



The Episcopal
Diocese *of* Vermont

Tackling Your Parish Audit

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Overview

- Locating the Audit Materials
- Commission on Finance
- Getting Ready
- Parish Records Needed
- Checklist on Internal Controls
- Audit Steps
- Completing the Audit
- Submission



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Audit Materials

- Find the audit materials you need on:
<https://diovermont.org>
- Navigate to:
Resources For Leaders>Congregational Resources>Finance
and Audits
- Print off or download: Cover Page, Audit Certification,
Checklist for Internal Controls & Procedure for Completion



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Commission on Finance

- The CoF is responsible for ensuring that each parish completes and submits their audit.
- Committee chair is Rev. Melanie Combs, 5 elected members plus the Bishop and 2 Diocesan staff
- Once submitted, a CoF member will review your audit and reach out to you with any questions.
- CoF is also responsible for the Parochial Reports and Grants and Loans



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Getting Ready

- Put together your audit team, 2-3 people. The Treasurer can not be on the audit committee.
- Chose the 4 months you will audit. December and January are required. Pick two additional months during the year. Rotate these two months every year so that you cover critical times like holidays or fundraising events.



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Parish Records that are Needed

Ask your Treasurer to provide the following for the 4 months you have chosen to audit:

Bank Statements – all accounts	Detail General Ledger/ Transaction Listing
Weekly Collection/Offering sheets	Pledge tracking records
Paid invoices with check stubs	Payroll reports (if any)
Monthly financial statements	Vestry minutes (all months)



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Checklist of Internal Controls

- Schedule time with your Treasurer to go over the checklist.
- The questions are designed to show where your church has risk of financial misstatements. Either through error or bad behavior.
- The staffing levels at our church's are low and people perform multiple tasks. If one person is performing tasks that should be done by multiple people, the Vestry will need to acknowledge that in writing.



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Audit Steps

Completeness

- The most important part of the audit is to make sure that your financial records are complete. To do that compare the bank statement to the system list of transactions for the month and check off all transactions.
 - Electronic transactions such as debit cards, ACH's and eGiving are very easy to miss which will lead to your bank account being unreconciled.
 - If you find that your bank account is not properly reconciled on a monthly basis and need help fixing it, call me directly for help.



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Audit Steps – cont.

Revenue

- For incoming funds, compare the bank deposits to the transaction listing to ensure that non pledge funds such as rental income, dividends, memorial garden contributions etc. are recorded to the right accounts in your financial system.
- Compare the weekly offering sheets to the pledge giving records to ensure that people are given proper credit for their contributions.



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Audit Steps – cont.

Expenses

- For expenses, compare the transaction listing to the check copies and vendor invoices. The check copies may be electronic or printed. Ensure that the checks have been used in numerical order. If any are missing, check to see if that check has been voided and that it has not cleared the bank.
- Check to make sure that the expense has been put into the proper account in your financial system.
- Make sure that the expense is reasonable. For large or unusual expenses, check to make sure the Vestry has approved it.



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Audit Steps – cont.

Payroll

- If you have hired a new employee during the year, check to make sure that they have filled out their W-4 and I-9 forms. Also check to make sure that the amount being paid agrees to the Vestry approved rate.
- Ensure that quarterly payroll reports, IRS Form 941, are completed and submitted timely and that the information submitted agrees to the financial system.
- Check to make sure that all employees receive a W-2 at year end.



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Audit Steps – cont.

Review Treasurer's Reports/ Financial Statements

- The Statement of Activities (Profit & Loss) should be compared to the budget. Any significant variances to budget should be explained.
- The Balance Sheet should include all assets, including your endowments, and all liabilities, including any outstanding loans.

Review Vestry Minutes

- Review the Vestry minutes for all months of the year. For any financial related items, follow up to ensure that the action has been completed.



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Completing the Audit

Findings

- Write up any items of concern noted while performing the audit and submit this to the Vestry.
- The Vestry has to review this along with any recommendations to correct any issues and record it in the approved minutes.

Complete Forms

- Complete the Cover Page and Audit Certification form along with the other forms and prepare to email to the Diocese.



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Submitting Your Audit

- Due Date is Sept 1
- Email to Margaret Schotto at mschotto@diovermont.org
- What to submit
 - Cover Page
 - Audit Certification Form
 - Checklist for Internal Controls
 - Audit Completion TaskList
 - Report of Findings
 - Vestry Response to Findings



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