

UPPER PENINSULA LAND CONSERVACY

Policy 6D – Financial Review or Audit

Board approved 4/8/2014

It shall be the policy of the Upper Peninsula Land Conservancy (UPLC) to conduct a financial review or financial audit during the first quarter (January-March) each calendar year. This policy provides compliance with guidelines in the Land Trust Alliance's (LTA) Practice 6D, and provides assurance to the UPLC Board or Directors regarding the adequacy of UPLC's financial management.

In accordance with LTA guidelines, UPLC will conduct an internal financial review annually until such time that UPLC's annual income exceeds \$250,000. The review will be conducted by an ad hoc committee consisting of at least two UPLC board members and, if possible, a third non-board person, who possesses some relevant qualifications or otherwise feels capable of participating in the review. The committee will meet with the UPLC treasurer and review typical financial management documents (e.g. timesheets, payroll records, IRS reports, and investment records) and procedures (financial software usage, how income is recorded, how bills are paid, etc.). The committee should also ascertain that important UPLC, state, and federal financial reports are prepared and submitted on time and in compliance with state and federal laws. The committee will then prepare a signed report to the UPLC board for its approval. The report will attest to the accuracy/adequacy of UPLC's financial records (reasonable assurance that records are free from material error or misstatements), note any discrepancies, and suggest where accuracy could be improved and discrepancies corrected.

When UPLC's income grows to exceed the \$250,000, it will follow the LTA recommendation for a complete audit by an independent professional auditor (accountant or other qualified professional) annually—a complete verification of all financial reports. Until then, LTA also recommends that even the smallest land trusts have an independent audit or a less-costly alternative, a financial review (assessment of financial records) by a CPA every few years. To that end, UPLC will seek an independent audit or financial review at least once every 5 or 6 years.