

**Anglican Diocese of San Joaquin
Interim Informal Audit Procedures**

January 1, 2014

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559/244-4828

General Procedures for Interim Audits

1. When responding to the post-audit questions from the Triennial Audit, churches in the Anglican Diocese of San Joaquin may request to have an interim informal audit for the following two years. The Bishop, or his designee, will respond, letting the church know if they will be required to use a diocesan auditor or if they may have an internal audit.
2. **The Interim Informal Audit Committee:**
 - A. Large churches: Churches with more than 100 members may select an audit committee, consisting of not less than two persons from the congregation. These persons may not have any connection to financial transactions in the church, nor may they be related to anyone who handles financial transactions for the church. This is to ensure that the informal audit will be impartial. At least one person on the committee should have some basic knowledge of bookkeeping methods, although it is not necessary that he or she be a CPA, bookkeeper, etc.
 - B. Small churches: Small churches will be partnered with another small church. To the extent possible, the churches will be close geographically, in order to limit the need for travel. (If the churches are far apart, materials may be exchanged by mail.) Each small church will provide two (or more) persons who will travel to their partner church to complete the Interim Informal Audit. It is recommended that one of these persons be the treasurer (or a former treasurer) of the church, so that the audit committee will have some prior knowledge of church bookkeeping methods.
 - C. In all cases, the committee will follow the format attached, asking and noting answers to the questions listed, and performing the required tests of the church's financial records. The church being audited should have contact information for their assigned diocesan auditor. If any questions arise during the informal audit, the auditor may be contacted to seek resolution.

Responses on the attached forms may be handwritten. Some questions ask for a yes or no answer. Some boxes have multiple questions, requiring more than one yes or no. Other questions ask for more information or details. If more space is needed for handwritten responses, use the back side of each page. Please note see over for any responses that continue to another page.

If the committee wishes, an electronic copy will be emailed that can be completed on a computer and returned.

3. The committee and the treasurer/bookkeeper of the church being audited will need to set a mutually convenient date to perform the audit. The church treasurer or bookkeeper will need to plan to be present at the audit for the entire time, as he or she will be helping the committee locate the appropriate materials for the audit. You should plan on a whole day to complete the audit, although it may take less time.

If the two churches are far apart, and materials are exchanged by mail; the treasurer of the church being audited will need to be available by telephone to answer questions.

4. **The same materials requested for a Triennial audit will need to be assembled prior to the scheduled date.** A list of these materials is attached to the end of this document.
5. **Upon completion of the review,** one printed copy of the completed form is to be made and forwarded to the Anglican Diocese of San Joaquin. A second printed copy is to be made for the church's records. A third copy is to be mailed to the church's assigned diocesan auditor. This copy may be sent via email if desired. (Be sure, if you have written responses on the back of any sheets, that they are also copied and sent.)

As with the triennial audit, these copies are due to the Diocesan Office and the Auditor not later than September 1 of the year following the audited year.

Church: _____

City & State: _____

Year Being Audited: _____

Date of Audit: _____

Names of Informal Auditors: (please print)

We have reviewed the financial records of the above-named church, as specified in the following pages. To the best of our knowledge, the church's records appear accurate and in order, and the church has appropriate internal controls in place.

Any questions we have that are unanswered are listed on the attached pages.

Signature

Signature

Note: In all cases, the material reviewed must be for the year being audited.	If appropriate		Comments, Recommendations, Remaining Questions
	Yes	No	
GENERAL INFORMATION			
Obtain a trial balance report for the year. Scan the report for any unusual items. Does the report balance to \$0 (debits = credits)?			Note any unusual items.
Review the vestry minutes for the year. Are there any financial resolutions that should be in the financial statements?			List any major financial resolutions:
Obtain the year-end statement of financial position and statement of activities (balance sheet and income & expense statements). Compare the financial statements with the supporting information obtained in the testing below. Attach a copy of these reports to each copy of this audit.			
ASSETS			
List all church bank accounts. Be sure to include any subsidiary accounts, such as discretionary funds, ACW, altar guild, etc., as well as any savings or investment accounts.			
Are all the accounts included in the church's general ledger? If not, list the accounts that are not included in the general ledger.			
Are all the bank and investment statements reconciled monthly? Review 2 non-consecutive statements for each account (not December) and the reconciliations for those statements. Statements should be reconciled within 10 days of receipt. Is this being done? Who does the reconciliations?			

