



To: All Rectors, Priest-In-Charge, Wardens and Treasurers

From: Finance Office

Date: April 6, 2020

Subject: Audit Procedures

In the document entitled, *2020 Audit Procedures*, on the website are the instructions related to the audit. The packet containing the necessary forms is located on the Diocesan website at www.diosohio.org. Click on Finance, Audit Resources, Resources. In the Resources section, you will find what is needed to complete the parish audit. This will be updated annually on the website for your reference.

Please review the procedures first, to become familiar with what is required. These procedures provide your audit committee a plan to follow and to accomplish. They also provide uniformity to the audits performed by all audit committees throughout the diocese. These procedures are for use **only** by the church's internal audit committee; they are not to be given to an outside CPA to use.

All funds of the church need to be audited, not just the operating funds. This includes any endowment funds, auxiliary organizations (i.e., ECW, ECM), as well as the clergy's discretionary fund. The National Church's accounting manual, *Manual of Business Methods in Church Affairs* states, "All clergy discretionary funds are classified as restricted funds of the church." As a fund of the church, clergy discretionary funds are subject to audit. However, the member of the clergy may be permitted to maintain confidentiality over the expenditures of the fund while maintaining a strict confidence. Included on the website is a **SAMPLE** form and procedure, as a guide.

When the audit is completed, the audit committee issues a report consisting of: (1) an audit opinion, (2) any recommendations or improvements. **Remember to include year-end financial statements with your audit. The audit committee must submit and sign the standard audit opinion attached.** The original should be given to the Rector/Vicar and Vestry/Mission Council and kept in a permanent file. **A copy of the audit opinion, recommendations, and financial statements must be sent to the finance office by September 1, of each year to be in accordance with the National and Diocesan Canons.** Failure to file jeopardizes seat and voice at the annual Diocesan convention, and potential other consequences for non-submittal of the audit report by September 1st.

Auditors should use the December 31 year-end treasurer prepared financial statements and **agree all numbers back to the filed parochial report for the year. Any revisions to the parochial report must be sent to the finance office, by September 1st, as revisions could affect the Mission Share calculation. No Mission Share calculations will be changed after September 1st due to parochial report revisions.**

If there are any concerns or questions from the auditors regarding these procedures, please do not hesitate to contact Rev. David Getreu at 740-334-9775 or call the Finance Office of the Diocese. Thank you.