

To: Members of the Parish Audit Committee

From: Steve Abdow

Date: January 2009

Thank you for agreeing to serve as a member of your parish's Audit Committee. It is important work. An audit is required by church canons, but more importantly, an audit demonstrates to the people of the parish that their elected leaders are responsible stewards of the funds entrusted to them for the mission and ministry of the church.

Congregations benefit by having the annual audit performed by a committee of volunteers such as you. The work you do will help the Treasurer, Finance Committee, and the Vestry determine new and better ways to manage church financial resources.

Your audit should consist of a review of **all** of the finances of the parish. The canons require that your audit consist of a review not only of the operating account but also any endowment or memorial funds. If the parish has separate funds or accounts for the altar guild, women's, men's, or youth groups, these should also be reviewed as part of the audit. In addition, the Rector's Discretionary Fund is an account of the parish and should be part of the audit. Given the confidential nature of the Discretionary Fund, special arrangements should be made with the Rector so the necessary confidentiality is preserved. Finally, if the parish operates a day care center, thrift shop or other such special program, the financial records should be part of the audit. **To summarize, the audit should include all the parish funds and accounts.**

The enclosure on *Internal Controls* is taken from the *Manual of Business Methods in Church Affairs*. **Every parish should own a copy of the complete manual.** It can be downloaded without charge at www.episcopalchurch.org/finance

The enclosed *Model Audit Program* and *Internal Controls Questionnaire* will provide a guide for your work. The *Model Audit Program* packet is designed to serve as your audit work papers. But the *Internal Controls Questionnaire* should also be completed as part of the audit. Once you have completed the audit, please complete the *Certificate of Audit* in triplicate. Your findings and recommendations can either be entered on the second page of the Certificate of Audit or can be included in a memo to the Vestry. **One copy of the Certificate of Audit, along with the audit committee findings and recommendations, should be delivered to the Vestry and made part of the Vestry Minutes.** A second copy of the Certificate of Audit should be sent to the Bishop's Office by **July 1, 2009**. The third copy is your file copy. It should be retained in the parish files for next year's audit committee.

We will be offering a **workshop on parish audits** at the Wardens and Vestry Gathering on March 7th. One of the Audit Committee members should attend the workshop to learn first hand about the steps in the audit.

If you have any questions, please feel free to call me. If you need additional copies of the documents or forms in this packet, they can be found on the Diocesan website, (www.diocesewma.org). Click on *Financial Documents*, and then click on *Parish Audits*. Or you can call or e-mail June Hartley at Diocesan House (ext. 17) (jhartley@diocesewma.org) and she will send them to you.

Faithfully yours in Christ,

Steven P. Abdow

A complete list of the Audit Packet Enclosures appears below:

Audit Packet Enclosures:

- Cover Letter to Parish Leaders, January 2009
- Auditor Appointment Form
- Memo to Audit Committee, January 2009
- Model Audit Program
- Internal Controls Questionnaire
- Audit Committee Certificate
- Canonical requirements for annual audit
- Bank Confirmation Forms
- Rector's Discretionary Fund Guidelines