

## APPENDIX 2.2

### Position Description **Financial Review Committee Members** Grace United Church

A. Incumbent: Two individuals, and ideally a third person (“observer”) for learning the process and part of the ongoing succession plan for the position.

B. Why this position exists:

The Manual [167(a)] requires that audited or independently reviewed financial statements be presented to the annual meeting of the Congregation. The purpose of the **Financial Review Committee Member** position at Grace United Church is to fulfill this requirement by providing an independent evaluation of the financial reports, records, and internal controls of the congregation for the purpose of reasonably verifying the reliability of financial reporting, determining whether assets are being safeguarded, and whether the law, The Manual, and policies and procedures are being complied with.

C. Who may fill the position:

#### Independent

**Financial Review Committee Members** must be “independent”, which means the reviewer must not be subject to control or influence by anyone who is responsible for the financial accounts and records of the church. For example, the treasurer, his or her spouse or relative, or his or her best friend should not conduct the review. People who handle any church funds should not perform this important duty.

#### Qualifications

Qualified **Financial Review Committee Members** are individuals who understand the role of an independent review of the financial records and have a basic understanding of bookkeeping. The succession plan (i.e. participation as an observer ) is designed to provide the necessary level of experience to take on this role.

#### Selection

The Nominations Committee identifies possible **Financial Review Committee Members**. The names of potential Committee members are brought before the Congregational Meeting (or delegated to Grace Council) for approval. A Committee member may serve multiple years, provided the person is nominated and approved annually.

D. What this position does:

- Review Financial Procedures of the congregation
- Review Financial Records of the congregation
- Pursue discrepancies in procedures and records until satisfied
- Prepare and submit a Report

E. How the person does the job:

Document Orientation

1. Begin the review process with a "document orientation" with the Treasurer. The Treasurer will provide access to all necessary records, explaining the function of each record and document.

The treasurer should also describe any significant changes made to the accounting system (personnel, procedures, etc.) and how these changes were transitioned.

Allow 30 minutes.

From Treasurer, obtain:

- |  |   |
|--|---|
| <input type="checkbox"/> Balance Sheet - Operating Fund        | <input type="checkbox"/> General Ledger                                       |
| <input type="checkbox"/> Trial Balance - Segregated Funds      | <input type="checkbox"/> Cheque stubs   |
| <input type="checkbox"/> Bank statement of chequing account    | <input type="checkbox"/> Receipts for Deposits                                |
| <input type="checkbox"/> Statements of T-Bill/savings accounts | <input type="checkbox"/> Weekly counters records and conciliation reports     |
| <input type="checkbox"/> List of authorized signors            | <input type="checkbox"/> Invoices & Authorizations for cheques issued         |
| <input type="checkbox"/> Bank Reconciliation                   | <input type="checkbox"/> Receipts for Donations from Grace to other charities |
| <input type="checkbox"/> CRA Confirmation Statement            | <input type="checkbox"/> ADP Payroll statements                               |

## Financial Procedures Review

1. Review the pastoral charge's recordkeeping procedures and ensures the chance of error or fraud is minimized
  - Segregated Duties.** Ensure various duties are segregated among two or more people who are at arm's length
    - Counters > Sunday counting and deposits
    - Bookkeeper > Accounting
    - Treasurer > Cheque writing
    - Envelope Steward > Charitable Receipts
  - Authorization.** Cheques are required to have two signatures including only those persons found on the "List of authorized signors". Verify that the names on this list are appropriate. Note: Because the bank does not return cancelled cheques, authorization may only be checked by consulting with officers and staff.
  - CRA.** Ensure the previous year's T3010B Registered Charity Information Return was completed and forwarded to the Canadian Revenue Agency Charities Directorate not later than six months after the previous fiscal year-end.
    - Obtain "CRA Confirmation Statement"
    - Search the CRA website under Grace United Church, Sarnia

## Financial Records Review

1. **Cash Receipts.** Confirm "Counters" records for cash and cheques to total deposit in Bank statement on a random basis
  - Obtain "Counters records"
  - Obtain "Bank statement of chequing account"
  - Randomly select 6 "Counters records"
  - Compare these "Counters records" to "Bank statement of chequing account"
  
