

# Diocese of Southern Virginia Guidelines for Parish Audits

## CANONS of the DIOCESE OF SOUTHERN VIRGINIA

### CANON VII Of Finances, SECTION 4 Audits

(a) All financial accounts of Diocesan organizations (parishes, missions, and other Diocesan institutions) shall be audited or examined at the close of each year. Organizations with income of \$650,000 or over shall be audited or reviewed by a certified public accountant. Organizations with income under \$650,000 may have an audit or examination by a person or persons other than a CPA. The examination may be by an accountant, an audit committee, or a person approved by the Diocese. All audits/examinations not performed by CPA's shall follow the guidelines in the *Manual for Business Methods in Church Affairs* and these guidelines set forth.

(b) The financial accounts of the Diocese shall be audited at the close of each year by a certified public accountant named by the Executive Board.

(c) All Parishes and Missions, and all other institutions affiliated with the Diocese, shall provide the Diocese with a copy of the annual audit report or a letter from an independent accountant summarizing the annual audit report not later than 30 days following the date of such report, and, in any event, not later than September 1 of each year, covering the financial reports of the previous calendar year.

(d) The Treasurer shall report to the Bishop and the Council all Parishes, Missions and other institutions affiliated with the Diocese failing to provide the annual audit report.

(e) Upon the departure of a rector, vicar, or clergy-in-charge of a congregation, an audit of all accounts of the congregation shall be prepared at the direction of the vestry, conforming to the accounting practices set forth in the *Manual of Business Methods in Church Affairs* and these guidelines set forth. This audit shall be made available to the Interim Priest and candidates interviewing for the vacant position.

(f) Parishes will not be eligible for grants from the Diocese until the preceding two calendar years' audit reports have been provided to the Diocese. Grants include clergy continuing education, lay continuing education, small church emergency maintenance, Seeds of Hope, mission initiative grants, communication grants, and any other new grants established by the Diocese.

### General Instructions

The Vestry or their representative should review the following information concerning the types of audits that are authorized for use in the Diocese of Southern Virginia and the criteria for each.

If you have any questions about audits, please contact Judy Dobson, [jdobson@diosova.org](mailto:jdobson@diosova.org), or 757-213-3386.

### **1. In-House Committee Audit (or Exchange with another parish)**

- a. Minimum of 3 members on an Audit Committee formed by Vestry of the Parish
- b. Cannot be the current treasurer, or clergy, or have been directly involved in the accounting transactions or reconciliations of the accounts during the audit period.
- c. Audit Committee must use diocesan guidelines.
- d. The Vestry shall review the Audit Report and recommendations and send a copy of them together with an action plan to correct any deficiencies to the Diocesan Office no later than September 1.

### **2. Audit by Diocesan Contract Auditor**

- a. Payment of contract fee for Diocesan Contract Auditor is paid by parish directly to auditor. If the fee exceeds \$600, the parish will provide Contract Auditor with appropriate Form 1099.
- b. Diocesan Contract Auditor will use diocesan guidelines.
- c. Auditor will present audit report and letter of recommendations for any deficiencies found to the Vestry.
- d. The Vestry will review the Audit Report and recommendations and send a copy of them together with an action plan to correct any deficiencies to the Diocesan Office no later than September 1.

### **3. Audit by an independent Certified Public Accountant**

- a. The Parish will contract with a CPA of their choice
- b. The Vestry shall review the Audit Report and recommendations and send a copy of them, together with an action plan to correct any deficiencies, to the Diocesan Office no later than September 1.

### **Approved Audit Types Based on Operating Revenue:**

1. Operating Revenue up to \$650,000
  - a. Parish Audit Committee
  - b. Diocesan Contract Auditor
  - c. Certified Public Accountant – audit or audit review
2. Operating Revenue \$650,000 and above
  - a. Certified Public Accountant – audit or audit review