

INTERNAL CONTROL CHECKLIST

(Extract from GFCA Local Church Audit Guide www.gcfa.org)

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

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		
2. Donor contributions should be deposited the same or next business day		
3. The Financial Secretary's deposit log should be compared to the bank statement to verify deposits (by bank reconciliation reviewer)		
4. 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).		
5. 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.		
6. Financial policy and authority guidelines should be written and approved by the Finance Committee (there is a template available on the Conference Treasurer's Office website).		
7. Invoices should be required for all payments from all accounts		
8. Someone other than the treasurer (with authority by Finance Committee) should approve invoices for payment		
9. 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		

Reporting and Review		
1. All accounts should be reconciled monthly		
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		
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		
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)		
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		
3. Housing allowance or exclusions approved annually at charge conference and kept on file (federal law requirement)		

Control Description	Control in Place (Yes/No)	If “No”, describe any deficiencies
Other General Requirements		
1. Prepare list of all property for insurance purposes – include item description, serial number and value		
2. Prepare list of safety deposit box contents – update authority as needed – access should be allowed by two unrelated people		
3. Computer records are backed up and password protected for security		
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 3 individuals if proper segregation is achieved.		

