

Audit Opinion Letter to the Congregation

Epiphany Lutheran Church and School

14423 West Road

Houston, Texas 77041

Dear Church Council:

We, as an appointed “Audit Committee,” have reviewed the policies and procedures associated with the financial and business decisions of Epiphany Lutheran Church and School. Please note that the review procedures did not constitute a formal audit, but it did include a review of business processes, financial records, and judgmentally selected tests of transactions.

Our audit review covered the period of May 2023 – May 2024.

We performed the review at the request of our congregational chairman and in accordance with the constitution and bylaws of our church and school accreditation expectations.

We, as an Audit Committee are issuing an unqualified opinion of the policies and procedures of Epiphany Lutheran Church and School. We believe the financial statements give a true and fair view of the financial position and performance and are in accordance with GAAP (Generally Accepted Accounting Practices). During our review, no material errors or discrepancies were noted.

While no material errors were noted, we have a few recommendations to improve the resilience of processes performed by Epiphany Lutheran School including better segregation of duties to reduce the potential for fraud as well as a more formalized recording process for procedural duties for both Epiphany Lutheran Church and Epiphany Lutheran School. When speaking to a few key professionals a few opportunities for growth were also noted.

We thank God for this opportunity to serve Him and pray that our recommendations are received as constructive information to improve and strive toward excellence as God commands us.

The Audit Committee

Epiphany Lutheran Church and School
Audit Review for Period Ending May 2024
Summary of Review Items Noted

Item	Description	Item Noted and Recommendation
1	Segregation of Duties	In regards to Epiphany Lutheran School, there is a lack of checks in balances where financial matters are concerned. Most decisions are approved and recorded by the current principal. Epiphany Lutheran School receives supplies purchased from Amazon however they do not use an account specific for the school, they are currently using a personal amazon account. We feel this could open the door for financial fraud in the future should leadership change. In addition, a financial assistant who can bridge the gap between church, school and preschool could be beneficial.
2	Formalized process for written procedural duties	All parties noted there were not written policies and procedures to assist in the event of a sudden change in leadership. Formal documentation of job descriptions and financial procedures including who can approve expenses and clearer labeling of expenditures should be typed up and placed in a location that can be easily accessed as part of a teacher or volunteer handbook. A longer transition and training period to those serving on boards would help familiarize board volunteers with procedures and duties expected to be performed.
3	Opportunities for Growth	When speaking with various professionals, several opportunities for growth were mentioned. There could be a more concrete set of policies and procedures for day-to-day practices done by the principal of Epiphany Lutheran School in regards to financial aspects. There needs to be a more intentional approach to fixed assets maintenance, disposal and long-term purchase and replacement of larger items. Epiphany Lutheran School could benefit from better procedures for late tuition payments as well as a formal IT person to support the school, church and preschool. As we grow in size, a background check process for those working with the youth of the church should be implemented.