

Richland Lutheran Church

INTERNAL AUDIT POLICY

PURPOSE

The audit committee is appointed by the Congregation Council to assist them in fulfilling their fiduciary oversight responsibilities for:

- financial reporting
- internal controls
- internal audit
- the engagement of external auditors, when necessary

STRUCTURE

The audit committee will consist of three voting members selected by the Congregation Council. Audit Committee members shall not be members, or immediate family of the Council or Staff. The Council should attempt to appoint committee members who are knowledgeable and experienced in financial matters, including the review of financial statements. The term for each committee member will be three years, with staggered terms so that one new member is elected each successive year.

MEETINGS

The audit committee will meet as often as it determines is appropriate and all committee members are expected to attend each meeting. The committee may hold individual meetings with staff members and their respective volunteers to gather information necessary to complete the audit. When applicable, audit committee members will meet with an external auditor as part of their investigation.

AUTHORITY

The audit committee has authority to conduct an examination of the prior year's financial reporting and recording, as well as the internal controls used during that time period. It is their responsibility to ensure that financial activity has been correctly recorded and internal controls are being properly utilized. Any and all findings will be detailed in a written annual Audit Report and then submitted to the Congregation Council by July 31st of the current year. Any requests for deadline extension or information outside the audit period must be submitted to Council for approval.

SCOPE

The audit committee will examine the following areas as part of their investigation:

- Receipt and handling of contributions and fees
- Payments and reimbursements
- Payroll
- Bank accounts, investment accounts, stocks, and other securities
- Budget and reporting of financial information
- Miscellaneous

Along with the RLC Financial Handbook, the RLC Internal Audit Procedure Summary should be utilized in determining the appropriate status and recommendations, if any. The RLC Internal Audit Checklist includes more detail and is a recommended resource but is not required to be submitted with the report. Accomplishing the contents of the Summary Procedure and the Handbook could be daunting.

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However, the basic requirement is to complete the review with random tests of samples and verification of supporting evidence sufficiently so the auditors are comfortable with a determination that no material errors or irregularities exist and that financial reports to the Council and Congregation provide an accurate status of RLC's financial situation.

CONCLUSION

At the conclusion of the audit, the audit committee will present an Audit Report and Certificate of Financial Review to the Congregation Council for review. Upon review the Council will submit copies of the report to the staff along with any questions, concerns, and/or immediate changes. Staff will then review the findings, address any questions or concerns, and implement any necessary changes. Audit Reports, along with any applicable notations or correspondence, will be kept on file in the Finance office.