

**ORTHODOX CHRISTIAN CHURCH**  
**FINANCIAL REVIEW COMMITTEE**  
**Internal Review Procedures and Checklist**  
**2009**

On an annual basis, parishes should have all of their financial records reviewed. This can be accomplished by either having an “external audit” performed by an independent C.P.A. firm or by having an “internal review” performed by a Financial Review Committee (FRC) appointed by the Priest and Parish Council from among the parishioners. The reasons for having such a review are many. Primarily they are: to build the trust and confidence of the financial supporters of the parish and to promote good stewardship of the monetary gifts the parish receives; to protect the individuals who are responsible for handling money in the parish; to verify that proper accounting procedures are being followed which promote transparency and accountability; to validate appropriate controls, such as separation of duties (eg. counting cash and recording cash) and reconciliations of bank accounts, are in place; and, to maintain a sense of consistency in procedures and financial reporting from year to year. The internal FRC members should be appointed at the Annual Meeting so that they are in place for the entire year and would need to be re-appointed every year. A qualified member would be someone who is considered a “parish member in good-standing”, has some banking, auditing, or business experience, and should not be related to anyone else on the Committee or to anyone who handles money in the parish. Having at least one member of the Committee who has served as a member the previous year would be advantageous because they would be familiar with the review process and the records being reviewed.

The FRC would be responsible for reviewing the checking accounts, savings accounts and any other investment/endowment accounts of all parish organizations. Smaller parish organizations can be reviewed once a year at the end of the year; the General Fund and the records of organizations that have a large number of transactions should be reviewed at least semi-annually or, if possible, quarterly.

Upon completion of the review, a FRC Findings and Recommendations Report should be prepared. This report should include a summary of what was reviewed, a list of the procedures that were found to be in place and are being followed properly as well as the areas/procedures which need to be implemented or improved on prior to the next reporting period. This report as well as a copy of the approved Accounting Policy and Procedures document, should be reviewed with the Treasurers responsible for maintaining the financial records of the various accounts. A copy of the FRC Report should be submitted to the Priest and the Parish Council as well as be included in the Annual Meeting Report Package. The annual FRC Report should also be forwarded to the Dean and Diocesan Bishop.

One copy of the attached internal review checklist should be made for each account being reviewed. Notations can be made on the right hand side to make report writing easier. If bank statements, monthly or annual Treasurer reports, cash counting sheets, checks or any other pertinent items are missing, these should be noted and included in the FRC Report. The prior year’s FRC Report should be reviewed before beginning the current year’s review in order to verify that changes and/or improvements have been implemented from the prior year. Consistent non-adherence to procedures (i.e. from year to year) may indicate a more serious problem that should be addressed. The members of the FRC along with the Parish Council should in consultation with their Diocesan Bishop take immediate appropriate action to make certain that proper procedures and internal financial controls are being maintained.

For the period under review, the following items should be submitted to the Financial Review Committee for each bank account maintained by the every parish organization:

- Monthly, and at yearend, the financial reports including appropriate backup documentation showing how the reports were put together
- All monthly and year-to-date Cash Flow Summary reports (submitted to the Parish Council monthly)
- Checkbook registers
- Monthly Bank Statements including all voided checks
- Expense Receipts in order by month
- Deposit Tickets and cash collection reports by month
- Bank transfers in or out identified as to what account they are transferred from and what account they are being transferred to
- Monthly bank reconciliations for all months being reviewed.
- Petty cash account – box and outstanding unreimbursed receipts
- Pledge System Reports
- Cash Collection sheets for all months being reviewed.

## INTERNAL REVIEW CHECKLIST

PARISH ORGANIZATION \_\_\_\_\_  
CHECKING ACCOUNT NAME \_\_\_\_\_  
CHECKING ACCOUNT # \_\_\_\_\_  
DATE REVIEW AS OF \_\_\_\_\_

1. Review any written accounting procedures or guidelines approved by the Parish Priest and Parish Council. If none are available, recommend the Parish Council adopt the Diocesan Accounting Policy and Procedures Report.
2. Review prior year's FRC Report. At the end of this year's review, make note of the previous year's recommendations that were implemented successfully as well as any that were not implemented the reasons why they were not.
3. Review the Monthly and Annual Treasurer's Financial Reports for clarity (i.e. appropriate categories) and mathematical accuracy. Verify on a sample basis that line items reported add up to the year-to-date amounts based on the monthly reports. Verify that the line items and year-to-date amounts on the December reports agree to the items and amounts reported in the Parish's Annual Report.
4. Verify the Monthly and Yearend Cash Flow Report by tracing the beginning cash balance, total receipts, transfers in, total disbursements, transfers out, and the ending cash balance to the individual accounts' monthly Treasurer's reports and check registers.
5. Verify that the bank statements are available for the period being reviewed. Any missing bank statements should be noted. Request duplicate bank statements be obtained from the Bank.
6. Verify that the ending cash balance in the check register and on the Cash Flow statement agrees to the ending cash balance on the bank statement for each month and at yearend. If it does not agree, verify that a monthly bank reconciliation was prepared. Review the bank reconciliation noting mathematical accuracy

and that there are no outstanding checks or deposits over 6 months old.

