



*Members of:  
American Institute of Certified Public Accountants  
Virginia Society of Certified Public Accountants*

Materials provided are meant to be for informational purposes only, and these shall not be construed as investment, tax, or legal advice. Please feel free to reach out to us if you have any questions or need help in adopting these materials for your organization.

Reckenen, Accountants and Consultants  
855-873-2536  
[info@reckenen.com](mailto:info@reckenen.com)  
[www.reckenen.com](http://www.reckenen.com)

---

*1934 Old Gallows Road, Suite 350,  
Tysons, VA 22182  
1-855-873-2536  
[www.reckenen.com](http://www.reckenen.com)*

**SAMPLE CHURCH, INC**  
ANNUAL AUDIT PROGRAMS

## CONTENTS

PART I – INTRODUCTION .....	1
PART II – AUDIT PROGRAMS	
A.    Financial Statement Review.....	2
B.    Minutes .....	3
C.    Cash .....	4
D.    Cash Receipts Testing .....	6
E.    Cash Disbursements Testing .....	7
F.    Mortgage Not Payable .....	8
G.    Designated Accounts .....	9
H.    Payroll Analysis .....	10

The audit programs for Sample Church, Inc were prepared to provide direction for an audit of the Church's financial operations by Church members. It is not necessary to perform every procedure listed for the audit. Church accounting personnel can prepare the majority of the workpapers, schedules and summaries. The Church members performing the audit would be responsible for determining which items they want completed.

The completed audit should accomplish the following objectives:

- The Church's accounting records are clerically accurate.
- All accounts are stated at the correct amount and reflect a proper cut-off of receipts and disbursements for the year.
- All receipts and disbursements have been properly classified and presented in the Church's financial statement.

- A. Audit Program: **Financial Statement Review**
- Documents needed: Current year financial statements
- Year-to-date (YTD) general ledger detail

PROCEDURES	Performed By
1. Compare actual revenue and expenses for the year to the annual budget.	
2. List revenue and/or expense categories that are significantly under (over) budget. (This can be done using a percentage level/or dollar amount).	
3. Discuss reason for budget variance with appropriate Church personnel.	
4. Document reasons given.	
5. Scan YTD general ledger detail for information that may provide evidence for variances.	
6. Trace year-end balance for each general ledger account to the financial statements.	
7. For specific revenue or expense accounts that are sensitive or subject to unusual risk, select specific entries and examine supporting documentation.	

B. Audit Program: **Minutes**

Documents needed: All Elder board meeting minutes for the fiscal year and July or subsequent year, if any

All Congregation meeting minutes for the year and July of subsequent year, if any

PROCEDURES	Performed By
<p>1. Read minutes of meetings for information relevant to the audit. This information may include:</p> <ul style="list-style-type: none"><li>a. Acknowledgement of major contributions and gifts and the nature of any restrictions or requirements</li><li>b. Approval of budget</li><li>c. Approval of new ministries</li><li>d. Property and equipment additions and disposals</li><li>e. Debt agreements made or changed</li><li>f. Approval of new or revised employee benefit plans</li><li>g. Changes in accounting or personnel policies and procedures</li></ul> <p>(you may highlight information on meeting minutes copies or prepare notes)</p>	
<p>2. Obtain and review copies of any item identified in Procedure 1 that would warrant further investigation.</p>	

C. Audit Program

**Cash**

Documents needed:

All checking account statements for the fiscal year end and July's statement's from the subsequent year and related bank reconciliations

All savings account statements for the fiscal year and July of the subsequent year

Certificates of deposit

Brokerage accounts

General ledger account detail for the year

PROCEDURES	Performed By
<p>1. Review bank statement reconciliation for the year-end and July of the subsequent year. Also perform procedure with LEAD checkbook.</p> <ul style="list-style-type: none"> <li>a. Re-foot the bank reconciliation for the year end,</li> <li>b. Compare bank balance and general ledger balance on reconciliation to bank statement and general ledger.</li> <li>c. Trace any deposits-in-transit to the July statement. Note reasonableness of the time period between book and bank recording. This determines whether deposits are being made promptly and intact.</li> <li>d. Trace any outstanding checks to July statement. Note the date the check was canceled by the bank. This determines whether checks are being mailed promptly and are not being held.</li> <li>e. Verify any other reconciling items on the bank reconciliation clearing in July.</li> </ul>	
<p>2. Prepare (obtain) summary of deposits, interest and withdrawals from savings accounts.</p> <ul style="list-style-type: none"> <li>a. Determine source of deposits.</li> <li>b. Trace interest received to revenue general ledger account and determine that amounts agree.</li> <li>c. Determine destination of any withdrawals from accounts.</li> <li>d. Determine that bank balance agrees with the general ledger account balance.</li> </ul>	

