**Church Financial Statement Review Committee**

**Terms of Reference**

**Churches with Financial Statements Reviewed or Audited Annually**

The Financial Statement Review Committee works on behalf of, and reports to, the Board of Elders. As part of this work, it provides oversight of the annual financial reporting process. The Financial Statement Review Committee plays a critical role in creating the right environment for quality financial reporting and facilitates an open discussion in a culture of integrity, respect, and transparency between management and the independent Chartered Professional Accountant (CPA) who reports on the church’s annual financial statements.

The Financial Statement Review Committee shall:

* Be composed of at least three (3) Board members and may include additional members from the congregation, with the Chair appointed by the Board of Elders
* Appoint a secretary to record the minutes of the meetings and provide the minutes to the Board of Elders
* Review and recommend for approval to the Board an annual review/audit plan and engagement letter for the independent CPA
* Review the formal representation letter provided by church management to the independent CPA who reports on the church’s annual financial statements as to the accuracy, fairness, and completeness of the financial reporting
* Meet at least annually, without staff present, with the church’s independent CPA to get their views on the annual review/audit, including any problems encountered
* Meet at least annually with church staff, without the church’s independent CPA present, to get staff’s views on the annual review/audit, including any problems encountered
* Review and recommend to the Board approval of the church’s annual reviewed/audited financial statements and related reports
* Monitor the external review/audit reports and the accompanying letter and ensure action is taken by management where applicable
* Review other matters assigned by the Board such as, but not limited to, larger projects and purchases, financial policies, and adequacy of insurance