



The Diocese of Long Island

The Episcopal Church in
BROOKLYN ■ QUEENS ■ NASSAU ■ SUFFOLK

FRANCES MONACO
ADMINISTRATIVE ASSISTANT
THE DIOCESE OF LONG ISLAND
TELEPHONE: (516) 248-4800, EXTENSION 45
FAX: (516) 248-1616
e-mail: fran@dioceseli.org

DATE: January 23, 2012
TO: Rectors, Interims, Priests-in-Charge and Wardens
SUBJECT: **Audit Guidelines, Procedures and Deadline**

The canonical deadline for submission of the annual audit is September 1. Audit work should already be in process; if not, please schedule as soon as possible to ensure compliance with the deadline. Should you have any questions concerning the guidelines, or audits in general, please do not hesitate to contact me (ext. 45) or Peter Robey (ext. 13).

Congregations with audit delinquencies for 2010 and/or previous years should remember that, unless filed prior to the November 2012 Diocesan Convention, report delinquencies will result in a forfeiture of lay delegates' seating and voting rights at Convention. A listing of prior year report delinquencies is attached. We hope those congregations with delinquencies will give their immediate attention to this matter.

Diocesan Canons reflect the adoption of the *Manual of Business Methods in Church Affairs*¹ as the standard for business methods in the diocese. Auditing of congregational accounts are permitted by either an independent Certified Public Accountant or by an audit committee of (at least) **three** qualified members of the congregation, none of whom have acted as treasurer, bookkeeper, a member of the parish finance committee or any individual keeping the books of original entry and/or ledgers during the period being audited.

Congregations choosing to **audit by committee** may wish to follow the guidelines provided in Chapters VI ("Audit Guidelines for Congregations") and II ("Internal Controls") of the Manual. The Audit Certificate (copy attached) is to be signed, dated and forwarded as indicated **together with financial statements** (Balance Sheet **and** Income/Expense Statement) to my attention at the diocesan office. (The attached certificate must be used; please do not submit older versions or the sample from the Manual.) **Audit certificates received without financial statements (Balance Sheet and Income/Expense Statement) will be returned to the congregation and considered incomplete until the report in proper format is provided.**

¹ A link to the manual is available on the diocesan website, www.dioceselongisland.org

Congregations engaging a **certified public accountant (CPA)** or CPA firm are required to submit the complete audit (i.e., opinion letter, statements and footnotes) prepared by the CPA or firm. A "CPA Audit" is to be conducted using generally accepted auditing standards. Please note that CPAs offer several levels of service: audit, compilation and review. Neither a review nor compilation is acceptable in place of an audit. Only an audit satisfies the canonical requirement.

- An audit is an examination of the financial statements of an organization by an independent auditor, the purpose of which is to express an opinion on whether the statements as a whole have been properly prepared in conformity with generally accepted accounting principles and that they present fairly the financial position and results of operations for the period then ended.
- In a Review, an accountant provides an opinion on the financial statements with a lower level of assurance than an audit. There are ordinarily not tests of accounting records, independent confirmations or physical examination. A Review consists primarily of making inquiries of personnel and applying analytical procedures to the financial data.
- A Compilation is a non-audit service limited to presenting financial statement information which is the representation of management. The accountant provides no assurance on the statements.

Enclosure

cc: Treasurers and Clerks

The Right Reverend Lawrence C. Provenzano, *Bishop*

36 Cathedral Avenue, Garden City, NY 11530 ■ 516-248-4800 ■ FAX: 516-248-1616

www.dioceselongisland.org

To: The Rector, Wardens and Vestry of

_____ Church
 _____ Address (Line 1)
 _____ Address (Line 2)

AUDIT COMMITTEE CERTIFICATE

We have made an examination of the Financial Statements of

_____ (church name and location)

as of December 31, 2011 and the related Report of Treasurer's Funds for the year then ended. Our examination was made in accordance with the Audit Program as authorized by the Diocese of Long Island and accordingly includes the audit procedures as prescribed in said program. In our opinion, the accompanying Financial Statements and Report of Treasurer's Funds present fairly the financial position of said church and the results of its operations for the year then ended on a basis consistent with that of the preceding year.

NOTE: Diocesan requirement for Audit Committee is minimum of 3 persons.

_____ *
Print Name Signature

_____ *
Print Name Signature

_____ *
Print Name Signature

Date Submitted: _____

FINANCIAL STATEMENTS ATTACHED
(Balance Sheet and Income/Expense Statement)

Due within 30 days of completion but no later than September 1 following year under review, along with Auditors notes and comments plus a summary of action taken or to be taken to correct deficiencies or recommendations contained in any such memorandum. **Forward to Frances Monaco, Diocese of Long Island, 36 Cathedral Avenue, Garden City, New York 11530.**

* This certificate must be signed by **ALL THREE MEMBERS** of the Committee, none of whom may be the rector, treasurer, bookkeeper, member of a finance committee or any individual keeping the financial books of the period being audited.