

## January 26, 2021 with Treasurers

### The Importance of Internal Audits Presentation by Paul Demastus

**1. Question:** Monthly reconciliation of all balance sheet accounts - what do you mean? Checking account balances at banks etc?

**Answer:** It entails reviewing the underlying sub-ledgers of your Assets and Liabilities, reconciling them to the Trial Balance.

- Reconcile the Bank Account Statement to the Trial Balance

- Make sure that what you have reported actually reflects what the underlying sub-systems like Accounts Payable, Accounts Receivable and Prepaid Accounts reconciles with your Trial Balance.

**2. Question:** Do you have concerns about cloud hosting and outside USA servers?

**Answer:** Always vet the Cloud hosting providers to make sure they are reputable and that they have good controls in place. Reputable hosting providers would have a system and organization control audit in place or some other type of testing which you can evaluate. Request for these reports annually so you can see what kind of controls they have in place. Access to these reports should be on your contract. Exercise caution and be aware of the fact that you do not just need to rely on them.

**3. Question:** What would you recommend as additional internal controls for those working at home?

**Answer:** From the IT side, make sure you have control factors of limitation so you can limit the number of people who has authority to be in the network and limit the number of people in your network.

For documents that require a signature, use tools like DocuSign, Adobe Sign or email because generally email is viewed as an adequate control for the approver standpoint since it has the email address. Continue to document what you have documented as if you have been in the office. This includes reviewing reports that you need to sign off on. Pulling a report with an email of your approval is acceptable.

**4. Question:** Any firm recommendations on "hacker" to get into our network?

**Answer:** A number of firms/ services are available. This is one of LBMC's services. Paul's email address: [pdemastus@lbmc.com](mailto:pdemastus@lbmc.com)

If you prefer someone local, Paul can help find a reputable firm.

Any big Accounting or Audit Firms would have this service available so you can check with them as well.

## January 27, 2021 with Treasurers and CF&As:

### The Importance of External Audits Presentation by Paul Demastus

**1. Question:** What are CCFA's duties relative to audits of accounts that are for special funds or activities created by the annual conference but not under CCFA's control? Often these special groups use the Chief Financial Officer of the Conference but usually are not required to do so.

**Answer:** We typically see these funds rolled up or consolidated with the Annual Conference's Financial Statements. It is not a requirement but they typically are included because the Annual Conference is audited as a whole.

For any organization receiving Conference Funds, the CCFA has oversight on these funds. CCFAs are responsible for reviewing the audits on an annual basis. Whether or not the Fund is a part of the consolidated Conference or outside organization receiving Conference funds, the CCFA is responsible to gather audits for all entities receiving Conference funds.

**2. Question: Where is the Episcopal Office checklist located?**

**Answer:** You can find the checklists on the Event Website

<https://na.eventscloud.com/ehome/annualconferenceleadershiptraining/1095020/>

**3. Question:** Is there a dollar amount that triggers the requirement to review the audited financial statements of an outside group receiving annual conference funds?

**Answer:** The Book of Discipline does not specify a dollar amount.

**4. Question:** Do you recognize donated space for the Episcopal Office on their audit?

**Answer:** Typically, no. This will be some type of a non-cash item. It will be up to you as far as how it is recognized. It is typically a shared space with the Annual Conference and this varies often. Paul has not seen a Financial Statement that recognized an 'in-kind' type of income. Paul is not aware of anyone recognizing donated space for the Episcopal Office.

**5. Question:** Is the Financial Reporting checklist to be prepared by the audit firm or by me as Treasurer?

**Answer:** This is completed by the Treasurer or Episcopal Office.

If you are consolidating the Episcopal Office into the Annual Conference, keep a separate trial balance and track expenses and expense schedules separately.

**6. Question:** Is there a recommended capitalization threshold?

**Answer:** It varies from \$2,000 - \$5,000. It mainly needs to be a consistent number.

**7. Question:** Is the updated 2020 version a fillable pdf? That really makes it much more user friendly.

**Answer:** The Word Document versions are available on the Event Website.

<https://na.eventscloud.com/ehome/annualconferenceleadershiptraining/1095020/>

**8. Question:** Do Conference Treasurers request a copy of the audits each year and follow up with churches? Has anyone done training to volunteers who do the audits?

**Answer:** To Paul's knowledge, the Annual Conference received a copy of the audits. If the District Offices receives the audit, then, the Annual Conference may not be receiving them.

Regarding audit training, Paul recommended for this to be at the Annual Conference level so that the Churches that flow up to the Annual Conference are doing what they need to do to present the appropriate financial information. GCFA does not provide local church audit training.

**9. Question:** Please send us a list of links to the documents you cite.

**Answer:** You can find the documents that Paul talked about in the Event Website:

<https://na.eventscloud.com/ehome/annualconferenceleadershiptraining/1095020/>

Or the GCFA website: <https://www.gcfa.org/forms-and-resources/financial-forms/>