

**The Diocese of Central New York  
Audit Policy**

***Introduction***

Every congregation, chapel, and institution of the Diocese is charged with maintaining fiduciary responsibility for the financial gifts received from its members. The Constitution and Canons of The Episcopal Church recognize this responsibility in the following manner:

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**Canon 7: Of Business Methods in Church Affairs**

**Sec. 1.** In every Province, Diocese, Parish, Mission and Institution connected with this Church, the following standard business methods shall be observed:

(d) Treasurers and custodians, other than banking institutions, shall be adequately bonded; except treasurers of funds that do not exceed five hundred dollars at any one time during the fiscal year.

(e) Books of account shall be so kept as to provide the basis for satisfactory accounting.

(f) All accounts of the Diocese shall be audited annually by an independent Certified Public Accountant. 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.

(g) All reports of such audits, including any memorandum issued by the auditors or audit committee regarding internal controls or other accounting matters, together with a summary of action taken or proposed to be taken to correct deficiencies or implement recommendations contained in any such memorandum, shall be filed with the Bishop or Ecclesiastical Authority not later than 30 days following the date of such report, and in no event, not later than September 1 of each year, covering the financial reports of the previous calendar year.

(i) The Finance Committee or Department of Finance of the Diocese may require copies of any or all accounts described in this Section to be filed with it and shall report annually to the Convention of the Diocese upon its administration of this Canon.

**Sec. 2.** The several Dioceses shall give effect to the foregoing standard business methods by the enactment of Canons appropriate thereto, which Canons shall invariably provide for a Finance Committee, a Department of Finance of the Diocese, or other appropriate diocesan body with such authority.

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### *Audit Policy of the Diocese of Central New York*

The Audit Policy of the Diocese of Central New York is written in accordance with the above mentioned canons and with the intent to provide procedures and guidelines for those who are charged with shepherding Church resources.

Each parish, chapel and other institution of the Diocese of Central New York is required to conduct an annual audit in accordance with the most current edition of "*Manual of Business Methods in Church Affairs*".

- 1) The audit and accompanying documentation of the preceding calendar year shall be submitted to the Diocese of Central New York no later than September 1st of the current calendar year. The following constitutes a complete audit package:
  - a. The completed audit checklists from "*Manual of Business Methods in Church Affairs*", Chapters II and VI.
  - b. The financial statements that were audited.
  - c. A copy of the auditor(s)' comments and findings
- 2) The audit for the year in which the Rector, Chaplain, or Priest-In-Charge left the ministry of that faith community shall be conducted by a Certified Public Accountant (CPA). A new Rector, Chaplain or Priest-In-Charge may not be called until the audit has been completed and is on file at the Diocesan Office.
  - For Type I, II and III parishes, the audit must be a limited audit using the audit checklists from "*Manual of Business Methods in Church Affairs*" as the basis. In the event significant issues arise in the scope of the limited audit, a full CPA audit will be required.
  - For Type IV parishes, the audit must be a full CPA audit.
- 3) All parishes, chapels or other institutions of the Diocese shall be required to have an annual audit. In the event a parish, chapel or other institution fails to have an annual audit, a CPA audit will be required (see item 2 above).
- 4) All parishes, chapels or other institutions of the Diocese shall have a limited CPA audit or full CPA audit every 7 years in place of the audit committee audit. (Grants of \$700 are available upon application for the required audit, starting in 2015.)
- 5) In the event the parish, chapel or other institution controls no assets, funds, bank accounts, or financial resources at any time during a calendar year, they may submit a statement to the Diocese instead of an audit. The statement is to be approved by the Vestry acknowledging it held or controlled no assets, funds, bank accounts or financial resources during the preceding calendar year.
- 6) Parishes, chapels or other institutions of the Diocese are not eligible to receive grants or loans under any Diocesan programs if their audits or statements are not current.

- 7) If a parish, chapel or other institution opts to utilize an 'independent' audit committee, members of that committee may not be persons involved in regular financial decision making activities of that faith community (i.e. treasurer, warden, clergy person, etc.)