

## Agreed-Upon Procedures:

### Pre-Review Preparation:

- Complete pre-review questionnaire
- Obtain check register for year being reviewed.
  - Suggestion, for records on QuickBooks:
    - Go to accountant or accounting tab in QuickBooks
    - Locate Chart of Accounts, Left Click
    - Locate relevant bank account, Highlight and Right Click
    - On the bottom of Pop-Up Menu, Select Quick Report, Left Click
    - On Top of Page, Change Dates From 1/1/2022 To 12/31/2022
    - On the Down Arrow of Print Tab, Highlight Save as PDF,
    - Save to Computer
- Obtain bank reconciliation and bank statement as of 12/31/2022. Make sure ending balances of bank reconciliation and bank statement match. Investigate and document any discrepancies.
  - Scan for any outstanding items over 90 days. Inquire why items remain outstanding and if any follow-up occurred. Consider advising to cancel and/or void transactions.
  - Are bank reconciliations performed by someone other than person that requests, approves, processes, and records transactions? Does someone review/approve completed reconciliation?
  - Is status of bank reconciliations reported to Vestry regularly?

### Cash Receipts:

- Usually, select Easter Sunday and Christmas to review.
  - Obtain supporting documentation (count sheets, copies of checks, deposit slips, etc).
  - Review documentation, determine that all documentation is accurate, correct and recorded.
    - Do counters initial/sign-off after count
  - Review donation acknowledgement process. Under IRS Publication 1771, Charitable Contributions-Substantiation and Disclosure Requirements, donors must have a written acknowledgement from church before donors can claim a charitable contribution on their tax return.
    - For donations \$250.00 and over, trace to contribution acknowledgement letter.
      - Name of Church
      - Name of Donor
      - Amount
      - Statement similar to “any goods or services provided consist solely of intangible religious benefits”
  - Based on IRS requirements, it is helpful if churches list donations separately with a accumulated total for the year.
- Scan cash receipts for other sample to select (E.G., rental income, large donation, etc.)
  - Review documentation for accuracy, correctness, and recordation. If receipt is determined to be designated, trace receipt to appropriate handling.

- Trace collection to recording into accounting records (E.G., QuikBooks), and bank statements. If amounts do not match, investigate reason. Is explanation reasonable.
- Note separation of duty issues, if applicable.

### **Cash Disbursements:**

- Scan cash disbursements for expenses to church management, supply clergy, large expenditures, construction, contracts, reimbursements, etc
- Select sample disbursements to review, depending on number of transactions and variety, 15 – 20 transactions.
- Review documentation for requestor information, description, purpose, initials/sign-off, approval initials/sign-off, paid information.
  - Read documentation for appropriateness to church.
  - If possible, review cancelled check (for authorized signers and endorsement), and entry in bank statement.
- For contracts, construction, and large expenditures, review Vestry authorization.

### **Year-End Account Balances:**

- Scan for unusual account balances at year end (negative balances, high balances in accounts payable, accounts receivable). Obtain explanation, assess reasonableness.
- Compare budget to actual balances. Obtain explanation for any unusual or balances that greatly differ between budget and actual, assess reasonableness.

### **Compensation Reporting:**

- Review Forms W-2 and W-4 issued. Compare with payment for services from individuals (especially groundskeeping, custodial, and musical with ties with church). See below.
- Review Forms 1099 and 1096 issued. Compare with payment for services from individuals (especially groundskeeping, custodial, and musical with ties with church). See above.
- For churches that allocated vicar and/or supply clergy compensation to housing allowance, review Vestry minutes for authorization.