# First Congregational Church of Mukwonago
# Annual Audit Procedures
**Approved June 14, 2017**

*It is important to understand that the Audit committee cannot achieve 100% certainty as to the correctness of the annual totals of income and expense in the financial reports. This is so because the Committee cannot possibly examine every individual transaction which occurred during the year. The goal of the Committee, therefore, is to reach a level of reasonable certainty that there are no significant errors contained in the totals.*

## I. VERIFY CHECKING ACCOUNT BALANCES

For each checking account, obtain the year-end bank reconciliation and the bank statement. Trace the bank balance from the reconciliation to the bank statement. Verify that the reconciled balances match the balance in the account registers. Initial the statements.

## II. OPERATING ACCOUNT

- Verify that the beginning balance matches the ending balance from the prior year. Initial.
- Review Reconciling Report and initial it. The difference between the beginning balance and the ending balance of the checking account for the audit year should match the net activity in the account after adjusting for payroll taxes.
- Review the activity on the Operating Account Detail Report and initial documents reviewed.
  - ✓ **Income:** Verify that there is a deposit for each Sunday offering and special service offerings. Choose a representative sample of dates to audit. Trace the deposit from the stewardship report to the account register and finally the bank statement.
  - ✓ **Expenditures:** Verify that there are no missing checks. Choose a representative sample of expenditures to audit. Verify the check in the account register, bank statement and review the supporting documentation.

## III. DESIGNATED FUNDS ACCOUNT

- Verify that the beginning balance matches the ending balance from the prior year. Initial.
- Verify that the totals of the equity accounts on the balance sheet matches the balance in the “02” account. Initial the balance sheet.
- Review Reconciling Report and initial it. The difference between the beginning balance and the ending balance of the checking account for the audit year should match the net activity in the account.
- Review the activity on the Designated Funds Detail Report and initial it.
  - ✓ **Income:** Choose a representative sample of dates to audit. Verify the deposit in the deposit book, account register and bank statement.
  - ✓ **Expenditures:** Verify that there are no missing checks. Choose a representative sample of expenditures to audit. Verify the check in the account register, bank statement and review the supporting documentation.

## IV. PAYROLL

- Compare actual rates of pay with authorized rates from the Budget. Initial pay rates.
- Choose a representative sample of paychecks to audit. Match time card hours to payroll check to verify gross wages. Initial paychecks audited.
- Review and initial payroll withholdings submitted to the IRS and Wisconsin Department of Revenue.