

PARISH AUDIT POLICY

Version: 1.0

Contact: Registrar

Date of Issue: June 2021

Review Date: September 2023

Introduction

The *Parish Administration Act 2010 (as amended)* stipulates that certain financial records be retained, certain accounts be presented to the Parish, and that they be audited by an appropriate person. The applicable sections appear in Schedule 3.

Context

It is not required nor necessary that the presentation of a statement of accounts and balance sheet need fulfil the kind of audit required of a corporation. In this context it is expedient for the Diocese to:

1. define the meaning and scope of the audit which is required;
2. publish the format which the annual statement of accounts and balance sheet are to be tabled; and
3. identify the minimum standards required for a person to fulfill the role of an audit under the Parish Administration Act 2010.

The given that 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.

To do so parishioners must be assured of two matters:

1. that their gifts and offerings are used for the purposes for which they were given. That is, 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; and
2. that the Parish has adequate provisions to undertake the activities which are required of a parish. These are primarily: the suitable provision of ministry, the maintenance of property held in trust, and contribution to the shared costs of the Diocese.

Policy Scope & Coverage

The audit must determine:

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.

The audited statement of accounts and balance sheet will form the financial statement required by the Registrar under 8.8(a) of the Act.

- This may be certified by the auditor by the words “I certify the above report is an authentic account of the financial affairs of the Parish of [name]”

Required format for the annual statement of accounts and balance sheet

The annual statement of accounts and balance sheet shall take the form of the template in Schedule 1 which may be amended by the Registrar following consultation with the Finance Committee.

The Parish accounts are to be kept on a cash basis noting the requirement for continuity of information in 8.2 of the Act.

Schedule 2 contains a list of appropriate controls that may be checked by the auditor in order to confidently make their required declaration.

Minimum standards required for a person to fulfil the role of an auditor

In order for a person to fulfil the role of an auditor of Parish finances for the purposes of this Act they:

1. Must not be a member of Parish Council, nor be a partner of a member of Parish Council.
2. Must not be the Parish treasurer (should they not be a member of Parish Council).
3. Must have a sufficient standard of financial literacy and 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.
4. Should if at all possible not be a parishioner. If they are a further declaration disclosing this should be made.

Attached:

- *Schedule 1*
- *Schedule 2*
- *Schedule 3*

Policy Responsibility

Bishop in Council is responsible for the implementation and review of this policy.

The Privacy Policy applies to Bishop in Council, Registry, all parish and church leaders, all staff (casual, permanent and contract) and volunteers.

Approved by Bishop in Council:

11 May 2021

<i>Policy History</i>	
<i>Policy created</i>	
<i>Policy reviewed</i>	
<i>Policy amended</i>	

Schedule 1

Annual Parish Financial Report

Parish of Demonstration

For the year ended 31 December 2021

	2021	2021 OVERALL BUDGET	VARIANCE
Operating Income			
Offerings			
Offertory-Direct Credits	29,892.32	120,000.00	(90,107.68)
Offertory-Plate	2,000.00	2,400.00	(400.00)
Total Offerings	31,892.32	122,400.00	(90,507.68)
Other Income	97.05	-	97.05
Total Operating Income	31,989.37	122,400.00	(90,410.63)
Operating Expenses			
Admin and General	3,608.01	13,800.00	(10,191.99)
Diocese	220.00	3,000.00	(2,780.00)
Facility (Parish)	5,064.81	7,680.00	(2,615.19)
Facility (Rectory)	2,573.86	18,000.00	(15,426.14)
Ministry Team	20,100.00	144,000.00	(123,900.00)
Parish Ministry	563.64	3,000.00	(2,436.36)
Total Operating Expenses	32,130.32	189,480.00	(157,349.68)
Operating Total	(140.95)	(67,080.00)	66,939.05
Grand Total	(140.95)	(67,080.00)	66,939.05

1. Certification

I certify the above report is an authentic account of the financial affairs of the Parish of

Date:

- Detailed management reports may be provided by way of explanation to the Annual Meeting or for other circumstances but are not necessary to fulfil the purposes of an audit.

Balance Sheet

Parish of Demonstration

As at 31 March 2021

	31 MAR 2021	28 FEB 2021
Assets		
Bank		
Parish Special Account	35,770.44	35,770.44
Mission & Strategy	545.91	545.91
Parish Cheque Account	11,460.17	12,788.71
Parish Debit Card	1,221.26	921.26
Total Bank	48,997.78	50,026.32
Total Assets	48,997.78	50,026.32
Liabilities		
Current Liabilities		
GST	(118.95)	(126.41)
Total Current Liabilities	(118.95)	(126.41)
Total Liabilities	(118.95)	(126.41)
Net Assets	49,116.73	50,152.73
Equity		
Current Year Earnings	(3,631.33)	(2,595.33)
Opening Balances	52,748.06	52,748.06
Total Equity	49,116.73	50,152.73

Schedule 2

A satisfactory audit should check that appropriate records and internal controls have been maintained.

Records

The auditor should check that the Parish Council (or equivalent body) has:

1. maintained records to correctly record and explain the transactions and financial position of the Parish;
2. maintained the records in a manner which will enable true and fair accounts to be prepared from time to time and to be audited in accordance with this Policy;
3. maintained the records for at least 6 years after the Financial Year to which they relate; and
4. notified the Registrar (or Archdeacon) immediately when circumstances arise that may affect the ability of the Organisation to pay its debts as and when they fall due.

