

Audit Committee
First United Methodist Church
Tamara Hurt, Don Cameron, and Jack Galbriath

February 1, 2012

First United Methodist Church Finance Committee
1020 S Granite
Deming, New Mexico 88030

Audit Committee Recommendations

Prior Year Recommendations that were not fully completed:

Passwords and Access – The passwords have now been recorded and sealed, but they still need to be placed in the safe deposit box. This will ensure safekeeping, as well and not be a problem should something happen to the two people with access to computer safeguarded files. We also think the safe combination should be kept in the same manner. The safe deposit box signers need to be reviewed and a current list of trustees need to be able to access the safety deposit box.

Asset Inventory – The assets of the church have been inventoried in the past, but the list is not current. We recommend the trustees make a thorough listing of the assets. This information may be kept in video format. This is important for information on church assets and also for insurance purposes.

Auxiliary bank accounts – There are several bank accounts that are maintained by church committees that are not a part of the monthly accounting maintained by Morrow & Company, CPAs. We recommend the bank statements of the auxiliary accounts be copied and presented to the finance committee on a monthly basis if possible and at a minimum on a quarterly basis. These committees operate under the church's 501 (c) 3 exemption under the Internal Revenue Service and ultimately are the church's financial responsibility. All the donations going into these funds are deductible to the donors based upon the church's standing with the Internal Revenue Service.

Recommendations for 2012:

Signers of Accounts – There are several bank accounts that appear to not have current signers. We recommend every account be reviewed and the signers updated. A current

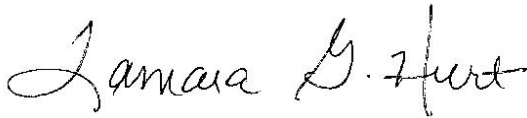
list of signers needs to be on file at the office and kept in the safe for every account including all church committees. This would be helpful if a problem arises and a signer becomes ill or in some way unable to sign, the office can find another signer

Policy for Competitive Bids – Currently there is not a policy to determine when we need to seek competitive bids for capital outlay, service work or maintenance contracts. We recommend a policy be established to alleviate any problems with decisions for purchases of this type. Competitive bidding helps to insure we are good stewards of church funds.

The audit committee has examined the following accounts:

Church Designated Account
Church General Account
Memorial Savings Account
Trustee's Foundation Account
United Methodist Men
United Methodist Women
Little Lamb Preschool
Trustee Account

We found these accounts to be properly accounted for under the current *Book of Discipline*; has reconciled receipts and disbursements with bank deposits and bank balances; and has found the balances to be correct, procedure proper, and records properly kept.



Signed: _____

Tamara G. Hurt, Auditing Committee Chair