AUDIT PROGRAM CHECKLIST FOR YEAR

2008

For Churches with Operating Budgets of 250,000 or less
*Audit for the period of **January 1, 2008** to **December 31, 2008***

Parish/Mission	
Region	
City	
Rector/Vicar	
Senior Warden	
Junior Warden	
Treasurer	

Date(s) audit conducted:	
Audit Committee Members:	

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 Pennsylvania for churches with operating budgets of less than **$250,000**. 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 Pennsylvania of the Episcopal Church.

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

__________(Date) __________________________________(Signature)
Chair of Audit Committee

Orientation

Since 1979, the Executive Council of the Episcopal Church has provided a common financial accounting template for Episcopal parishes and missions. The purpose of this 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.

The latest template version is the "Manual of Business Methods in Church Affairs", which was published in 1995 and revised in January 2000. This is essential reading for the core financial team of every church, and a new version should be ready shortly. Upon publication, it is highly advised that the church purchase and the audit team become familiar with the document.

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.

Understanding the Bookkeeping System and Financial Reports	**Yes**	**No**
Has the treasurer read & make use of the Manual of Business Methods (Jan. 2000)?		
Is a chart of accounts in use that includes **all** church funds?		
Is the primary bookkeeper a paid employee of the church? *All churches in the Diocese of Pennsylvania should be covered by at least $10,000 of Fidelity Bond Insurance.*		
Working from the full Treasurer's final year-end report:		
Does it include year-end cash reconciliation 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 FDIC insurance limits?		
If so, has the church considered an additional bank account for overage funds?		

Audit Documents Reviewed by Committee:	**Yes**	**No**	**N/A**
Do Vestry/Vestry Committee minutes confirm approval of annual budget, monthly financial reports and annual housing allowance?			
Does annual financial report to parish explain budget variances?			
Annual Parochial Report, submitted on _______________(date)			
Review last year's audit and internal control letter. Were the recommendations adopted?			
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% sample of all checks, 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?			
Do any bank accounts exceed FDIC insured limits?			
If a clergy-controlled discretionary fund exists outside the primary church bank accounts, is it audited? **It should be!**			
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?			
Has the vestry reviewed the investment policy in 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?			
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/or insurance certificate on file for any and 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!**			
Please complete the list below of your Trustees (if applicable). **If no Trustees, then Vestry Members will be sufficient.**			

Name of Church Trustee Or Vestry	Address	Year Appointed

Required Attachments:

1. Year-end treasurer's report. Show total receipts and total disbursements for the year. Please comment on any variances of 5% or more in any report item.
2. Proof of Cash form for all bank accounts. 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.
4. Copy of Audit Committee Findings and Recommendations.

Bank Accounts

Institution & Branch	Type of Account	Beginning Balance	Ending Balance

Securities

Type	Invested with:	Interest/Dividends this Year	Original Cost	Market Value

Trust and Endowment Funds

Name of Fund	Date of Origin	Use Limitations	Income this Year	Market Value

Loans and Other Obligations

Creditor	Date of Origin	Orig. Balance	Interest Rate	Monthly Pymt	Current Bal.	Purpose