

## Auditors of Churchwardens' Statements and Accounts

(A copy of a circular dated 31 August 1999 to ministers, churchwardens and parish councils.)

1. Under clause 11(1)(j) or clause 12(1)(j) of the Church Administration Ordinance 1990, the annual vestry meeting of a church must appoint a person or persons of or above the age of 21 years to audit the statements and accounts of the churchwardens of the church.
2. Clauses 11(1)(j) and 12(1)(j) do not require that the person or persons concerned have any formal accounting qualifications. Nevertheless, the Standing Committee thinks there are good reasons why ministers, churchwardens and parish council should try to ensure that only a person who is a member of a professional body is appointed as the auditor or an auditor of churchwardens' statements and accounts and has published these guidelines for your assistance. These guidelines are only a statement of preferred practice they do not have the status of binding obligations.
3. The Standing Committee considers that a person or persons should only be appointed as the auditor or auditors of the statements and accounts of the churchwardens if that person or persons are a member of one of the following professional bodies –
  - (a) the Institute of Chartered Accountants in Australia;
  - (b) the Australian Society of Certified Practising Accountants; or
  - (c) the National Institute of Accountants.
4. If only such persons are appointed auditors, the churchwardens, parish council and annual vestry meeting can be reasonably assured that certain ethical principles and accounting standards will be observed in the conduct of the audit, and that the audit will be undertaken proficiently. Such ethical principles include –
  - (a) independence;
  - (b) integrity;
  - (c) objectivity;
  - (d) professional competence and due care;
  - (e) confidentiality;
  - (f) professional behaviour; and
  - (g) compliance with technical standards.
5. In addition, a member of the one of the professional bodies referred to in 3 is required to conduct an audit in accordance with Australian accounting standards.
6. Failure to observe the ethical principles referred to in 4 and the standards referred to in 5 will make the member liable to disciplinary action by his or her professional body. There can be no assurance on these matters in respect of other persons appointed to be the auditor of churchwardens' statements and accounts.
7. Most churches should be able to find a member of one of the professional bodies referred to in 3 to audit the churchwardens' statements and accounts for a nominal fee, or for no fee. Even if a commercial fee is charged, the expenditure should be accepted as an important safeguard of the church's assets. A list is being prepared of professional accountants who would be willing to act on behalf of needy parishes at little or no cost. Contact the secretary of your regional council for details.
8. In addition, the Standing Committee considers that it is essential that at least 1 churchwarden, other than the treasurer, have personal contact meeting with the auditor to be satisfied that financial procedures are being followed and accurate records of accounts maintained.
9. Please contact Ken Bowden on 9265 1561 if you have any questions about this matter.

Kind regards.

**MARK PAYNE**