

CONGREGATION AUDIT PACKAGE

Community of Christ AUDITING OVERVIEW JANUARY, 20xx

- I. It is the responsibility of the administrative officer to ensure that an audit is performed.
- II. The audit is a review of the financial transactions. The purpose is four-fold:
 1. Check to determine the accuracy of the transactions and final balances against the beginning balances.
 - a. Classification of receipts and disbursements.
 - b. Safeguarding of assets.
 - c. Funds have been disbursed in accordance with the approved budget.
 2. Assist the Financial officer by recommending ways to facilitate the accounting procedure.
 3. To provide protection for both the Financial officer and the jurisdiction.
 4. To protect the integrity of member's contributions.

January, 20xx

Pastor

Community of Christ

Congregation

I have been asked to audit the financial statements of the _____ congregation for the year ending December 31, 2003. In order to expedite the audit I request that the following documents be made available:

1. Copy of financial statements to be audited - prepared in the attached format.
2. Minutes of business meetings.
3. List of officers.
4. Copies of newsletters.
5. Chart of accounts (line items of the budget).
6. Financial officers record book.
7. Invoices, vouchers, canceled checks, bank statements, etc. to represent all entered figures.
8. Copy of December 20xx bank reconciliation statement.
9. Offering envelopes, contributor's quarterly receipts, Stewardship Commissioner's monthly report.
10. Bank book, certificates of deposit, savings account statement, etc.
11. Copies of contracts (if applicable).
13. Herald House Book Steward financial records.

I would appreciate it if you or your Financial officer would contact me in the near future to set up an appointment to complete the audit of your congregation's financial statements. I would like to complete this audit by April 30, 20xx.

Sincerely,

Congregational Auditor
Phone number _____

cc: Financial officer _____

YOURTOWN CONGREGATION
 INCOME AND EXPENSE REPORT
 YEAR ENDING DECEMBER 31, 20xx

	<u>CURRENT</u> <u>MONTH</u>	<u>YEAR TO</u> <u>DATE</u>	<u>2003</u> <u>BUDGET</u>
OPERATING FUND			
INCOME:			
Account #101 Offerings	821.20	8,263.72	8,000
#103 Other	<u>7.40</u>	<u>455.65</u>	<u>600</u>
Total Operating Income	828.60	8,719.37	8,600
EXPENSE			
Program Functions of Ministry			
Account #201 Christian Ed.	20.00	452.77	500
#202 Leadership		256.77	210
#203 Missionary	44.50	196.55	600
#204 Pastoral Care		376.33	250
#205 Stewardship		410.00	260
#206 Worship	5.00	111.00	200
#207 Zionics Relations	30.00	125.67	100
Administrative & Facilities			
Account #209 Administrative	35.00	477.33	640
#210 Custodial		115.00	185
#211 District Support	110.00	1,328.00	1,328
#212 Insurance	80.00	524.00	232
#213 Loan Repayment/Rent	132.00	1,584.00	1,584
#215 Repair & Maintenance		466.23	400
#216 Utilities	118.55	1,865.25	1,911
#217 Miscellaneous	<u>4.50</u>	<u>67.75</u>	<u>200</u>
Total Operating Expense	579.55	8,356.65	8,600
Net Operating Income	249.05	362.72	
BUILDING FUND			
INCOME:			
Account #111 Offerings	391.45	6,256.75	5,200
#112 Other	<u>9.00</u>	<u>252.00</u>	<u>300</u>
Total Building Fund Income	400.45	6,508.75	5,500
EXPENSE			
Account #301 New Building		4,275.36	4,000
#302 New Equipment		1,196.00	1,200
#303 Miscellaneous		<u>175.55</u>	<u>300</u>
Total Building Fund Expense	0.00	5,646.91	5,500
Net Building Fund Income	400.45	861.84	

Loan: Outstanding balance December 31, 20xx \$5,432.24

YOURTOWN CONGREGATION
BALANCE SHEET
YEAR ENDING DECEMBER 31, 20xx

OPERATING FUND

Fund Balance, January 1, 20xx		1,330.23
Income Operating Fund	8,719.37	
Pass Thru - Outreach Europe	120.00	
- Campgrounds	113.00	
- World Church	<u>9,125.00+</u>	
		<u>18,077.37+</u>
Expenses Operating Budget	8,356.65	19,407.60
Pass Thru - Outreach Europe	120.00	
- Campgrounds	113.00	
- World Church	<u>9,125.00+</u>	
		<u>17,714.65</u>
Fund Balance, December 31, 20xx		<u>1,692.95</u>

