

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:

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:

- a. All accounts of Provinces shall be audited annually by an independent certified public accountant, or independent licensed accountant, or such audit committee as shall be authorized by the Provincial Council. The Audit Report shall be filed with the Provincial Council not later than September 1 of each year, covering the preceding calendar year.
- b. Funds held in trust, endowment and other permanent funds, and securities represented by physical evidence of ownership or indebtedness, shall be deposited with a National or State Bank, or a Diocesan Corporation, or with some other agency approved in writing by the Finance Committee or the Department of Finance of the Diocese, under a deed of trust, agency or other depository agreement providing for at least two signatures on any order of withdrawal of such funds or securities. But this paragraph shall not apply to funds and securities refused by the depositories named as being too small for acceptance. Such small funds and securities shall be under the care of the persons or corporations properly responsible for them. This paragraph shall not be deemed to prohibit investments in securities issued in book entry form or other manner that dispenses with the delivery of a certificate evidencing the ownership of the securities or the indebtedness of the issuer.
- c. Records shall be made and kept of all trust and permanent funds showing at least the following:
 1. Source and date.
 2. Terms governing the use of principal and income.
 3. To whom and how often reports of condition are to be made.
 4. How the funds are invested.
- 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.
- h. All buildings and their contents shall be kept adequately insured.
- 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.
- j. The fiscal year shall begin January 1.

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.

Audit Policy of the Diocese of Central New York

The Audit Policy of the Diocese of Central New York is written in accordance with Canon 7 of the Canons of the General Convention. The interest is to provide procedures and guidelines for those who are charged with shepherding Church resources.

- 1) All parishes, chapels or other institutions of the Diocese shall be required to have an annual audit.
 - a. There will be a 3-year cycle, with an exception for the year in which the Rector/Chaplain/Priest in Charge leaves the ministry of the faith community.
 - b. Two years may be an internal parish committee audit and year 3 will be an outside auditor
 - c. For the calendar year in which the Rector/Chaplain/Priest in Charge leaves the ministry of the faith community, the audit shall be an outside audit. This resets the 3-year cycle of internal/outside auditor.
 - i. 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.
- 2) Auditors:
 - a. It is suggested, but not required that a parish may engage a CPA for an audit or review.
 - b. Internal parish committee team:
 - i. 2 to 3 person teams, but no less than 2 people
 - ii. At least 1 person with auditing experience/accounting knowledge or diocesan trained and certified volunteers (CPA, LPA, or CMA would not need to undergo training/certification)
 - iii. Team can not include the treasurer, clergy person, or warden of the parish. It can include those individuals from another parish.
 - c. Outside auditor:
 - i. Audit team from another parish
 - ii. At least one trained individual from outside the parish working with 1 to 2 people from the parish
 - iii. CPA
 - iv. Reasonable expenses to be reimbursed by parish (at IRS volunteer mileage rate, provided lunch/dinner as appropriate)
- 3) The audit of the preceding calendar year shall be submitted to the Vestry and the Diocese of Central New York no later than September 1st of the current calendar year. Electronic submission is preferred.
 - a. The audit report submitted shall consist of:
 - i. Diocese of CNY audit program
 - ii. Generated lists and attachments from the audit
 - iii. Year-end financial statement
 - iv. Audit committee report letter
- 4) The Diocesan Board and Bishop may request an outside audit (as defined in 2c above) or a CPA audit or review of the parish be completed and submitted as circumstances warrant.
- 5) Parishes, chapels, or other institutions of the Diocese are not eligible to receive grants or loans under any Diocesan programs until they are current with submitting their audits. The grants or loan funds will be awarded but not distributed until the audit is received in the Diocesan office.