Important facts:
An audit provides a valuable set of information about the missional health of your faith community: where you’ve been, where you are, where you are going.
An audit is an essential part of the yearly financial cycle of your faith community.
Faith Communities have the tools at hand to accomplish an audit.
ECMN (Council, Joint Finance and Audit Committee, Missioners, Mission Area Team and other Faith Communities) is here to help you successfully complete your audit.

Why Should We Audit?
To strengthen our financial system and processes.
To know that proper financial controls are in place.
Knowledge that an audit has been completed and that assets are being managed properly have a positive impact on stewardship.
To safeguard those responsible for financial management and the faith community.
It’s required by the Canons of the Episcopal Church (Title I, Canon 7, Section 1(f)).

Audit Types
External Audit – performed by an independent Certified Public Accountant (preferred as it provides the highest level of assurance).
Internal Audit – performed by an Audit Committee of two or more members of the faith community or another faith community, appointed by JFAC, none of whom have acted as Treasurer, bookkeeper or person handling any financial aspect of the faith community during the time period being audited. A treasurer or financial manager, appointed by JFAC, from another local faith community may also perform an internal audit.

ECMN Internal Audit Program
A step by step audit guide used by faith communities with a budget of $300,000 or less, to perform peer-to-peer or committee internal audits.
The guidelines has a prep list that the audited faith community uses to prepare for the upcoming audit. Procedures and checklist for the auditor and audited faith community to use. Also included in the program is a template for the audit certificate.
Need more help?
Consult *The Manual of Business Methods in Church Affairs* (Chapter VI)
ECMN (Other Faith Communities, Mission Area Team, Missioners, JFAC, Council)
External Financial Resource Databank (In progress)

Can you help?
We have many faith communities with neither the funding nor the qualified personnel, not otherwise involved in running their finances, to enable them meet the requirements of either an external or committee audit.

JFAC is in the process of creating a resource database of qualified people who could partner with others within ECMN to assist them with audits and perhaps mentor them through other financial matters as appropriate.

Please consider this vital ministry and encourage others in your faith community who may be qualified and interested to do likewise.

Scope of Audit
Verification (or preparation) of financial statements
Sufficient tests of transactions to assure adequate control of the assets of each faith community
A review of management control practices

Accounts to be Audited:
All accounts must be audited. This includes checking, savings and investment accounts for any faith community purpose including Discretionary Accounts.

No faith community money is exempt from the requirement of an audit.

Objectives of an Audit
That financial statements for the year were prepared from the financial records and present fairly the financial position and changes in net assets and cash flows for a faith community.
That the assets, liabilities, income and expenses which should be in the financial records, are so shown in the proper amounts in the proper accounts
That the various transactions during the year are recorded in the proper amounts and in the proper accounts and that there were no “off the books” accounts and activity
That the various transactions during the year are proper and documented appropriately (i.e. authorized, appropriate faith community purposes, complete and accurate).
That, to the extent feasibility, adequate internal control procedures were and continue to be in effect.