

**FINANCE AND ADMINISTRATION TEAM
EVANGELICAL FRIENDS CHURCH EASTERN REGION**

AUDIT/REVIEW GUIDELINES

The purpose of an audit/review is to determine that all financial transactions have been accounted for and correctly recorded and that standard accounting practices and internal controls are being used. Financial statements should then accurately present the financial status of the church.

It is not meant to be a watch dog or evaluation of the finance personnel but to confirm both transactions and procedures. It is therefore designed to protect both the personnel and the church.

Items to be gathered prior to the review should include (but not limited to)

1. Financial reports
2. Bank reconciliations and statements
3. Paid Bills and Vendor files
4. Check and payment registers
5. Cash receipts, reports and registers
6. Payroll Records including W-4's and Clergy Housing allowances and Time Sheets
7. Tax Reports including W-9's, 1099's and W-2s and 941's
8. Voided Checks

Check list of tasks to be performed:

1. Count Petty cash - cash balance and receipts/entries should agree with ledger amount.
2. Spot check/test/trace cash disbursements from the documents of origin through records, transactions made and authorizations.
3. Spot check/test trace cash receipts from documents of origin including counting records. deposits and bank statements.
4. Spot check/test/trace time sheets of hourly employees.
- 5 Sport check/test/trace payroll journals/records.
6. Verify use of W-9s, and 1099s.
7. Check tax reports filed.
8. Spot check/test monthly bank statements to ensure reconciliations, accounting of voided checks, outstanding checks cleared or accounted for on a timely basis, bank totals agree with financial statements.
9. Spot check accuracy of financial statements by tracing back through bank reconciliations and transactions made.
10. Check for accuracy of tax reports including handling of clergy payments.

The church may want to consider an independent/external audit/review on occasion for further evaluations and suggestions. Church finances can be complicated and complex and an occasional "outside look" can be invaluable.

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