

Sydney Diocese Anglican Parish Audit/Accounts Review Preparation Checklist

January 2019

Aim: To streamline & improve your Parish's Financial Accounts audit process

PREPARATION

Prepare a folder to gather required documentation

- Create a folder in your computer to hold the documentation for the financial year audit. All documentation is to be filed here.
- Ensure that the prior year end balances in your accounting system equals the prior year end audit reports. To do this, produce the Profit & Loss report and the Balance Sheet for the prior year and compare with the same reports in the prior year audited financial reports. Investigate and correct if they are different. The starting point must be correct.

Cash and Bank

- Ensure that every bank, credit card, Paypal, and Loan transactions are entered into your accounting system until the end of the financial year or later
- Ensure that every bank, credit card, Paypal, and Loan account is reconciled to the related bank, credit card, Paypal, and Loan account statement to the end of the year
- Run the Balance Sheet report as at the year end. Physically compare the year end balance of the bank, credit card, Paypal, and Loan account bank with the appropriate bank statement balance as at year end. If they are different, run the Bank Reconciliation Report. Check for differences and correct. NB it is possible that the bank balance of bank accounts with automatic bank feeds may differ to the Bank Statements.
- Review any unreconciled items and investigate if they are older than, say, 1 or 2 months. Sometimes outstanding transactions are duplicates. Adjust if necessary
- Obtain Term Deposit Statements and enter any outstanding transactions
- Reconcile any Petty Cash & create a statement or declaration verifying any Petty Cash Balance at the end of the financial year.

Current Assets

- Create a Debtors/Accounts Receivables report (if any) as at the last date of the financial year. Compare this with the Debtors/Accounts Receivable balance in your year end balance sheet. Investigate if it differs.
- Review outstanding invoices. Do you agree that the outstanding invoices are still outstanding? If you know they have been paid, find the payment and allocate to the outstanding invoice.
- Review old outstanding invoices and determine the likelihood of collection of each invoice. Total the invoices unlikely to be collected and create an adjusting manual journal against Provision for Bad Debts accounts. Otherwise create credit note(s) to write off the old invoices.
- Review all other Current Assets – eg Supplier Deposits, Prepayments. Correct if necessary – especially if they are old. Develop a reconciliation (list of transactions that “make up” the total balance of the account) for each account and file in Documentation Folder.
- Produce a report explaining the balance (reconciling) any other asset balance

Non Current Assets

- ACPT statements – enter an adjusting journal to ensure that the closing market value in your balance sheet equals the ACPT closing market value. Allocate the “other side” of the journal to the Asset Revaluation Reserve account – in Equity
- Provide supporting documentation/explanations/reconciliations in the form of Excel spreadsheets for the balances of any other Non Current Assets

Land and Buildings and Contents

- Review the transactions in the fixed assets accounts. Make sure that no expense items have been allocated to these fixed assets accounts. Only large development projects over \$100K maybe considered for capitalisation. Please check with the dioceses office first.
- Make sure no other transactions are allocated to the Fixed Assets accounts
- Obtain the most recent Land Valuation Certificates in connection with all Parish land/properties and place a soft copy in the Audit Folder
- Obtain the Schedule of Buildings & Contents which is provided by the Property Trust Insurance Officer and place a soft copy in the Audit Folder
- Compare the valuations stated in these certificates/Schedules to the year end Balance Sheet values.
- If they are different, create an adjustment via manual journal against the asset account(s) and the Revaluation account to ensure that they equal.

Creditors & Other Current Liabilities

- Create a Creditors/Accounts Payables report (if any) as at the last date of the financial year. Compare this with the Creditors/Accounts Payables balance in your year end balance sheet. Investigate if it differs
- Create a manual journal to accrue the annual audit fee
- MEA Liability Accounts should equal corresponding MEA Bank Accounts – if these exist. Investigate and correct if these do not equal.
- GST & PAYG – the balance of these accounts in the General Ledger as at the end of the year should be equal to the Oct-Dec BAS. A reconciliation is necessary where the balance does not equal. GST differences will occur if Purchases & Sales functions are used and the GST Calculation basis is Cash. The GST on these outstanding transactions will form part of the difference. Create a GST reconciliation explaining the difference.
- Provide supporting documentation/explanations/reconciliations in the form of Excel spreadsheets or reports documenting the balances of any Non-Payroll related accounts eg Customer Deposits, Bond Payables, Provisions. Develop Reconciliation (List of transactions that “make up” the total balance of the account) for each account and file in Documentation Folder.
- Loan Statements should be included in the Audit folder and loan accounts updated in the Balance Sheet to equal the Loan Statement Balance
- Produce a document explaining (reconciling) any other liability balance

Payroll

- Calculate and document the value of outstanding Annual leave as at the end of the financial year. Create an adjusting manual journal against Holiday Leave Provision and wages accounts.
- Calculate and document the value of Long Service Leave accrued (if any) for non-ordained staff with calculations of accruals for the year. (Accruals should start at 5 years continuous service and are generally payable after 10 years). Create an adjusting manual journal against Long Leave Provision and wages accounts if required.



- Create a Payroll Reconciliation. This is as spreadsheet you have created comparing/reconciling the following three items:
 - a. the payroll reports with the
 - b. balances of the general ledger accounts for wages, stipends, MEA superannuation and PAYG, and
 - c. the total of the W1 & W2 amounts submitted to the ATO for the year
- Produce a report explaining (reconciling) the Superannuation balance

Restricted Funds

- Restricted Funds should be properly accounted for. Please see our detailed documentation for Restricted Funds: <http://www.benkorpcorp.com/churches/anglican/>

Deductible Gift Recipient (DGR) Funds

- Make sure you identify & prepare separate financial reports for DGR funds
- Place these in the Audit Folder

DOCUMENTATION REQUIRED FOR YOUR AUDITOR

- All statements for the total year for every bank, credit card, Paypal, and Loan account
- Provide statements as at year end for other investment monies eg Term Deposits & ACPT accounts
- If applicable reconcile any Petty Cash & create a statement or declaration verifying any Petty Cash Balance at the end of the financial year.
- Debtors/Accounts Receivables report (if any) as at the last date of the year.
- Creditors/Accounts Payables report (if any) as at the last date of the year.
- Copy of outstanding supplier invoices as at year end
- Copies of BAS's lodged by the Parish during the year including the Oct-Dec BAS.
- Documentation displaying how you calculated the Annual & LSL payable balances
- PAYG summaries produced during the year for all employees
- Payroll Reconciliation
- Superannuation Reconciliation

Other documents to be provided in the Audit Folder or attached to transactions

- Profit & Loss report for the full Year, compared with the previous year
- Balance Sheet dated the last day of the financial year compared to the previous year
- Copies of attested offertory count sheets for the year
- Provide copies any Bequest documentation
- Expense vouchers/invoices for payments made during the year. Soft or hard copy. If using Xero hopefully you have already attached these to all the transactions so not necessary to provide.
- Copy of the Signed minutes of Parish Council/Wardens meetings.
- Copy of the Budget for the following year
- A copy of your live computer ledger with the type and version of the programme used. If using Xero just organise for the Auditor to have the appropriate user access.

Give your auditor access to the Audit Documentation Folder

When you have completed all of the above, give your auditor access to your financial data & the audit documentation file.

If you have any questions or want assistance with preparing your accounts for audit please contact us at hello@benkorpcorp.com or 1300 138 627

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