

Management Comment
Submitted 1/15/15
responding to the
Report of the Audit Committee of the
Presbyterian Church (U.S.A.) Mission Agency [PMA] Board
and Presbyterian Church (U.S.A.), A Corporation [PC(USA)]
to the PMA Board of Directors
December 15, 2014

Background:

In March, 2014, Executive Director Linda Valentine directed the Internal Audit Department to review the \$287,000 net loss¹ for the 2013 Presbyterian Youth Triennium (PYT). As described in the Audit Committee report, at its April 2014 meeting the committee directed that Internal Audit perform an Internal Audit of the event and report its results to the committee. The staff of the Mission Agency appreciates the work of the Internal Audit Department and the board's Audit Committee in order to strengthen the stewardship, transparency and accountability of the organization.

This comment seeks to provide a preliminary description of the work initiated by the staff of the Presbyterian Mission Agency, particularly within the Evangelism and Church Growth (ECG) mission area and, more specifically, within the youth ministries office, to address the financial and related compliance issues which have arisen since the Executive Director's initial review request in March, 2014. A more detailed response will be provided to the audit committee and board by March 31, 2015.

Addressing Specific Concerns:

The staff planning for the 2016 PYT is working diligently to address the specific compliance issues identified in the audit, some of which contributed to the net loss for the event. The Mission Agency contracted with consultant Simon Park in October, 2014, to help set up systems within ECG, including ones that will ensure compliance with the policies mentioned in the report of the Audit Committee. Decisions concerning the specific concerns raised in the audit have already been made in order to achieve greater compliance for 2016. Perhaps most importantly, this upcoming conference will not outsource Conference Planning Services, and will instead use PCUSA in-house registration and accounting systems. Contracts will be in place for all external work completed. Staff will work through Information Technology for all computer purchasing. The website will be part of presbyterianmission.org. All policies regarding hiring and contracts will be followed, and all financial results will be tracked much more closely.

Addressing General Concerns:

The PYT staff is working more closely with support services such as Legal/Risk Management and Finance/Accounting to ensure compliance in all areas, beyond the ones identified in the

¹ The 2013 Triennium budgeted \$2,275,575 for all revenue, and instead actually received \$2,362,500. The expense budget was \$2,050,813, and instead actually spent \$2,649,713. Actual spending was \$287,213 higher than actual revenue.

internal audit. Plans are being made for a financial manager (coordinator of “mission effectiveness”) for Evangelism and Church Growth to succeed Simon Park later this year. The continuation of work on financial and system analysis will be critical to assuring a culture of strong stewardship and compliance throughout this ministry area. The staffing structure of both the youth triennium and the mission area as a whole will be examined to ensure that an optimal mix between program staff and support staff has been put into place. Any changes in staffing would be initiated by the end of the second quarter of 2015.