BUILDING FUND

Fund Balance, January 1, 20xx		1,534.23
Income Building Fund	6,508.75	<u>6,508.75+</u>
		8,042.98
Expense Building Fund	5,646.91	<u>5,646.91-</u>
Fund Balance, December 31, 20xx		<u>2,396.07</u>
Total Funds Balance	1,692.95	
December 31, 20xx	<u>2,396.07</u>	
	<u>4,089.02</u>	

Represented by

Checking Account	589.02
Savings Account	1,000.00
CD	<u>2,500.00</u>
	<u>4,089.02</u>

CONGREGATION _____

PERIOD ENDING _____

A. AUDIT PROGRAM FOR TESTS OF BALANCE SHEET

	<u>INITIALS</u>	<u>DATE DONE</u>
GENERAL PROCEDURES:		
1. Review prior year's work papers, business meeting minutes, list of officers, correspondence, etc., which document understanding of congregation's procedures.	_____	_____
2. Trace balance sheet assets to proper record book (general ledger) accounts:		
All Accounts (funds)	_____	_____
Advances Receivable	_____	_____
Notes Receivable	_____	_____
3. Verify that total assets is equal to total fund balances.	_____	_____
CASH ACCOUNT PROCEDURES:		
1. Obtain bank reconciliation for each account and:		
a. Trace final balances to financial statements.	_____	_____
b. Verify that checks listed as outstanding actually cleared the bank after the statement date.	_____	_____
c. Verify that any deposits in transit are credited to the account on subsequent statements.	_____	_____
d. Compare bank balances per the bank reconciliation with bank account statements.	_____	_____
e. Verify that a bank reconciliation is performed on a monthly basis (also verify with check book balance).	_____	_____
2. Examine canceled checks. Make sure the endorsement on the back agrees with the payee. Examination of canceled checks should include comparing checks with the entry in the CFO's record book (sample basis). Note extraordinary items.	_____	_____
3. Examine vendor's invoices or signed receipts payments on materials or services purchased.		
a. Determine that materials or services were received.	_____	_____
b. Trace to CFO's cash disbursements (sample basis).	_____	_____
c. Verify that only authorized expenditures were made.	_____	_____
e. Note extraordinary items.	_____	_____
f. Make sure sales tax was not included on invoices.	_____	_____
4. Examine the duplicate deposit slips to verify that:		
a. CFO receipts (form CFO-120) are completed and attached.	_____	_____
b. Bank deposit receipt is attached.	_____	_____
c. Trace to CFO's cash receipts (sample basis).	_____	_____
d. Note extraordinary items.	_____	_____

CONGREGATION _____

PERIOD ENDING _____

A. AUDIT PROGRAM FOR TESTS OF BALANCE SHEET

	<u>INITIALS</u>	<u>DATE DONE</u>
RECEIVABLES PROCEDURES:		
1. Obtain copy of account ledger for each receivable:		
a. Trace ending balances to financial statement balances.	_____	_____
b. Trace payments received/paid to CFO's cash receipts/disbursements journal. Note any differences.	_____	_____
c. Review advances for amounts, terms, etc. and verify that the account ledgers agree with this.	_____	_____

(Most of the time there are no receivables. But an example would be a bill for copying that someone has not paid or an advance to the youth group to run an activity, that has not been returned).

CONGREGATION _____

PERIOD ENDING _____

A. AUDIT PROGRAM FOR TESTS OF INCOME STATEMENT

	<u>INITIALS</u>	<u>DATE DONE</u>
INCOME TESTING PROCEDURES:		
1. Trace income totals from the year-end financial statements to their record book (general ledger) accounts.	_____	_____
2. Select two (2) week's offering envelopes at random:		
a. Trace the envelope number and amounts to the contributor's quarterly receipt.	_____	_____
b. Note any differences and get explanation.	_____	_____
3. Select two (2) month's receipts at random:		
a. The total of all receipts in each month should equal the total of all deposits for that month.	_____	_____
b. The total of all receipts should equal the total of all deposits for the month.	_____	_____
c. Trace each cash receipt as listed in the cash receipts journal to its individual CFO receipt	_____	_____
d. Trace each cash receipt to its duplicate deposit slip.	_____	_____
e. Trace each deposit to the corresponding bank statement.	_____	_____
f. Verify interest income allocations.	_____	_____
g. Note any differences and get explanation.	_____	_____
4. Examine copies of receipts issued and account for numerical sequence.	_____	_____
5. Require that duplicate copies of all voided receipts be attached to original copies.	_____	_____

