

Title: Procedure for Internal Financial Audits

Control Information

Control Item	Details
Owner/Curator	Payton James-Amberg
Document #	Procedure 00006
Supersedes	None
File Location	www.muddycreekcharterschool.org
Board approval date	7/11/2008

Revision History

Revision	Date	Revision Description	Originator
A	July 11, 2008	Initial Release	Mark Hazelton
B	January 7, 2010	Change first audit date & Add payroll review, documentation details, and audit worksheet	Christine Horning

1. Objective:

The objective of this procedure is the following:

- 1.1 Define the organization(s) to be audited
- 1.2 Define audit frequency
- 1.3 Define audit team
- 1.4 Define the procedure for auditing checking, savings account, and journal entry transactions.
- 1.5 Define the procedures for auditing federal government securities transactions.
- 1.6 Describe the format for audit results
- 1.7 Define reporting.

1.1 Organization to be audited:

An internal audit of Inavale Community Partners, Inc. (ICP) shall be performed at least once a year. An internal audit of Muddy Creek Charter School (MCCS) shall be performed twice a year.

1.2 Audit frequency

Internal audits will be conducted in November and April. The first audit will cover the transaction period of the beginning of the fiscal year (July 1) to the last day of the preceding month (October 31); the second audit will cover the transaction period from November 1 to the last day of the preceding month (March 31).

1.3 Audit team

The audit team will consist of one ICP Board Member selected on a rotating basis and the MCCA Executive Director. In the event that the MCCA bookkeeper is an ICP Board Member, the bookkeeper may not serve.

1.4 Procedure for auditing checking, savings accounts, and journal entries:

1. Five checks or electronic transfers will be chosen at random. The transaction documentation will be viewed. In the case of Items Receivable for vendor files, the following paperwork should be attached to the check stub: a Purchase Request with a) the budget code and b) the Exec. Dir.'s signature, a Purchase Order generated by Quickbooks, a packing slip, an invoice, and the corresponding check stub.
2. One payroll transaction will be chosen. For a payroll check, the following documentation will be viewed to ensure proper procedure: timesheet is present; timesheet is signed by both employee and Executive Director; hours are the same on the timesheet as on the check stub.
3. Two cash deposits or transfers will be chosen at random. The transaction documentation will be viewed to ensure that cash receipts and deposit slip amounts balance.
4. Two general journal entries will be chosen at random. The transaction documentation will be viewed to ensure that a proper reason for the journal entry is present.

1.5 Procedure for auditing federal government securities accounts:

1. Two transactions will be chosen at random. The transaction documentation will be viewed to ensure documentation of securities purchase, interest posting, and return of funds to accounts is complete.

1.6 Results

1. A summary of audit(s) will be recorded (see Attachment A for Worksheet).
2. Results will be recorded as Satisfactory, Needs Improvement, or Unsatisfactory with clarification provided in an Extended Notes section (see Attachment A).
3. The audit team may make recommendations, if any.

1.7 Audit reporting

1. Reports will be completed and presented to the ICP Board in December and May.
2. ICP Secretary will keep a copy of the ICP and MCCA Internal Audits on file.
3. Executive Director will keep a copy of the MCCA Internal Audit on file.

Attachment A:
Audit Report Worksheet

I. MCCS SUMMARY WORKSHEET:

Transaction period reviewed:

	Transaction Type	Date	Description	Amount	Result	Notes
#1	Check or EFT					
#2	Check or EFT					
#3	Check or EFT					
#4	Check or EFT					
#5	Check or EFT					
#6	PAYROLL					
#7	Deposit /Transfer					
#8	Deposit /Transfer					
#9	General Journal Entry					
#10	General Journal Entry					
#11	Fed gov securities					
#12	Fed gov securities					

II. ICP SUMMARY WORKSHEET:

Transaction period reviewed:

	Transaction Type	Date	Description	Amount	Result	Notes
#1	Check or EFT					
#2	Check or EFT					
#3	Check or EFT					
#4	Check or EFT					
#5	Check or EFT					
#6	Deposit /Transfer					
#7	Deposit /Transfer					
#8	General Journal Entry					
#9	General Journal Entry					
#10	Fed gov securities					
#11	Fed gov securities					

Extended Notes

Item #	Extended Notes
#1	
#2	
#3	
#4	
#5	
#6	
#7	
#8	
#9	
#10	
#11	
#12	

III. Audit Team Recommendation(s)