

**Canon 702.2 Record-Keeping.** Records must be kept of all permanent and trust funds showing source, date, and terms governing the use of principal and income.

- a. The fiduciary responsible must report the condition of such funds at each annual meeting of the Congregation.

## **CANON 703**

### **Business Practices in Congregations**

**Canon 703.1 Canonically Required Business Methods.** Business methods required by the Canons of the Episcopal Church must be observed strictly by every Congregation and Diocesan institution.

**Canon 703.2 Accounting Records and Reporting.** The Treasurer of each Congregation, the Trustees of every Diocesan institution, and each person acting as Trustee carrying on any Church work or administering funds for any work of the Church must present to each Convention, or to the Bishop before Convention, a full financial statement and report of activities respecting such work or fund during the preceding year.

- a. Books of account of each Congregation or body carrying out Diocesan programs must be kept in a manner that provides the basis for standard, clear, and open accounting, including appropriate records of all groups, as set out in Canon 701.1, of a Congregation soliciting, receiving, or disbursing funds.

**Canon 703.3 Audits.** All accounts, funds, and other financial records of Congregations or bodies carrying out Diocesan programs must be audited annually by a certified independent public accountant or by an accounting agency or audit committee in a manner suitable for approval by Diocesan Council.

- a. Certified independent public accountants or members of accounting agency or audit committees conducting an audit must not be members of the congregation or body whose financial records are being audited.
- b. Members of audit committees do not need to be professionals and are not required to follow formal auditing procedures. The audit, however, should establish accurate records and good accounting practices. All national and Diocesan guidelines for audits, such as the Audit Guidelines for Congregations in the most current Episcopal

Manual of Business Methods in Church Affairs, should be followed. Each designated fund should be audited to assure that the funds are being collected and expended in accordance with the guidelines, by-laws, or Vestry or Bishop's Committee resolution which established the funds and to assure that funds have not been spent in ways not authorized.

c. All congregational financial records shall be made available for audit, including, but not limited to, pledge income, operating costs, building funds, memorial funds, endowments, foundations, discretionary funds, men's or women's club, guild or group funds, segregated choir funds, youth fundraising, or other fundraising activities which are kept in segregated accounts, account balances from prior year pledges and any and all other designated or undesignated fund balances.

d. All financial records of Diocesan Institutions or other bodies carrying out Diocesan programs, including records similar to those identified in subsection (c) above, should be made available for audit in the same manner.

e. Diocesan Council may direct any Congregation, Diocesan Institution or other body carrying out a Diocesan program to provide copies of any audit reports and of any memoranda relating to internal financial controls, together with a summary of action taken to correct deficiencies or implement recommendations, and the Congregation, Diocesan Institution or other body carrying out a Diocesan program shall promptly comply.

**Canon 703.4 Fiscal Year.** The calendar year is the business and fiscal year for Congregations.

**Canon 703.5 Benefits for Lay Employees.** As directed by Diocesan Council, all Congregations or, as appropriate, the Diocese, must provide paid time off and other benefits to lay employees and immediate family dependents of such lay employees.

## CANON 704 Diocesan Finances

**Canon 704.1 Diocesan Operating Fund.** There is a Diocesan Operating Fund from which is paid all expenses incurred for functions required by the Constitution and Canons of The Episcopal Church and of the Diocese and for programs and activities approved by Diocesan Convention.