

**Local Church Audit
Guide Internal Control
Checklist**

Appendix B

During the performance of the audit/procedures, the auditor should review to determine whether the following internal controls are in place within the church:

CONTROL DESCRIPTION	CONTROL IN PLACE (YES/NO)	IF "NO," DESCRIBE ANY DEFICIENCIES
Receipts and Disbursements		
1. Treasurer and Financial Secretary should not be the same person and should not be in the same immediate family residing in the same household	Yes	TREAS: CHERYL FIN SEC: MARY
2. Counting team (at least two unrelated persons) should count offerings and document totals – not treasurer and not financial secretary	Yes (all)	TREAS + 2 OTHERS COUNT TREAS DOCUMENTS
3. Offerings should be deposited the same or next business day	Yes	(2 COUNTEERS TAKE DEPOSITS)
4. Offering count details should be given to financial secretary for recording (LETTERS FIN SEC OR PASTOR APPROVES)	Yes	FIN SEC REVIEWS TREAS RECORDS
5. Offering totals should be given to the treasurer or financial secretary to record deposit	Yes	TREAS RECORDS
6. The Financial Secretary's deposit log should be compared to the bank statement to verify deposits (by bank reconciliation reviewer)	Yes	FIN CHAIR REVIEWS (QUARTERLY FINAL AUGUST OR PAT W HARTON)
7. At least two persons should be listed as authorized signatures on all accounts. This should also be the case for setting up electronic payments (or EFTs). For EFTs, one of those individuals should be a Trustee or a member of the Finance Committee (other than the Secretary or Treasurer).	Yes	MANY SIGNERS (LIST INCLUDED IN AUDIT)

8. The Treasurer is authorized to make electronic payments of bills. The Treasurer shall maintain support for every electronic payment just as with the support for paper checks.	Yes	
9. Financial policy and authority guidelines should be written and approved by the Finance Committee.	Yes	
10. Invoices should be required for all payments from all accounts	Yes	
11. Someone other than the treasurer (with authority by Finance Committee) should approve invoices for payment	Yes	LIST WITH AUDIT
12. Typically, the Treasurer should make payments only after the invoice is approved. A policy may be implemented where routine, budgeted expenses (i.e., rent/mortgage, electric bill, etc.) may be paid without recurring approval; non-routine expenses must be approved prior to payment	Yes	

REPORTING AND REVIEW

1. All accounts should be reconciled monthly	Yes	
2. Someone other than treasurer should review bank reconciliation at least ideally semiannually (but at least annually) – including bank statements, invoices, checks written, and financial reports	Yes	
3. The Treasurer should make detailed report of budget and designated fund activities to the Finance Committee (or Administrative Council if Finance Committee approves this reporting) on a routine basis as the committees meet	Yes	

TAX REPORTING REQUIREMENTS

1. W-2s must be issued for employees, including pastors, and 1099s issued for nonemployee compensation by January 31 for preceding year (federal law requirement)	Yes	
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2. Payroll tax forms and deposits done as required for payroll amount (federal law requirement) – payroll reporting should be completed for the IRS and SSA by appropriate due date for filing method	Yes	
3. Housing allowance or exclusions approved annually at charge conference and kept on file (federal law requirement)	NA	

CONTROL DESCRIPTION		
CONTROL DESCRIPTION	CONTROL IN PLACE (YES/NO)	IF "NO", DESCRIBE ANY DEFICIENCIES
OTHER GENERAL REQUIREMENTS		
1. Prepare list of all church property for insurance purposes – include item description, serial number and value	Yes	
2. Prepare list of safety deposit box contents – update authority as needed –access should be allowed by two unrelated people	NA	
3. Computer records are backed up and password protected for security	Yes	
4. Ideally, four individuals are required for regular financial procedures: financial secretary, treasurer, person to review and approve invoices and person to review bank reconciliations. It is possible for this to be accomplished with three individuals if proper segregation is achieved.	Yes	

FIN Sec: Nancy
 Treas: Cheryl
 FIN COMM Chair

SIGNERS APPR & SEND CHECKS & EFT

PASTOR APPROVES PAYROLL