**Internal Financial Review for Virginia Synod Congregations**

**Updated 1/5/22**

While outside audits can be a valuable tool to assure the financial health of a congregation, the Virginia Synod recognizes that an outside audit is not always feasible or affordable. The Virginia Synod therefore recommends that at a minimum congregations conduct a yearly financial review to assess the congregation’s financial records. A financial review is conducted by an individual(s) independent of the church’s day-to-day financial operations and is intended to verify that deposits are received and recorded properly, that disbursements are approved and expensed properly, and that records are maintained.

The following checklist provides a basic guide for conducting a financial review.

* Gather financial records for the year under review.
  + Bank Statements for each month
  + Monthly Financial Reports
  + Files with documentation for disbursements
* Spot check 10% of deposits and disbursements.
  + Pick deposits from different months on the bank statements and look for corresponding deposit records.
  + Pick disbursements from different months on the bank statements and confirm that there is appropriate documentation for that disbursement.
* Year End Reconciliation
  + Compare Year End Balances on Reports with Bank Statements
  + If accounts were closed, check that funds were distributed as intended.
* Petty Cash (if applicable)
  + Check the amount of Petty Cash approved by Council. Compare cash on-hand with vouchers` to ensure they equal the approve amount.
* Investments (if applicable)
  + Spot check investment reports against congregational financial reports
* Debts (if applicable)
  + Verify balances of debt owed to lenders are properly reported
* Provide a written report to the Council stating your findings and making any suggestions for improving the process in the future using template on page 2 of this checklist.

**Financial Review Report**

Congregation Name and Location:

Date Review Conducted:

Reviewer(s):

Fiscal Year Reviewed:

**Records Spot Check**

After reviewing the records, the Financial Review finds the records to be (in good order / accurate, but in need of improvement / inaccurate and in need of professional review).

**Year End Reconciliation**

After reviewing the records, the Financial Review finds the year end reconciliation to be (in good order / accurate, but in need of improvement / inaccurate and in need of professional review).

**Debts**

After reviewing the records, the Financial Review finds the records of debts to be (in good order / accurate, but in need of improvement / inaccurate and in need of professional review).

**Suggestion to Strengthen Our Process**