C. Audit Program: **Cash** (continued)

PROCEDURES	Performed By
<p>3. Prepare (obtain) schedule of certificates of deposit activity for the year.</p> <p>a. List interest rate and maturity date of CDs.</p> <p>b. Trace interest received to revenue general ledger account and determine that amounts agree.</p> <p>c. Determine destination of any CDs that mature and are not renewed.</p> <p>d. Determine that bank balance agrees with the general ledger account balance.</p>	
<p>4. Review brokerage accounts.</p> <p>a. Verify that account balances are zero.</p> <p>b. Determine destination of any sale of stock.</p>	
<p>5. Prepare summary of cash on hand that is restricted for a specific purpose.</p>	
<p>6. Investigate any difference with appropriate Church personnel.</p>	



- D. Audit Program: **Cash Receipts Testing**
- Documents needed:
- General ledger account detail
  - Deposit procedures for offering
  - Instructions for counters
  - Envelopes/copies of checks for dates selected
  - Deposit slips for the dates selected
  - Counter tally sheets for the dates selected
  - Deposit summary for the dates selected
  - Bank statements for the fiscal year

PROCEDURES	Performed By
1. Select four Sunday dates to test counters tally sheet information and deposits.	
2. Obtain envelopes and check copies for dates selected, recreate the counter tally sheet information.	
3. Trace envelopes and check copies with designated gifts to the deposit summary. This will verify that designated gifts were recorded correctly.	
4. Foot counter tally sheets for accuracy.	
5. Compare deposit summary to counter tally sheets.	
6. Compare deposit summary to deposit ticket.	
7. Compare deposit ticket to bank statement.	
8. Trace deposit summary amounts to detailed general ledger.	
9. Investigate any differences found with appropriate Church personnel.	

E. Audit Program: **Cash Disbursements Testing**

Documents needed: Beginning and ending check series for the year

Random sample table

Cash disbursements journals for current year with supporting documentation for checks selected

PROCEDURES	Performed By
1. Obtain check series for the year. Trace beginning and ending check numbers to the cash disbursements journal. You may want to also test LEAD checkbook on a smaller scale.	
2. Select random sample of 25 checks. Make sure that some payroll checks are selected.	
3. Using the cash disbursements journal, prepare (obtain) workpaper which lists: <ul style="list-style-type: none"> <li>a. Check date</li> <li>b. Check payee</li> <li>c. Check number</li> <li>d. Check amount</li> <li>e. General ledger account classification</li> </ul>	
4. For each check selected, obtain supporting documentation and test as follows: <p>Disbursements</p> <ul style="list-style-type: none"> <li>a. Support provided equals check amount</li> <li>b. Support provided is sufficient evidence for payment</li> <li>c. Account classification(s) appears reasonable</li> <li>d. Trace amount to general ledger</li> </ul> <p>Payroll</p> <ul style="list-style-type: none"> <li>a. Pay rate has been properly authorized</li> <li>b. Recomputed gross pay/FICA withholding accounts</li> <li>c. Time card record support wages paid</li> <li>d. Miscellaneous deductions, if any, have been properly authorized</li> <li>e. Account classification appears reasonable</li> <li>f. Trace amount to the general ledger</li> </ul>	
5. Investigate any differences found with appropriate Church personnel.	

- F. Audit Program: **Mortgage Note Payable**
- Documents needed: Debt payment general ledger account activity detail
- Mortgage loan statements
- Mortgage loan payment file

PROCEDURES	Performed By
1. Prepare (obtain) schedule of mortgage note activity for the year. Use monthly loan statements to allocate payments.	
2. Reconcile schedule to the mortgage loan statement from the end of the year and general ledger.	
3. Determine that the Church has made all mortgage note payments required for the year.	
4. Investigate any difference with appropriate Church personnel.	

G. Audit Program: **Designated Accounts**

Documents needed: Current year general ledger for dedicated accounts

PROCEDURES	Performed By
1. Prepare (obtain) summary of designated accounts activity for the year.	
2. Review supporting documentation, as considered necessary, for any expenditures made from designated funds.	
3. Read minutes to identify any authorizations of designated funds.	
4. Discuss any questions with appropriate personnel.	

H. Audit Program: **Payroll Analysis**

Documents needed: Quarterly 941's for the fiscal year

General ledger account detail for salaries and Social Security

PROCEDURES	Performed By
1. Prepare (obtain) summary of 941 information for the year. Total gross wages and also Social Security/Medicare wages for the four quarters reported on the 941's for the fiscal year.	
2. Reconcile the differences between gross wages and FICA/Medicare wages.	
3. List salary accounts and related Social Security accounts per general ledger detail.	
4. Reconcile general ledger accounts to the information on the 941's.	
5. Review housing allowance calculation sheets for pastors. Verify that the appropriate amounts are being allocated for housing allowance on paychecks.	
6. Investigate any differences found with appropriate Church personnel.	