Documents required for audit (modified from copy on Diocese website)

The Parish should compile these documents in advance and have available for the auditor.

Items highlighted in yellow can be sent to the auditor in advance if available in electronic format. Info sent in advance could save the parish one or more days of overnight expense charged from the auditor if they can review prior to starting work at the church. These documents are usually from Microsoft Word or the parish's accounting software app.

Page and item numbers are cross-references to the **Contract Audit Report Form** on the Diocese website. See **Note 2** below. Checklist items marked **ADDED** are additions to this modified checklist.

- ☐ Copy of prior year audit report and Vestry's plan to address any deficiencies, if any.
  Page 1, item 1

- ☐ Vestry Minutes for the year being audited and November & December of previous year.
  Page 1, item 2

- ☐ Treasurer's Reports to Vestry from January of year being audited through to January of year after the audit. If these are included in the Vestry meeting minutes no need for another copy. **ADDED**
  Page 1, item 2

- ☐ Copy of Vestry resolution approving Rector and any other clergy Compensation and Housing Allowance. Should be in the Vestry meting minutes of November or December of year prior to audit. **ADDED**
  Page 1, item 2

- ☐ Copy of approved budget for year of audit
  Page 1, item 2

- ☐ Copy of Annual Financial Report including year-end statement with balance sheet and income/expense statement.
  Page 1, item 2

- ☐ Evidence of Property and Liability Insurance – if the insurance company is Church Insurance **Company of Vermont the cover page of the policy should be dated sometime in year of the year** being audited.
  Page 1, item 3

- ☐ IRS Tax exempt status determination letter or "Group Tax Exemption Form Diocese" (see sample in Diocese website) and State tax exempt letter **(if applicable).**

  Page 1, item 4

- ☐ Parochial Report for year being audited as well as spreadsheet income and expense line-item combinations used to prepare financial section of Parochial Report from internal financial statements.

  Page 2, item 7

- ☐ Property Report for year being audited (postcard or long form as required by the Diocese for audit year).

  Page 2, item 8

- ☐ Space use agreements and insurance certificates for outside groups who are regular users of church property **(if applicable)**

  Page 1, item 5

- ☐ List of all Sunday School teachers & youth workers with proof of Sexual Ethics training and background checks **(if applicable)**

  Page 2, item 6

- ☐ Checking accounts monthly Reconciled Bank Statements, Passbooks, or Investment reports for all accounts for year being audited and December of previous year

  Page 3, item 1

- ☐ Full year investment accounts statements and year end savings accounts statements if applicable.

  Page 5

- ☐ All cancelled checks or copies included with monthly bank statement and deposit records. If checks are prepared using the bank's online payment system, the auditor will need access to that system in lieu of hard copy.

  Page 3, item 1 and Page 12 (proper signature verification)

- ☐ List of Authorized Signatures for all accounts (checking and investment accounts).

  Page 11, item 2

- ☐ Record of Plate Collections and corresponding deposits – usually with same weekly records of pledge and other deposits.

  Page 8, items 1 & 2

- ☐ Description of procedures and control of plate collection.

  Page 8, item 1

- ☐ Record of other receipts – usually with weekly pledge deposits
  Page 10, item 3

- ☐ Paid Invoices or other back up for expenditures such as signed payment requests.
  Page 11, item 1 & Page 12

- ☐ Petty Cash records if applicable. **(If applicable)**
  Page 6, item 3

- ☐ Details on any mortgages or other loans including original loan documents and copy of bank or loan statement showing principal due December 31 of audit year. (**If applicable**).
  Page 7, Liabilities

- ☐ Record of Pledge to the Diocese for year being audited (there should be a statement from the Diocese depicting all payments to the Diocese for the year being audited which is usually received in the January after the year audited.
  Page 7, Liabilities

- ☐ Receipts and Disbursements ledger - printout of all transactions in the checking account(s) from the General Ledger report. Explanation of report preparation if there are no ledgers.
  Pages 8 & 11

- ☐ Payroll reporting for IRS and State of NC – Quarterly 941's, annual W-3 and W-2's and 1099's, support for payments made to IRS, NC as well as payments to the Church Pension Group for all pension payments. General Ledger expense accounts reports for salaries, wages, employee benefits and taxes withheld to which payments were posted to for entire year.
  Page 13 & 14, items 1 through 8

- ☐ Copy of Change in Rector's Compensation form that should have been sent to the Church Pension Group for purpose of computing pension contribution for audit year.
  Page 14, item 8

(See notes on following page)

Note 1 - Once the audit is complete, it is the Vestry's responsibility to review the audit report with its findings and recommendations from the auditor(s) and send the following information and documentation to the Diocesan Office:

a. **a copy of the Audit Report,**
b. **the year-end balance sheet and Income/Expense report for the year being audited**
c. **the Findings and Recommendations of the auditor(s),**
d. **The vestry's plan of action to rectify any noted deficiencies in financial practices.**

Note 2 - Suggested Reading - Background Material

Read the "Contract Audit Report Form" found in the Diocese website. Click on ADMINISTRATION at the top right on the home page, then click ADMINISTRATIVE RESOURCES then Contract Audit Report Form under Parish Audit Information/Contract Audit by Diocesan Contract Auditor.

This is a 15-page document, but more than half is blank forms used by the Auditor to document audit testing.

CONTACT INFO:

Jack McElroy
milfordjac@gmail.com **248-672-6900**