

Internal Audit Standing Committee Charter

Purpose and Benefit:

Conduct internal audits of the financial activities of the Lacamas Shores Homeowners Association to show compliance with applicable laws and good business practices, and report findings to the Membership. Audit Reports of the financial condition of the Association gives the Members assurance that all income and expense streams in the operation of the Association are appropriately disclosed.

Background:

The Revised Code of Washington State, Section 64.38.045(3), requires that the financial statements of associations with assessments of \$50,000 or more be audited at least annually by an independent certified public accountant. The audit may be waived if 67% of the votes cast by Owners, in person or by proxy, at a meeting of the Association at which a quorum is present, vote each year to waive the audit. However, this does not mean that an audit should not be performed, but that an internal audit is acceptable to monitor the financial activities of the Association.

Extent of Audit:

Internal audits should be as inclusive of all the steps that are taken in a certified audit.

Authority of Committee:

The discovery of errors and/or procedures that should be changed/enacted should be reported immediately to the Board, should any corrective action be deemed necessary. Make recommendations to improve the reporting of the financial status to the Members, if any. Prepare an annual report.

Schedule:

A report of all internal audits must be completed annually. Portions of an audit of the financial operations may be performed quarterly, as long as all steps are performed for the final annual report.

Membership:

There shall be three (3) members, some of which should have CPA, accounting/audit procedure/experience. A Board Member is not required.