

AUDITING

Southern California Conference of SDA Treasurer Seminar

....via zoom....

October 4th , 2020

and

October 11th , 2020

Audit

- Why does my church need to get audited?
- When does my church get audited?
- How do I prepare for an audit?
- What do I expect during an audit?
- Who is expected to be present during an audit?

Why does my church need to get audited?

- “The treasurer’s books and other financial records relating to the work of the treasurer... may be called for and inspected at any time by the conference auditor...” – SDA Church Manual, page 85.
- Accountability and Integrity
- Internal Control

When and where does my church get audited?

- Goal: Annually for a calendar year period
- Audit Appointment Letter/Notice
- Approximately one month to prepare
- Location can be at your church or conference office

Sample of Audit Appointment Letter/Notice

Dear Church Treasurer,

We pray this message finds you well and that you and your loved ones are staying safe and healthy.

In anticipation to a prolonged closure of our office due to Covid-19, the Auditing department is asking your cooperation to send the materials for audit to the Conference office. You can send the materials by UPS, FEDEX, or drop them off at the Conference office. If you decide to drop them off, please call me at 818-321-0940 to arrange the time when you can do it.

The audit schedule for your church is as follows:

Audit Period: January through December 2018, 2019 (two years)

The following materials must be at our office by October 22, 2020

Audit Appointment continued

The materials needed are:

1. Copies of Bank Statements and Reconciliations for all accounts (Checking, Savings and Investment accounts).
2. Tithe envelopes grouped by week with adding tape and Batch Header.
3. Year-to-date Conference Remittance Report print-out (except Jewel software users).
4. Year-to-date Detailed Report of all Income and Expense for the period audited (except Jewel software users).
5. Supporting documentation for each check. (This documentation must be filed in check number sequence, preferably in Columbia Binding Case).

Audit Appointment continued

6. Copies of 1099's and 1096 form sent to the IRS (if applicable).
7. Church Board minutes for all the extra-ordinary expenditures, for opening/closing of bank accounts, and authorizing signature change.
8. Year-to-date Financial Statements for the period being audited (except Jewel software users).
9. Copy of Lease Agreement and the Certificate of Insurance for rental of your church or property (if applicable).
10. List of Name and E-mail addresses of all church board members to receive the Audited Statements. Contact our department to request a hard-copy of the audited report for those who do not provide email address.
11. Complete and sign the attached Questionnaire and Representation Letter.

Audit Appointment continued

If you, the pastor, and/or finance chair-person wish to review the Audited Statement before it is mailed out, please let us know.

Thank you for your understanding and cooperation. May the Lord continue to bless you and your ministry.

Sincerely,

Ewan Wonoprabowo,
Auditor.

How do I prepare for an audit?



Step 1: Confirm the audit date.



Step 2: Use the appointment letter as a checklist



Step 3: Plan ahead and prepare accordingly. Ask questions!



Step 4: Give a few days before the audit date to look over your materials.

Who is expected to be present during an audit?

- Treasurer
- Pastor
- Other representative from the church board.

What do I expect during an audit?

- Bank Statements and verification of deposits
- Review of tithe envelopes and its allocation
- Check Disbursements with supporting documentation
- Compliance with the Conference policy and Government regulation.

What should I look out for?

- Supporting documentation for each check written and on-line-payment made
- Independent Contractor versus Employee
- Honorarium
- Lease Agreements and Certificate of Insurance
- Submitting Remittance on time
- Following Offering Schedule



**What
should I
look out
for? –
continued**



- Accurate allocation of donations
- School Subsidy
- Loan balance or Liabilities accounts
- Consistency and up-to-date on bookkeeping
- Recordkeeping for groups



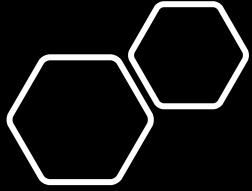
Questions?

Any

Question?

Question?

Any



Important websites:

- Southern California Conference:
<https://scc.adventist.org/>
- Forms and Resources:
<https://scc.adventist.org/administration/treasury>
- I.R.S.: <https://www.irs.gov>
- Jewel: <http://www.jewelsda.com/support.html>



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