

# The Diocese of South Dakota



August 21, 1990

Grace Episcopal Church  
The Reverend Allen Lewis, Vicar  
The Bishop's Committee  
and the Treasurer  
306 NW Third  
Madison, SD 57042

To the Vicar, Bishop's Committee and Treasurer of Grace Church:

Pursuant to General Convention Canon I.7, Diocesan Canons 10-2 and 10-3, and the standards, rules and regulations established thereunder by the Diocesan Finance Committee, an audit was conducted on church financial and related records commencing on July 10, 1990.

The period covered by the audit commenced on January 1, 1989 and terminated on December 31, 1989. It would appear that the financial records setting forth the revenues and expenses and the balances of the funds present fairly the financial position of the church and for the period ending December 31, 1989 and the results of the operations for the year then ended in conformity with the accounting principles required under applicable canons and the standards and requirements of the Diocesan Finance Committee.

The financial records examined include the following:

1. The General Fund.
2. The Memorial Fund.

General comments and recommendations following the examination of the financial records of Grace Church are:

1. As stated in my previous audit report, the treasurer continues to count the offerings alone. She also continues to write the checks, sign the checks and reconciles the bank balance. A system of internal controls has not yet been devised which will eliminate the possibility of any misuse of funds. however, certain procedures, such as having two people count all offerings and having either two signators on all checks or requiring someone other than the treasurer reconcile the bank statement, would reduce its occurrence and assist in early detection if misuse does occur. It is my opinion that these procedures be installed for the protection of the church and the treasurer.

*Individual's Discretionary Fund*

2. When discretionary funds are disbursed to the vicar, the check should be made payable to The Vicar's Discretionary Fund and not to the individual priest. This would reduce the possibility of the Internal Revenue Service declaring the discretionary funds as personal income to the priest.
3. Page four of the parochial report was completed incorrectly. The totals of all the account of the church should be included here. This would include the certificate of deposit, the account held at the credit union, the memorial savings account, and the rectory account held at the diocesan office.

The finance committee will be reviewing this audit report and requests that the bishop's committee submit a response concerning my recommendations and comments. This reply should be submitted 30 days following the meeting after my report is received.

Respectfully submitted,

*Mtg. 9/1/90*

*Nov 10/1/90*

*Randy Barnhardt*

Randy Barnhardt  
Accounting Officer

cc: The Right Reverend Craig B. Anderson  
The Finance Committee

- ①, *Instituted double control on offerings*  
*> Reconciling acct. once a month a year*
- ② *No longer have a discretionary fund*
- ③ *So noted - will not happen again - Fr. Lewis & Leahy*  
*prob. fully chastised.*

*Thank*  
*Copies to Priest, S. Warden, Treasurer*  
*RR2, Box 106A*  
*always given to*