

Episcopal Diocese of Western Michigan

Policy

Annual Audit of Parishes

An Audit must be performed annually and filed with the Bishop or Ecclesiastical Authority not later than 30 days following the date of such report, and in no event, later than September 1 of each year. Audits or Committee Audits must be performed in compliance with: Chapter VI *Audit Guidelines for Congregations of The Manual of Business Methods in Church Affairs and The Episcopal Diocese of Western Michigan Guidance for Parish Audit Committees* on all assets* under the control of the Vestry, not including church building or equipment.

This policy sets forth the requirements for parishes, missions and other institutions within the Diocese. Parishes will be placed into one of five categories using the criteria listed in Table 1.

*Annual Income - "Total All Revenues" on the Parochial Report

*Asset – An asset for this policy is defined as funds held in investments, endowments, reserve accounts, designated accounts, savings accounts, clergy discretionary funds, checking accounts, restricted (temporary or permanent) funds etc. It does not include buildings and grounds or equipment

*Outside Committee Review – Requires a committee composed of persons from another parish in the Diocese

Notes:

Annual audits are required for all parishes, missions and other institutions by the Diocese of Western Michigan (Canon 28 section 28.01). These audits are also required by the Canons of the Episcopal Church [Title I Canon 7 Section 1].

The Episcopal Church Canons permit an audit by committee where authorized by an appropriate diocesan authority and this policy outlines the requirements for Audits or Committee Audits of parishes, missions, and other institutions within the Diocese of Western Mission.

Members of the Audit Committee will be appointed by the Vestry and will serve three year terms. In the first year of implementing this policy the members will be elected to a one or two or three year term. In each following year one member will be replaced. Members are limited to one three-year term and then must wait one year to be re nominated and elected.

Compliance

Parishes will be placed in one of these categories based on data provided in their Parochial Report. Parishes unable to complete their audit by September 1 will be seated at diocesan convention without voice or vote. Any parish not in compliance for a three year period will have to petition the Convention for seat, voice and vote.

Table 1

Annual Income Range*		Assets*	Audit Type	Frequency
Greater than 500,000	<u>OR</u>	Greater than \$1,500,000	CPA	Annual & prior to calling new rector
Greater than \$270,000 & Less than \$500,000	<u>OR</u>	Greater than \$1,000,000 & Less than \$1,500,000	Committee Review	Annual
			Outside Committee Review* OR CPA	Biannually
			CPA	Every 4 years & prior to calling a new rector
Greater than \$150,000 & Less than \$270,000	<u>OR</u>	Greater than \$650,000 & Less than \$1,000,000	Committee Review	Annual
			Outside Committee Review*	Every 5 years
			CPA (<i>May be waived by The Bishop or Ecclesiastical Authority</i>)	Every 10 years
			CPA	Prior to calling a new rector
Greater than \$100,000 & Less than \$150,000	<u>OR</u>	Greater than \$350,000 & Less than \$650,000	Committee Review	Annually
			Outside Committee Review*	Every 5 years
			CPA (<i>May be waived by The Bishop or Ecclesiastical Authority</i>)	Prior to calling a new rector
Less than \$100,000	<u>OR</u>	Less than \$350,000	Committee Review	Annually
			Outside Committee Review*	Every 7 years
			CPA (<i>May be waived by The Bishop or Ecclesiastical Authority</i>)	Prior to calling a new rector

* As defined in EDWM policy on previous page