

AUDIT PROCEDURES

The majority of our Parishes and Missions maintain annual operating statements consisting of income and disbursements. This section is, therefore, confined to a recommended checklist of those Audit Procedures necessary for the performance of an audit. Financial records should be compared with the Treasurer's Report to assure conformity with each other and with reporting procedures of the Diocese.

CASH RECEIPTS for every bank account using the Parish's federal employer identification number.

1. Check cash receipts as entered in general ledger against weekly cash count sheets, deposit slips and/or receipts.
2. Verify proper distribution of total receipts in the various categories (e.g., plate offering, pledge payments, etc.), check and cross check all totals, verifying especially that income as defined for apportionment is accurately distributed.
3. Check for balance in Transfer Accounts, if any, that should have been closed out prior to year-end (e.g., Episcopal Relief & Development Fund, Theological Education, etc.)
4. Reconcile bank balance in the books with bank statements at beginning and end of year for each account. Note any bank or investment account for which no separate accounting records are maintained.
5. Make a total of the receipts as entered on the pledge records; compare the total with the amount recorded as pledge revenue on the Parochial Report. Account for any major discrepancies.

CASH DISBURSEMENTS

1. Compare paid checks with entries in the books, and with authorization to pay.
2. Examine checks carefully for authorized signature(s). Examine if checks are payable to "cash". Note that checks payable to "cash" are discouraged.
3. Check paid invoices against entries in cash disbursement record. Note proper distribution to the various expense categories.
4. Compare total paid expenses to budgeted amounts; verify substantial differences.

5. Trace transfers to other parish accounts, including those for Memorial Funds, Altar Guild, Youth, ECW, Rector's Discretionary fund, savings, investments and others.
6. Trace and verify disbursements from all parish accounts insuring procedures 1-4 have been followed, and that these funds have been specifically included as operating income, and used as appropriate.

TRUST, ENDOWMENT AND INVESTED FUNDS

Trust and permanent funds and all securities of any kind shall be deposited with a Federal or State bank, or the Diocesan Investment Trust. Any trust or permanent funds deposited elsewhere require the approval of the Diocesan Commission on Finance. (Attach copies of the year end statement(s) to the audit certificate.) Therefore, it is only necessary that the Audit Procedures include:

1. Examine letter from Finance Commission authorizing deposit of funds, if any, outside of a Federal or State bank or the DIT.
2. Verify receipt and proper disposition of any new funds together with any new contracts received in the year under audit. Examine documents establishing any additions to endowment to determine if the donor has permanently restricted the principal from being spent, has restricted the purpose for which the income from the new gift may be used or if it is an unrestricted gift. Verify vestry minutes recording acceptance of the gift with its specific stipulations. It is important to maintain this information as a permanent parish record.
3. Examine proper authorization for withdrawal of funds; determine that all transactions are in accordance with the provisions of the original instrument.
4. Reconcile totals with Parochial Report.
5. Reconcile totals with Trust, Endowment and Invested Funds Form.