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Cooperative, Inc.

**Internal Audit Checklist**

**Documents List**

**Documents Needed to Complete the Audit**

	RECEIVED?	
	YES	NO
Monthly Budget to Actual Reports	<input type="checkbox"/>	<input type="checkbox"/>
CPA prepared Financial Statements	<input type="checkbox"/>	<input type="checkbox"/>
Latest Income Tax Returns	<input type="checkbox"/>	<input type="checkbox"/>
Copies of Federal Form 1099s	<input type="checkbox"/>	<input type="checkbox"/>
Copy of the latest NH Annual Return filed with the NH Secretary of State	<input type="checkbox"/>	<input type="checkbox"/>
Registers for each Bank Account for the Fiscal Year	<input type="checkbox"/>	<input type="checkbox"/>
Registers for each Bank Account for the month after the Fiscal Year End	<input type="checkbox"/>	<input type="checkbox"/>
Year-end Bank Statements and Reconciliations for each Bank Account	<input type="checkbox"/>	<input type="checkbox"/>
Rent Rolls and Membership Fee records for each household	<input type="checkbox"/>	<input type="checkbox"/>
Copy of the Cooperative's Bylaws	<input type="checkbox"/>	<input type="checkbox"/>
Copies of Declarations Page from all current insurance policies	<input type="checkbox"/>	<input type="checkbox"/>
Copies of the Cooperative's Loan Agreements	<input type="checkbox"/>	<input type="checkbox"/>
Copies of Board of Directors and Membership Meeting minutes for the year under audit	<input type="checkbox"/>	<input type="checkbox"/>
<u>Does the Cooperative have employees? ( If "NO", then skip the following questions)</u>	<input type="checkbox"/>	<input type="checkbox"/>
Copies of completed Federal Form 941 and New Hampshire Form C-2 (quarterly returns)	<input type="checkbox"/>	<input type="checkbox"/>
Copy of completed Federal Form 940 (annual return)	<input type="checkbox"/>	<input type="checkbox"/>

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**Cooperative, Inc.**

**Internal Audit Checklist**  
**Cash Disbursements**

**Test: Bank Accounts**

Obtain / Prepare a list of all bank accounts used to make payments and compare it to a list of all bank accounts used to make payments in the previous fiscal year.

Do both lists contain the same accounts?

YES NO  
☐ ☐

If NO, explain:


If NO, are the changes recorded in meeting minutes of the Cooperative?

☐ ☐

Obtain / Prepare a list of all Cooperative officers authorized to make payments or withdrawals and compare it to a list from the previous fiscal year.

Do both lists contain the same officers?

☐ ☐

If NO, explain:


If NO, are the changes recorded in meeting minutes of the Cooperative?

☐ ☐

If NO, were the changes made according to the requirements of the Bylaws?

☐ ☐

**Test: Cash Disbursements** (Obtain all Cash Disbursement Journals for the fiscal year)

Number of Samples:  disbursements

**Can You:**

Obtain supporting documentation for the payments?

Obtain copies of the canceled checks?

Are the payments legitimate obligations of the Cooperative?

Does the documentation contain approvals for payment?

Do the payees on the canceled checks match the supporting documentation?

Do all canceled checks contain the signatures of **authorized** officers?

Do the checks contain endorsements consistent with the payees?

Are all payments posted to the proper accounts?

Can the payments be traced to a proper entry in the bookkeeping records?


**Test: Checks Issued** (Obtain all Cash Disbursement Journals for the fiscal year)

**Can You:**

Verify that there are no missing check numbers in the Cash Disbursements Journals?

If NO, are missing numbers accounted for?

explain:


☐ ☐  
☐ ☐

Are checks listed as "VOID" retained and available for examination?

YES NO  
☐ ☐

Have all checks listed and marked "VOID" been examined by a member of the Audit Committee?

☐ ☐

\_\_\_\_\_ Cooperative, Inc.

**Internal Audit Checklist**  
**Income**

**Test: Member Account / Rent Roll to Financial Statement**

Number of Samples:  members

Can You:

Verify that checks posted to member's accounts are recorded in deposit slips?

Verify that the deposits are recorded in the Checking Register?

Verify that the deposits are posted to Monthly Budget to Actual Reports?

Verify that the deposits are recorded in a Bank Statement?

YES

NO



**Test: Financial Statement to Member Account / Rent Roll**

Number of Samples:  months

Can You:

Breakdown a month's income to the deposits that make it up?

Verify that the deposits are recorded in a Bank Statement?

Verify that the deposits are recorded in the Checking Register?

Choose a sample of deposits and a sample of individual checks from those deposits and verify that those checks are posted the member's accounts?



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**Test: Cash Accounts**

Obtain / Prepare a list of all bank accounts owned by the Cooperative and compare to a list of all bank accounts owned by the Cooperative last year:

Do both lists contain the same accounts?

If NO, explain changes:


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If NO, are the changes recorded in meeting minutes of the Cooperative?

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Are bank statements available for each account owned by the Cooperative?

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Has the list of accounts owned by the Cooperative been verified with the bank as the only accounts owned by the Cooperative?

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**For each Bank Account:**

Obtain the year-end bank reconciliation and the bank statement for the last month of the year being audited and the first month of the next fiscal year.

Can You:

Verify that the "bank balance" from the reconciliation equals the ending balance on the bank statement?

