

# The Joint Audit Committee of the Executive Council and the DFMS

## Membership

The Rev. Robert T. Brooks, *Chair*  
Mr. Arthur M. Bjontegard, Jr.  
Dr. Delbert C. Glover  
The Rt. Rev. Rodney R. Michel  
Ms. Diane B. Pollard  
Ms. Rosanna Rosado

Rhode Island, I, 2012  
Upper South Carolina, IV, 2012  
Western Massachusetts, I, 2012  
Pennsylvania, III, 2012  
New York, II, 2012  
Bethlehem, III, 2012

## Retiring Committee

Ms. Anne Bardol  
The Rev. Gerald W. Keucher  
The Rt. Rev. Stacy F. Sauls  
The Rev. Robert G. Windsor  
Mr. Ernest Q. Petrey, Jr.

Northwestern Pennsylvania, III, 2010  
New York, II, 2010  
Lexington, IV, 2010  
Massachusetts, I, 2010  
Ohio, V, 2010

## Summary of Work

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 six times in 2010—four times at the Church Center, and twice by conference call—and three times in 2011. As prescribed in the Committee’s Charter, the previous members served until successors were appointed. The Committee as currently constituted was appointed in July 2010. Members of the retiring Committee also participated in the meeting of September 2010. 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. 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 2009 and 2010 financial years. The Executive Council accepted these reports upon recommendation from the Audit Committee. The results of the 2011 audit are expected to be received at the Committee’s May 2012 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 2011.

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

- Reviewing the Grants Auditor’s work with dioceses of Province IX
- Considering the impact and financial reporting adjustments necessary to comply with the newly-enacted statutory changes in the New York Not-For-Profit law

- Engaging, at the request of the Executive Council Committee on Governance and Administration for Mission, an independent legal firm to assess Human Resource policies and practices, reported observations and recommendations to Executive Council February, 2011
- Engaging Grant Thornton to perform a review of the Society's practices and procedures for grant-making
- Reviewing analyses of the Society's core vs. statutory financial statements

## Budget Report

The Committee was budgeted \$27,300 for the 2010–2012 triennium, and expects meet the same number of times in the coming triennium. In addition, the Committee is interested in engaging the services of a consultant to augment the work of the coming triennium; this will require \$41,000 for 2013, \$41,000 for 2014, and \$41,000 for 2015 for a total of \$123,000 for the triennium.