



PREAMBLE:

Theological Basis

This document sets out how the Synod of Victoria and Tasmania undertakes its internal audit procedures in relation to Congregations, Presbyteries and Agencies. The internal audit process is an integral part of financial and risk management within the Synod. The church's challenge in respect to such management and governance is to maintain a creative tension between two competing demands. Firstly, the theological, the pastoral and the spiritual imperatives and secondly, the financial, legal and corporate perspectives which must be faithfully and prudently managed in twenty-first century church organisations.

In administering the internal audit process, equal consideration will be given to the responsibilities for the stewardship of the Churches' resources and for the Church's faith, God's mission to the world and the duty of pastoral care to those impacted by its financial and risk management decisions and processes.

The apostle Peter in his first letter to the churches located along the ancient trade routes of what is now Turkey calls the Christian community to live honourably as witnesses to the truth and partners in God's mission. Peter provides strategies that bring faith and stewardship together:

"Above all, maintain constant love for one another, for love covers a multitude of sins.... Like good stewards of the manifold grace of God, serve one another with whatever gift each of you has received." *1 Peter 4:8-10*

This is the Biblical mandate for the work of internal audit and the guide for shaping its implementation.

Government in the Church (1)

"The Uniting Church recognises that responsibility for government in the Church belongs to the people of God by virtue of the gifts and tasks which God has laid upon them. The Uniting Church therefore so organises its life that locally, regionally and nationally, government will be entrusted to representatives, men and women, bearing the gifts and graces which God has endowed them for the building up of the Church. The Uniting Church is governed by a series of inter-related councils, each of which has its tasks and responsibilities in relation both to the Church and the world."

"The Uniting Church acknowledges that Christ alone is supreme in his Church, and that he may speak to it through any of its councils. It is the task of every council to wait upon God's Word, and to obey God's Will in the matters allocated to its oversight. Each council will recognise the limits of its own authority and give heed to other councils of the Church, so that the whole body of believers may be united by mutual submission in the service of the Gospel."

Within the context of this Charter, the authority of the various inter-related councils is summarised as follows:

"The Congregation is the embodiment in one place of the One Holy Catholic and Apostolic Church. "The congregation will recognise the need for a diversity of agencies for the better ordering of its life in such matters as education, administration and finance."

¹ Extract from "Basis of Union 1992 edition Section 15"



“The Presbytery (the district council) consists of such ministers, elders/leaders and other Church members as are appointed thereto.” “Its function is to perform all the acts of oversight necessary to the life and mission of the Church in the area for which it is responsible, except for those agencies which are directly responsible to the Synod or Assembly. It will in particular exercise oversight over the congregations within its bounds.”

The Synod (the regional council) has interalia, “responsibility for the general oversight, direction and administration of the Church’s worship, witness and service in the region allotted to it with such powers and authority as may from time to time be determined by the Assembly.”

The Assembly (the national council) has interalia, “determining responsibility for matters of doctrine, worship, government and discipline, including the promotion of the Church’s mission.”

Introduction

This Internal Audit Charter provides the functional and organisational framework within which internal audit is to operate at Uniting Church in Australia Synod of Victoria and Tasmania (The Synod). This document sets out the nature, role, status and responsibility of the internal audit function and operation. At all times the internal audit function and operation will be guided by the principles of the theological reflection and the terms of government as set out in the preamble to this charter and in accordance with the Basis of Union.

Objectives

To provide independent objective assurance and assistance to the Audit Committee on the Synod’s financial risk, internal controls and compliance framework with a focus on Congregations, Presbyteries and Agencies as well as providing practical, efficient and effective recommendations to improve controls.

It is a review activity, which seeks to work alongside Congregations, Presbyteries and Agencies to:

- Ensure that the faith and ethos of the Uniting Church as expressed in the Basis of Union and the preamble to this Charter, is congruent with the financial and risk management practices of Congregations and Presbyteries.
- Develop, implement and oversee strong internal control practices.
- Establish a point of contact to support and educate Presbyteries, Congregations and Agencies in financial control, risk management and taxation compliance.
- Interface with the external auditors of both Congregations and Presbyteries.

