

**The Financial Oversight and Audit Committee
The Diocese of Vermont**

To: Clergy Serving Congregations, Senior Wardens, Parish Treasurers and Parish Administrators
From: Gary Eley and Peter MacLean Oversight and Audit Committee Chairs
Re: The 2010 Audit
Date: February 15 2011

The time has come to start work on your 2010 Audit. Both our national and diocesan canons require that every church, diocese and diocesan institution to perform an annual audit of their internal controls and financial accounts by a certified or licensed public accountant. In the Diocese of Vermont, the vestry may appoint a committee of its own members or members of another congregation to perform this function.

Get started now in order to correct any practices and policies that are not in accordance with the Treasurer's Manual of the Diocese of Vermont and the national Manual of Business Methods in Church Affairs. Both documents should be available in your church office.

The audit includes the verification and examination of:

1. The annual finance reports submitted to the annual meeting and Parochial Report that include the fiscal assets and liabilities as of the 31st of December 2010 combined with the financial reports of all parish organizations including discretionary funds
2. A review of the Internal Control practices and policies using the enclosed 2010 Internal Check List.

And the following document.

3. The 2009 Audit Report that contains the written commentary and recommendations to the vestry together with the Vestry's written response to the Bishop.

An Explanation of the Audit Report Items

The following documents and reports must be included in your 2010 audit report

- 1) **A Consolidated Annual Statement of Cash Revenues and Expenses.** This is a financial statement that consolidates all of the income and expenses of all the parish activities in the audit year. If this report is a variance with the report that was attached to the 2010 Parochial Report the difference should be explained and a revised page 3 of the Parochial Report included. .
- 2) **A Statement of all Financial Assets and Liabilities** The assets should include all balances in cash accounts (checking and savings, and the market values of all investments such as CD's, mutual funds, stocks and bond, and the value of the Diocesan Unit Fund. The liabilities should include a total of unpaid bills as of Dec 31, 2010 and the balance on any outstanding loans. If this report is a variance with the report that was attached to the 2010 Parochial Report the difference should be explained.

If the statement of assets and liabilities is included in the Annual Statement it need not be made as a separate report

- 3) **The completed 72 question Internal Controls Checklist** In addition to the check list, the auditor or audit committee should explain the questions marked NO and include their written recommendations for corrections and improvements. Make sure you use the 2010 version.
- 4) **The Audit Committee Certificate.** This is signed by members of the audit committee or the auditor in the case of an outside auditor stating that the financial reports fairly represent the financial position of the congregation and that a review of the policies, procedures and practices for the internal controls has been conducted. Be sure to fill in the name and email address of the Audit Committee contact person whom the diocese may contact for any correspondence related to this audit. The Clerk of the Vestry also signs the certificate to signify that the Vestry has reviewed the accepted the audit report. Use the 2010 version for completeness and consistency.
5. **A signed letter from the Vestry addressed to the Bishop** that outlines the decisions agreed upon by the vestry to correct actions recommended in the Internal Controls and Financial Reports.
6. **The Compliance Review Summary,** which will help the Audit Committee ascertain that the audit work is complete. It will also help the in the review by the Oversight and Audit Committee.

After the Vestry receives the report, the canons require that the Vestry forwards to the diocesan office all of the above documents and their response to the findings and recommendations of the auditor or audit committee within 30 days.. The completed audit is to be received in the diocesan office by September 1st 2011. Start now !

Please send your completed audit report package to

**Julie Giguere, Financial Administrator
The Episcopal Diocese of Vermont
5 Rock Point Road
Burlington VT 05408**

Need Help ?

1. The Manual for Audit Committees and the 2010 Internal Controls Checklist is attached and also can be found on the diocesan website.
2. The Diocesan Finance Office Julie Giguere jgiguere@dioceseofvermont.org
3. The Oversight and Audit Committee Co Chair Peter D MacLean kintyre@myfairpoint.net for advice and counsel
4. The national Manual of Business Methods in Church Affairs has an entire chapter devoted to the annual audit.