

## **Annual Financial Review Guidelines**

All campus ministries funded by BHECM are required to have an annual financial review. While audits and financial reviews are often thought of as the same, they are two different type of reports. In general, an audit of the financial statements provides an opinion by an expert that the financial statements are a fair representation of the organization's financial position and operational results. A financial review involves analytical procedures and an inquiry of management. Since the procedures required by an audit and a review differ substantially, the costs of the two services will differ substantially. BHECM only requires the financial review.

### **Campus ministries can complete this review as follows:**

- The financial review can be performed by members of the local board or volunteers related to the campus ministry who do NOT have the authority to sign checks or make financial decisions. These individuals must have knowledge of sound accounting practices.
- A CPA should conduct the annual financial review at least once every four years

### **The review should:**

1. Independently verify the reports of the treasurer.
2. Follow the money and test how it is treated at different steps.
3. Document that the donated and earned funds of the ministry have been used as designated

### **The report should be in writing and include the following information:**

1. Documentation of steps taken.
2. Complete the Annual Audit/Financial Review Report Form (attached).
3. Year End Balance Sheet and Income and Expense Statements and Budget.
4. Any comments on validity of numbers, policies, and procedures.

### **To conduct the audit/review, the person(s) must obtain access to the following information and materials:**

1. Copies of all campus ministry policies related to finance and treasury functions
2. Listing of all bank and investment accounts and persons authorized to sign on each
3. Financial statements for each month of the year (this includes both balance sheets and income statement)
4. Bank and investment account statements for the same period
5. Original books of entry-which will be the general and subsidiary journals; for those books that are computerized, a print-out of all transactions by account for the entire year.
6. Payroll data and files (including 941s, year-end W2's, 1099s, and transmittal forms), income transmittal, and deposit records for the 12-month period
7. All petty cash account records for the year
8. Any other financial records the auditor deems necessary

### **Steps in Conducting the BHECM Financial Review**

- This document is available on the BHECM Reports website and is intended to provide guidelines to the review team on how to conduct the review. It is compatible with the

UMC Local Church Audit Guide and tracks to the annual BHECM report form that has been used since 2012.

**Concluding the Review:**

The review is complete when the person or team conducting the review is reasonably assured that the financial records are in order, financial policies have been complied with, and any discrepancies have been investigated. This report is due to your District Superintendent at the Annual Campus Ministry Evaluation Conference. A copy will also be emailed to the Directory of Ministries with Young People.

All those who conducted the review must sign the report.

Additionally, the person completing the review should recommend ways to improve the financial control structure to the local campus ministry board.

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