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MEMORANDUM

To: Parish Clergy
Parish Vestry/Bishop's Committee
Parish Internal Financial Review Committee Chair

From: H. Gibbs Reese
Chair, Diocesan Financial Review (Audit) Committee

Date: July, 2023

Re: Parish Financial Review Procedures for FY 2022 Conducted in 2023

Greetings. First let me thank those of you who might have been responsible or have participated in responding to this diocesan required process. I believe the simplification of last year's process was very beneficial as a very large number of you had fewer questions and successfully returned your submissions within the required time period. With the exception of a few changes relating to each congregation's required Parochial Report, all other financial review components remain unchanged. Once again, your submission is due by the **September 1st deadline**. This in turn gives our committee time to satisfactorily review all submissions, request other items as may be deemed necessary, and subsequently report our findings to the Diocesan Secretary prior to the convening of the annual 2023 Diocesan Convention.

In summary, there are seven (7) items that are required to complete the Financial Review process. Each is listed below with relative footnote(s). Further, examples of each are attached hereto as well as being available on the Diocesan website at Episcopal Diocese of Kentucky (episcopalky.org) – TAB: Church Administration – TAB: Financial Review Guidelines.

1. Parochial Report, pages 5 and 9 (the supplemental page) for the 2022 calendar year.
    - Based on the Canonical requirements, these same two documents are to be submitted to the Diocesan offices by March 1st of each year. We are simply asking that you make another copy of same, review the statistics therein and include these as part of your materials.
2. Balance Sheet
    - This financial data/calculation should have been necessary for you to properly complete the supplemental page (page 9) of the Parochial Report.
3. Income and Expense Statement
    - This financial data/calculation should have been necessary for you to properly complete page 5 of the Parochial Report.
4. Property and Liability Insurance – Declaration page(s) only.
    - May be available from your insurance carrier(s).
5. Internal Control Questionnaire
    - Complete responses including comments and notations as appropriate.
6. Internal Financial Review Findings on Policies and Procedures Certificate
    - Complete requested responses, identify Parish Internal Financial Review Committee members and include respective signatures.
7. Internal Financial Review Committee Certificate
    - Complete requested responses, identify Parish Internal Financial Review Committee members and include respective signatures

Parish Financial Review Procedures

As a congregation, **<u>sequentially your financial review requirements are as follows</u>**:

1. Vestry/Bishop's Committee should select your own Internal Financial Review Committee. This Committee should be a minimum of 3 individuals not related by blood or marriage to any check signers.

2. Conduct your individual financial review of the following documents so as to prepare for and subsequently complete the previously stated required documents submission
   - Bank statements and reconciliations of all accounts, i.e. checking, savings, investments and discretionary funds.
   - Balance sheets and Income/Expense statements for both operating and discretionary accounts. (Financial Reports)
   - Internal Controls Questionnaire.
   - Vestry or Bishop's Committee Minutes relating to financial matters.
   - All cash receipts and cash disbursements along with supporting documentation including authorized signatures, payroll, vouchers, pledge and plate offerings, contracts, etc.
   - Listing of all active insurance policies with corresponding coverage value(s).

3. Prepare both the Internal Financial Review Findings on Policies and Procedures and the Internal Financial Review Committee Certificate forms, both available on the afore-mentioned website. These forms subsequently require presentation to and acceptance from your Vestry/Bishop's Committee.

4. Vestry/Bishop's Committee accepts the Internal Financial Review Committee's reports. Any challenges and/or modifications to the submitted documents must be done in writing and included with the submission to the Diocese of Kentucky's Financial Review (Audit) Committee.

5. Vestry/Bishop's Committee submits one copy of each of the seven (7) aforementioned items to the Diocese of Kentucky via 1) mail ATTN. - Financial Review Committee,

2) Fax (502-587-8123) or 3) electronically (Brian@episcopalky.org) before September 1st.

On behalf of our entire committee and diocesan staff, we thank you for your cooperation and participation in submitting these materials in a timely manner. Again we have made every effort to simplify and streamline this process. Should you have any questions regarding this process please feel free to contact Brian Thomas or me.

Respectfully submitted,

H. Gibbs Reese
Chair, Financial Review (Audit) Committee
2023 AuditProceedures