

Nassau Presbyterian Church
Report of the Audit Committee
September 16, 2018

On August 16, 2018, the Audit Committee met with the Business Administrator to review the fiscal period ending May 31, 2018. As is customary, the areas of responsibility were rotated among the Committee members.

Components of Review

Audit Principles: In accordance with the Constitution of the Presbyterian Church USA Book of Order, books and financial records of the Church and its organizations should be audited by either certified public accountants or an appointed Audit Committee, the membership of which should not include the Treasurer or Financial Secretary of such Church. The Audit Committee discussed specific areas for examination and review. The Audit Committee convened to complete the examination of records and review of related procedures. Areas of examination were as follows:

- A. **Revenue and Banking:** A sample of deposits and inbound transfers (including on-line donations) for three months were reviewed. All transactions selected were located and no anomalies were found. The process for accepting, processing and posting deposits was reviewed and again no anomalies were identified. Reconciliations of money market accounts were reviewed for three months and found to be in good order. Transactions and accounting procedures related to the Church's investment accounts were reviewed. No anomalies were identified.

- B. **Disbursements:** The disbursements for the fiscal year to a random selection of high volume vendors were reviewed. Church and cemetery vendors were included. No disbursements were high enough to require session review. No anomalies were identified. Credit card receipts for expenses for random staff members were reviewed and reconciled with credit card statements. Receipt record keeping was thorough. No unusual expenses were identified and all expenses were backed up by receipts in the sampling reviewed.

- C. **Insurance:** It has been the Church's practice to solicit insurance quotations approximately every three years, which last occurred in the fiscal year ending May 2016. That policy has been renewed.
- D. **Cemetery Funds:** A random sample of the 2017-2018 fiscal year records relating to the revenues, disbursements and cash flow for the Princeton Cemetery was reviewed. Flows and records were well kept and accurate, including the flow of funds to the Maintenance and Preservation Account as required by the State of New Jersey. No deficiencies were found with regard to cash flows and disbursements.
- E. **Payroll/Contracts:** A random sample of documentation regarding authorized compensation for Church employees was selected and compared to payroll and tax records to assure accuracy of payments in accordance with such documentation. No anomalies were identified.
- F. **IT SYSTEM:** The Business Administrator reported that the Church has replaced the server and has implemented enhanced back-up procedures.

Findings/Conclusions

The overall assessment of the Committee is that the Church's day-to-day business operation is functioning at a high level of accuracy and efficiency. Ongoing improvements to the computer system and support services have assisted the Business Administrator and staff greatly. No material findings or deficiencies were encountered.

Status of Prior Recommendations and New Recommendations:

1. The Audit Committee previously recommended that the Business Administrator prepare or update, as the case may be, written documentation of the procedures, processes and controls for the church's financial administration. While the project is still a work-in-progress, the Business Administrator has made meaningful progress toward completing written documentation of the church's financial administration procedures. The Audit Committee recommends that work on this project continue through 2018 and the first part of 2019, with a goal to complete the project by the end of the current fiscal year.
2. The Audit Committee recommends that a Finance Committee member continue to review bank reconciliations for church accounts on a semi-annual basis.
3. The Audit Committee recommends that the asset allocation of funds in the Cemetery's Maintenance and Preservation account be reviewed.

The Audit Committee (Brad Middlekauff, Ann Elmes, Gabriella Milley and Jock McFarlane) would like to thank all members of the Church office staff, and in particular Linda Gilmore, for professionalism, patience and consideration during the course of the examination.