Role of the Audit Committee



The By-Law dealing with the Audit Committee is as follows:

To provide assurance to the Synod, through its Standing Committee, of the integrity of the Synod financial operations and of the financial operations of all agencies, whether incorporated or not and of all Presbyteries and Parishes.

For the purpose of fulfilling its purposes under By –law 3.1 the Committee, in conjunction with the Synod Property Officer, shall be authorized to seek from any agency, presbytery or parish, accounting records in whatsoever form they may be held, of that agency, presbytery or parish in accordance with Regulation 5.5.10 (a).

Scope

Internal Audit's work seeks to provide assurance on the extent to which internal controls ensure that:

- The Church's assets are safeguarded from significant losses, including those caused by fraud, waste, inefficiency and commercially unsound practices.
- Church's critical financial and operational control framework is operating effectively and efficiently in order to protect the reputation of the church.
- In relation to Human Resources management, that the duty of pastoral care to those impacted by financial and risk management decisions and processes be taken into consideration at all times, in order to protect and care for the individuals concerned and to protect the reputation of the church.
- Relevant laws, rules and regulations are complied with.
- Operations are conducted effectively, efficiently and economically in accordance with the Synod's policies and procedures.
- Management information systems are reliable and secure.
- Systems under development are monitored, that appropriate internal controls are built in and are consistent with the Synod's business needs.
- Financial and operational risks are effectively managed.
- Major projects achieve their objectives.

In addition, Internal Audit may perform special reviews requested by Management or the Audit Committee. When plans are changed for such reviews, this is reported to the Audit Committee.

Authority and Accountability

Based on its mandate from the Audit Committee, Internal Audit shall:

- Report to the Audit Committee through the Executive Director, Administration & Finance.
- Report to the Executive Director, Administration & Finance on performance appraisals.



- Discuss objectives, scope and timing for the internal audit plan for Presbyteries and Congregations with Presbytery Ministers' Administration and communicate this with the Chair of Church Councils' and Treasurers of the Congregation
- Regularly advise of progress against the plan and any significant matters affecting the achievement of the Internal Audit Plan.
- Report on key risk and internal control issues arising from internal audit activity.
- Internal audit has access to the Audit Chair and vice versa.
- Conduct audits in accordance with the Institute of Internal Auditing Standards, and approved Internal Audit Plan.
- Foster a culture of joint-working with Management leading to agreed solutions.

Reporting

An Internal Audit report will be issued for every review performed. All reports issued will contain at a minimum:

- The scope of the review and a summary of the control issues/findings that arose during the review, together with appropriate recommendations and agreed management actions;
- All reports shall be discussed with the relevant officers before the report is issued;
- Reporting on Reviews of Congregations will be to the Audit Committee with a copy of the report to the Presbytery Minister Administration and at the Congregation level to the Chair of Church Council and Treasurer.

The status of findings previously reported to the Audit Committee will be reported at each Audit Committee meeting.

Independence

The Internal Audit function shall have independent status within The Synod in order to perform its duties in an objective manner and provide impartial advice.

It is the responsibility of Internal Audit to communicate to the Executive Director, Administration and Finance, and the Audit Chair of any perceived or potential conflicts that may compromise the objectivity or independence of internal audit.

Relationships

To strengthen its independence, Internal Audit reports to the Audit Committee and has access to the Executive Director, Administration and Finance on a regular basis. Internal Audit does not perform and is not responsible for management of internal control processes as this impairs its objectivity, neither does it have any direct responsibility for, nor authority over, the activities it reviews.

The Audit Committee shall review the activities of the Internal Audit function in relation to the Audit Plan and monitor audit activities.