

ISNA- CANADA ISLAMIC CENTRE OF YELLOWKNIFE

2013 INTERNAL AUDIT REPORT

With this report, the internal Audit Committee presents its audit of the financial statement, balance sheet of the ISNA –Canada Islamic Centre of Yellowknife

This audit is for the period beginning July 1, 2013 and ending December 31, 2013.

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Audit Committee

The Audit team first met on March 22nd to review the purpose and scope of the audit to be performed. Later they met on March 25th and April 12th as needed to conduct the audit.

The audit was an independent assessment of the financial statement of the Islamic Centre of Yellowknife (ICYK) and the internal controls of the organization for the purpose of reasonably verifying the reliability of the financial reporting. This internal audit/review report is valid for internal reporting purposes only and not valid for external reporting purposes, as decided between the audit team and the Board of the mosque.

It was also decided by the audit team that the audit should not only cover financial aspect of the ICYK, but should also address any issue concerning the mosque property or asset that could arise in the future. Our goal was to ensure that the mosque is well-protected in all areas, from safeguard of assets to insurance coverage.

The Audit team met with Brother Nazim Awan, President of the Board and Brother Shamir Siraj, Treasurer to understand the mosque policy and procedure as well as its financial operation. The audit team would like to thank both of these individuals for their time and support for assisting with the audit.

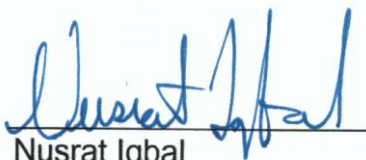
This audit was, by no means, an exhaustive audit; but a review of all the areas of finance. For a thorough understanding of the finances of ICYK, a full audit from a certified public accountant needs to be performed.



Laila ~~Rafia~~ Kazi Rafia



Omar Ehtesham



Nusrat Iqbal

Audit Objectives

Objective of this audit was to determine the proper process in place to safeguard of its assets.

1. Appropriate procedures are in place governing key financial operations and are being complied with;
2. Proper segregation of duties are in place for all key financial transactions;
3. Controls managing various donation and bank accounts are in place ;
4. All assets and liabilities recorded properly in the book and all records are supported by documentation;
5. All general ledger balances are appropriately reconciled to their underlying assets (i.e. bank statements) and liabilities (i.e. accounts payable) in a timely and accurate manner;
6. All donations are properly classified in line with the donor's intent;
7. All necessary insurance policies are in place and in force;
8. All donation received in the mosque is handled and counted in dual custody;
9. Expenses are appropriately approved and supported by the appropriate documentation.

Audit Procedure

The audit committee conducted the audit in compliance with the Canadian Generally Accepted Accounting Principles. A thorough review was done on the bank accounts to ensure proper trail of deposits, disbursements, and to ensure proper recording of revenue and expenses are reflected. The sample method was not implemented since the committee recognized the need to trail individual transactions owing to the fraudulent incident at ICYK in 2013. The liability accounts were found to be properly accounted for and subsequently no recommendations were made.

With respect to the income statement accounts, the sample was taken from the various revenue accounts which were found to be consistent with proper documentation and had a verifiable audit trail back to the bank accounts. Similarly, the expense accounts were also samples and had a verifiable audit trail linking to the bank accounts. No major recommendations were required.

The audit committee physically inspected the premises in the masjid where all cash proceeds (Friday donations, etc.) and other monetary instruments such as the bank card and credit card are kept in an approved safe as well as assurance that all current and prior financial statements with accompanying documents, and bookkeeping records are kept in a safe place away from any fire, electrical, water and related hazards which may cause damage to the documents. We also ensure that proper authorization is in place for staff who access these important documents and cash.

Finally, the presentation of the balance sheet and income statement were also reviewed in order to ensure completeness and that any indistinct accounts are properly accompanied by notes outlining a schedule, detailed breakdown, or coherent explanation for the reader(s) of the financial statements.

Audit Report

We have reviewed the balance sheet of Islamic Centre of Yellowknife as at December 31, 2013 and also the income statements for the year ended December 31, 2013. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the treasurer of the organization.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

Although controls over financial operations appear to be adequate, additional work is needed in the following areas:

Financial Procedure:

- Members should be designated for financial activities for a better internal control over loose cash or donations.
- There should be a donation box in the women section.

Balance Sheet- Bank, Receivable, Payables:

- Allowance for bad debts should be present on the Balance Sheet at the amount expensed for bad debt below the unauthorized account at full amount of previous year for no possible overstatement of the Assets.
- Comments to be entered in the journal entries with brief explanations.
- Bank deposit slips should include break down of the donations or others.
- Separate account, like a savings or chequing account without withdrawal privilege, should be maintained for the new mosque project at a very low cost for more clarity.
- Log book should be introduced for credit card usage to provide more control.

Income Statement-Revenues & Expenses:

- Revenues need to be maintained at one consolidated account with subledgers combining different donations.
- Signatures on the donation form should not be missed.
- Comments to be entered in the journal entries with brief explanations.
- ISNA insurance should be taken care of through board meetings immediately.
- Expenses should always be paid by the operating account through cheques, credit card or pre- authorized system for records, instead of cash or other accounts.

- Expense report forms should be modified to include information if it is reimbursed or donated.
- No ambiguity or adjustments should be done for transactions related to expenses by members, for example repair, and to readjust it as donation or fees.
- Miscellaneous expenses should not be used as long as there is different expense account.
- All the invoices, bills, and any other documents must be kept for further references by auditors.

Non-Financial:

- Event calendar and volunteer option pages can be added on the website.
- Women members or committee can be formed to coordinate among women and children.
- Female section should include more space and access to a washroom.
- Bake sale ideas can be considered during summer time for fund raising.
- Facebook and twitter accounts can to be set for wider audience.