

PARISH AUDIT POLICY – A USER'S GUIDE



Why does each parish need an audit?

It's all about trust!

The *Parish Administration Act 2010 (as amended)* requires that certain financial records be retained, certain accounts be presented to the Parish, and that they be audited by an appropriate person. As a parish is not an incorporated entity which is governed by the Accounting Standards the primary role of the annual audit is to maintain trust with those who give to enable the continuing life of the parish.



What needs to be done in a parish audit?

To maintain good will parishioners must be assured that their gifts and offerings are used for the purposes for which they were given and that the Parish has adequate provisions to undertake the activities which are required of a parish.

Therefore, the audit must determine three things:

1. Whether the statement of accounts and balance sheet give a true and fair view of the affairs of the Parish;
2. Whether the accounting records and registers have been kept in accordance with the Act; and
3. Whether the Parish has sufficient funds to cover their financial commitments.



Who can be the auditor?

The Parish auditor must have some core skills giving them the capacity to determine the three matters above, but they do not necessarily need to be a professional accountant or auditor. To fulfil the role the Parish auditor must not be a member of Parish Council, nor be a partner of a member of Parish Council or the Parish treasurer (should they not be a member of Parish Council). They must be competent to make the three declarations set under the definition. It is preferable that the auditor has a background in accountancy, however this does not require that they have formal qualification or registration as an accountant or auditor. The auditor should not be a parishioner if at all possible. If they are a parishioner a declaration disclosing this should be made.



Where can I find the whole policy, its link to the Diocesan Acts and find help?

The policy follows this User's Guide and can be found on the [Diocesan Website](#).

The audit template (both the Statement of Accounts and Balance Sheet) are in the Audit Policy and are embedded as the standard report in your parish Xero account. Xero will also hold the information your auditor will need to make their three declarations.

The standard reports produced for your parish audit will also form the diocesan financial return, cutting down one more report to be prepared.

You can find help in accessing the Xero platform and using it well through Archdeacon George Hemmings at archdeacon@bendigoanglican.org.au.



What process needs to occur to fulfil the audit?

Following this process will ensure (and reassure) that parish financial responsibilities have been fulfilled



The Annual Parish Meeting confirms an auditor who:

- Is not a member of Parish Council, nor be a partner of a member of Parish Council.
- Is not the Parish treasurer (should they not be a member of Parish Council).
- Is competent to make the three declarations set under the definition. It is preferable that the auditor has a background in accountancy, however this does not require that they have formal qualification or registration as an accountant or auditor.
- Should it at all possible not be a parishioner. If they are a further declaration disclosing this should be made.



The auditor is given the Parish Audit Policy and understands that their work is to:

- Verify that the Parish's gifts and offerings are used for the purposes for which they were given:
 - They relate directly to the budget presented at the Annual Parish Meeting, and
 - Where there is variation to this budget it is identified and explained
- Ascertain that the Parish has adequate provisions to undertake the activities which are required of a parish:
 - Ministry is suitably provided for,
 - The property held in trust is maintained, and
 - Required contributions to the shared costs of the Diocese are made.



The Parish Council produces and confirms the Annual Statement of Accounts and Balance Sheet:

- Once all the transactions for the year are reconciled a Statement of Accounts and Balance Sheet is produced according to the template set in Xero.
- The Council approves the financial statements and gives them to the auditor with the current year's budget (so that they know what funds are required).



The auditor:

- Checks the records as specified in the Policy,
- Checks the internal controls as specified in the policy,
- Verifies that the financial resources of the Parish have been managed in accordance with the Acts specified in this Policy,
- Confirms the veracity of the Annual Statement of Accounts and Balance Sheet presented in the form specified in this Policy



The auditor either:

- Signs off on the Statement of Accounts and Balance Sheet with the words “I certify the above report is an authentic account of the financial affairs of the Parish of [name]”, or
- Engages with the Parish Council to rectify any problems enabling them to sign off on the audit, or
- Contacts the Diocesan Registrar (registrar@bendigoanglican.org) to discuss their concerns and any next steps.

☐

The audited financials are ready to be presented to the Annual Parish Meeting and submitted to the Diocese as the Annual Financial Return.