

AUDIT COMMITTEE REPORT  
DIOCESE OF THE WEST

To: His Grace, Bishop BENJAMIN  
Diocesan Assembly, Diocese of the West

From: Diocesan Internal Audit Committee

Date: April 27, 2012

Re: Financial Audit of 2011 Financial Records

The Audit Committee of the Diocese of the West met on April 26, 2012, at Holy Trinity Cathedral, San Francisco, California to audit the financial accounting records of the Diocese of the West for the calendar year 2011.

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#### Audit Findings

1. The diocesan financial records are in good order. Mary Caetta, diocesan treasurer, does a fine job of filing and maintaining the large number of relevant records, invoices, receipts, etc. She has arranged all financial records in a logical manner which makes a review and audit an easy process.
2. The diocesan cash in the balance sheet represents the financial position at the various banking institutions.
3. We discussed the manner in which monies are received and deposited into diocesan accounts with Andrew Smith, diocesan administrative assistant. Mary and Andrew work well together and monies received are handled in an efficient and timely manner.
4. We reviewed the audit committee findings from last year's internal audit and found that one recommendation has not been addressed. Last year's audit report reads:

“Issue: There is no supporting documentation for the payments made for the Diocesan medical insurance payments other than an email requesting payment. The checks from the Diocese are not made out to Kaiser directly

but instead to the Pacific Central Deanery. There could also be a risk that, should the payment fail to be made at the deanery level, coverage could be stopped. Recommendation: A review of the process for managing the Diocesan medical insurance program. We also recommend that Kaiser send the bills directly to the insured for payment. That way there is proof that the medical insurance is being paid.”

Recommendation: That the diocesan chancellor be entrusted with the task of seeing that last year’s recommendation is implemented and that Kaiser billing and payment received documentation be provided to the diocesan treasurer.

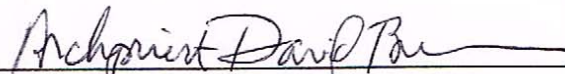
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Task List for the External Auditor

1. Validate loan amounts with loan recipients to confirm that their records agree with the loan amounts recorded in diocesan records.
2. Conduct a general review of the diocesan financial records.

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The Diocesan Audit Committee wishes to once again commend Mary Caetta for a job well done as well as for her many years of dedicated service to the Diocese of the West.

  
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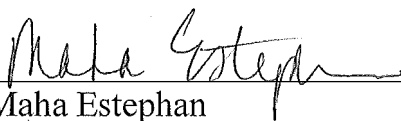
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