



**The United Church
of Canada
General Council**

GC44 2024 Annual Audit Committee Report

True Document Date: October 19, 2024

On behalf of General Council, the Audit Committee has carried out its assigned duties from 2019 through 2024, adjusting for pandemic related constraints. 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, Erik Mathiesen; Controller, Harry Li and Mary Worrall. The committee primarily conducts its meetings electronically, four times per year. Notably, the external audit has been conducted remotely since 2019.

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 2023 fiscal year marked the second 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 entities.

In accordance with the first-year audit requirements, a significant amount of effort was dedicated to reviewing the church's existing financial policy documentation practices and financial reporting processes. The fresh perspective from KPMG LLP has proven to be beneficial and has offered valuable suggestions and recommendations for the church to further enhance its financial management function.

The most significant recommendations from KPMG were related to areas including finance unit staffing level, process and policy documentation, and process enhancement. As the finance unit is going through a critical staff succession phase and a transformation exercise, the inputs from KPMG LLP's fresh perspective continue to be timely and valuable. Good progress in transition has been made, including succession planning for the Executive Officer, Finance role with Harry Li appointed July 1, 2024 following the retirement of Erik Mathiesen.

The pandemic has changed how works can be done with no exception to audit field works. It is now normal to conduct audits with auditors and finance staff working remotely. Looking ahead, we anticipate that the existing audit process will continue to become more technology-based to support evolving structural changes, such as the implementation of shared accounting services for some regions to achieve economies of scale. There will also be ongoing efforts to make church financial information more transparent and accessible.

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.

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