

2025 ANNUAL AUDIT COMMITTEE REPORT

Origin: Audit Committee

On behalf of General Council, the Audit Committee has carried out its assigned duties from 2019 through 2025. The audit committee focuses on:

- the quality of the financial information that is presented in the audited financial statements which are published in the Year Book and on the church website;
- the selection, remuneration, and the preservation of the independence of the external auditor, KPMG LLP, who was newly appointed during the 2022 auditor selection process; and
- monitoring overall risk management mechanisms and internal financial controls.

The committee is chaired by Robin Pilkey, CPA, CA, ICD.D; and five members appointed by the 44th General Council. They are: Randall Hobbs; Steven Lowden, CPA, CA; Andrew Spears, MPPM; Jane McDonald; Cathy Rushton, FCPA, CA, MBA. Pension Board member Darwin Bozek, FCPA, FCGA, ICD.D also served on this committee, along with appointed Pension Board Chair Anne Soh, FSA, FCIA, ICD.D attending as required. Staff support for the committee has been provided by the General Secretary, Michael Blair; Chief Financial Officer, Harry Li; Controller, Jing Huang and Mary Worrall. The committee primarily conducts its meetings electronically, four times per year. Notably, the external audit in 2025 was conducted as a hybrid audit, with the audit team visiting UCC's office one day a week.

Each year, the Audit Committee:

- approves the audit plans and fees proposed by KPMG LLP;
- receives the audit reports at completion;
- recommends approval of the audited financial statements of the National Accounts of The United Church of Canada, which include KAIROS: Canadian Ecumenical Justice Initiative, by the General Council Executive or Sub-Executive;
- recommends approval of the audited financial report of the Fund of the Pension Plan of The United Church of Canada to the Pension Board; and
- updates workplans and terms of reference documentation as needed.

In 2022, as part of our ongoing commitment to best financial governance practice, the audit committee conducted an audit service RFP process and a change in audit firm was made. The 2022 fiscal year marked the commencement of our partnership with KPMG LLP as our new auditing firm.

The 2024 fiscal year marked the third year with KPMG LLP, during which audit engagements for the National Account, Pension Plan, and KAIROS program were successfully completed, resulting in unqualified opinions (clean opinions) being issued to all three engagements. Following the initial audit conducted by KPMG LLP, the finance unit has continued to build on the recommendations provided, particularly in areas such as staffing, process documentation, and operational improvement. Over the past year, the team has made significant efforts to

strengthen internal practices, streamline workflows, and enhancing overall financial management operations.

With the leadership transition completed in July 2024 – Harry Li stepping into the Executive Office, Finance role after Erik Mathiesen’s retirement, the finance unit has sustained its momentum in strengthening its structure and processes. These ongoing improvements have positioned the team well to support the church’s evolving operational and strategic needs.

Remote work practices introduced during the pandemic remain in place, with staff currently working in the office one day per week. This hybrid model continues to support both productivity and flexibility. Looking forward, audit and financial processes are expected to become more digitally enabled, aligning with broader efforts such as shared accounting services across regions and ongoing initiatives to increase transparency and accessibility of financial information.

The Committee has engaged the ongoing refinement of an overall risk management framework for church operations to support a more comprehensive approach to risk assessment and mitigation. A particular focus has been the church’s investment in information technology (IT) system solutions and related security. The committee also receives updates on operational and reputational risk management efforts.