2. **Deposits.** Confirm bank deposits to General Ledger on a random basis
  - Obtain "bank deposits"
  - Obtain "General Ledger"
  - Randomly select 6 "bank deposits"
  - Compare these "bank deposits" to "General Ledger"

3. **Cash Disbursements.** Confirm cheque stubs to General Ledger (cancelled cheques are not returned by the bank).
- Obtain "cheque stubs"
  - Obtain "General Ledger"
  - Randomly select 6 "cheque stubs"
  - Compare these "cheque stubs" to "General Ledger"
4. **General Insurance.** Confirm General Ledger item for Insurance coverage against Annual invoice and payment
- Obtain Invoice and Expenditure Authorizations records and cheque stub
  - Confirm payment of Insurance coverage
5. **Payroll.** Confirm that correct salaries and benefits are paid. Note: Because of the sensitive nature of this area, the confirmation method will not differentiate individual salaries.
- Review the (ADP) Payroll records and the process for verifying that salaries and benefits are paid to all staff for each pay period.
  - Confirm the payroll record amounts to the records in the General Ledger for randomly selected pay period(s).
6. **Segregated Funds.** Confirm financial integrity of Segregated Funds.
- Obtain "Balance Sheet – Operating Fund"
  - Obtain "General Ledger"
  - Confirm sufficient funds to cover Segregated Funds
7. **Mission and Service Fund.** Confirm all donated monies designated for the Mission and Service Fund have been forwarded to The United Church of Canada monthly.
- Obtain "Balance Sheet – Operating Fund"
  - Obtain "General Ledger"
  - Obtain receipt statement from the United Church of Canada
  - Confirm routine and equitable disbursements to the United Church that <the total> equals the budgeted amount plus extra appeals.

8. **General Ledger Transactions.** Confirm the Bank Reconciliation to General Ledger amount as at December 31, taking into consideration outstanding cheques and Deposits

- Obtain "Bank Reconciliation"
- Obtain "General Ledger"
- Obtain list of outstanding cheques and Deposits from Treasurer
- Compare final Dec. 31 entries in "Bank Reconciliation" with Dec. 31 entry in "General Ledger" minus outstanding items

9. **Charitable Tax Receipts.** Confirm cash receipts against charitable tax receipts issued.

- Confirm weekly cash receipts against the weekly conciliation reports
- Review the procedure for conveying details of donations to the Envelope Steward
- To the extent possible, confirm cash receipts against charitable tax receipts issued.

10. **Petty Cash.** Review petty cash system for maintaining receipts and records of minor expenses and income.

- Obtain General Ledger
- Obtain ledger used by the office to track receipts and disbursements
- Verify "petty" nature of transactions

#### Discrepancies

1. Pursue discrepancies in procedures, records, and minutes until satisfied

- First consult with Treasurer
- If unresolved, consult with Finance Committee
- If still unresolved, consult with Grace Council. Irregularities should be reported in writing and pursued without delay until satisfactorily resolved
- If still unresolved, report to Annual Meeting of Congregation

## Reporting

### 1. Statement of findings

- Write a report on above findings
- Submit to Secretary of Grace Council

### 2. Annual Meeting

- Attend Annual Meeting
- Be prepared to answer questions arising from Report

## Accountability

The **Financial Review Committee Member** position is accountable to Grace Council. The Committee works independently of the Finance Committee, Treasurer, Assistant Treasurer, and Bookkeeper; however, the Committee may require documents and information from these people to complete a satisfactory financial review. Accountabilities and responsibilities are informed by: The United Church *Manual* and applicable denominational handbooks (e.g. Financial Handbook for Congregations); The Grace United Church Constitution and applicable policies; and policies and requirements of the Canadian Revenue Agency.

## Reporting

The **Financial Review Committee** submits its final report to the Secretary of the Grace Council for inclusion in the Annual Report or Annual Meeting. It is best practice to have the independent reviewer present at the Annual Meeting to answer questions.

## F. Other Considerations:

### Time Commitment

The task requires approximately 6 hours over 1 - 2 days