

## Proposed ByLaw Amendment | Financial Auditing

The Deacon board is proposing a change in the ByLaw requirements for auditing our financial books. This change, explained below, will be voted on at our NIBC Annual Meeting on April 23, 2023. Please direct any questions to Barb Wicklander, chair of the Deacon board.

There are two types of financial audits currently available to the church:

1. An informal financial audit or financial review, usually handled by an outside accountant, reviews the church's accounting procedures to be sure they are in compliance with normal accounting standards. They make sure our funds, banking and investment accounting all interface and can be traced through financial reports. This year we paid \$7500 for a three-year financial review. That kind of review would be considered an informal audit of the type the ByLaws require.
2. A formal financial audit is a very different procedure. It looks at the financial records transaction by transaction, investigates paper trails and, in general, goes through all the financial records in great detail. This attention to every detail makes a formal financial audit very costly, to the tune of \$25,000 or more.

Since all of our accounting is done using computer software, both the finance committee and Deacon board are able to independently review full financial reports every month. In their opinion, this regular and thorough review of the finances suggests that a formal financial audit is not necessary unless we have good reason to think someone has been mishandling funds.

They therefore recommend the following ByLaw amendment requiring an informal financial review every 10 years.

### **Current ByLaw wording:**

In Article V - The Deacon/Deaconess Board shall act on behalf of the church in financial matters.

"2. The Deacons shall direct an annual informal audit of church financial records and shall direct a formal audit every 5 years."

### **Replace by Proposed ByLaw wording:**

"2. The Deacon Board shall direct an informal financial review every 10 years."