# The Internal Control Checklist for Congregation Audits

**Congregation, Town**  
Audit Year

Please append a written explanation and the recommendations for questions answered no.

## Policies and Controls

1. Does the church have an active audit committee following diocesan policy?  
   - Yes  
   - No

2. Are prior audits and completed internal control checklists available?  
   - Yes  
   - No

3. Have the recommendations of prior reports been implemented?  
   - Yes  
   - No  
   - NA

4. Is a complete and current chart of accounts, listing all accounts, and their respective account numbers available?  
   - Yes  
   - No

5. Has the vestry elected an assistant treasurer who is familiar with the church accounting and bookkeeping system?  
   - Yes  
   - No

6. Is the budget approved by the vestry and recorded in the minutes?  
   - Yes  
   - No

7. Are all budget changes authorized by the vestry and recorded in the minutes of the meeting?  
   - Yes  
   - No

8. Is the treasurer’s report submitted to the vestry every month?  
   - Yes  
   - No

9. Is the report of sufficient detail to include both the operating and non-operating income and disbursements for necessary financial analysis?  
   - Yes  
   - No

10. Does the report compare current values with the approved budget?  
    - Yes  
    - No

11. Are all liabilities noted in financial statements/reports to the vestry?  
12. Is there periodic reporting, at least quarterly, of all other funds and activities, including designated or restricted funds?  
    - Yes  
    - No  
    - NA

## Offerings

13. Are there safeguards to prevent the collections from theft or misplacement from the time of receipt until the time the funds are counted and deposited?  
    - Yes  
    - No
14. Are the special offerings to the Bishop’s Discretionary Fund, UTO and EYCS made known and transmitted without delay?  
☐ Yes  ☐ No

15. Are there at least two unrelated persons responsible for the counting rotated on a periodic basis? Is there a clear policy that the pledge recorder shall not handle, count or deposit funds? (If not, explain vestry-approved procedure)  
☐ Yes  ☐ No

16. Do the counters have a standardized printed form for recording the offering figures that includes both operating and non operating income?  
☐ Yes  ☐ No

17. Are the counters’ sheets and any pledge envelopes retained and reconciled with the actual deposits?  
☐ Yes  ☐ No

18. Are checks received in the mail immediately endorsed “for deposit only” and put in a safe place?  
☐ Yes  ☐ No

19. Are all pledge payments received in the mail counted and deposited with the Sunday collection?  
☐ Yes  ☐ No

20. Are all other cash receipts recorded and deposited on a weekly basis?  
☐ Yes  ☐ No

21. Is there a control prohibiting the cashing of checks from currency received?  
☐ Yes  ☐ No

22. Are personal giving statements, including amount and date of contribution, provided to donors of record at least annually?  
☐ Yes  ☐ No

23. Do acknowledgments of all contributions include, where appropriate, the phrase “In accordance with the Internal Revenue Code we certify that we did not provide any tangible goods or services in consideration of your contribution”?  
☐ Yes  ☐ No

24. Do contributions in excess of $250.00 receive a separate contemporaneous acknowledgment letter with the IRS statement?  
☐ Yes  ☐ No

25. Is there a clear policy that the treasurer shall not handle or count funds unless teamed with another counter or have current vestry approval to do so?  
☐ Yes  ☐ No

26. Are all cash receipts from all sources deposited first into the regular checking account?  
☐ Yes  ☐ No

Checks, Petty Cash and Disbursements

27. Are all checks pre-numbered and used in sequence?  
☐ Yes  ☐ No

28. Is there a clearly defined approval process for all disbursements?  
☐ Yes  ☐ No

29. Check signing:
   a. Are checks signed only with supporting documentation?  
      ☐ Yes  ☐ No
   b. Is the signing of blank checks prohibited?  
      ☐ Yes  ☐ No
   c. Is the use of a signature stamp prohibited?  
      ☐ Yes  ☐ No
   d. Are all account signers authorized by the vestry?  
      ☐ Yes  ☐ No
   e. Are two signatures required for checks in excess of $500.00 unless authorized by the vestry or unless they are for approved budget items such as salaries, insurance, diocesan assessments, etc?  
      ☐ Yes  ☐ No
30. Are voided checks properly cancelled and retained?  Yes  No
31. Are checks made payable to specified payees and not to cash?  Yes  No
32. Are all but small petty cash disbursements made by check?  Yes  No
33. Are all disbursements requiring special approval of the vestry properly documented in the vestry minutes?  Yes  No
34. Are all bank accounts reconciled within two weeks of receipt?  Yes  No
35. Are bank account reconciliations completed or verified by other than the Treasurer?  Yes  No
36. Does the reconciliation provide for:
   a. Verification of all bank debit and credit memos?  Yes  No
   b. Review of all checks outstanding for more than 90 days?  Yes  No
   c. The monthly recording of all bank charges and interest?  Yes  No
37. Is the Discretionary Fund:
   a. In the name of the church and not the rector?  Yes  No  NA
   b. Identified by the church’s federal tax ID number?  Yes  No  NA
   c. Used only for non-operating expenses of the church?  Yes  No  NA
38. Is the responsibility for the petty cash fund assigned to only one person?  Yes  No  NA
39. Are petty cash funds maintained on an impress basis, i.e., the total amount of vouchers paid (since the fund was restored to its full value), plus cash on hand, always equals the established value of the fund (e.g., $100)?  Yes  No  NA
40. Is the petty cash fund reimbursed or checked at least monthly?  Yes  No  NA
41. Is an adequate review made of documentation before the petty cash fund is reimbursed?  Yes  No  NA
42. Is the actual petty cash protected from theft or misplacement?  Yes  No  NA