YES NO

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Trace reconciling items, such as deposits in transit and outstanding checks to the first bank statement of the next fiscal year?

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Verify that the "book balance" from the reconciliation equals the ending balance in the account register?

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Verify that the ending balance in the account register equals the amount reported in the Cooperative's Budget to Actual Reports and the Cooperative's financial statements?

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**For any Petty Cash Accounts:**

Can the Petty Cash Account be reconciled?

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**Internal Audit Checklist**  
**Internal Control Questionnaire**

**General:**

Are prior Internal Control Questionnaires available? ☐ YES ☐ NO ☐ N/A

Have prior recommendations by the Audit Committee been implemented? ☐ YES ☐ NO ☐ N/A

Is a double-entry bookkeeping system being used? ☐ YES ☐ NO ☐ N/A

Are all financial records properly safeguarded? ☐ YES ☐ NO ☐ N/A

**Budget:**

Was the budget for the fiscal year approved by the Membership? ☐ YES ☐ NO ☐ N/A

Were amendments to the budget approved by the Membership? ☐ YES ☐ NO ☐ N/A

Does the Board of Directors review Budget to Actual reports? ☐ YES ☐ NO ☐ N/A

Do the Bylaws contain limits on the dollar amount of unbudgeted expenditures and Capital Improvement/Replacement reserve expenditures? ☐ YES ☐ NO ☐ N/A

**Internal Financial Reporting:**

Is a Treasurer's Report, including a Budget to Actual Report submitted to the Board of Directors each month? ☐ YES ☐ NO ☐ N/A

Is the report properly completed and does it contain adequate detail? ☐ YES ☐ NO ☐ N/A

**Receipts:**

Are all payments received in the form of a check or money order? ☐ YES ☐ NO ☐ N/A

Are receipts safeguarded until posted and deposited? ☐ YES ☐ NO ☐ N/A

Do two unrelated persons verify amounts received? ☐ YES ☐ NO ☐ N/A

Are receipts posted and deposited in a timely manner? ☐ YES ☐ NO ☐ N/A

Are all checks endorsed "For Deposit Only" immediately after being received? ☐ YES ☐ NO ☐ N/A

Are there procedures in place to notify residents when rent is not received? ☐ YES ☐ NO ☐ N/A

**Cash Disbursements:**

Are all disbursements made by check, except small, occasional payments made by petty cash? ☐ YES ☐ NO ☐ N/A

Are checks pre-numbered? ☐ YES ☐ NO ☐ N/A

Are they used in sequence? ☐ YES ☐ NO ☐ N/A

Is there a formal approval process for cash disbursements? ☐ YES ☐ NO ☐ N/A

Are voided checks marked "VOID" and retained? ☐ YES ☐ NO ☐ N/A

	YES	NO	N/A
Are checks noted as "VOID" in the check register?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are all checks made payable to specific payees, never "Cash" or "Bearer"?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are all checks supported by original documentation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Is a copy of the check attached to the documentation, or is the documentation marked "Paid" with the date and check number?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Is the signing of blank checks prohibited?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Is the use of signature stamps or preprinted signatures prohibited?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Does the original documentation accompany checks when signed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are all signatories properly appointed by the Board of Directors?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Do all checks require two signatures?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Do the Cooperative's Bylaws require this procedure?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are these two signatures required to be from different households?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Do the Cooperative's Bylaws require this procedure?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Do checks and the check register contain adequate descriptions or memos?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b><u>Bank Reconciliations:</u></b>			
Are all accounts reconciled in a timely manner?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are the statements opened and reviewed by someone other than the person reconciling the accounts?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are the reconciliations completed by someone other than the Treasurer?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Do the Cooperative's Bylaws require this procedure?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are interest earned and bank charges posted in a timely manner?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Is the bank notified immediately when signatories change?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b><u>Property &amp; Equipment:</u></b>			
Are capital expenditures properly approved according to the Bylaws?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Is a detailed inventory of all assets maintained, showing:			
Date acquired?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Description?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cost?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are inventories of the assets conducted?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are insurance policies reviewed to make sure assets are adequately covered?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Borrowing:**

Has all borrowing been approved by the Membership?

YES	NO	N/A
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Are all Loan Agreements in writing?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Are Loan Agreements reviewed to make sure the Cooperative is complying with the terms of the agreements?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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**Computer Systems: (if applicable )**

Is the computer properly backed-up?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Is the back-up maintained in a different premises from the computer?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Are printed copies of all journals and reports maintained?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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**Petty Cash: ( if applicable )**

Is the responsibility for Petty Cash assigned to only one person?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Do the total amount of vouchers paid plus the cash on hand always equal the Petty Cash fund?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Is documentation reviewed before the Petty Cash fund is replenished?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Is the Petty Cash fund reconciled on a monthly basis?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Is the Petty Cash fund protected from theft and / or misplacement?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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## Sample Audit Committee Report

*(Date)*

Board of Directors and Members

*(Name)* Cooperative, Inc.

*(Town)*, NH

We have audited the records and financial reports of *(Name)* Cooperative, Inc. for the period ended *(Date)*. While our audit was limited to testing the transactions and balances and would not necessarily disclose all errors or instances of fraud, we found no evidence of significant error or omissions, nor any instances of fraud. In our opinion, the financial reports mentioned above are fairly stated.

We wish to thank the Treasurer, Assistant Treasurer and Finance Committee for their work during the year.

The *(Name)* Cooperative Audit Committee