

Audits and Auditors

The question of whether to appoint an auditor and who that should be is one that is often asked within the context of a church.

For some, the concept of having to 'check up' on an elected officer of the church is almost bizarre while for some Treasurers the concept that someone is 'checking up' on them is offensive. The reason for having an Auditor for the church and church related accounts is not a reflection on the treasurer/ administrator or any other church officer.

The appointment of an auditor for a church or any Christian organisation should be for the same reason that all public companies appoint auditors; to ensure an independent view about the finances are obtained, and to provide accountability of the leadership to the members for their handling of the finances.

Why appoint an auditor?

An Auditor:

- can provide an independent view of the finances of the church at the balance date provides a safeguard and ongoing accountability of the church financial management team
- provides a good 'sounding board' for the Treasurer if they have doubts about issues relating to the church finances
- can provide useful advice on the systems and financial controls that exist within the church, how they could be improved etc
- should give confidence to the church in their belief that the church will be able to pay its accounts and debts when they fall due.

Who should be your Auditor?

Where it is at all possible, your church auditor should be someone from outside of your church, but someone who understands and supports the ethos of your church. It is most important that your auditor is someone qualified to undertake the role and someone who is familiar with matters such as taxation, superannuation and GST. This means they need to keep up to date with such matters.

Having someone that understands and supports the ethos of the church will enable them to provide advice that is sound, but that relates to the situation of a church and the differences between church finances and those in a business setting.

What is the role of the Auditor?

The precise role of any church auditor needs to be agreed by the church leaders and/or members. However as a guide a church auditor should give attention to the following issues:

- Reviewing the statement of financial position of the church for the financial year.
- Reviewing the statement of financial performance for the financial year providing a statement to the church members to communicate that after the audit review the financial statements of performance and position give a true and fair indication of the financial state of the church.

- Reviewing systems and controls i.e. Is expenditure within approved limits?, Are the controls over the offering adequate?
- Providing advice on matters such as taxation, GST, FBT and issues. These are issues that change and update frequently so the auditor needs to be someone that keeps up to date with these issues.
- Providing advice on other matters that are referred to the auditor. It is not the role of the auditor to interfere with the financial operations of the church.

How do we find an Auditor?

There are several avenues through which a church auditor may be found.

They include:

- Approaching local churches to find someone qualified from within a local church.
- Approaching qualified accountants within your local area to see whether any will undertake the role of auditor.