

Internal Audit Checklist for FYE 2013

	Staff Action	Audit Action
FINANCIAL STATEMENTS		
Are monthly financial statements prepared on a timely basis and submitted to the church board or appropriate person or committee?	Yes, submitted to Treasurer for presentation to Board	Staff statement accepted
Do the financial statements include all designated funds (unrestricted, temporarily restricted, and permanently restricted)?	Yes	Staff statement accepted
Are account balances in the financial records reconciled with amounts presented in financial reports?	Yes	Staff statement accepted
Does the Treasurer report financial status accurately?	Yes	Treasure's statement accepted
CASH RECEIPTS		
<i>General</i>		
Are cash handling procedures in writing?	Yes. See written procedures of April 1, 2014	Staff written procedures accepted
Are procedures established to care for offerings and/or monies delivered or mailed to the church office between services or the nonprofit's location?	Yes. See written procedures of April 1, 2014	Staff written procedures accepted
<i>Offering counting for Churches</i>		
Are at least two unrelated members of the counting committee present when offerings are counted?	Yes, counted by volunteer overseen by Asst Treas. See written procedures of April 1, 2014	Staff statement accepted
Are money counters rotated so the same people are not handling the funds each week?	Yes. See written procedures of April 1, 2014	Staff statement accepted

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Are donor-restricted funds properly identified during the process of counting offerings?	Yes. See written procedures of April 1, 2014	Staff statement accepted
Are "Give The Plate" offerings properly attributed to donor and designated recipients?	Yes. See written procedures of April 1, 2014	Staff statement accepted
<i>Depositing of funds</i>		
Are two members of the plate counting team in custody of the offering until it is deposited in the bank, placed in a night depository, or the church's safe?	Yes. See written procedures of April 1, 2014	Staff statement accepted
Are all funds promptly deposited? Compare offering and other receipt records with bank deposits.	Yes. See written procedures of April 1, 2014	Staff statement accepted
Are all receipts deposited intact? Receipts should not be used to pay cash expenses.	Yes. See written procedures of April 1, 2014	Staff statement accepted
<i>Restricted funds</i>		
Are donations for restricted purposes properly recorded in the accounting records?	Yes. See written procedures of April 1, 2014	Staff statement accepted
Are restricted funds held for the intended purpose(s) and not spent on operating needs?	Yes. See written procedures of April 1, 2014	Staff statement accepted
Are "Give The Plate" monies forwarded in full to designated recipients?	Yes. See written procedures of April 1, 2014	Staff statement accepted
DONATION RECORDS/RECEIPTING		
Are individual donor records kept as a basis to provide donor acknowledgments and tax receipts of all Capital, Annual, and Give-The-Plate contributions?	Yes. See written procedures of April 1, 2014	Staff statement accepted. Also, donors self check.

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If in-kind professional services were donated to the church in lieu of cash donations, are they evaluated to fair market value, and recorded and expensed as such?	No. In-kind donations are accepted as contribution towards Stewardship pledge.	Staff statement accepted
CASH DISBURSEMENTS		
Are all disbursements paid by check except for minor expenditures paid through the petty cash fund?	Yes. Minor expenses paid by credit card, approx \$3-6k per month. See written procedures of April 1, 2014	Staff statement accepted
Are pre-numbered checks used? Account for all the check numbers including voided checks?	Yes	Staff statement accepted
Are blank checks stored in a secure location?	Yes, with bookkeeper	Staff statement accepted
Who has bank check signature authority?	Brian for construction accounts. Gene Mulligan & Bob Gayer for operating account	Staff to provide selected check images from bank
Is written documentation available to support all disbursements, including by credit card?	Yes. See written procedures of April 1, 2014	Staff statement accepted
PETTY CASH FUNDS		
Is a petty cash fund used for disbursements of a small amount? If so, is the fund periodically reconciled and replenished based on proper documentation of the cash expenditures?	Credit card used for most petty cash purposes. A ready cash balance of under \$200 is maintained in safe, but rarely used. See written procedures of April 1, 2014	Staff statement accepted

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BANK STATEMENT RECONCILIATION		
Are written bank reconciliations prepared on a timely basis? Test the reconciliation for the last month in the fiscal year. Trace transactions between the bank and books for completeness and timeliness.	Yes, monthly	Audit checked reconciliation for 2 random months from both Operating and Construction accounts. No irregularities found.
Are the bank reconciliation reports signed and dated?	Yes, by bookkeeper	Staff statement accepted
Are there any church-written checks that have been outstanding (not cashed) over three months?	Rarely	Staff statement accepted
SAVINGS AND INVESTMENT ACCOUNTS		
Are all savings and investment accounts recorded in the financial records? Compare monthly money manager statements to the books.	Investments are managed by Finance Committee under Executive oversight. Investments are reported on books.	Staff statement confirmed and accepted.
Are earnings or losses from savings and investment accounts recorded in the books?	Yes. FinCom reports market value to bookkeeper monthly	Staff statement confirmed and accepted.
LAND, BUILDINGS, AND EQUIPMENT RECORDS		
Are there detailed records of land, buildings, and equipment including date acquired, description, and cost or fair market value at date of acquisition?	Yes for new construction and major assets. See lender appraisal reports. Minor assets (electronic gear) are expensed at cost.	Staff statement accepted
Are buildings and equipment assets booked at cost or depreciated value?	Major assets booked at cost. Electronic equipment expensed.	Staff to advise cost to manage asset depreciation per GAAP