**Investments and Property**

43. Are all investment instruments held in the name of the church only?  Yes  No  NA
44. Are investment incomes, dividends, and interest recorded as received?  Yes  No  NA
45. Is there a written record for each investment showing date of receipt, name of donor, and purpose of the gift, if any?  Yes  No  NA
46. Is vestry approval required for all property and equipment additions and dispositions?  Yes  No
47. Is a detailed description maintained for all property, furniture, fixtures and equipment? ☐ Yes ☐ No

48. Are copies of this inventory kept in a safe place apart from the inventoried property? ☐ Yes ☐ No

49. Is the inventory current? ☐ Yes ☐ No

50. Is the church insured under the diocesan insurance program? ☐ Yes ☐ No

51. If independently insured, have you sent a certificate to the Diocesan Insurance Committee verifying that your insurance meets the diocesan insurance standards for all coverages established by this committee? ☐ Yes ☐ No ☐ NA

52. Are real estate deeds and other legal documents kept in a safe place? ☐ Yes ☐ No

53. If there is a safe deposit box, is there an inventory of contents? ☐ Yes ☐ No ☐ NA

54. Are all loan agreements in writing and properly safeguarded? ☐ Yes ☐ No ☐ NA

55. Is all borrowing authorized by the vestry and diocese? ☐ Yes ☐ No ☐ NA

56. Are there periodic reviews to determine compliance with any debt/lease provisions? ☐ Yes ☐ No ☐ NA

57. Are records maintained of all bequests, memorials, endowments and any other restricted gift, to include:
   a. Date, amount, and donor of the gift? ☐ Yes ☐ No ☐ NA
   b. Any restrictions or limitations? ☐ Yes ☐ No ☐ NA

58. Is the use and investment of all restricted gifts and grants approved by the vestry? ☐ Yes ☐ No ☐ NA

**Personnel and Payroll**

59. Are personnel files maintained to include the following:
   a. Employment applications and/or letter of employment? ☐ Yes ☐ No ☐ NA
   b. Authorizations of pay rates and effective dates? ☐ Yes ☐ No ☐ NA
   c. Internal Revenue Service Form W-4? ☐ Yes ☐ No ☐ NA
   d. Department of Justice Form I-9? ☐ Yes ☐ No ☐ NA
   e. Georgia State Withholding Form? ☐ Yes ☐ No ☐ NA

60. Are there adequate records to:
   a. Show actual hours worked by hourly wage employees? ☐ Yes ☐ No ☐ NA
   b. Show computation of gross pay? ☐ Yes ☐ No ☐ NA
   c. Account for all deductions from gross pay? ☐ Yes ☐ No ☐ NA
   d. Support payroll withholding tax returns and deposits? ☐ Yes ☐ No ☐ NA

61. Are federal and state payroll tax forms filed on a timely basis? ☐ Yes ☐ No ☐ NA
62. Are federal and state payroll withholding tax deposits made on a timely basis? □ Yes □ No □ NA

63. Are employees (both clergy and lay) receiving form W-2? □ Yes □ No □ NA

64. Are forms 1099-MISC provided for all individuals who are not employees and for all unincorporated entities paid $600.00 or more annually? □ Yes □ No □ NA

65. Are Form W-2 wages reconciled to the general ledger accounts and quarterly payroll tax returns? □ Yes □ No □ NA

66. Are clergy housing allowances recorded in the vestry minutes prior to the effective year or effective starting date? □ Yes □ No □ NA

**Computer files and paper records**

67. Are the files backed up regularly and the backups maintained off premises? □ Yes □ No

68. Is access to the computer and computer financial programs limited to authorized persons? □ Yes □ No

69. Does the church own and provide for the accounting program used by the treasurer? □ Yes □ No

70. Are printed copies of all current financial records maintained? □ Yes □ No

71. Are monthly finance statements retained for two years after the current year? □ Yes □ No

72. Are annual financial reports retained permanently? □ Yes □ No

**Additional Comments on Policies and Controls:**