**Introduction**

The Audit Program has been developed by the Finance Office of the Diocese. This audit is not intended to be, and is not, as extensive as an audit performed by a public accountant and cannot be construed as substantially equivalent to such an audit. The objectives of this program are to help ensure the accuracy of the financial statement, safeguard church assets, and compliance with laws and regulations. These procedures include examining evidence supporting the transactions recorded in the accounts and testing the amounts in the financial statements. This audit program will include matters related to controls, procedures and policies of the financial reporting system underlying the financial statements. This audit program cannot guarantee that any material misstatements or errors, fraud or misappropriation of assets might or will be found.

**Instructions**

1. Assemble your Parish Audit team. The team should consist of 2-3 parishioners who are not involved in maintaining the parish financial records. It is preferrable to have at least one member of the audit team with some basic understanding of accounting principles and procedures.
2. Arrange a time to meet with the treasurer in a place where you have access to the financial records.
3. In a collaborative way, complete the steps required in the attached audit program. The format of the audit program Is narrative in nature and requires more than a simply yes or no answer. For each step we ask you to briefly summarize the efforts you undertook to satisfy the requirements and a brief summary of your conclusion and any recommendations for improvement.
4. If you have any questions about how to fulfill the requirements of any of the audit steps, please reach out to the Diocesan Finance Office and they will assign someone to assist in answering your questions.
5. Once the Internal Audit Program has been completed, please send an electronic version of the completed program to[**finance@dohio.org**](mailto:xxxxxxx@dohio.org). The original signed copy of the completed audit program, the audit financial statements and any supporting documentation should be maintained in the accounting files of the parish.

Episcopal Diocese of Ohio

Parish Internal Audit Program

For Year Ending December 31, 2024

1. General Information:

|  |  |
| --- | --- |
| *Parish* |  |
| *Address* |  |

|  |  |  |  |
| --- | --- | --- | --- |
| *Rector/In charge* |  | *Email* |  |
| *Senior Warden* |  | *Email* |  |
| *Treasurer* |  | *Email* |  |

|  |  |
| --- | --- |
| *Records Maintained by:* |  |

|  |  |
| --- | --- |
| *Name of Accounting Software used, if any:* |  |
| *Name of Payroll Service used, if any:* |  |

**2. Financial Reporting**

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| a. Review the Annual Financial report to parish. Does the report include:   1. Year-end Balance Sheet 2. Detailed Year-end Income & Expense Statement |
| *Results/notes* |

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| b. Compare the current year statement of income and expense to the prior year and ask for an explanation for any account with a variance of 10% that is greater than $1,000. Determine if the explanations are reasonable. |
| *Results/notes* |

**3. Cash**

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| a. Match the December 31st bank account balances on the financial reports to the bank reconciliation of the same date. (they should agree) |
| *Results/notes* |

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| b. Compare the bank balances on the December 31st reconciliation to the to the balances of the same date in the original bank statement. *(not copies - use either original bank statements or verify balances online directly with the bank)* |
| *Results/notes* |

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| c. Verify that someone other than the person who prepares the bank reconciliation reviews the reconciliation. This review should include a review of the reconciliation and bank statement *(It is preferrable that this review is evidenced by signature or initials)* |
| *Results/notes* |

**4. Investments**

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| a. Match the investment balances on the financial reports to original statements. *(not copies - use either original statements or verify balances online directly with the custodian)* |
| *Results/notes* |

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| b. Investigate any significant discrepancies or unusual items. |
| *Results/notes* |

**5. Income/ Revenue**

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| a. Verify that the process of collecting and depositing the Sunday offering, mailed in funds and miscellaneous funds includes the following controls.   1. The person(s) counting, preparing, and making the deposit are separate from those entering the deposit in the accounting records and donor statement records. 2. Funds are stored in a safe place before they are deposited in the bank. |
| *Results/notes* |

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| b. Verify:   1. Donor Statements are sent out at least twice a year. 2. Donor Statements include a statement that any good or services provided consist solely of Intangible Religious Benefits. |
| *Results/notes* |

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| c. Randomly select two (2) deposits from bank statements for the audit year and verify that amount agrees with the supporting detail prepared by the counters (i.e. counter sheet, tally sheet etc.) and to the church financial records. |
| *Results/notes* |

**6. Disbursements/Expenses**

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| a. Verify that all checks require two signatures *(with the exception of the Rector Discretionary Fund)* and that electronic payments require a secondary independent review of the payment by an authorized signatory. |
| *Results/notes* |

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| b. Scan a list of all disbursement for the audit year for unrecognized vendors, unusual items and address any items identified as necessary and appropriate. |
| *Results/notes* |

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| c. If the church has credit cards, obtain a sample of credit card statements from three months during the audit year and verify that proper documentation is kept to support the nature and amount of the expenditures. |
| *Results/notes* |

**7. Compensation/Payroll**

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| A. By checking a sample of two payroll periods during the year (including the final pay period of the year) verify that payroll tax deposits were made by the deadline required by federal law.  If you use a payroll service, verify reports are maintained in an orderly manner, and verify end-of-year reporting, assuring all employees are included. |
| *Results/notes* |

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| b. If the clergy has a housing allowance, verify that the allowance has been approved by the Vestry, specifically authorized in writing by Vestry resolution. |
| *Results/notes* |

**8. Other**

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| A. Verify that the appropriate church officials have properly authorized all indebtedness. If church assets have been encumbered, verify that the Diocese has approved the indebtedness. |
| *Results/notes* |

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| b. Verify that proper Insurance coverage has been maintained. Verify that a copy of the current Insurance policy Is available for review. |
| *Results/notes* |

**Auditor Certification**

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| I (we) have taken steps to see that the church financial statements are presented fairly as of December 31, 2024. Our work Included all required tasks set forth in the preceding "Parish Internal Audit Program" as was made in accordance with audit guidelines in the "Manual of Business Methods In Church Affairs". My (our) Inspection and certificate are not meant to be construed as an audit and opinion rendered by a Certified Public Accountant. |
| *Comments* |
| *Signatures:* |