2024 AUDIT GUIDELINES
CENTRAL CONFERENCE EPISCOPAL OFFICE AUDITS

¶806.5 of the 2020/2024 *Book of Discipline* reads, in part, "…It (the General Council on Finance and Administration) shall require an annual audit of all treasuries receiving general Church funds, following such audit procedures as it may specify."

¶805.4.a. reads, in part, "…Committee on Audit and Review... whose duty it shall be to review audits of all treasuries receiving general Church funds in accordance with all established auditing standards…"

¶806.12 provides directives for monitoring and making recommendations for any non-compliance within the stated audit guidelines for all treasuries receiving general Church funds.

The General Council on Finance and Administration (GCFA), in accordance with those provisions, has adopted the following guidelines for the area episcopal offices receiving general Church funds from the Episcopal Fund. The audit and reports described below shall be referred to as the "reporting package."

1. Full Audit - The audit should be conducted in accordance with the related country's generally accepted auditing standards (GAAS). Financial statements accompanying the audit should be prepared in accordance with either the modified cash basis of accounting or the full accrual basis of accounting. The cash basis of accounting may also be used but only if the office does not own any fixed assets. A full audit shall be conducted annually for each calendar year, and a written report shall be provided to GCFA by July 31 of the following year. A full audit is required. A "compilation" or "review" of the episcopal office financial statements is not acceptable.

2. The audit report – Episcopal Office Audit Guidelines require an audit report stating the results of the audit. The audit report (and the statements accompanying the report or opinion) shall include at least the following

    - Beginning and ending cash balances.
    - Receipts and expenditures of Episcopal Fund monies (apart from the other area funds), including office grant funds, and equipment and furnishing reimbursements. Receipt categories should be presented for all funds received in excess of 5% of total income. Further, expense categories should be presented for all expenses in excess of 5% of total expenses.
    - Fixed asset and depreciation schedules, including beginning balances, additions, disposals, depreciation expense and ending balances for each asset category (as defined by the office). This is a required schedule for financial statements presented in accordance with either the modified cash basis of accounting or the full accrual basis of accounting. See Appendix A to this document for an example schedule to be include with the financial statements.
    - Changes in fund balances
    - The financial statements should include the beginning and ending fund balances.
    - The financial statements should present comparative figures for the previous and current years for both the balance sheet (if needed) and income statement.
    - The financial statements should be presented in USD along with the local currency, the exchange rate used to convert local currency to USD, and the audit report must be translated into English.

3. The auditor's report on significant deficiencies or material weaknesses in internal control - A letter issued by the auditor to the auditee (i.e., the episcopal area bishop) to communicate any deficiencies in internal

control, fraud, illegal acts, or any other situation considered to be a “reportable condition” encountered during the audit by the auditor. This is different from the “Engagement Letter” and the “Client Representation Letter”.

A “report on significant deficiencies or material weaknesses in internal control” is not always issued by the auditor. When this is the situation, a statement from a representative of the episcopal office stating that “no report on significant deficiencies or material weaknesses in internal control was issued” should accompany the audit report when forwarded to GCFA.

In cases where a “report on significant deficiencies or material weaknesses in internal control” is issued,” a “Letter of Response to the auditors’ report” stating how the reported deficiencies will be corrected must be included.

4. Response to Previous Management Letter with Current Audit – In those cases where the same deficiency is reported by the auditor in more than one year, a statement explaining the reason for the continuance of the deficiency must be included.

5. Auditors are required to communicate certain information at the conclusion of each financial statement audit. This information usually includes significant estimates, problems encountered during the audit, uncorrected errors or misstatements, and various other information. This information is usually communicated in a letter or via another document format. This letter or other document should be submitted every year with the financial statements.

6. The written report of the audit shall be identified by the name of the episcopal area rather than by the name of the resident bishop.

7. All episcopal areas that receive general Church funds shall provide audited financial statements, including those offices that do not receive general Church funds directly from GCFA but from other episcopal areas or Annual Conferences (e.g., episcopal areas that share general Church funds).

The audited financial statements along with all related documents shall be provided to the GCFA by July 31 each year in order to ensure continued funding of the episcopal office. Following July 31, the office allowance will be withheld until all required documents have been received.

In addition, if the audit guideline requirements are not met, changes to the financial statements may be requested for either the current or subsequent year financial statements. If the requested changes are not incorporated by the episcopal office, the office allowance will be withheld until all requirements have been met.

Please provide a copy of the reporting package to:

Elizabeth Chihombori
General Council on Finance and Administration
Episcopal Services Department
1908 Grand Avenue
Nashville, Tennessee 37212

Electronic copies to:
echihombori@gcfa.org

Appendix A

Episcopal Office
Fixed Asset Schedule
Year Ending 20XX

	Furniture & Fixtures	Office Equipment	Automobiles	Other	Total
Fixed Assets					
Beginning Balance	$ XXX	$ XXX	$ XXX	$ XXX	$ XXX
Additions	$ XXX	$ XXX	$ XXX	$ XXX	$ XXX
Disposals	$ XXX	$ XXX	$ XXX	$ XXX	$ XXX
Ending Balance	$ XXX	$ XXX	$ XXX	$ XXX	$ XXX
Accumulated Depreciation					
Beginning Balance	$ XXX	$ XXX	$ XXX	$ XXX	$ XXX
Additions	$ XXX	$ XXX	$ XXX	$ XXX	$ XXX
Disposals	$ XXX	$ XXX	$ XXX	$ XXX	$ XXX
Ending Balance	$ XXX	$ XXX	$ XXX	$ XXX	$ XXX
	$ XXX	$ XXX	$ XXX	$ XXX	$ XXX
Net Fixed Assets	$ XXX	$ XXX	$ XXX	$ XXX	$ XXX

Note: If the "Other" category is used and the dollar amount of the purchases is material to the financial statements, pleases include a description of the purchases either in the table or in a note below the table.

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