.

We are reviewing the books and operational procedure for the effectiveness and for any observation or recommendation presented during this audit. We attest that the records are a true representation of the books for Community Maintenance Fund.

On the basis of this audit, we recommend with reservation the practices carried out for the Community Maintenance Funds. There is the absence of few proper accounting practices in accordance to the Generally Accepted Accounting Principles.

Sincerely,

Fatima R Chi

L3G's & Associates

Findings

The Community Maintenance Fund have implemented an accounting system - Intuit QuickBooks Essentials Subscription for the Bookkeeping and Accounting management of funds collected and distributed. The following are the highlights on observations and recommendations to the audit findings:

Existing Procedures:

1. Budgeting: Outlines the cost of the community maintenance and also the fees that is to be collected to meet these cost.
2. Outsourcing Services: all services for the upkeep of the community is hired by an independent contractor.
3. Official Board of Directors: absent
4. Community minutes are absent. This is a document that outlines the decision is made in democracy of the community members.
5. Business Practices(highlights):
 - i. CMF is not a registered entity under the Companies Act at the Belize Companies & Corporate Business
 - ii. Bank Account under this fund name is absent
6. For a transparency, proper and legal entity it is important to properly register the said entity and have a bank account under the entity legal name for operations.
7. Realtor should contract the legal entity in a legal document authorizing the body CMF to collect dues and expend funds collected with a clear outlined purpose which is for the maintenance of the community.

Bookkeeping Procedures (highlights):

1. Bookkeeping entries are consistent and present
2. Funds collected are properly invoiced and accurately posted
3. Expense and payouts have receipt attached.
 - Payouts observed are for the sole expense of maintenance of community.
4. Account balances are of accuracy
5. Proper receipt filing is present
6. Few expense entry date has some discrepancy

General understanding of bookkeeping is present but there is opportunity for improvement on the bookkeeping procedures and the acknowledgment of the importance of factors such as proper entry date, distinction on when to expense out a payout out versus entering a bill.

Accounting Procedures (highlights):

1. Invoicing:
Invoice date for each home owner should be the standard which is at the beginning of each fiscal year of the community financial year. This is with the exception of pro rata fees when a transition of ownership, new purchase or other occurs at a certain period in time that is not the start of the fiscal year.
2. Payroll and Payroll Liabilities - absent due to all labor or work required is outsourced.
3. Monthly Bank Reconciliation in QuickBooks in absent. This is requirement of a proper accounting procedure.
4. Bill and Bill Payment method: not utilized. May be causing expense or payout discrepancy on reporting due to the date of an accounting period.
5. Reliable Financial Statements present (including Profit & Loss and Balance Sheet)

There is opportunity for improved Accounting Procedures such as monthly reconciliation and closing of a period.

N.B. Internal Financial Statement is available upon request.