

SDSHP FINANCIAL AUDIT POLICY

PURPOSE AND SCOPE:

The purpose of this policy is to communicate to all stakeholders of the South Dakota Society of Health-System Pharmacists about the internal and financial objectives of the organization. The Board of Directors of the Society of Health System Pharmacists has the responsibility to establish and maintain an adequate system of internal control and to furnish the Government agencies, creditors and other stakeholders reliable financial information as and when required. An adequate system of internal control is necessary for the administration to discharge these responsibilities.

Controls established in the organization are to:

- a. Ensure that assets are not exposed to unauthorized access and use
- b. Transactions are properly recorded in the financial record
- c. Financial information is reliable and available to relevant stakeholders in an efficient manner

Auditors are required to report every 2 years, at the timing of incoming new treasurer, to the Board of Directors to report on the adequacy of the organization's financial reporting and compliance.

POLICY:

A. Responsibility and accountability

1. The Board of Directors of the South Dakota Society of Health-System Pharmacists is responsible for:
 - a. Setting the organization expectations for internal control
 - b. Requiring the upward communications channels are open through all levels of organization
 - c. Evaluating the organization's effectiveness toward practicing an effective control environment
 - d. Implementing effective control policies and procedures
2. Individuals with delegated authority (i.e. Board of Directors as applicable, Treasurer, support specialist) are responsible for establishing, maintaining, and supporting a system of internal controls within their areas of responsibility and for creating the control environment that encourages compliance with organization policies and procedures.

- a. The treasurer and support specialist will be committee chairs for the audit process and will be responsible for final reporting to the Board of Directors.
 3. All levels of the organization and supervision are responsible for strengthening internal controls when weaknesses are detected.
 4. Those in leadership positions have the responsibility to ensure that those who report to them have adequate knowledge, skills, and abilities to function within, and to contribute to, an effective internal control environment.
 5. Auditors and Advisors are responsible for reviewing the adequacy of the organization internal controls and for reporting any weaknesses to the Board of Directors.
- B. Establishing and maintenance of a system of internal controls
1. Separation of duties
 - a. Duties are separated so that one person's work routinely serves as a check on another's work.
 - b. No one person has complete control over more than one key function or activity (e.g., authorizing, approving, certifying, disbursing, receiving, or reconciling).
 2. Authorization and approval
 - a. Proposed transactions are authorized when proper and consistent with organization's policy and strategic planning.
 - b. Transactions are approved by majority vote of the Board of Directors of the organization. Voting will be recorded in meeting minutes as documentation.
 3. Timely and accurate review and reconciliation
 - a. Accounting records and documents are examined by members and staff who have sufficient understanding of the organization's accounting and financial systems to verify that recorded transactions actually took place and were made in accordance with organization policies and procedures.
 - b. Accounting records and documentation are compared with organization's accounting system reports and financial statements to verify their reasonableness, accuracy and completeness.

Developed by: K. Walser 03/2022

Approved by: SDSHP Board of Directors 05/2022