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	Yes	No	
<p>Review the December/year-end statements. Is the general ledger or "book" amount on the reconciliation the same as the amount on the trial balance report?</p> <p>Are there any outstanding deposits on the reconciliation? If so, look at the January statement for the following year. Did these deposits clear? Are the amounts the same?</p> <p>Are there any large outstanding checks on the reconciliation? If so, look at the January statement for the following year. Did these checks clear? If they did not clear in January, ask the treasurer when they cleared. Verify this with the appropriate bank statements.</p> <p>Are there outstanding checks with dates earlier than December? What steps is the treasurer/bookkeeper taking to clear these old checks?</p>			
PETTY CASH			
Does the church have a petty cash fund? How much money is in the petty cash fund?			
<p>If yes, count the cash in the fund. Write the total in the comment box. Add up any receipts in the petty cash fund. Write the total in the comment box. Add the total cash and the total receipts. Does this equal the amount that the church says it has in petty cash?</p>			<p>Cash on hand: Receipts on hand: _____ Total</p>

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	Yes	No	
INCOME			
<p>Review how the Sunday offering is counted? Is the plate cash counted on Sunday? If not, why not?</p> <p>When is the entire offering counted and deposited?</p> <p>If the offering is not counted and deposited on Sunday, where is it kept until it is counted?</p> <p>If the offering is not counted and deposited on Sunday, is it counted on Monday?</p> <p>Are there always 2 or more unrelated persons who count the offering?</p>			
<p>Pull the counter's records and all supporting documentation for 2 non-consecutive months. One of these months should be either December or the month including Easter.</p> <p>Verify that what is listed by the counters, for each category, equals what was recorded in the church's general ledger or other financial records and reports. (For example, the total pledge for each week equals the total pledge in the financial reports, the total plate for each week equals the total plate in the financial reports, etc.</p>			<p>What 2 months were selected for review?</p> <p>List any differences noted between the original counter's reports and what was found in the church's financial records and reports.</p>

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	Yes	No	
Reconcile the total contributions from the donor system to the general ledger balance. (If the donor records are kept on a computer, you should be able to obtain a report that shows total contributions for the year, by category (i.e., pledge, etc.) This report can be reconciled to the total amounts reported for each category. Are they the same totals? If not, why not? (If the donor records are not on the computer, you will have to add them up, by category.)			
State sales tax: Many types of fund raising events are subject to California sales tax. These include rummage/yard sales, auctions (of material goods, not services), craft sales, etc. Does this group have this kind of fund raising events? Was sales tax collected and paid?			List all fund raising events held by the church during the year being reviewed.
DISBURSEMENTS			
Review the listing of expenses in the general ledger. Look for any unusual items. (For example, is there a "miscellaneous" expense category that has \$25,000 in it?) Review the general ledger detail of any items that seem questionable. You may need to look at individual invoices if necessary.			List any unusual or questionable items:

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	Yes	No	
<p>Review a sample (2-3) clergy expense reports and/or mileage logs. Other than mileage, are receipts attached to the reports for all expenses?</p> <p>Is the purpose for the travel listed on the mileage report? (i.e., hospital visit)</p> <p>Is the cleric given an expense allowance or mileage allowance, with no documentation required? (If so, see payroll section)</p>			
<p>Does the church have a credit card?</p> <p>If so, review a sample (2-3, non consecutive months) of the credit card billings. Are all the expenses documented in some way (internet order forms, receipts, etc.) Is appropriate documentation for every charge on each statement reviewed attached?</p>			
<p>Review a sample (2-3 non consecutive months) of cancelled checks or check copies, if these are returned by the bank. Do all checks have 2 signatures on them? If checks or check copies are not returned by the bank, note that in the comment section.</p> <p>Do all checks appear to be endorsed by the payee?</p>			

