

Anglican Diocese of Gippsland

Parish annual financial review or audit

To proceed with a financial review, there should be two people who are entirely independent of the parish to undertake the review.

You will need to gather from the Parish Treasurer the following documents for the whole preceding year (Oct 1 – Sept 30):

- Bank statements
- Monthly bank reconciliations
- Bank deposit books
- Banking detail sheets
- Trust statements
- Creditor invoices & statements
- Cheque book/s
- Trial Balance
- Balance Sheet

These should be in **hard (paper) form**. Although it is possible to undertake the review using documents stored electronically, they will need to be clearly named and easily accessible.

Once the initial review is complete you should review the documents intended for distribution for AGM, as provided by the Treasurer. This is to include:

- Trial Balance
- Balance Sheet
- Income and expenditure with budget comparison

The process that you must go through should:

- Confirm the bank reconciliation for every month.
- Confirm that procedures for processing of expenditure and income are carried out according to diocesan procedures
 - Parish Administration Act: PART 5 - FINANCE (page 25)

For each month:

- Review expenditure on a test basis from original document to data entry and clearance through bank. This should include examining the original invoice and follow the transaction ‘through the books’ including its appropriate recording, treatment of GST, inclusion in bank reconciliation, and reporting to Parish Council.

- Review income on a test basis from original document to data entry and clearance through bank (as per above).
- Should there be **any issues or concerns note the details and perform further checks.**

The reviewers should agree on the number of transactions to be ‘tested’ for each month. The number should allow for a robust examination to ensure each transaction has been properly accounted for and reported to Parish Council. It may be appropriate to sample at least 10% of all transactions (income and expenditure) for each month. If any issues are identified it may be appropriate to sample a larger number to ensure any errors identified are not systemic.

It is appropriate to speak with the Treasurer with any queries throughout the review process - there may be a simple explanation.

If there is anything that the reviewers consider need addressing it is appropriate to make recommendations to the Parish Council or Chapter.

If there are no issues or concerns the accounts may be signed off using the following template:

We have examined, on a test basis, the financial statements of the Parish of _____ for the year ended 30 September 20__ together with the supporting financial records **and are satisfied that they reflect the financial position of the parish** as at that date.

Name.....Signature.....

Name.....Signature.....

Date.....

As per the Diocesan Parish Administration Act 42 (page 19):

(g) the appointment of a person who is a certified practising accountant or who holds a similar qualification to review the accounts of the parish or, if no such person is available, of 2 persons as joint reviewers;