THE AUDIT COMMITTEE

MEMBERSHIP

Ms. Anne Bardol, *Chair* (The Joint Standing Committee on Program, Budget & Finance) The Rev. Gerald Keucher (The Joint Standing Committee on Program, Budget & Finance) Mr. Del Glover (Standing Committee on Administration & Finance) The Rt. Rev. Stacy Sauls (Standing Committee on Administration & Finance)

The Rev. Skip Windsor (Member at large) Mr. Ernest Petrey (Member at large)

SUMMARY OF WORK

The Audit Committee is charged to act as an oversight board, as well as to serve as an independent, objective check and balance to the Council. As such, the Audit Committee met three times in 2007, five times in 2008 (three face meetings at the Church Center and two conference calls) and has four meetings scheduled for 2009.

According to its chartered responsibilities, the Committee reviewed: 1) quarterly and annual financial statements and the judgments and assumptions underlying them; 2) the adequacy of the Society's internal controls; 3) the administration and activities of the grants auditor; 4) the performance, and subsequent recommendation for the appointment of the independent external auditing firm; 5) the nature and scope of the proposed audit with the independent external auditing firm; 6) the final audit report of the Society's financial statements and the independent auditors' recommendations to management for improvements in any areas of weakness; 7) 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 the Committee's Charter (approved 6/14/05; draft revision 12/8/08). 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 2006 and 2007 financial years. The audit reports were accepted by the Executive Council upon recommendation from the Audit Committee. The results of the 2008 audit are expected to be received at the Committee's April 2009 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 2008.

During this triennium, the Committee has sought to identify and employ the "best practices" in the not-for-profit sector with guidance from our independent external auditors to ensure the Society's compliance with regulatory requirements on both the state and federal government levels. Particular attention has been paid to the presentation in the budget of legal expenses and to the use of trust fund income to assist reorganizing dioceses within the church.