

Audit Guideline Summary

Annual audits are required by the Canons of the Episcopal Church for all parishes, mission, and institutions. The primary purpose of the audit is to assure that financial statements are fairly stated. Any person handling monies or investments of the church needs an audit to protect the church assets and him/her against suspicion of mishandling those assets. Similarly, rectors, vestries, vicars, bishop's committees, treasurers, and other persons in positions of responsibility may be liable for any losses which would have been discovered by an ordinary audit but were not discovered because they failed to have an audit conducted.

The canons permit the audits to be completed by an independent Certified Public Accountant, by an independent licensed public accountant or by audit committee.

If you choose to do an audit by committee the Audit Committee Members:

- 1) Should be independent of the decision making and financial record keeping functions of the congregation,
- 2) Should have sufficient financial skills and experience to conduct a competent audit,
- 3) A typical audit committee consists of three members, but can be fewer depending on the size and scope of the audit.

All audits can be completed using the audit guidelines found in the "Manual of Business Methods in Church Affairs" or the new Alternative Audit Procedure included in this packet.

Completed audits include:

- Completed questionnaires
- Audit findings and recommendations
- Year End Financial Statements