

Presbytery of Carlisle
Financial Review Introduction
Procedures for Congregational Financial Review Committees
Presented by the Administration Committee

What is a financial review? Why should we have one?

The Book of Order says that conducting a financial review of all church financial records once each year is a minimum standard a church should observe. [G-10.0401d] People who know how to balance a check book, read a balance sheet or an operating statement, and can use a calculator will have the skills necessary to tell whether reports fairly represent the financial condition of a congregation.

It is important for a session to receive a brief statement from someone independent from those handling the church's financial records. The statement would indicate for the testing completed that all receipts have been properly deposited and recorded, that disbursements have been approved and expensed, and that the actions of those who are the stewards of the church's resources appear to be in order.

The check list and guideline that follows is written with an internal church financial review committee in mind.

How big is an auditing committee?

A team of two would suit the bill quite well for most churches. As an less satisfactory alternate procedure, a qualified person could review the books and give a brief statement if independent of those who receive, deposit and expend funds. This method would be better than to leave the books unaudited. Persons doing the reviewing may not be related to the treasurer.

How detailed is a review?

The next page lists basic financial review procedures, and more advanced procedures. It is a good idea to periodically be more thorough.

The Presbyterian Church (U.S.A.) publishes a Financial Review Guide which contains a detailed checklist for the financial review process. It is available on the Presbytery's web site, www.carlislepby.org, on the Forms page, under "Treasurers," and is entitled *Financial Review Guide*. The process given there should be quite adequate for most congregations.

This introduction is based on a similar document prepared by the Presbytery of Northern New York. We appreciate being able to share their expertise.

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Financial Review Checklist
(for use by review committee)

Church _____

Date _____

Reviewers _____, _____, _____

Basic Check List:

Spot check the percentage indicated by the session and/or trustees: _____ % of receipts and disbursements during year being audited.

Cash Receipts. Spot check cash received and money counters reports. Compare these with deposits made.

Expenditures. Spot check to see that disbursements are recorded by check number, payee, date and assigned to proper budget line. Check to see that these disbursements are supported by invoices/statements.

Year End Reconciliation. Compare check book and bank balances to treasurer's records. Note the disposition of the balance of any fund or bank account that was closed during the year.

Treasurer's Books. Review treasurer's books and reports for proper reporting to Session. Verify that disbursements authorized by the session are paid per approval.

Petty Cash Funds. If a petty cash fund is used, check disbursement vouchers for proper approval; compared with reimbursement checks written.

More Advanced Check List (for use by the Financial Review Committee)

Check to see that funds for particular purposes were used in ways specified. Account for all checks used. Regarding petty cash funds, check assignment of expenses to appropriate budget lines. Spot check session minutes for authorization of bill payment.

Check/compare financial secretary is posting of contributions from members to actual member giving. Check insurance policy in force and compare to minimum requirements of the presbytery. Verify balances of debt owed to all lenders.

Identify all securities by number on certificates or accounts. Note which securities are kept on file. Report on totals of all cash reserves funds and investments.