

# FINANCE COMMITTEE REPORT



A FAMILY OF CHURCHES IN TEXAS, LOUISIANA, AND ARKANSAS

Name of Church \_\_\_\_\_

Date of Charge/Church Conference \_\_\_\_\_

Report completed by \_\_\_\_\_

In the Trinity Conference of the Global Methodist Church, we are grateful for local church Finance Committee members who “oversee the stewardship of financial resources as their priority throughout the year, seeking as part of the ministry of discipleship to move members toward tithing and beyond, with an attitude of generosity” (The Transitional Book of Doctrines and Disciplines of the GMC ¶347.2). To transparently share the good work of each church’s Finance Committee with the whole church, the Finance Committee is required to submit a written report to the annual church conference.

## Please answer the following questions, yes or no:

Has the Finance Committee compiled a complete annual “budget for the local church and submitted it to the church council for review and adoption” (¶347.3)?

yes       no

If no, please offer additional explanation here:

Is the Finance Committee developing and implementing plans that will “raise sufficient income to meet the budget adopted by the church council” (¶347.3)?

yes       no

If no, please offer additional explanation here:

Is the finance Committee administering “funds received according to instructions from the church council” (¶347.3)?

yes       no

If no, please offer additional explanation here:

Has the Finance committee designated “at least two persons not of one immediate family residing in the same household to count the offering” (¶347.4)?

yes       no

If no, please offer additional explanation here:

Are the counters working under the supervision of the financial secretary, and submitting to the financial secretary and treasurer a record of all funds received (¶347.4)?

yes       no

If no, please offer additional explanation here:

Are funds received deposited promptly in accordance with procedures established by the Finance committee (¶347.4 and 347.8)?

yes       no

If no, please offer additional explanation here:

Is the Finance committee recommending to the church council proper depositories fo the church’s funds (¶347.8)?

yes       no

If no, please offer additional explanation here:

Is the financial secretary keeping records of all contributions and payments (¶347.4)?

yes       no

If no, please offer additional explanation here:

Is the church treasurer disbursing all money contributed to causes represented in the local church budget, and such other funds and contributions as the church council may determine (¶347.5)?

yes       no

If no, please offer additional explanation here:

Are contributions designated for specific causes and objects being promptly forwarded according to the intent of the donor and not retained or used for any other purpose (¶347.9)?

yes       no

If no, please offer additional explanation here:

Is the treasurer remitting each month to the conference and GMC treasurer connectional funds due (¶347.5)?

yes       no

If no, please offer additional explanation here:

Is the church treasurer making regular and detailed reports on funds received and expended to the Finance Committee and the church council (¶347.5)?

yes       no

If no, please offer additional explanation here:

Is the Finance committee preparing at least annually a report to the church council of all designated funds that are separate from the current expense budget (¶347.11)?Z

yes       no

If no, please offer additional explanation here:

Is the treasurer adequately bonded (¶347.5)?

yes       no

If no, please offer additional explanation here:

Has the Finance committee worked with the Pastor-Staff Parish Committee to set the compensation of appointed clergy (¶339.11, 343.4.d, 345)?

yes       no

If no, please offer additional explanation here:

Is the treasurer adequately bonded (¶347.5)?

yes       no

If no, please offer additional explanation here:

Has the finance committee established written financial policies to document the internal controls of the local church (¶347.6)?

yes       no

**If your answer above is no, is the Finance Committee planning to write financial policies before the next church conference?**

yes       no

If no, please offer additional explanation here:

Note: Sample financial policies are available from your Presiding Elder and from other GMC churches in your area.

Has the finance committee made provisions for “an annual audit of the financial statements of the local church and all its organizations and accounts” (¶347.7)?

yes       no

**If your answer above is yes, attach the annual audit letter or statement verifying the accuracy and reliability of church financial reporting.**

**If your answer above is no, is the Finance Committee planning to make provisions for an annual audit before the next church conference?**

yes       no

If no, please offer additional explanation here:

Note: Recommendations for annual church audits follow.

Please attach to this report any additional information the Finance Committee chooses to share with the church (copy of most recent financial statements, annual budget, etc.).

## Requirements for annual audits

According to ¶347.7, the Finance committee “shall make provision for an annual audit of the financial statements of the local church and all its organizations and accounts. The committee shall make a full and complete report to the annual church (or church” conference.”

A local church audit is designed as an independent evaluation of the financial reports and records and the internal controls of the local church by a qualified person or persons.

The audit shall be conducted to:

- reasonably verify the accuracy and reliability of financial reporting;
- determine whether assets are being safeguarded; and
- determine compliance with local law, local church policies and procedures, and the Transitional Book of Doctrines and Discipline.

The audit may include:

1. a review of the cash and investment reconciliations;
2. interviews with the treasurer, financial secretary, pastor(s), Finance Committee
3. chairperson, business manager, those who count offerings, church secretary, etc., with inquiries regarding compliance with existing written financial policies and procedures;
4. a review of journal entries and authorized check signers for each checking and investment account; and
5. other procedures requested by the Finance Committee.

The audit “shall be performed by an audit committee composed of persons unrelated to the persons listed in 2 above or by an independent certified public accountant (CPA), accounting firm, or equivalent” (¶347.7).

## **RECOMMENDATIONS WHEN SELECTING AN AUDITOR OR AUDIT COMMITTEE**

**For churches with less than \$500,000 in receipts,** each year, an independent qualified member of the church or a volunteer from another church can perform audit procedures, evaluate internal controls, and report the results directly to the church's Finance committee.

**For churches with between \$500,000 and \$1 million in receipts,** each year, an independent qualified member of the church or other volunteer may perform audit procedures (as described above). However, an external audit performed by a CPA should be completed **every 3 years.**

**For churches with between \$1 and \$2 million in receipts,** each year, an independent qualified member of the church or other volunteer may perform audit procedures (as described above). However, an external audit performed by a CPA should be completed **every 2 years.**

**For churches with receipts greater than \$2 million,** an external audit performed by a CPA should be completed **every year.**