

## Financial Compliance Review of Congregation Records

Augustana Lutheran Church  
West St. Paul, MN  
Pastor Mark Aune  
Year ending December, 31, 2020

Audit Committee Members:  
Steve Ashley, Jim Neuharth,  
Rick Clark, & Jim Stender

The Audit Committee reviewed the financial records according to certain recommended procedures as specified by the ELCA. The review covered both the General Account and the Harvest Fund Account.

### **Review of Recording of Cash Receipts**

The committee reviewed the procedures for collection of weekly contributions and deposits. Amounts were traced from member envelopes to the counters report and then to the annual contribution statements. Deposits were also verified for timeliness.

Dedicated fund contributions as stated on envelopes or checks were verified and traced to the general ledger to determine proper posting.

Total amounts written on member envelopes matched the counter's edit report. Deposit totals from counter's report matched bank deposit records and financial reports. Deposits were made on a timely basis.

The pledge audit included Electronic Giving via VANCON & Direct Deposit. The giving was traced from the initial commitment thru to the annual contribution statements. No irregularities were found.

### **Verification of Check Accounting**

The committee inspected cash expenditures in the checking account to determine that checks were properly completed and recorded in the financial records. We examined the accounts payable records to determine that invoices and requests for payment were properly completed and approved. Checks were examined to determine that checks were accounted for and disbursements were paid to the proper party. A few minor findings involving payment Request Approval, Payment Request Dating, & Double Signatures on Payment Checks > \$1000 were discovered. The findings reviewed with the Bookkeeper (Stacy Bratvold) & corrections were made. The committee did not compare expenditures to budgeted amounts, prepare a tabulation

of benevolence payments to the synod, nor analyze expenditures for capital improvements, new equipment or proper designation of employees vs. contractors. We felt these areas were the responsibility of the finance committee and outside the scope of our duties.

Expenditures were traced from the financial accounting records to the checking account and the bank statements, finding no errors. All checks and amounts recorded on the bank statement were properly endorsed and agreed with the vendor invoice documentation in the accounting records. The request for authorization of each expense, however, was not always recorded on the requisition form in the accounting records. In addition, approval to incur the expense was also not always documented in the accounting records. The requisition for expenses and subsequent approval of the expense is a key control over unauthorized expenses. Although we did not find any unauthorized expenses, the risk is greatly increased when the accounting unit does not properly support expenses with a signed requisition approval form and an authorization to pay that is separate from the signatures on the checks.

### **Examination of Petty Cash**

The committee did not examine the petty cash funds to verify proper approvals. The petty cash fund is not widely utilized within the church and the committee feels this is a minimum risk account.

### **Examine Individual Member Records**

On a sample basis, the committee examined the posting of member contribution from the member envelope to the deposit edit sheet. Through year end statements, the committee has requested members report statement errors directly to the audit committee. The committee did not find value in comparing members' "pledge amount" with signed pledge.

The Committee reviewed selected member posting from four different Sunday offerings. All contributions were posted correctly to member accounts.

### **Inspect Insurance Policies**

The committee inspected insurance policies and prepared a schedule showing effective and expiration dates, kinds of coverage, maximum amounts of coverage, premium amounts and terms. Insurance policies were inspected, scheduled and confirmed to be in place.

## **Mission Investment Fund**

The committee verified the amounts posted on the Balance Sheet matched amounts per the financial institution.

## **Harvest Fund**

A majority of the funds held by the Harvest Fund are invested through inFaith Community Foundation. The year end report from inFaith has not been received in time to be examined prior to completion of the Audit Committee Report. During the first quarter of 2021, the committee will review the records of the Harvest Fund, including verifying investment balances, tracing member contributions from the church General Fund to the Harvest Fund and will trace Harvest Fund distributions back to the General Fund.

In addition, the Audit committee will discuss with the Church Business Administrator. and the Harvest Fund Committee the controls and procedures in place to insure continued good governance of the Harvest Fund assets.

All committee findings are contained in the audit papers, which are a part of this report.

Respectfully submitted:

Jim Neuharth  
Steve Ashley  
Rick Clark  
Jim Stender