

*The Episcopal Diocese of Pittsburgh
of The Episcopal Church*



May 23, 2011

To: Rectors, Priests-in-Charge and Treasurers

Subject: 2010 Audits

It's time again to remind you that your annual audit of church finances for calendar year 2010 is due September 1, 2011.

It would be ideal if all parishes had their audit completed by an independent certified public accounting (CPA) firm, but we all know that this is not always feasible. Therefore, we are asking that each parish have an accounting firm OR an **auditing committee** of three or four people from the parish to complete this annual task. If using a committee, **the persons should be independent of any other financial duty to avoid any conflict of interest.**

Please forward to me before **June 15, 2011** the name of the auditing firm or if using a committee, the names and qualifications of each of its members. The audit is to include **all funds and checking accounts** used by the parish including every parish organization.

The standards under which a committee audit are to be performed are contained in TEC's Manual of Business Methods in Church Affairs (specifically, Chapter VI, Audit Guidelines for Congregations). A continuously updated version of this manual is available at http://www.episcopalchurch.org/finance_58218_ENG_HTML.htm.

A reminder. Regardless of whether a CPA firm or committee audit is performed, the finished audit for 2010 should be in the diocesan office before September 1, 2011 to ensure your parish's vote at diocesan convention. As stated in the Manual of Business Methods, the final committee audit package submitted should contain the following documents:

- Audit Committee Certificate (example attached)
- Financial Statements (statements of financial position, activities, and cash flows)
- Footnotes to the financial statements
- Completed audit program checklist
- The audit committee findings on policies and procedures (example attached)
- A corrected parochial report as a result of audit adjustments, if applicable

Please use the enclosed forms for submitting to your vestry and the diocesan office.

God's Peace,

A handwritten signature in black ink that reads "Robert A. Johnston". The signature is written in a cursive, flowing style.

Robert A. Johnston
Judge of Audits
Diocesan Council

Audit Committee Certificate



Date _____

To the Rector, Wardens and Vestry of:

Parish _____

Address _____

Subject: The audit of above parish for the year _____

We have inspected the statement of financial position of _____ (parish) as of December 31, _____ (*audit year*), and the related statements of activities for the year then ended. Our inspection was made in accordance with the audit guidelines of the Manual of Business Methods in Church Affairs, and the financial statements are prepared on a (*select as appropriate*: cash, modified accrual, or accrual) basis in accordance with principles adopted by the Episcopal Church and approved by its General Convention (except as noted – *if applicable*).

Note Exceptions here, if any

We have taken steps to see that the accompanying financial statements present fairly, in all material respects, (except as noted above – *if applicable*), the financial position of the Congregation at December 31, _____; and that the changes in the net assets (and its cash flows – *only if accrual basis is used*) for the year then ended are in accordance with the principles authorized by General Convention of the Episcopal Church on a basis consistent with that of the preceding year. Our inspection and certificate are not meant to be construed as an audit and opinion rendered by a Certified Public Accountant.

Sincerely,
Members of the Audit Committee:

Name _____ Signature _____

Name _____ Signature _____

Name _____ Signature _____

Name _____ Signature _____

Audit Committee Findings on Policies and Procedures



Date _____

To the Rector, Wardens and Vestry of:

Parish _____

Address _____

Subject: The audit of above parish for the year _____

During the course of the above inspection, the following items pertaining to internal control and other operation matters were noted. The first group includes areas of management control where prior year auditor recommendations have been implemented; the second group includes comments and recommendations of current year auditors.

Areas where prior year auditors recommendations have been implemented:

Comments and recommendations of current year auditors:

Members of the Audit Committee:

Name _____ Signature _____

Name _____ Signature _____

Name _____ Signature _____

Name _____ Signature _____