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Was an equipment physical inventory taken at year-end?	No	Staff statement accepted
ACCOUNTS PAYABLE		
Is there a schedule of unpaid invoices including vendor name, invoice date, and due date?	No. Most invoices paid as received. Major expends scheduled per cash flow.	Staff statement accepted
Is the invoice authorization process secure?	Yes. See written procedures of April 1, 2014	Audit checked random checks on both Operating and Construction accounts. No irregularities found.
Are any of the accounts payable items significantly past-due?	No	Staff statement accepted
Are there any disputes with vendors over amounts owed?	No	Staff statement accepted
INSURANCE POLICIES		
Is there a schedule of insurance coverage in force? Do they reflect effective expiration dates, kind and classification of coverages, maximum amounts of each coverage, premiums, and terms of payment.	Yes	Staff statement verified and accepted
Does the schedule of insurance cover replacement costs for recently acquired property such as pews, computers, audiovisual equipment, flat screen displays, organ, piano, handbells, etc?	Yes for major assets. Minor assets such as electronic devices are not scheduled.	Staff statement verified and accepted
Is the Church insured against theft and embezzlement? Are appropriate staff bonded?	Yes. Policies submitted to Audit. No staff members are bonded.	Audit satisfied insurance coverage is adequate
Is Workers' Compensation insurance being carried if your state requires it?	Yes	Staff statement accepted

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Are computer records backed up routinely off site?	No. Daily backup to local servers in waterproof and fireproof vault	Staff investigating cost of online cloud backup
AMORTIZATION OF DEBT		
Is there a schedule of debt such as mortgages and notes?	Yes. See financial statements	Staff statement verified and accepted
Have the balances owed to all lenders been confirmed directly in writing?	Yes, per lender statements	Staff statement verified and accepted
Have the balances owed to all lenders been compared to the obligations recorded on the balance sheet?	Yes. Reconciled on balance sheet monthly	Staff statement verified and accepted
SECURITIES AND OTHER NEGOTIABLE DOCUMENTS		
Does the organization own any marketable securities or bonds? If so, are they kept in a safety deposit box?	No, mutual funds only. Stock offerings are liquidated via Schwab account	Staff statement accepted
Have the contents of the safety deposit box been examined and recorded?	Not applicable	Staff statement accepted
PERSONNEL MATTERS		
Review applications for employment, employments contracts, tax information and payroll checks.	Payroll direct deposit by service provider Paychex	Employment agreements, tax information, and direct deposit records checked for high-salary employees. Some files need updating.
Are personnel files, including performance appraisal and evaluation forms, maintained securely and confidentially?	Yes	Staff statement verified and accepted
Is the employee handbook adequate in scope and available to employees?	Yes	Staff statement verified and accepted

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FEDERAL REPORTING OBLIGATIONS		
Does the organization file on a timely basis the following forms if applicable? Federal payroll tax forms (Form 941, Form W-2, Form W-3, Form 1099-MISC)	Yes	Staff statement accepted
Have Employment Eligibility Verification Forms I-9 been completed for each employee?	Yes. Employees prove eligibility.	Staff statement accepted
Designated Funds for Specific Ministry Groups		
What is the financial relationship between ministry program groups such as VOICE, PAG, Chalice Theatre, Choir and the Church?	Financial operations of Church groups are managed by volunteer lay leaders under staff oversight	Staff statement verified and accepted
How are designated group funds managed?	Church deposits and disburses funds on behalf of groups. Church tax EIN is used when appropriate.	Staff statement verified and accepted
What is the financial impact of designated funds on the church budget?	Most groups raise and disperse their own funds. Some receive GTP support. Core ministries such as Choir, Peace Camp and VOICE have line-item support from operating budget. Some, including VOICE and Chalice Theater, have on occasion contributed surplus funds to the Church.	Staff statement verified and accepted

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How are outside services engaged?	Groups hire professional and support persons as independent contractors for whom the Church prepares 1099 tax forms.	Staff statement verified and accepted
Were designated group funds reviewed by last year's audit?	No	Staff statement accepted
AUDIT procedure		
<p>Consider the merits of funding a) a financial review or audit, b) in house or by an outside accounting firm, and c) annually or biannually.</p> <p>Church Bylaws (Article XII, Clause 8) stipulate an external review or audit every two years.</p> <p>Executive Limitations (4.6.8) demand that the Executive budget for annual external audit.</p>		<p>Audit recommends a policy of conducting an internal review and external audit in alternating years. The Bylaws may stand as written. Executive Limitations ought be revised accordingly.</p>
Select an outside auditor for FY 2013-14		Audit to request proposals from accounting firms