

Vinland Lutheran Church Council  
Audit Committee Report  
Calendar Year 2008

Vinland's Audit Committee for calendar year 2008 consisted of LaVonne Berentson, Jean Danielson, Chuck Rabura, and John Rova. We met formally 3 times between January and March 5, 2009, and informally to date. We audited the financial records of all the church's accounts, including ancillary organizations (Good Sam, Women of Vinland, the Cemetery Committee, Preschool, and Youth Group Accounts).

Except for the Youth Group Accounts (See 4 below), we found all to be in order and accurate, with the minor exceptions.

Our findings:

1. With the exception of the Youth Group Account, the current system of accounting for expenditures is good, with specific persons responsible for individual line items in the church budget approving. The Payment Request form that defines the accountability is likewise good and has shown marked improvement over last year. However,

Condition: The Vinland Payment Request Form (authorization for expenditure) needs updating. A third party not familiar with the current coding would not know what the expenditure was for. There needs to be consistency between the purchase request account numbers and the QUICK BOOKS account numbers. The accountable stewards named on the form are not all current council members. Also, new council members may be unaware of their responsibility to review and sign PMR forms for their respective stewardship.

Recommendation: The Payment Request form must be updated for current stewards/council members (accounting code responsibility). Responsible stewards should be aware of their responsibility to check mailbox area for forms and sign them as needed. The payment request form will be updated for current QUICK BOOKS general ledger account numbers. Explanations should continue to make the expense clear to the bookkeeper or other system user.

Responsible Steward: Bill Brueggemann/Corey Burchill

Report completion to Audit Committee Member: John Rova

2. Condition: Offerings on Sunday morning are currently being counted by two unrelated individuals. One person could be the Financial Secretary responsible for that Sunday, but at least one person should have responsibility every Sunday.

Recommendation: There should be a number of Vinlanders who could fill this role on a rotational basis. In addition to counting the cash, offering checks need to have the bank stamp affixed and an adding machine tape run of the total before the offering is turned over to the Financial Secretary. Note this is unchanged from recommendation reported in the FY 2007 Audit Report.

Responsible Steward: Corey Burchill

Report completion to Audit Committee Member: Chuck Rabura

3. Condition: We don't know the status of credit cards held by the church, i.e. who has access and control, where the cards are kept, etc. There must be an audit trail. Control measures must be implemented with credit/debit card monitoring. Note this is unchanged from the condition reported in the FY 2007 Audit Report.

Recommendation: This matter needs clarification and clear guidelines established. Credit card location and/or holders should be identified, access to credit cards defined, authorization and approval documented.

Report completion to Audit Committee Member: Jean Danielson

4. During our audit the Youth Group Fund was reduced to one account at the Bank of America, where the checking and savings portion of the account are linked. The Washington Mutual account was closed and cash deposited in the BoA account. We found there had been no activity at all in 2008 in the checking portion of the BOA account.

Condition: Other than some bank statements, the Youth Group Account had no accounting records. Those records available were incomplete. There was no accounting for receipts/offering and no explanation of expenses what so ever. Note this condition was noted in the FY 2007 Audit but not reported.

Recommendation: The books of account need Request Authorization Forms, receipts, explanation of receipts and expenditures. Account transactions should be summarized and explained if needed monthly (as are all other Vinland accounts). Note there is an account set up in QUICK BOOKS. It should be used. The account must reconcile to the bank statement each month and annually. A debit or credit card, if one is needed and authorized, should be able to be linked to the Bank of America account.

Responsible Steward: Doug Barnhart and Kelli Oster will be systematizing the Youth Group Fund accounting record keeping. (We understand this process is underway).

Report completion to Audit Committee: John Rova or Jean Danielson

5. The Scholarship Fund:

Condition: At the December 31, 2008 had a balance of \$108,023; cash \$25,794 and \$82,229 in bonds. The cash portion has been building up due to redemption by the bondholders in this lower interest climate. The cash is in a money market account paying 1.29 percent interest.

Recommendation: We feel this account needs to be monitored more closely. Just enough cash needs should be held to pay the scholarships annually and the balance of the cash invested at a better rate of return. Excess cash could be put into certificates of deposit or other investment. This should be coordinated with the UBS advisor/fund manager we deal with.

Also, because of the current mortgage "mess", we recommend obtaining an independent professional opinion of the safety of the Scholarship Fund investments, since they now are entirely in FNMA and GNMA housing bonds.

Responsible Steward: Corey Burchill/Aaron Schielke

Report completion to Audit Committee Member: LaVonne Berentson

Respectfully submitted,

LaVonne Berentson

Jean Danielson

Chuck Rabura

John Rova