

Title: Procedure for Internal Financial Audits

Control Information

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Revision History

Revision	Date	Revision Description	Originator
A	July 11, 2008	Initial Release	Mark Hazelton
B	January 7, 2010	Change first audit date & Add payroll review, documentation details, and audit worksheet	Christine Horning
C	January 9, 2014	Modify organization, add credit card and petty cash review, filing of report	Elisa Fairbanks
D	10/09/2014	Numbering and format revision	Melissa Harris

1.1 Objective:

The objective of this procedure is the following:

1. Define the organization(s) to be audited
2. Define audit frequency
3. Define audit team
4. Define the procedure for auditing checking, savings account, and journal entry transactions.
5. Define the procedures for auditing federal government securities transactions.
6. Describe the format for audit results.
7. Define reporting.

1.2 Organization to be audited:

An internal audit of Inavale Community Partners, Inc. (ICP), comprehensive of all financial activities, shall be performed at least twice a year.

1.3 Audit frequency

Internal audits will be conducted in November and April. The first audit will cover the transaction period of the beginning of the fiscal year (July 1) to the last day of the preceding month (October 31); the second audit will cover the transaction period from November 1 to the last day of the preceding month (March 31).

1.4 Audit team

The audit team will consist of one ICP Board Member (rotating or volunteer basis) and the MCCA Executive Director. In the event that the MCCA bookkeeper is an ICP Board Member, the bookkeeper may not serve.

1.5 Procedure for auditing checking, savings and credit accounts, and journal entries:

1. Five checks or electronic transfers will be chosen at random. The transaction documentation will be viewed. In the case of Items Receivable for vendor files, the following paperwork should be attached to the check stub: a Purchase Request with the Executive Director's signature, a Purchase Order generated by Quickbooks, a packing slip, an invoice, and the corresponding check stub.
2. One payroll transaction will be chosen. For a payroll check, the following documentation will be viewed to ensure proper procedure: timesheet is present; timesheet is signed by both

- employee and Executive Director; hours are the same on the timesheet as on the check stub. The paycheck should be signed by 2 signers (verify by reviewing cashed check copy).
3. Two cash deposits or transfers will be chosen at random. The transaction documentation will be viewed to ensure that cash receipts and deposit slip amounts balance.
 4. Two general journal entries will be chosen at random. The transaction documentation will be viewed to ensure that a memo giving explanation for the journal entry is present and has been reviewed by the Executive Director, which is evidenced by a signature.
 5. One credit card statement from each credit card account will be chosen at random. Verify that for each transaction there is corresponding documentation. Verify the Executive Director has reviewed the statement/reconciliation by evidence of initials or signature.
 6. One reconciliation of a petty cash account will be chosen at random. Verify that an on-hand cash count was done, any discrepancies noted, and that the Executive Director has reviewed the statement/reconciliation by evidence of initials or signature.

1.6 Procedure for auditing federal government securities accounts:

1. Two transactions will be chosen at random. The transaction documentation will be viewed to ensure documentation of securities purchase, interest posting, and return of funds to accounts is complete.

1.7 Results

1. A summary of the audit will be recorded (see Attachment A for Worksheet).
2. Results will be recorded as Satisfactory, Needs Improvement, or Unsatisfactory with clarification provided in an Extended Notes section (see Attachment A).
3. The audit team may make recommendations, if any.

1.8 Audit reporting

1. Reports will be completed and presented to the ICP Board in December and May.
2. ICP Board Secretary will keep a copy of the Internal Audits on file.

**Attachment A:
Audit Report Worksheet**

I. SUMMARY WORKSHEET:

Transaction period reviewed (Circle): July 1 - October 31

November 1 – April 30

Reference	Transaction Type	Date	Description	Amount	Result	Notes
1.5.1a	Check or EFT					
1.5.1b	Check or EFT					
1.5.1c	Check or EFT					
1.5.1d	Check or EFT					
1.5.1e	Check or EFT					
1.5.2	Paycheck					
1.5.3a	Deposit /Transfer					
1.5.3b	Deposit /Transfer					
1.5.4a	General Journal Entry					
1.5.4b	General Journal Entry					
1.5.5a	Credit Card Account					
1.5.5b	Credit Card Account					
1.5.6	Petty Cash Account					
1.6.1a	Fed gov securities					
1.6.1b	Fed gov securities					

Extended Notes

Item # Reference	Extended Notes

III. Audit Team Summary & Recommendation(s)

Summary: Satisfactory Needs Improvement Unsatisfactory

Date of Audit:

ICP Board Member

Executive Director

Bookkeeper