CONGREGATION _____

PERIOD ENDING _____

A. AUDIT PROGRAM FOR TESTS OF INCOME STATEMENT

	<u>INITIALS</u>	<u>DATE DONE</u>
EXPENDITURE TESTING PROCEDURES:		
1. Trace expense totals from the year-end financial statements to their record book (general ledger) account.	_____	_____
2. Compare amounts on the financial statements for the year with the budget and prior year expenditures. Note any large differences and determine the reasons.	_____	_____
3. Select one (1) month's disbursements at random:		
a. Trace each expenditure to its corresponding invoice and CFO expense voucher.	_____	_____
b. Trace each expenditure to the corresponding bank statement.	_____	_____
c. Trace each pass-thru disbursement to its corresponding monthly report:		
1. World Church Funds	_____	_____
2. Outreach Europe	_____	_____
3. Campgrounds	_____	_____
d. Trace the amounts on the monthly pass-thru reports in 3c to the CFO monthly report. Note any differences and determine the reasons.	_____	_____
e. Verify that total pass-thru receipts is equal to total pass-thru disbursements. Note any difference and determine the reasons.	_____	_____

CONGREGATION _____

PERIOD ENDING _____

A. AUDIT PROGRAM FOR TESTS OF INCOME STATEMENT

	<u>INITIALS</u>	<u>DATE DONE</u>
MISCELLANEOUS PROCEDURES:		
1. Make sure all checking, savings, and other investment accounts are made in the name of the church. Check into possible additional accounts and audit them (generally not allowed):		
a. Book Steward account (should be audited even if in separate church account).	_____	_____
2. Check to see if tax exemptions are allowed in the church:		
a. Real Estate	_____	_____
b. Sales Tax	_____	_____
c. Other	_____	_____
3. Other assets such as investments in certificates of deposit should be verified by examination of the asset or by direct communication with the depository.	_____	_____
4. Examine the minutes of the conferences to see that all expenditures were made in accordance with an approved budget.	_____	_____
5. Make sure no balance is kept in regard to World Church funds.	_____	_____
6. Verify if the building is rented by other groups. If so, are contracts approved by the legal department. Is there a copy of their proof of Insurance?	_____	_____
7. Make sure the congregation does not run its own nursery or pre-school.	_____	_____
8. If anyone is used as custodian, snow plower, etc. and paid, are taxes and FICA withheld? Are proper contracts in place?	_____	_____

CONGREGATION _____

PERIOD ENDING _____

	<u>INITIALS</u>	<u>DATE</u> <u>DONE</u>
9. Make sure no cash receipts were issued for voluntary service or non-cash donations.	_____	_____
10. Verify that receipts for non-cash donations do not state any value and that goods have actually been received.	_____	_____
11. Are funds properly invested? (Funds that are not immediately needed invested with World Church or in high-yield CD?)	_____	_____
12. Are there any loans? Is their status reflected on the financial report?	_____	_____
AUDIT WORKING PAPER FILE CHECKLIST:		
1. Recommendation Letter	_____	_____
2. Audit Letter	_____	_____
3. Financial Statement	_____	_____
4. Document Request Letter	_____	_____
5. Audit Program and Working Papers	_____	_____
6. Extraordinary Items Worksheet	_____	_____
7. Copies of Minutes, Correspondence, etc.	_____	_____

CONGREGATION _____

AUDITOR _____

PERIOD ENDING _____

DATE _____

DIFFERENCES & EXTRAORDINARY ITEMS

RESOLUTIONS

1.	_____	*	_____
2.	_____	*	_____
3.	_____	*	_____
4.	_____	*	_____
5.	_____	*	_____
6.	_____	*	_____
7.	_____	*	_____
8.	_____	*	_____
9.	_____	*	_____
10.	_____	*	_____
11.	_____	*	_____
12.	_____	*	_____
13.	_____	*	_____
14.	_____	*	_____
15.	_____	*	_____
16.	_____	*	_____
17.	_____	*	_____
18.	_____	*	_____
19.	_____	*	_____
20.	_____	*	_____

DATE _____

AUDITOR'S REPORT TO

PASTOR _____ CONGREGATION
Community of Christ

We have reviewed the balance sheet of the various funds and account groups of the _____ congregation as of December 31, 2003 and the related statements of revenue and expenditures for the year then ended.

Based on our review we feel that the financial statements referred to above present fairly the position of the _____ congregation as of December 31, 20xx and the results of its operations for the year then ended.

Auditor

Auditor

cc: Mission Center President
Mission Center Financial Officer
Congregational Financial Officer

(* See attached financial reports