

Church Financial and Compliance Services

Why would a Church want a financial statement audit?

- An audit can help to protect those who are charged with the financial responsibilities of the church from unwarranted accusations of improperly handling church funds.
- An audit provides the members of the congregation with the trust and confidence that their donations are being accounted for properly.
- An audit helps to assure that contributions which have special conditions are being administered according to the wishes of the donor which, in turn, provides reassurance to donors that their contributions are being used as intended.
- An audit can provide checks and balances for funds received and disbursed.
- An audit can provide an independent determination that the systems of internal controls are operating as intended.
- An audit can provide an independent verification of the Treasurer's reports.
- An audit can offer an evaluation and suggestions for the segregation of duties.
- An audit can provide an evaluation of various systems currently in place.

What is an agreed-upon procedures engagement?

An agreed-upon procedures engagement is frequently requested in place of a financial statement audit. It can be very cost-effective because an organization can select specific financial information or areas to have reviewed or tested, rather than undergoing a full-blown audit.

Who is qualified to perform these services?

A certified public accountant (CPA) with no financial interest in your church may render an objective, unbiased opinion about the financial condition of the church. The CPA should have adequate resources available, technical expertise and the professional experience required to identify and provide strategic recommendations.

What areas can be addressed in a financial statement audit or agreed-upon procedures engagement?

- cash receipts
- donation records/receipting
- cash disbursements
- bank statement reconciliation
- savings and investment accounts
- land, building and equipment records
- accounts payable
- insurance policies
- amortization of debt
- personnel matters
- payroll reporting obligations
- general internal controls

What happens when the engagement is complete?

At the conclusion of a financial statement engagement, the CPA will issue a report on your organization's financial statement as well as any schedules included with the financial statement. For an agreed-upon procedures engagement, the CPA will issue a report listing the procedures performed and the related findings. The CPA will also report on significant problems—if any were found—and may suggest ways for your organization to improve internal controls and operations.

What other services can a CPA provide to our church?

- Preparation of Reviewed Financial Statements—substantially less in scope than an audit
- Preparation of Compiled Financial Statements—the most basic level of service

CPAs
and Strategic Advisors

