

2016-2017 Prince of Peace Lutheran Church
Audit Report

Auditors: Barbara Kragthorpe, Lesa Wilson and Jon Grussendorf
Interviewed: Michelle Grilley and Brad Kropp (Treasurers) and Virginia Anderson (Financial Secretary)

With this report, the Auditor(s) /Audit Committee present its audit of the financial books and records of Prince of Peace Lutheran Church in Logan, Utah to the Congregation Council for the 2016-2017 fiscal year.

Audit Objectives

The audit objectives related to the internal audit of Prince of Peace Lutheran Church, Logan Utah financial books, records and operations include determination that:

- All assets and liabilities recorded in the congregation's books and records are supported by appropriate independent documentation (i.e., bank statements and vendor invoices);
- All general ledger balances are appropriately reconciled to their underlying assets (i.e., bank statements) and liabilities (i.e., accounts payable) in a timely and accurate manner;
- All donations are properly classified on the financial statements in line with the donor's intent;
- Appropriate procedures are in place governing key financial operations and are being complied with (with recommendation);
- Proper segregation of duties are in place for all key financial transactions and are not being circumvented;
- Controls governing the congregation's investments and bank accounts are in place and operating as intended;
- All necessary insurance policies are in place and in force;
- The Sunday (or special) offering is handled and counted in dual custody;
- All monies generated and expenses incurred as a result of special events are properly accounted for and can be traced back to the general ledger;
- The petty cash fund is closed per previous audit recommendation;
- Expenses are appropriately approved and supported by the appropriate documentation;
- Fixed assets exist and are properly recorded in the general ledger;
- Personal identity information is properly safeguarded both in system and paper form;
- Controls over the payroll process are in place and operating as intended;
- Evidence of appropriate records retention was displayed (with recommendation);
- The appropriate data processing controls are in place and operating as intended.

Audit Conclusion

Based on audit work performed to achieve the objectives listed above, the books and records of Prince of Peace Lutheran Church in Logan, Utah for the 2016-2017 fiscal year appear to be materially accurate in all respects. Testing performed also found, with some exceptions as noted in this report, that the controls governing the financial operations process appear to be in place, are operating as intended and with no significant weaknesses. Although controls over financial operations appear to be adequate, there exists opportunities for discussion and/or improvement in the following areas:

- Reinforce the timely submittal of expenses by staff and ministry teams. Timely submission of expenses help improve the quality and efficiency of the overall financial reporting process to the Council and congregation.
- Establish Prince of Peace financial records retention policy compliant with IRS requirements.

Implementation of the recommendations outlined in this report would help strengthen existing controls and provide additional efficiencies.