7. Choose 20% of the checks per the check register at random and trace the amounts to invoices/receipts noting proper payee, reasonableness of expense, and that proper documentation was included for travel or business meals. Also trace and agree the amount of the check to the bank statement noting that it cleared within a reasonable time. Verify that the expense category selected is appropriate for the expenditure.
8. If cancelled checks are kept on hand, choose 20% and review that the endorser on the checks match the payee. If the checks are kept in safekeeping at the bank, make an indication on this checklist to the right and continue with step 9.
9. Choose 20% of the deposits per the check register at random and trace the amount to the appropriate week's cash collection report. Trace the deposit to the bank statement verifying the amount agrees and the date of deposit is within two days of the date it was counted.
10. Review 20% of the cash collection reports noting that they were properly signed and dated by at least two people authorized by the Parish to be cash counters. Trace the deposit on the cash collection report selected noting that the deposit was made in the bank statement within two days of the date counted. Verify the deposit to the check register.
11. Verify all transfers in and out have been properly reported. Make a list of all transfers in and transfers out off the Parish's bank statements and verify them to the Monthly Cash Flow Report. Use this list to also verify that the offsetting transfers have been properly reported on the receiving or disbursing checking or savings accounts of the other parish organization's bank statements and Treasurer's report noting proper inclusion.
12. Verify that all checks can be accounted for in numeric order as either having been written or as void. If checks have been voided, the physical check should be

reviewed to determine that it has been properly marked VOID. If voided checks are not available, the check numbers should be traced to bank statements to determine that they have not, in fact, cleared the bank.

13. Verify that no service charges are being charged on any checking accounts. All checking accounts for non-profit organizations are typically free. If any service charges have been made, verify the reasonableness of the charge. If necessary, recommend that the bank be notified to have the charges reversed.
14. Review the names of the authorized check signers for every checking account and agree them to the latest minutes of the Parish Council meeting or Parish organization's meeting minutes which indicate the officers. All checking accounts should require a minimum of two signatures on any checks written.
15. For the General Fund, agree the total pledges to the separate pledge system report totals. If they do not agree, review the reconciliation prepared for reasonableness.
16. For the General Fund, review that all "flow-through" accounts net to zero at year end. If not, review the reconciliations noting reasonableness for timing differences. Note whether collections made were distributed within a reasonable time. These monies should not be held for more than one month.
17. Inquire as to whether any donations were received during the period that were given for a specific purpose . Review any documentation received from the donor to support the request for the restriction. Verify that these funds were properly segregated as "restricted funds". Review any disbursements made from these funds and verify that the original purpose was met.
18. Review all miscellaneous income and expense items. Review for reasonableness and verify that items do not belong in any other category. Verify that a detail list of these are available for budget purposes.
19. Verify that the budget included on the Income and Expense Reports agrees to the budget approved at the Annual Parish meeting.
20. Review any loan documents and/or contracts to determine that all payments were made

properly and that, if applicable, services were properly received.

21. Verify the figures included in the 5-year Trend report agree to the prior years' financial statements.
22. For the Pledge system report, verify that the total amount of pledges reconciles to the pledges on the cash collection reports on a monthly basis and for the whole year. If it does not agree, there should be a reconciliation prepared for timing differences. At yearend, all timing differences should have been eliminated.
23. Verify that all financial records are being maintained in accordance with record retention policies.
24. Verify that computer software and financial data maintained on computers have been properly backed up and have appropriate security.
25. Verify that checks and cash received and not yet deposited are stored in a church safe and not taken to private homes prior to being deposited.
26. Verify that insurance policies are all up-to-date and that procedures for an annual review are in place and being followed.
27. Prepare a FRC Findings and Recommendation Report of all items noted and recommendations for improvements. Review the report with the Treasurer of the account. Provide the Treasurer with a copy of the approved Accounting Policy and Procedures Report for future reference. A copy of the FRC Report should be submitted to the Priest and the Parish Council as well as be included in the Annual Meeting Report Package. It should also be forwarded to the Dean and the Diocesan Bishop. See attached sample.