

## Sherry Lund and Carl Cheney

**To: Endorsers of the Audit Compliance and Accountability resolution and/or the Financial Reporting and Transparency resolution**

**From: Carl Cheney and Sherry Lund**

**DATE: Aug. 13, 2020**

**RE: Update on the Auditor and Financial Reporting and Transparency resolutions**

We are writing you because you endorsed one of both of the two resolutions we sponsored for the upcoming Diocesan Convention. Thank you for your endorsement(s). We want to update you on some important developments since they were submitted.

The submission of both resolutions resulted in very useful individual meetings with the CFO (Tom Ferguson), the Acting CFO as of Sept. 1 (Jim Forsyth, who was CFO prior to Tom and was previously the Auditor as well), the Treasurer (Brad Barber), and the Chancellor (Christopher Hayes).

**Audit Compliance and Accountability resolution.** We are both now satisfied that the recent long absence of a Diocesan auditor was a one-time occurrence, and was not the result of a systemic problem. We have withdrawn this resolution, but have written a report with recommendations and sent it to the people listed above. Quite separately, but happily, the Auditor position has now been filled, and the first eight congregational audits have been scheduled.

**Financial Reporting Transparency resolution.** This resolution has gone through many additional edits with the Finance team interview results and input from the Resolutions Committee. Our goals were threefold: 1) to maintain the original intent and strength of the resolution; 2) to not significantly add to the Finance team's workload; and 3) to make the accountability clear. The Finance team has already posted budgeted, actuals, and variances on the website for 2019 in what looks to be a much more useful format, which is great.

The resolution now specifies reporting budgeting, actuals, and variances for each line item and posting that information 30 days prior to Convention. It also specifies reporting YTD numbers for the quarter immediately preceding Convention (in our case Q3), which is required by the Canons. There was a significant surprise regarding the YTD numbers. The CFO, the Treasurer, the Budget Committee, and much of the hierarchy above them were not aware of this Canonical reporting requirement.

At the same time, the Canons specify a week in October when Convention must be scheduled. There is a functional conflict between the two requirements that needs to be addressed. We feel confident that the Finance team will seek a workable solution to the Canonical conflicts.

This year, it's not reasonable to expect Q3 numbers to be available 30 days, 15 days, or possibly even 7 days before Convention, so we merely said to provide YTD numbers "prior to Convention."

Acting CFO Jim Forsyth and Treasurer Brad Barber have now added their endorsements to the agreements we have worked out. Tom Ferguson is not endorsing any resolutions, since he will be retiring at the end of this month. Christopher Hayes does not endorse resolutions due to his Parliamentary role at Convention, but we have addressed his concerns. The most recent resolution language is now on the DioCal website: <https://www.diocal.org/2020-resolutions> We are in the process of updating endorser titles (Mr., Ms., Dr., etc., so you should, hopefully, see that update soon). At this point, we are awaiting the Resolutions Committee's final decision on which five resolutions will go forward. We have received positive feedback so far, are hopeful, and will keep you posted.

The pre-Convention Deanery meetings in August/September will be an excellent place to raise questions you may have about the new financial reports. Our intent is not to add burdensome discussion on small budget details during Convention, but to provide an opportunity to read through the financials, get questions answered by staff and committees in advance, and lead to an informed and meaningful vote at Convention.

We greatly appreciate your willingness to join together in strengthening us as a Diocese.

Warm regards and God bless—

Carl and Sherry