NB-these controls can be easily achieved through the maintenance of Parish finances in Xero.

Internal Controls

The auditor should check that the Parish Council (or equivalent body) has:

1. instituted and maintained a system of Internal Control including:
 - a. reports against the budget approved for use in that year;
 - b. sound practices for efficient, effective and economical management;
 - c. procedures for the control of assets, liabilities, income and expenditure;
 - d. appropriate processes to ensure the sign off on payments and bank transfers;
and
 - e. procedures to monitor and review the adequacy of trustworthiness in the collection and banking of offerings and gifts.

Schedule 3

The applicable sections state:

4.1 Annual Parish Meeting

(d) the presentation of the audited financial statements of the Parish Council and other Parish organisations for the preceding year and the presentation of a budget for the succeeding year.¹

(e)(v) the election of an Auditor;²

The relevant notes (which have explanatory but not legislative force) state:

1. A budget is presented for information purposes only. It would be competent for the Annual Parish Meeting to make suggestions but it is not intended that the budget must be approved by the Meeting. (Section 4.1(d))
2. It is not necessary that the auditor be a practicing accountant. However, it is suggested that wherever possible, the auditor should not be a parishioner. (Section 4.1(e) (v))

6.1 Parish Councils - Operation

(e) to have charge of the funds of the Parish, subject to the terms of any trusts, and to ensure that there is sufficient income for the purposes of the Parish;

(k) to ensure that accurate financial records are maintained and that an audited statement of accounts and balance sheet is presented to the Annual Parish Meeting and forwarded to the Registry as and when required by the Council of the Diocese and requested by the Registrar;

- (l) to ensure that a financial report is presented by the Treasurer to each meeting of the Parish Council;

6.3 Resources management

- (a) All income received by or on behalf of the Parish or any Parish organisation, subject to the regulations of Diocesan Synod shall be under the control of the Parish Council.
- (b) The Parish Council shall budget responsibly for the upkeep and operations of all Parish buildings and invest funds for the long term maintenance of those buildings.

And most notably in Division 8

Financial Records / Management

- 8.1 The Parish financial year shall be from the first day of January to the thirty-first day of December following.
- 8.2 Prior to the respective Annual Parish Meetings the retiring Parish Council shall cause to be prepared a statement of all monies received and expended during the financial year and of all liabilities existing at the end of the year and such statement shall be certified as correct by the Auditor and shall be presented at the Annual Parish Meeting.
- 8.3 The Parish Council shall deliver to their successors all records containing the accounts of all monies to the end of the preceding financial year as presented to the Annual Parish Meeting together with the balance of monies under its control and a statement of all transactions effected since the end of the preceding financial year to the date of such delivery.
- 8.4
 - (a) All Parish funds except where otherwise provided shall be deposited in a bank account in the name of the Parish or congregation concerned and all cheques drawn against such deposits shall be signed by at least two persons authorised to do so by the Parish Council.
 - (b) All surplus Parish funds, except where otherwise provided for, shall be deposited in a bank account, or in some other financial institution approved for the purposes of this section by the Bishop or the Board of Bendigo Anglican Diocesan Corporation.
 - (c) All Parish trust funds shall be deposited with the Diocesan Trusts Corporation.
- 8.5 Every school, society, club, committee or other institution within the Parish shall be entitled to raise and hold monies provided that
 - (a) the uses to which such monies are put are not contrary to the Act and meet with the approval of the Parish Council;
 - (b) all such monies, not so excluded by the trusts under which they are held, shall be deposited in a bank account or with a financial institution approved for the purposes of this section by the Bishop or the Board of Bendigo Anglican Diocesan

Corporation in the name of the school, society, club, committee or other institution as the case may be and all withdrawals shall be signed by at least two persons authorised to do so;

- (c) at the Annual Parish Meeting and at such times when called upon so to do by the Parish Council the person or persons having the custody or control of such monies shall submit an audited statement of accounts and balance sheet;
 - (d) if a request is made by the Parish Council the whole or any specified part of such monies shall be paid to the Parish Council.
 - (i) If the school, society, club, committee or other institution considers such request to be unreasonable or contrary to the purposes for which such monies were raised it may appeal to the Bishop or the Board of Bendigo Anglican Diocesan Corporation.
 - (ii) The determination of the dispute by the Bishop or the Board of Bendigo Anglican Diocesan Corporation shall be accepted as final.
- 8.6 All monies received by the Parish Council for a specified Diocesan or extra-Diocesan purpose shall be forwarded to the Registrar together with advice and all supporting documentation of such specified purpose within one month of such receipt.
- 8.7 The Incumbent and the Secretary of the Parish Council shall furnish to the Registrar on or before the 31st day of March in each year such annual and other returns as may be required from them by authority of the Bishop or the Board of Bendigo Anglican Diocesan Corporation.
- 8.8 (a) The Registrar shall ensure that every Parish provides the annual report and financial statements.
- (b) The Registrar shall regularly review the information provided by Parishes and refer to the Executive Committee of the Council of the Diocese or the Executive Committee of Bendigo Anglican Diocesan Corporation any Parish which, by reason of decreasing membership or financial difficulties appears to be unable to fulfill its function.