

## Engagement letter

Date:

Vestry  
Church Name  
Address

Dear

This letter is to explain our understanding of the arrangements for the services we as the committee are to perform for **CHURCH NAME** for the year ended **December 31, YEAR**. We ask that you either confirm or modify this understanding.

We will perform an audit of the church's financial statements for the year ended **December 31, YEAR**. We will be provided with access to all accounts, including but not limited to: general operating, discretionary funds, investment accounts and/or endowment fund accounts, ECW accounts, Guild accounts, and any and all other accounts held by the church. We understand that the financial statements will be prepared in accordance with the *Manual of Business Methods in Church Affairs*. The objective of our audit is to review financial statements and to provide assurance with regard to the financial position of the church and to provide recommendations regarding recordkeeping and accounting procedure. An audit is not designed to detect error or fraud that has minimal impact on the financial statements. We will also include in our report whether or not the church has complied with diocesan policy and the canons of the General Convention.

We perform an internal audit and if **CHURCH NAME** were required to provide financial statements to an outside organization (such as a bank) an audit by a CPA should be performed and the statements should conform to generally accepted accounting principles. We will conduct the audit using the Audit checklist and Internal Controls questionnaires adapted from *Manual of Business Methods in Church Affairs* as approved by the Diocesan Finance Department and Diocesan Council.

If for any reason we are unable to complete the audit, we may decline to express an opinion or issue a report as a result of the engagement.

Upon completion, the Audit Committee shall present the audit report to the Treasurer, Rector, and Wardens. Any findings and recommendations should be presented in the Audit Committee Findings on Policies and Procedures. These items will be discussed with the Treasurer or other responsible persons, and within 30 days their written response, attached to the audit report, is presented to the Vestry. The Vestry receives the audit report upon completion. A copy of the audit report should be filed with the Bishop or Ecclesiastical Authority not later than 30 days following its completion and never later than **September 1** of each year, covering the financial

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reports of the previous calendar year. The Minutes of the Vestry will officially record the receipt, acceptance, and subsequent filing of the audit report with the Ecclesiastical Authority. If, at any time during the audit, the records suggest that something is seriously wrong, the matter should be brought immediately to the attention of someone of superior authority, as well as the appropriate diocesan authority. (*Manual of Business Methods in Church Affairs*, pp. 72-3) The person of superior authority of **CHURCH NAME** is the priest or Sr. Warden if no priest. The person of appropriate diocesan authority is the Bishop of Montana.

Our audit is scheduled for performance and completion as follows:

Begin audit:

Completion of audit:

Delivery of audit report:

We are not charging a fee for this audit. We request reimbursement for meals, travel and accommodations only.

If you agree with this arrangement, please sign this letter in the space provided and return a copy to us. We appreciate this opportunity to serve you.

Faithfully,

Names of Audit Committee

Accepted by: \_\_\_\_\_ (Priest)  
\_\_\_\_\_ (Senior Warden)

Date: \_\_\_\_\_

| (revised: Summer ~~2019~~2022)