

## Annual Congregational Audits

Purpose of an annual audit: The primary purpose of an audit is to assure that financial statements are fairly stated. Any person handling the 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.

### Diocese of Arizona Policy for Congregational Audits

Title I Canon 7 Section 1(f) states "...All accounts of Parishes, Missions or other institutions shall be audited annually by an independent Certified Public Accountant, or independent Licensed Public Accountant or such audit committee as shall be authorized by the Finance Committee, Department of Finance, or other appropriate diocesan authority."

Diocesan Council has approved the following audit guidelines

- Congregations with total operating revenues over \$400,000 must have an annual certified audit by an outside CPA.
- Congregations with total operating revenues of \$200,000 to \$400,000 must have an annual certified audit once every three years by an outside CPA followed by a "Review" for each of the two interim years by an outside CPA.
- Congregations with total operating revenues of less than \$200,000
  - May request an examination by a member of the Diocesan Audit Committee, please contact the Canon for Finance to arrange for an auditor. Or
  - With the consent of the Diocesan Finance Committee, appoint a committee of three persons from the congregation to conduct an examination utilizing a program provided by the diocese. Person currently serving on the vestry, bishop's committee or who served for the year being examined or in any other way were involved with financial matters are not eligible to serve on the examination committee. Any congregation which elects to use an internal audit committee must submit to the Diocesan Finance Committee the names of the individuals who want to serve, what leadership roles they held during the year being audited and any leadership roles they currently hold. The Diocesan Finance Committee must give consent prior to using an internal audit committee.

**A copy of the audit is due in the diocesan office by September 1 of the year following the audit.**