

Organization/Standing Committees/Audit Committee

I. Mission Statement

The mission of the Audit Committee is to review the adequacy of financial controls and review the Treasurer's report(s) and underlying financial transactions.

II. Committee Composition

A. The committee shall be composed of three members of the congregation.

1. Committee members shall be elected by Congregation Council.

2. Committee members shall not be members of Congregation Council.

Furthermore, committee members shall not have any conflicts of interest, such as direct financial responsibilities with the congregation.

3. When possible, at least one committee member shall be a Certified Public Accountant.

B. The term of office of a committee member shall be three (3) years, starting on July 1 of a given year.

C. One (1) committee member shall be elected each year.

D. Committee members shall be eligible for reelection.

E. The chair is to be determined by the committee members.

III. Committee Responsibilities

A. The committee shall have the following responsibilities:

1. On an annual basis and not later than the May Council meeting, the committee in consultation with the Congregation Council shall determine an understanding of the scope and timing of the audit:

a. The timing and extent of the audit and whether some or all of the procedures will be conducted by an outside independent auditor. If they are to be hired, the outside independent auditors will be hired by and managed by the Audit Committee, subject to budgetary resources available.

b. A plan for the audit and preparation of a list of records and schedules to be made available for the audit to occur and the deadlines for having church personnel complete them and make them available.

c. A review of prior year audits and follow-up on any weaknesses or management advisory comments issued in prior audits.

d. A memorandum of understanding will be agreed to with the Congregation Council outlining the plan for the audit and the expected report(s) from the Audit Committee and timing.

2. The audit will include review of the accuracy and completeness of certain financial transactions and reports to include:

a. Review of financial statements including at a minimum the annual report of Receipts and Expenditures of the Congregation and the Child Care Center, and may include monthly and other interim reports.

b. Review and reconciliation of quarterly payroll tax filings (IRS 941 and state) and yearly information returns (W-2, 1099's) for timely filing and accuracy.

- c. Reconciliation of Financial Secretary records of contribution statements to contribution revenue reported in the financial statements.
 - d. Reconciliation of Child Care Center Tuition Income per student to total revenue and attendance rates.
 - e. Review of any grants to ensure the adequacy of the review process for compliance with the terms and conditions of the grants.
 - f. Review of the accuracy of financial reports submitted to the synod or ELCA.
 - g. Review of bank and account reconciliations for all bank and investment accounts that are in the name of the congregation and/or use the congregation's EIN number.
 - h. Review of other funds held by the congregation or sponsored by the congregation or review of a report from an Audit Committee for those other funds.
 - i. Review of donor restrictions on gifts and bequests received during the year.
3. The Audit Committee may include other consultants or volunteers to assist with the tasks of the Audit Committee or to enable the Audit Committee to work on separate projects simultaneously.
- a. All members of the Audit Committee and others working with the Audit Committee may obtain access to confidential information and must treat that information with care.
 - b. Congregational employees and volunteers shall make financial records and reports available to the Audit Committee for review and with a listing of the records and will be maintained and locked until returned back to the custody of the holder of records. Original records should not leave church premises.
 - c. If records are not made available, the Audit Committee should immediately report the scope limitation to the Congregation Council President and the employee's supervisor for appropriate follow-up.
 - d. If fraud or malfeasance is encountered, the findings will be reported to the Congregation Council President and a determination of criminal proceedings will be made in consultation with legal counsel.
4. Audit Committee timing
- a. The committee should meet in the spring to plan the Audit Committee meetings and to prepare the memorandum of understanding (engagement letter) for review at the May Council meeting.
 - b. The committee should meet at least once in the fall to do a mid-year review and plan for the year-end audit procedures.
 - c. The committee should meet after all the transactions are recorded and the financial statements are available in order to present a report to Council as soon as practical after year-end, but no later than the March Council meeting.
5. The committee shall present to Congregation Council an Annual Report of the Audit Committee on the financial records of the congregation and its related organizations. The report will include a minimum of the following:
- a. The scope of the Audit Committee and documentation of steps taken.
 - b. An overview of the control environment.
 - c. A listing of comments and recommendations.
 - d. Review of the financial statements.
- B. The committee is responsible to the Congregation Council for oversight of these responsibilities.