

JOINT AUDIT COMMITTEE OF THE EXECUTIVE COUNCIL AND THE DFMS

Members

Ms. Tess Judge, Chair	East Carolina, IV	2024
The Rev. Shelly Banner	Central New York, II	2024
Mr. Julian M. Bivins, Jr.	Virginia, III	2024
Canon Andrea McKellar	South Carolina, IV	2024
Mr. Daniel Packard	Arizona, VIII	2024
The Rt. Rev. Phoebe Roaf	West Tennessee, IV	2024
Ms. Julia Ayala Harris, Ex Officio	Oklahoma, VII	
The Most Rev. Michael Curry, Ex Officio	North Carolina, IV	

Representation at General Convention

Deputy Tess Judge –East Carolina

Mandate

2022 - Canon I.4.3

Sec. 3. Upon joint nomination of the Chair and the Vice-Chair, the Executive Council shall elect an Audit Committee of the Council and the Domestic and Foreign Missionary Society. The Committee shall be composed of six members: one member who, at the time of appointment, is a member of the Executive Council committee with primary responsibility for financial matters; and the remaining five from members of the Church-at-large having experience in general business and financial practices. The members shall serve a term beginning on January 1 following the regular meeting of the General Convention at which elected or immediately following their appointment, whichever comes later, and continuing through December 31 following the adjournment of the next regular meeting of the General Convention or until a successor is appointed, and may serve two consecutive terms, after which a full interval between regular meetings of the General Convention must elapse before being eligible for reelection. Annually the Audit Committee shall elect a Chair of the Committee from among its members. The Audit Committee shall regularly review the financial statements relating to all funds under the management or control of the Council and the Domestic and Foreign Missionary Society and shall report thereon at least annually to the Council.

Upon recommendation of the Audit Committee, the Executive Council shall employ on behalf of the Council and the Domestic and Foreign Missionary Society an independent Certified Public Accountant firm to audit annually all accounts under the management or control of the Council and Domestic and Foreign Missionary Society. After receipt of the annual audit, the Audit Committee shall recommend to the Council and the Domestic and Foreign Missionary Society what action to take as to any matters identified in the annual audit and accompanying management letter. The responsibilities of the Audit Committee shall be set out in an Audit Committee Charter. The Audit Committee shall review, at least annually, the Committee's Charter and recommend any changes to the Executive Council for approval.

Summary of Work

We draft our report in the summer of 2023, having completed one-third of the 2023-2024 biennium.

The Audit Committee provides oversight of the financial reporting process, the audit process, the system of internal controls, and compliance with laws and regulations on behalf of Executive Council. New York State law, and industry best practices, recommend (and in some cases require) that an organization appoint an audit committee comprised of independent, non-employee members to provide oversight of the organization.

To exercise this oversight, the committee is given broad authority to discuss issues of concern with staff members, employees, board members, and other individuals as needed.

The Audit Committee and the Executive Council and the Domestic and Foreign Missionary Society engage an independent Certified Public Accountant firm to audit annually all accounts under the management or control of the Council and Domestic and Foreign Missionary Society. The Committee may, with the approval of the Executive Council, also hire such independent investigators and firms as may be necessary to review allegations that come to the Committee's attention.

The Audit Committee uses the findings of the annual audit to recommend to the Council and the Society the action needed for any matters identified in the annual audit and accompanying management letter.

The Committee has met two (2) times during 2023 and expects to meet an additional two times during 2023, and four (4) times during 2024. Most meetings are conducted virtually; at least one meeting is held in person annually when the annual audit is received and reviewed. In all meetings, the Committee is able to continue its practice of engaging with senior staff members in executive session to ensure that candid conversations can occur regarding any legal, financial, or other risks to the organization, and receive regular updates on pending litigation.

The Committee also continued to monitor reputational risks to the organization. According to its chartered responsibilities, the Committee reviewed:

- Quarterly and annual financial statements, and the judgements and assumptions underlying them;
- The adequacy of the Society's internal controls especially for cybersecurity;
- The performance, and subsequent recommendation for the appointment, of the external auditing firm;
- The nature and scope of the proposed audit with the independent 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.

An unqualified opinion was received from the independent auditing firm, Grant Thornton, for the 2022 financial year. The Executive Council accepted these reports upon recommendation from the Audit Committee.

Major Projects in This Triennium Include

1. The Annual Review of the Audit Committee Charter

The Committee reviewed its charter and recent changes to New York State Law—where the Society is incorporated—on the role of the Audit Committees in Corporate Governance. After conducting the review, the Committee recommended changes to the Charter that included responsibility for reviewing the Society's risk management program, reputational and other, non-financial risks to the organization. The Executive Council accepted the recommended revisions to the Audit Committee's charter.

2. The Appointment of the External Auditor

In 2023, the Committee expects to recommend that Grant Thornton, LLP be appointed to complete an audit of the Society's financial statements for 2023. This recommendation will be forwarded to the Executive Council.

In 2024, the Audit Committee plans to conduct a comprehensive request for a proposal process for the possible selection of a new auditor for the 2025-2027 triennium. The selection criteria will be similar

to those used in a search conducted during 2017. Firms will be evaluated by criteria such as price, capability, financial stability, expertise, staff turnover, and industry reputation.

3. Enterprise Risk Assessment

The Committee continued to receive updates regarding a range of risks the Society faces. The Committee received reports on all insurance coverage purchased by the Society and received reports outlining practices to minimize risks associated with labor, property and information technology.