

**FINANCE AND ADMINISTRATION TEAM
EVANGELICAL FRIENDS CHURCH EASTERN REGION**

FINANCIAL CHECK LIST FOR EFC-ER CHURCHES

Legal
Compliance

- _____ Is the church sure of its tax exempt (501c3) status?
-The church should be included in EFC-ER group exemption
-Finance Team -Recommended Fin. Policies and Procedures
- _____ Is the church following correct procedures in clergy compensation?
- Self-employed for social security, employee for income tax
- Finance Team – Pastor/Clergy compensation guidelines
- _____ Are there proper designations/resolutions and minutes for housing allowance, professional expenses and other designated items on a yearly basis?
- This must be minuted by governing board/congregational mtg.
- Finance Team – Pastor/Clergy compensation guidelines
- _____ Does the church have all employer identification numbers (EIN's) needed and are all tax filings/report being done at different governmental levels?
-Apply at various governmental websites
-Finance Team – Recommended Fin. Policies and Procedures
- _____ Is the church maintaining workers' compensation for its employees including clergy?
-Enroll per individual state requirements. In Ohio, clergy must specifically be covered by name
- Finance Team – Recommended Fin. Polices and Procedures
- _____ Is the church's corporate/non-profit status up to date?
- Apply under individual state guidelines, In Ohio every 5 yrs.
-Finance Team – Recommended Fin. Policies and Procedures
- _____ Do financial receipts meet IRS requirements?
-Detailed vs summarized, frequency, amounts, wordage
- Internal Revenue Service Publication 1771
- Finance Team – Recommended Fin. Policies and Procedures
- _____ Is there a policy for retention of records?
- Most records should be kept a minimum of 7 years, some longer
- Finance Team – Recommended Fin. Policies and Procedures
- _____ Does the church know how to receive sales tax exemption?
- Example – Ohio – Sales Tax Certificate given to vendors
-Finance Team – Recommended Fin. Policies and Procedures
- _____

Does the church know how to receive property tax exemption?

-In Ohio – places of worship are exempt, new construction must be checked by county – Other states, inquire with state

-*Finance Team – Recommended Fin. Policies and Procedure*

_____ Does the church have a set of approved Bylaws in place and are they reviewed every 1-2 years?

- By laws should reflect local church operation but dovetail with EFC-ER Faith and Practice

-*Finance Team – Recommended Fin. Policies and Procedures*
- *EFC-ER has template and can assist.*

Internal
Control

_____ Are offerings counted by at least two persons?

-Unrelated individuals in a private location

-*Finance Team – Recommended Fin. Policies and Procedures*

_____ Are written records kept to provide a paper and audit trail?

- Offering envelopes, invoices, etc.

- *Finance Team – Recommended Fin. Policies and Procedures*

_____ Are bank reconciliations done monthly and by a third person (other than financial secretary or treasurer) if possible?

- Additional Person for oversight

- *Finance Team – Recommended Fin. Policies and Procedures*

_____ Are there two signers per check if possible and are these persons authorized/minuted?

- Who should sign, are names designated/minuted?

- *Finance Team – Recommended Fin. Policies and Procedures*

_____ Is an internal audit/review done of records and financial statements periodically?

- Procedure to help ensure accuracy and integrity

- *Finance Team – Audit/Review guidelines*

_____ Are there procedures in place for safe handling of offerings and funds?

- Where are funds kept before counting

- *Finance Team – Recommended Fin. Policies and Procedures*

_____ Is there separation of duties between income and disbursements?

- Are different persons doing the recording?

- *Finance Team – Recommended Fin. Policies and Procedures*

_____ Does the church have a policy for screening and/or bonding for those handling and recording funds?

-What are the qualifications for these persons?

- *Finance Team – Recommended Fin. Policies and Procedures*

Best
Practices
Procedures

- _____ Is the accounting/software system appropriate and adequate for the needs and size of the church?
- Is the system user friendly and provides needed reports?
-Finance Team – Recommended Fin. Policies and Procedures
- _____ Does your bookkeeping and record keeping reflect general accepted accounting principles and fund accounting?
-Common standards for recording and reporting
-Finance Team –Recommended Fin. Policies and Procedures
- _____ Is the church’s budget coherent with and reflect the mission, vision and values of the church?
- Do we model our mission in our finances?
-Finance Team Recommended Fin. Policies and Procedures
- _____ Are there policies in place for special offerings and designated funds?
-When taken, who authorizes, use of excess?
-Finance Team Recommended Fin. Policies and Procedures
- _____ Are there job descriptions in place for those in financial positions? Are these persons recognized and appreciated periodically?
- Does leadership development include these persons?
-Finance Team Recommended Fin. Policies and Procedures
- _____ Are personnel trained and resources and continuing education provided?
- Is there follow up as individuals and rules change?
-Finance Team Recommended Fin. Policies and Procedures
- _____ Are there written financial procedures such as payments for regular and fixed expenses and written approval from ministry leaders for other expenditures
- What disbursements and who approves?
-Finance Team Recommended Fin. Policies and Procedures

Communication

- _____ Are different methods of giving provided and promoted?
- Church envelopes, offerings, mail-in, credit and debit card, ACH
-Finance Team Recommended Fin. Policies and Procedures
- _____ Are their different levels/types of reporting depending on the audience?
- Who receives the reports, what details do they need?
-Finance Team Recommended Fin. Policies and Procedures
- _____ Are financial reports accurate and understandable?
- Are the “books in balance” and bank accounts reconciled? What is learned from reports?
-Finance Team Recommended Fin. Policies and Procedures

- _____ Are financial reports “interpreted?”
 - Presented to different groups/levels from the standpoint of receipts vs. expenses, fund balances, budget vs actual, comparisons, etc.
 - Are dollars tied to ministry?

*-Finance Team **Recommended Fin. Policies and Procedures***

- _____ Is the church’s financial giving and spending reported and celebrated in line with the mission and accomplishments?
 - Is reporting positive with examples of “we did this?”

*-Finance Team **Recommended Fin. Policies and Procedures***

- _____ Are resources available for stewardship or capital campaigns?
 - What resources are needed, where found?

*-Available from **EFC-ER upon request***

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