Note: In all cases, the material reviewed must be for the year being audited.	If appropriate		Comments, Recommendations, Remaining Questions
	Yes	No	
Are there unpaid bills at the end of the year? Are these listed on the church's balance sheet? (They may be listed individually or a total amount. If a total amount is listed, please add up the unpaid bills and verify the total listed. If they are listed individually, verify that all unpaid bills are listed.)			
PAYROLL			
Does the church process its own payroll? If not, who does the church payroll?			
List all church employees. Note: clergy, assisting clergy, secretaries, paid bookkeepers, musicians, babysitters, etc. are generally considered employees of the church.			
Is there a federal form I9 (right to work in the US) for each employee, including clergy?			List all employees who do not have federal form I9:
Do all employees, other than clergy, have time cards or time sheets?			List any employees (by title) who do not keep time sheets:

<p>Note: In all cases, the material reviewed must be for the year being audited.</p>	<p>If appropriate</p>		<p>Comments, Recommendations, Remaining Questions</p>
	<p>Yes</p>	<p>No</p>	
<p>Employee expenses: Do all employee expenses have proper documentation?</p> <p>If clergy receive an expense allowance or mileage allowance, is this properly documented? (See disbursements, above)</p> <p>If not, is the total of the allowance(s) reported on the clergy W2? (If the diocese or another service is processing the payroll, you will have to check with them to ensure this is being done.)</p>			
<p>If the church processes its own payroll:</p> <p>Verify that the total reported on the 4 quarterly 941s equals the totals reported on the total W2s.</p>			
<p>Verify that the amount recorded on the employee W2s equals the amounts reported in the general ledger. You may have to account for expense allowances and/or gifts to employees that are not listed in the general ledger as employee salary.) Clergy housing is not reported as income on the W2.</p>			
<p>OTHER ACCOUNTING TRANSACTIONS</p>			
<p>Transfers between accounts: If the church has more than 1 bank account, are there transfers between various accounts during the year?</p> <p>If so, is there vestry documentation for these transfers?</p>			

Note: In all cases, the material reviewed must be for the year being audited.	If appropriate		Comments, Recommendations, Remaining Questions
	Yes	No	
<p>Does the church have loans between different funds? (i.e., did the church borrow from their building fund to pay operating expenses?)</p> <p>Is there vestry documentation for these loans?</p> <p>How are the loans to be repaid?</p> <p>Are the loans reflected in the church's balance sheet? Is the balance listed at year-end accurate?</p>			
<p>Does the church have a bank loan or a loan from the diocese?</p> <p>Is the loan being repaid in accordance with the loan documentation?</p> <p>Are the loans reflected in the church's balance sheet? Is the balance listed at year-end accurate?</p>			
<p>Are there any questions that came up during the review that are still unanswered? If so, please list them below.</p>			

Note: In all cases, the material reviewed must be for the year being audited.	If appropriate		Comments, Recommendations, Remaining Questions
	Yes	No	
SUBSIDIARY ACCOUNTS (ACW, Altar Guild, etc.) You will need to photocopy these 2 pages for each subsidiary account			
Name of group:			
List all bank accounts held by this group			
Are bank statements balanced when they are received? Review 2-3 statements for each account for evidence of balancing.			If statements are not balanced, why not?
Most small groups have a check register and may have a ledger or spreadsheet showing income and expenses, along with a year-end report. What financial records and reports does this group have?			
Review the check book register. Is it in balance? Does the year-end balance agree with the year-end report?			
Does the group's income appear to be appropriate for the purpose of the group?			
State sales tax: Many types of fund raising events are subject to California sales tax. These include rummage/yard sales, auctions (of material goods, not services), craft sales, etc. Does this group have this kind of fund raising events?			List all of the group's fund raising events during the year examined.
Was sales tax collected and paid?			

Note: In all cases, the material reviewed must be for the year being audited.	If appropriate		Comments, Recommendations, Remaining Questions
	Yes	No	
<p>Do the group's expenses appear to be appropriate for the purpose of the group?</p> <p>Review a sample (2 non-consecutive months) of the group's disbursements. Do all disbursements have some type of documentation?</p>			
<p>Does the group pay any persons for work done (child care, etc.) If so, is this paid through the church's payroll system?</p>			<p>List any persons paid for work done by the group:</p>
<p>Does the group's year-end report appear to include all income received during the year and all expenses paid during the year?</p>			
<p>Are there any questions you still have about how this group keeps its financial records? Please list them.</p>			