JOINT AUDIT COMMITTEE OF THE EXECUTIVE COUNCIL AND THE DFMS

Membership
The Rev. Robert T. Brooks, Chair, 2015
Ms. Nancy Koonce, 2015
The Rev. Michele Racusin, 2015
Ms. Rosanna Rosado, 2015
Mr. Dennis Stark, 2015
The Most Rev. Katharine Jefferts Schori, Ex Officio
The Rev. Gay C. Jennings, Ex Officio

Retiring Committee:
Mr. Arthur M. Bjontegard, Jr.
Dr. Delbert C. Glover
Ms. Diane B. Pollard
The Rt. Rev. Rodney R. Michel

Summary of Work

Mandate: To regularly review the financial statements relating to all funds under the management or control of the Council and the Society and to report thereon at least annually to the Council and the Society.

Meetings: The Audit Committee is charged to act as an oversight board. Serving as an independent, objective, check and balance to the Executive Council, the Committee met four times in both 2013 and 2014 — three times each year at the Church Center, and once each year by conference call. As prescribed in the Committee’s Charter, the previous members served until successors were appointed. The Committee as currently constituted was appointed in August 2012. A representative from Episcopal Relief and Development, whose financial reporting is consolidated with that of the Society, attended all meetings of the Committee.

According to its chartered responsibilities, the Committee reviewed:
• quarterly and annual financial statements and the judgments and assumptions underlying them;
• the adequacy of the Society’s internal controls;
• the administration and activities of the grants auditor;
• the performance, and subsequent recommendation for the appointment, of the independent external auditing firm;
• the nature and scope of the proposed audit with the independent external auditing firm;
• the final audit report of the Society’s financial statements and the independent auditors’ recommendations to management for improvements in any areas of weakness; and,
• in cooperation with the Society’s legal counsel, any potential liability exposure that could directly affect the Society’s financial statements.

The Committee also reviewed and revised its Charter annually. The Committee is responsible for performing other special reviews as requested by the Executive Council and for meeting separately on a regular basis with representatives of the independent auditors and with senior executives of the Society.
Unqualified opinions were received from the independent auditing firm Grant Thornton for the 2012 and 2013 financial years. The Executive Council accepted these reports upon recommendation from the Audit Committee. The results of the 2014 audit are expected to be received at the Committee’s May 2015 meeting, in time for the Committee to recommend its acceptance to the Joint Standing Committee on Program, Budget and Finance at the General Convention. The Committee continues to work closely with Grant Thornton, which continues as the independent auditors for fiscal year 2014.

During the triennium, the Committee continued its focus on “best practices” in the not-for-profit sector, including:

- Soliciting proposals, reviewing, and selecting an independent auditing firm
- Reviewing the Society's Conflicts of Interest Policy
- Reviewing the Grants Auditor's work with dioceses of Province IX
- Reconfirming that original receipts must be presented in order to be reimbursed for travel expenses
- Engaging Grant Thornton to perform a review of the Navajoland Area Mission’s accounting practices
- Reviewing analyses of the Society’s core versus statutory financial statements

**Budget**

The Committee was budgeted a total of $20,000 for the 2013-2015 triennium. The Committee expects to meet the same number of times in the coming triennium. The Committee will consider engaging the services of a consultant(s) to augment its work during the coming triennium. Doing so would necessitate budgeting an additional $100,000, for a total budget of $120,000 for the triennium 2016-2018.