

# Diocesan Audit Policy

**Proposed Policy:** It is the Policy of the Diocese of Montana that every congregation submit its annual audit on or before September 1 of each year for the year preceding. Congregations may use a committee audit team and the diocesan audit forms, which are considered an internal review and not technically an audit.

If a church's endowment or memorial funds have Episcopal in the name, use the church's tax ID number or have the same officers as the vestry, an audit is required of these funds as well and shall be sent to the bishop by September 1.

Names of auditors are to be approved in advance of said audit in a manner prescribed by Diocesan Council. The Diocese makes available special auditors to enable compliance with the audit canons. Congregations are expected to pay for incidental expenses related to audits conducted by diocesan auditors.

Congregations which submit audits by September 1 each year are deemed in compliance with diocesan standards. Congregations arranging for diocesan team audits by April 15 (as per guidelines) are deemed to be in compliance with diocesan standards. Congregations using unapproved auditors and/or failing to submit their audit reports by September 1 of each year shall be deemed out of compliance.

When a congregation is out of compliance with the audit and parochial report, the congregation may be considered an impaired congregation per canon 11, section 2 of diocesan canons. Any congregation suspected of malfeasance, misfeasance, or nonfeasance may, at the discretion of the ecclesiastical authority and upon advice of counsel, be ordered to undergo a forensic audit and will be expected to bear the costs associated with such audit.

**Rationale:** The Episcopal Church requires annual audits of every congregation and institution. Every congregation has a fiduciary responsibility to comply with the Constitution and Canons in this (and every) regard. The diocese provides ample reminders to every congregation of this fact, and every means necessary for every congregation to be in full compliance, including access to diocesan audit teams (at virtually no cost to the congregation). Failure to comply with the audit canon or apply for assistance in this matter is not just a bureaucratic nuisance; it is a violation of the baptismal covenant to "strive for justice and peace among all people, and

respect the dignity of every human being.” It is also, de facto, nonfeasance. This policy enables and empowers the diocese to meet its fiduciary responsibilities. The consequence of congregational cooperation is minimal fuss and expense; the consequence of congregational non-compliance is more direct diocesan oversight and increased expenses.