

JOINT AUDIT COMMITTEE of the EXECUTIVE COUNCIL and DFMS

**New York, New York
June 13, 2022**

Minutes of the Zoom Meeting

Mr. Krislock called the meeting to order. Mr. Glover offered a prayer.

Attending the meeting from the committee were: Bryan Krislock, Del Glover, William Haas, Patty Downing, and Tess Judge;

Also present: Kent Anker, Kurt Barnes, JoAnne Brockway, Tanie Oconer, Geof Smith, Gay Jennings, Esther Cohen, and Nancy Caparulo.

Attending from Grant Thornton (GT): Ed Miller, David Bronfman, Pat Crosby, and Kevin Morris.

The agenda was adopted as presented with minor corrections to past meeting dates.

The Minutes from the December 2021 meeting were approved as presented

Grant Thornton Report

Grant Thornton reviewed the 2021 Audit Results with the Committee, including required communications

- Mr. Miller discussed GT's process and methods in detail and reviewed the presentation (previously posted on the Extranet site) with the Committee including the financial statements and the footnotes with discussion of new auditing standards and new lease reporting requirements.
- Mr. Miller confirmed that no significant deficiencies were found or difficulties in performing the process and there were no material findings in the financial statements. A written "unmodified opinion" of the audit is pending. Mr. Miller explained a non-material misstatement involving ERD grant revenue that will be corrected.
- Mr. Morris reviewed DFMS IT procedures, and discussed their viewed risks of Ransomware attacks and "phishing attacks"; we discussed the need for an Approved Ransomware Response Plan and reviewed ongoing DFMS training and preventative user education.

Officer Reports:

- Mr. Barnes presented the Treasurer's Report that had been posted previously on the Extranet site. He highlighted budgetary and investment results from 2021, the 2019-2021 triennium, and the First Quarter 2022. He also discussed key assumptions in the proposed budget for 2023/2024.
- In Executive Session, the President of the House of Deputies, Ms. Jennings, reported on the preparations for the 80th General Convention.
- The Chief Operating Officer, Mr. Smith, gave his report in Executive Session covering tenant relations, Communications, Human Resources, and Information Technology programs.
- The Chief Legal Counsel, Mr. Anker, gave his report in Executive Session on pending legal matters
- The Chair of the Audit Committee, Mr. Krislock, presented a brief review of draft resolutions scheduled to be presented to the 80th General Convention that might impact the work of the Audit Committee.
 - A preliminary draft resolution, A-129, now being amended with clarification of the scope, calls for a forensic audit of the DFMS and the Church Pension Fund.
 - C002 calls for a change from the current annual requirement for audits of diocesan finances audits from each year to once every three years;
 - A potential revision in the Canons may result in an overhaul of the budget process that eliminates the Program, Budget, and Finance Committee's (PB&F) role, and assigns all budget work to a budget committee of the Executive Council.

With no further business, the committee adjourned.

Respectfully submitted,
Nancy Caparulo
Staff support the committee