

CERTIFICATION OF AUDIT OF FINANCIAL RECORDS OF CONGREGATION

The ELCA Model Congregation Constitution provides for an Audit Committee but does not define what a congregation audit should entail. The ELCA Congregational Audit Guide (available on both the ELCA and the Upstate NY Synod websites) provides the following practical, working definition of an audit for the congregation:

'A congregation audit is an independent evaluation of the financial reports, records and the internal controls of the congregation by a qualified person or persons for the purpose of reasonably verifying the reliability of the financial reporting, whether assets are being safeguarded, and whether the congregation is complying with the law and with the congregation's constitution, policies and procedures.'

Conducting an audit is a financially prudent practice and a mark of responsibility. Not only is conducting an audit good stewardship, it is a positive message to your congregation's donors that you care about their financial gifts. An annual audit:

- Is one of the best ways to protect the persons the congregation elects to offices of financial responsibility from unwarranted charges of careless or improper handling of funds;
- Protects your congregations reputation and builds the trust of your financial supporters;
- Creates habits of fiscal responsibility helping to assure continuity of accountability in times of personnel turnover;
- Assures that gifts made to your church with special conditions are consistently administered in accordance with the donors' instructions and intent;
- Provides checks and balances for monies received and expended.

Congregations are not required to have a CPA audit, although for churches with annual receipts over \$400,000 it is something to seriously consider. The church should, however, carefully consider the relevant skills of those persons chosen to serve on the audit committee. A "qualified" person will have some experience with accounting principles, such as those gained through bookkeeping, office management or accounting courses. The person must have the time to devote and be willing to follow through on asking banks and donors for information verifying financial data and to complete the reports identified later in this booklet. The person(s) conducting the audit may obtain access to confidential information and must treat that information with care. As stated in the 2016 ELCA Model Constitution, those serving on the Audit committee 'shall **not** be members of the Congregation Council' nor should any persons who are currently serving in any of the congregation's financial offices (treasurer, financial secretary, finance committee member, etc.).

The ELCA Audit Guide for Congregations is a helpful tool to guide your Audit committee in their audit work. The Guide includes some useful forms at the end including a sample Annual Audit Report form. The Upstate New York Synod strongly recommends that it be consulted prior to a congregation beginning their audit and used during the process as a resource tool. Finance committee members and Congregation Council members should also be familiar with this Guide and the best practices for financial management.