

**Diocese of Galveston-Houston**  
**INTERNAL AUDITING CHARTER**

**I. INTRODUCTION**

The purpose of this charter is to establish Internal Auditing's position within the Diocese of Galveston-Houston, authorize its access to records, personnel and physical properties relevant to the performance of audits, establish Internal Auditing's relationship with the Audit Committee and define the scope of Internal Auditing activities.

**II. MISSION**

- A. The mission of Internal Auditing is to provide reasonable assurance to the Bishop and the Audit Committee that proper internal controls exist within the Diocese. In addition, Internal Auditing will assist the Auxiliary Bishops, Moderator of the Curia, Pastors, Priests, Religious and lay persons to ensure that the Bishop's directives and diocesan policies are adhered to and goals are achieved. To this end, Internal Auditing will furnish analysis, appraisals, recommendations, counsel and information concerning the business activities reviewed.
- B. Internal Auditing's ministry consists of assistance and service to the Diocese of Galveston-Houston. Internal Auditing will strive to add value in all of its activities.

**III. SCOPE OF INTERNAL AUDITING**

- A. The scope of Internal Auditing encompasses the examination and evaluation of the adequacy and effectiveness of the Diocese of Galveston-Houston's internal controls and quality of performance in carrying out assigned responsibilities.
- B. The scope of Internal Auditing includes:
  - 1. Reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information.
  - 2. Reviewing the systems established to ensure compliance with the sections of the Pastoral Manual dealing with business operations, policies, plans, procedures, laws and regulations that could have a significant impact on operations and reports, and determining whether the Diocese is in compliance.
  - 3. Reviewing the means of safeguarding assets from various types of losses such as those resulting from theft, fire, improper or illegal activities, and exposure to the elements and as appropriate, verifying the existence of such assets.
  - 4. Investigating loss of assets and any other matters assigned by the Bishop.
  - 5. Appraising the economy and efficiency with which resources are employed.
  - 6. Reviewing operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
  - 7. Reviewing, as requested, contractor contracts and compliance with those contracts.
  - 8. Instructing pastors, administrators, bookkeepers and others as appropriate on proper business practices to ensure efficient operations to safeguard assets.

#### IV. RESPONSIBILITIES AND AUTHORITY OF INTERNAL AUDITING

- A. Internal Auditing will accomplish its responsibilities independently and objectively in accordance with the Standards for the Professional Practice of Internal Auditing as developed by the Institute of Internal Auditors. The Auditors will adhere to the Institute's "Code of Ethics" and "Statement of Responsibilities".
- B. Internal Auditing is responsible for carrying out an internal auditing program, in conjunction with the Audit Committee. This responsibility includes coordinating internal auditing activities with the organization's external auditors.
- C. Internal Auditing is given access to all records, personnel, and physical properties relevant to the performance of audits, investigations and reviews.
- D. The Director of Internal Auditing will report to the Moderator of the Curia and have direct access to the Bishop and Audit Committee.
- E. The Director of Internal Auditing will comply with the responsibilities as contained in the Relationship with Internal Auditor's section of the Audit Committee Charter and will assist the Audit Committee, as requested, in fulfilling their responsibilities.
- F. Upon completion of an audit, Internal Auditing will issue a written audit report to the Pastor and the Parish Finance Council or to members of management responsible for the area audited. A copy of the written report will be provided to the Moderator of the Curia and the Bishop. The Audit Committee will receive a copy of the report or a summary of the findings.
- G. Internal audit reports will principally address exceptions only. Reports will recommend improvements in the effectiveness, efficiency and economy of management systems and controls, compliance with the Internal Control Manual, business aspects of the Pastoral manual, other procedures, accounting principles, IRS code, legal requirements, and sound management principles.
- H. Each audit report issued will require a reply in writing. A follow-up audit will be conducted no later than six months after the conclusion of the audit.

Approved this 6<sup>th</sup> day of August, 2004

+ Joseph A. Fischnya  
Bishop

Frank W. Dine  
Moderator of the Curia

[Signature]  
Chairman of the Audit Committee

William J. Dine  
Director of Internal Auditing