

**GENERAL CONVENTION OF THE EPISCOPAL CHURCH 2009
ARCHIVES' RESEARCH REPORT**

RESOLUTION NO.: 2009-A116
TITLE: Amend Canon I.4.3: Establish Audit Committee
PROPOSER: Standing Commission on the Structure of the Church
COMMITTEE: Structure

Directly Related: (attached)

2006-A003 Amend Joint Rule 11 [Audit Committee]

Indirectly Related:

1997-A189 Amend Canon I.4.3 [Officers of the Executive Council]
1997-D078 Make Changes in Financial Accountability and Access to Reports

In preparing this report, the Archives researched the resolutions of General Convention for the period 1976 through 2006, selecting "direct" resolutions that have a substantive bearing on the proposed legislation. Committee members who are interested in obtaining copies of "indirectly related" resolutions, legislative history before 1976, or who require other research assistance should contact the Archives at 800-525-9329 before Convention or at Convention in the General Convention Secretariat.



Resolution Number: 2006-A003
Title: Amend Joint Rule 11 [Audit Committee]
Legislative Action Taken: Concurred as Substituted
Final Text:

Resolved, That the Joint Rules be amended to read as follows:

11. Two members of the Joint Standing Committee shall be appointed by the Chair of the Joint Standing Committee on Program, Budget and Finance to the Audit Committee of the Executive Council. The Audit Committee shall report annually to the Joint Standing Committee, which shall report to the General Convention. is required to report to the General Convention or the Executive Council when the General Convention is not in session, through the Joint Standing Committee on Program, Budget and Finance (PB&F) at each PB&F Executive Committee meeting and each PB&F committee meeting of the whole.

The Joint Standing Committee PB&F shall present the reports of its actions on audit to the General Convention at each regular meeting thereof.

Citation: General Convention, *Journal of the General Convention of...The Episcopal Church, Columbus, 2006* (New York: General Convention, 2007), p. 413.

TOPIC/TITLE: Canons: Amend Canon I.4.3: Establish Audit Committee
 PROPOSER: Standing Commission on the Structure of the Church
 C&C PAGE: 33
 BB PAGE: 616

1 *Resolved*, the House of _____ concurring, That Canon I.4.3 is hereby amended by adding a
 2 new subsection (g), with succeeding subsections to be relettered, to read as follows:

3 **Sec. 3(g)** *Upon joint nomination of the Chair and Vice Chair, the Executive Council shall*
 4 *appoint a Joint Audit Committee of the Council and the Domestic and Foreign*
 5 *Missionary Society. The Committee shall be composed of 6 members, one of whom shall*
 6 *be a member of the Executive Council's Committee on Administration & Finance, one*
 7 *from the membership of the Joint Standing Committee on Program, Budget and Finance,*
 8 *and the remaining four shall be members of the Church-at-large, having experience in*
 9 *general business practices. The members shall be elected triennially and may serve two*
 10 *terms, after which a full triennium must elapse before being eligible for re-election. The*
 11 *Chair and Vice-Chair of Council shall designate the Chair of the Committee from among*
 12 *its members. The Audit Committee shall regularly review the financial statements*
 13 *relating to all funds under the management or control of the Council and the Society and*
 14 *shall report thereon at least annually to the Council and the Society.*

15
 16 *Upon recommendation of the Audit Committee, the Executive Council shall employ on*
 17 *behalf of the Council and the Society an independent Certified Public Accountant firm to*
 18 *audit annually all accounts under the management or control of the Council and Society.*
 19 *After receipt of the annual audit, the Audit Committee shall recommend to the Council*
 20 *and Society what action to take as to any matters identified in the annual audit and*
 21 *accompanying management letter. The operations of the Audit Committee shall be set out*
 22 *in an Audit Committee Charter. The Audit Committee shall review, at least annually, the*
 23 *Committee's Charter and recommend any changes to the Executive Council for approval;*
 24 *and be it further*

25
 26 *Resolved*, That all of the current members of the Audit Committee have their respective terms
 27 extended until December 31, 2009; and be it further

28
 29 *Resolved*, That the Joint Rules of Order are hereby amended by deleting Rule 11:
 30 ~~Two members of the Joint Standing Committee shall be appointed by the Chair of the Joint~~
 31 ~~Standing Committee on Program, Budget and Finance to the Audit Committee of the~~
 32 ~~Executive Council. The Audit Committee is required to report to the General Convention~~
 33 ~~or the Executive Council when the General Convention is not in session, through the Joint~~
 34 ~~Standing Committee on Program, Budget and Finance (PB&F) at each PB&F Executive~~
 35 ~~Committee meeting and each PB&F Committee meeting of the whole. PB&F shall present~~
 36 ~~the reports of its actions on audit to the General Convention at each regular meeting~~
 37 ~~thereof.~~

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EXPLANATION:

The Audit Committee is currently created through the By-laws of Executive Council and by reference in Joint Rule 11. An Audit Committee is of critical importance to the prudent exercise of the church's fiduciary responsibility and should, therefore, be established in Canon, although details of its operation may be set out elsewhere.