

AUDIT PROGRAM CHECKLIST FOR YEAR

For Churches with Operating Budgets of \$150,000 or less

Audit for the period of **January 1, ____** to **December 31, ____**

Church Name	
City	
Region #	
Rector/Vicar	
Senior Warden	
Junior Warden	
Treasurer	
Federal Tax ID#	

Date(s) audit conducted:	
Audit Committee Members:	
Date received by vestry/vestry ctte.	

Audit Committee Certificate

To the Rector or Vicar, Wardens and Vestry:

The audit committee has inspected the financial position of the church in accordance with the audit guidelines of the Diocese of Virginia for churches with operating budgets of less than **\$150,000**. We have taken steps to see that the financial statements and report of the church funds present fairly the assets and liabilities of the church; and that the receipts and expenditures and changes in all fund balances for the audit year are in accordance with the principles authorized by the Diocese of Virginia of the Episcopal Church.

Our inspection and certificate are **not** to be construed as an audit and opinion rendered by a Certified Public Accountant.

_____ (Signature of Chair) _____ (Date)

Orientation

Since 1979, the Executive Council of the Episcopal Church has provided a common financial accounting template for Episcopal parishes and missions. The latest template version is the “Manual of Business Methods in Church Affairs”, which was updated in 2012. This is essential reading for the core financial team of every church. A copy of the manual is available through the diocesan web site. The purpose of this auditing practice is to thoroughly engage the local churches in adequately demonstrating the financial well-being of their accounting functions. In most respects, especially in insurance and asset management, this audit program goes farther than what would be accomplished in an outside audit.

This form attempts to capture the primary issues with respect to parish financial management for our smaller churches. These churches are encouraged to use the following format but may certainly use the longer format for additional compliance.

Understanding the Bookkeeping System and Financial Reports	Yes	No
Has the Treasurer read & make use of the current Manual of Business Methods?		
Is a chart of accounts in use that includes all church funds?		
Is the primary bookkeeper a paid employee of the church? All churches insured with Church Insurance Company have at least \$25,000 of Fidelity Bond Insurance.		
Working from the full Treasurer’s final year-end report:		
Does it include year-end cash reconciliations for each separate fund?		
Does it include a Revenue and Expense statement for all funds of the church?		
Are any bank accounts in excess of the FDIC insurance limit of \$250,000?		
If so, has the church considered an additional bank account for overage funds?		

Audit Documents Reviewed by Committee:	Yes	No	N/A
Vestry/Vestry Committee minutes (especially to confirm approval of annual budget, monthly financial reports and the annual housing allowance)			
Does annual financial report to parish explain budget variances? Please report on variances of +/- 10%.			
Parochial Report was submitted on _____ (date)			
Review last year's audit and internal control letter. Were the recommendations adopted and/or action taken on them?			
Review bank statements for audited year, plus last statement for previous year and first for current year. Are there any unusually large deposits or withdrawals?			
Other financial or investment records. Are there any unusually large deposits or withdrawals?			

Cash/Pledges/Support/Other Financial	Yes	No	N/A
Is/are the checking account(s) reconciled monthly?			
In a 5% <u>sample</u> of all checks, if checks are returned , do the payees and amounts match the check register or disbursements journal?			
Do the endorsements of those checks sampled match the payee?			
Have all voided checks been accounted for?			
Any bank accounts regularly exceed FDIC \$250,000 insured limit?			
Church discretionary funds under sole clergy control outside the primary church bank accounts are to be audited. Are they?			
If you employ a process for counting receipts, are those persons doing so required to be unrelated? Those counting funds should never be those able to authorize disbursements.			
Does documentation support any checks written to "Cash"?			
Do acknowledgements of contributions in excess of \$250 include a statement that any goods or services provided consist solely of intangible religious benefits?			
Has all required indebtedness been properly authorized by appropriate church and diocesan officials?			
If you have adopted one, has the vestry reviewed the investment policy statement in the last three years?			
Are pension payments and withholding tax payments up to date for all eligible employees?			
Have all withholding tax payments been made on time?			
Do all employees get a W-2? Only short-term supply clergy and contractors should get 1099s.			
Is a current, signed Form W-4 on hand for each employee?			
Was a proper housing allowance resolution adopted and recorded in the minutes by the vestry or vestry committee?			
Is there a current space use agreement and insurance certificate on file for all organizations regularly using the church property/facility?			
Do you have an active planned giving program in use at your church? This should be a priority for your church.			
Are your church Trustees up to date with the local court? Please call Ted Smith at 1-800-DIOCESE if you have any questions. Please complete the list on the following page of your Trustees.			

Church Trustees (If more than four, include on back)

If your church property is held in the name of the Bishop or the diocesan Trustees, please mark the box below.

If your church property is held in the name of local Trustees appointed by the vestry, please complete the list below:

The following were formally appointed through the Circuit Court of _____.

Name of Trustee	Address	Year Appointed

Required Attachments:

1. **Year-end Treasurer's report.** Please show total receipts and total disbursements for the year. Please comment on any variances of 10% or more in any report item.
2. **Proof of Cash** form for **all** bank accounts. This should reflect reconciliation of cash balances at year-end and explain any variances.
3. Copy of insurance **declarations page** (front page of policy, typically). The entire policy is **not** required to be submitted. Please make sure that the Diocese of Virginia is named as an additional insured on your property and casualty policies.
4. Copy of Audit Committee Findings and Recommendations.

Bank Accounts

<u>Institution & Branch</u>	<u>Type of Account</u>	<u>Beginning Balance</u>	<u>Ending Balance</u>
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Securities (single issue holdings)

<u>Type</u>	<u>Invested with:</u>	<u>Interest/Dividends/Income this Year</u>	<u>Original Cost</u>	<u>Market Value</u>
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Investment and Endowment Funds

<u>Name of Fund</u>	<u>Date of Origin</u>	<u>Use Limitations</u>	<u>Income this Year</u>	<u>Market Value</u>
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Loans and Other Obligations

<u>Creditor</u>	<u>Date of Origin</u>	<u>Orig. Balance</u>	<u>Interest Rate</u>	<u>Monthly Pymt</u>	<u>Current Bal.</u>	<u>Purpose</u>
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