

Internal Control Program

The procedures outlined on the following pages should be performed on an annual basis by a responsible member of Management. The person carrying out the procedures should not have oversight responsibility for accounting functions.

Print out a copy of the internal control program and sign off on each step as performed. Print out as many copies of the proof of cash format as required.

Performance of these steps will not guarantee that fraud will not occur or that fraud that has occurred will be detected. However, these simple steps will:

- 1) Provide a useful check that transactions passing through the bank accounts are being accurately reflected in the general ledger.**
- 2) Help maintain a good internal control environment by showing employees that Management is engaged in the process and takes control processes seriously.**

Calendar Year: _____

Date Completed: _____

Internal Audit Procedures – Annual

<i>Description of procedure</i>	<i>Completed by /date</i>
<p><u>I. Proof of Cash for all cash accounts</u></p> <p>1. Randomly select one month in the prior calendar year. The month selected is: _____.</p> <p>2. Obtain the following documents: Bank statement for each account for selected month Bank reconciliations for each account for end of month prior to selected month (beginning of selected month) and end of selected month. General ledger for selected month</p> <p>3. For each cash account owned by the Company during the calendar year, prepare a proof of cash for the selected month – matching all transactions being recorded by the bank for the month with those recorded in the general ledger.</p> <p>4. Identify and explain any discrepancies.</p> <p>5. Review beginning and end-of-month bank reconciliations for the selected month for each cash account to determine that they appear to be properly prepared.</p> <p>6. Trace all reconciling items as of the beginning of the month to clearing during month. If a reconciling item has not cleared by the end of the month, determine reason for this.</p>	

<i>Description of procedure</i>	<i>Completed by /date</i>
<p><u>II. Detail review of cash receipts/disbursements for selected month</u></p> <ol style="list-style-type: none"> 1. For the selected month, review each cash receipt and determine that it appears to be properly reflected in the books and records 2. For the selected month, review each cash disbursement and determine that it appears to be properly reflected in the books and records. 	
<p><u>III. Matching of payroll records to general ledger</u></p> <ol style="list-style-type: none"> 1. Obtain payroll records for calendar year under review. Obtain all records for payroll, taxes and benefits 2. Determine that amounts recorded in general ledger for payroll and related expenses for year match those appearing in the detailed records. 3. Determine that amounts paid to employees agree to approved salary and wage rates. This is done by referring to personnel file and/or discussing with pastor. 	

<i>Description of procedure</i>	<i>Completed by /date</i>
<p><u>IV. Overall review</u></p> <ol style="list-style-type: none"> 1. Scan general ledger for entire year. 2. Note any unusual transactions. Obtain explanation and examine support in order to gain assurance of propriety of transaction and that it is properly reflected in the books and records. 3. Determine that all items that require capitalization have been duly capitalized and that no items have been improperly capitalized. 	
<p><u>V. Documentation Packet</u></p> <ol style="list-style-type: none"> 1. Checklists of work performed 2. Notes and explanations for any items investigated and resolved 3. Proof of cash worksheets 	
<p><u>VI. Summary of Results:</u></p>	

Example, Inc.
Acme Bank Account No. 000-55555555
Proof of Cash
For the month of February, 20XX

	For the month of February, 20XX			2/28/XX
	1/31/XX	Deposits	Disbursements	
Per Bank	50,000.00	60,025.00	55,025.00	55,000.00
Deposits in transit:				
Beginning of Month (1/31/XX)	2,000.00	(2,000.00)		
End of Month (2/28/XX)		4,500.00		4,500.00
Outstanding checks:				
Beginning of Month (1/31/XX)	(5,300.00)		(5,300.00)	
End of Month (2/28/XX)			4,200.00	(4,200.00)
Other reconciling items:				
Erroneous bank charge (2/21/XX) subsequently reversed by bank		(25.00)	(25.00)	
Per Book	46,700.00	62,500.00	53,900.00	55,300.00

Notes:

- Amounts "Per Bank" should agree to bank statement balances and total deposits and withdrawals for the applicable period.
- The far right and far left columns are drawn directly from bank reconciliations (reconciling bank statements balances to the general ledger) prepared for the applicable dates.
- Amounts "Per Book" should agree to general ledger balances and total debits and credits for the applicable period.
- The reconciliation of the Deposits and Disbursements columns from Per Bank and Per Book are completed as shown, taking into account the impact of the reconciling items on the difference between the transactions shown by the bank and the transactions shown by the book. (For example, a deposit in transit at the beginning of the period will be included in total deposits "Per Bank" during the period, but would have been recorded in the general ledger in the preceding period. Therefore, a beginning deposit in transit will be subtracted from the Per Bank deposits to reconcile to current period Per Book amounts.)
- The Per Bank and Per Book rows add across. All columns add down.

Company Name: _____
Bank Account: _____
Proof of Cash
For the period: _____

	Deposits	Disbursements
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Per Bank

Deposits in transit:

Beginning of period

End of period

Outstanding checks:

Beginning of period (

End of period

Other reconciling items:

Per Book
