



## Dear Treasurers, friends and colleagues

We are emerging from our 2006/07 year-end audit process, which has been more rigorous this year than in previous years. Despite its frustrations, it has been a worthwhile 'cleansing' exercise. We trust that your audits are also progressing with positive results.

September's topics of interest revolve around year-end processes and include:

### 1. UR1 RETURN 2006/07

The 31<sup>st</sup> of August, 2007 was the first deadline for lodgement of the unaudited 2006/07 UR1 Return. We have currently received 25% of audited/unaudited financial and statistical returns from Congregations and Presbyteries, which is already a vast improvement from previous financial years. We would like to thank all Treasurers who have met the annual synod requirements of the return at this early stage.

If you are having difficulties in completing the return on time or are yet to obtain an independent auditor to audit the financial records of your Congregation, please keep us in the loop by contacting Joseph Scardino at [josephs@nsw.uca.org.au](mailto:josephs@nsw.uca.org.au) or ph 8267 4418.

Remember that our assistance extends beyond this. If you have any other enquiries regarding your role as Treasurer, give us a call.

Please be reminded that the **2006/07 audited UR1 Return** is due to be lodged to Uniting Resources – Financial Management Services by **31 October, 2007**. Further details are available on our website at [www.unitingresources.org.au/fms](http://www.unitingresources.org.au/fms).

### 2. ANNUAL FINANCIAL STATEMENT AUDITS

UCA Regulations require the financial statements of Congregations and Presbyteries to be audited and certified by 'qualified auditors' at least once a year – usually soon after the conclusion of the financial year. Audits provide an independent assessment by a knowledgeable person that the records are a true and fair reflection of the transactions that have occurred during the year.

Treasurers by now should be fully aware of the variation to the requirement for qualified auditors under UCA Regulation 5.5.10 – if the annual gross income is less than 2.5 times the notional stipend for ministers (i.e. \$95,000 in 2006/07), two persons appointed by the Church Council may audit the accounts instead of an independent qualified auditor. However, these persons should have sufficient accounting knowledge, and be sufficiently independent (i.e. not a member of the Church Council or management committee being audited).

The following list provides Treasurer's with a checklist of tasks they will need to consider for the year-end audit function:

- Appoint an external independent auditor well ahead of the time when you need the audit conducted, as they can get very busy at peak 'financial year end'. The 'NSW Synod Register of Independent Auditor's' has been available on the UFMS website since May 2007.
- Fully reconcile all bank/investment accounts and clearing/suspense accounts prior to preparation of the financial statements;
- Submit final draft financial statements to the Church Council for endorsement prior to forwarding them to the auditors, and this should be done in advance of the audit commencing.
- Ensure the auditor is aware of the Synod's accounting and financial policies, as they will be performing 'special purpose' audits which involve a different audit and accounting approach to the regular type of audits. Please provide them with the Financial Reporting Instructions available from the UFMS website.
- Ensure auditors are given access to all relevant information in a timely manner, and ensure all transactions are properly supported with appropriate documentation. If the information is not collated and made available upon commencement of the audit, it may result in significant delays and increased audit fees.
- Correct financial entries and records, and update record-keeping systems, as required by the auditors.

If the auditors are happy with the accuracy, completeness and presentation of financial accounts, an '*unqualified*' report will be issued. They will invariably find some issues that are not quite correct, and will report these issues to your church council. This is normal, and their comments should be respectfully considered for implementation, although possibly not mandatory. Please call Bronwyn Shead for advice in this area – Ph 02 8267 4476.

Occasionally, an auditor may lack the confidence in the accounts to make a reliable judgement as to their accuracy, in which case they will issue a '*qualified opinion*'. If your Congregation receives a '*qualified opinion*' from the auditor, this indicates that financial controls need to be urgently strengthened. Please contact our team for assistance and what steps can be taken to address this. We would prefer to know the Congregation is experiencing trouble and to share responsibility in finding solutions, rather than not know and have the Congregation suffer dire financial consequences down the track.

Annual audit fees (from independent auditors) tend to range between \$500 for medium sized Congregations and Presbyteries to in excess of \$10,000 for very large Congregations. However, they can vary depending on complexity of the organisation, the state of accounts and generosity of the auditor.

### **3. CORPORATE SOCIAL RESPONSIBILITY**

An area attracting increased media attention in the finance world is the notion of corporate social responsibility (CSR). CSR seeks to publicise the environmental and social impact of an organisation, in addition to the financial performance. In accounting circles, application of CSR is known as 'triple bottom line' or 'sustainability reporting'. The benefits of sustainability reporting have already been seen in many commercial organisations and are gaining rapid acceptance.

Across the Uniting Church, many congregations operate community outreach activities that provide social and perhaps environmental benefits, yet these are rarely

measured and reported. Business or income-generating activities run by Congregations, may also contribute to social and environmental benefits.

It would appear beneficial to the Church to promote the positive contributions each Congregation is making to the security, welfare and nurturing of its local community and people. This is likely to raise the public perceptions of the Church, as well as gain support for outsourcing of government services through church groups.

Over the next couple of years, the NSW Synod will further explore the possibility of CSR in conjunction with Congregations and Presbyteries. Our area will encourage UCA organisations to actively measure and monitor such things as: activities that minimise/reduce the need for government intervention and improve community well-being; client numbers and frequency of access; volunteer numbers and hours; positive impact of service experienced by community, etc.

Any feedback you are able to give back to us on this topic either verbally or via the UR1 Return would be much appreciated.

#### **4. NFP ACCOUNTS SERVICES**

NFP Accounts Services is an independent organisation run by Greg McKay from the Georges River Presbytery to assist churches and other not for profit organisations with their accounting services. If your Congregation needs assistance in complying with financial reporting and taxation requirements, or seeks to better understand the importance of budgets or financial analysis, NFP Accounts Services are willing to assist. For further information please contact Greg McKay on (02) 9596 4994 or email [nfpaccounts@optusnet.com.au](mailto:nfpaccounts@optusnet.com.au). Greg is also an available auditor on the NSW Synod's Register of Independent Auditors.

For further information on the topics highlighted above please contact one of our staff:

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Kind Regards,

**Kegan Kashian**  
**CFO, Uniting Church in Australia**