



FINANCIAL RECORDS REVIEW

Records Needed to Conduct a Review

- Church Conference Minutes
- Forms 941, 944, W-2's, W-3, Form 1099-MISC, Form 1096, G-7 or GA-V, W-4, G-4, I-9, and Georgia New Hire Reporting
- Prior Year's Review Report
- Legacies and Bequests (Designated Funds)
- Cancelled Checks [Copy]
- Invoice Files
- Bank Statements [Checking, Savings, CD's]
- Deposits [Date Order]
- Voided Checks [Numerical Order]
- Petty Cash Journal and Receipts
- Insurance [Policy, Cancelled Checks]
- Copy of financial report presented to the church and/or finance committee
- Copy of church policies and procedures

Preliminary Procedures

1. Review of Minutes

- Minutes were reviewed for the year for items of business that needed further examination.
- Note major expenditure items authorized by church conference and determined if expenditures were made properly.

2. Payroll Tax Liability

- Payroll tax forms were inspected and were found to be filed correctly and on time.
- Federal and state tax deposit requirements are being met.

3. Review of Prior Year Report

- The prior year's review was examined to see if there are any recommendations made for follow-up.
- Noted the progress of prior year's recommendations.

4. Legacies and Bequests (Designated Funds)

- Legacies, any designated gift left over from a previous year, or bequests, current year designated donations, received are properly recorded and disbursed by the church.

5. Church Policies and Procedures

- The policies and procedures were reviewed to find out who is authorized to spend money and at what level they are able to spend.

Review Procedures

1. Cash Receipts

- Two months were selected to test cash procedures.
- Book balances were reconciled with bank balances.
- Book and bank entries were matched with invoices.
- Timeliness of deposits was noted.
- Bank deposit records were traced to the book deposit records.

2. Cash Disbursements

- In the test period, authority for disbursements was verified.
- Signatures and endorsements were checked.
- Posting to ledger accounts was tested.
- Outstanding checks were reviewed to see if any were outstanding for more than thirty days.
- The church financial report at period end agreed with the book balance.

3. Petty Cash Journal

- Verified two selected months of petty cash journal entries with receipts.
- Matched the selected petty cash journal entries to the general ledger entries.

Insurance Review

- An in-depth review of insurance coverage was made.
- An inventory was made of all property and equipment in the church. This has been done and is on file.

Summary

- The test made from existing records indicates that all monies received by the church have been properly accounted for and that procedures for the disbursement of funds have been followed.

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