

Members of the Finance and Budget Advisory Team  
The Synod of the Trinity  
Presbyterian Church (U.S.A.)

In planning and performing our audit of the modified cash basis financial statements (financial statements) of The Synod of the Trinity (Synod) as of and for the year ended December 31, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the Synod's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Synod's internal control. Accordingly, we do not express an opinion on the effectiveness of the Synod's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. This letter does not affect our report dated June 1, 2017 on the financial statements of the Synod.

We have already discussed these comments and suggestions with various Synod personnel. We will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and the use of management, members of the Finance and Budget Advisory Team, and others within the Synod, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Maher Duessel*

Harrisburg, Pennsylvania  
June 1, 2017

## **RECORDING OF INVESTMENT ACTIVITY**

The Synod maintains several investment accounts. In order to record activity for these investment accounts, the Synod records transactions through interfund transfer accounts. However, there were unallocated balances in these accounts as of December 31, 2016. We recommend that the Synod properly allocate the activity of these accounts and net the balances to zero at year-end.

## **UTILIZING ESTABLISHED CREDIT CARD POLICY**

The Synod has a credit card policy in place requiring, among other items, that the statements must be approved by the credit card holder prior to submission with receipts to the bookkeeper and that all meal/entertainment receipts include a description of the business purpose.

During testing of the credit card statements, it was noted that there were two statements that were not initialed by the credit card holder prior to submission to the bookkeeper, three transactions that did not have descriptions attached to the credit card statement, and four transactions that were posted to an improper general ledger account. We recommend that the Synod follow the established credit card policy.

## **DEVELOPING A TECHNOLOGY DISASTER RECOVERY PLAN**

An information technology disaster recovery plan describes the procedures necessary to recover from an abnormal disruption in computerized operations. The objectives of disaster recovery are: to ensure that the Synod's information technology personnel are sufficiently prepared and trained in the event of a disaster; to minimize the effects upon the Synod's other operations; and to establish an alternate means of restoring normal information technology operations within a short period of time. The scope of a disaster recovery plan should cover the following issues:

- Identification of critical information technology systems relevant to the daily operations of the Synod
- An assessment of the vulnerability and security of each critical information technology system
- Disaster declaration and notification procedures and assignment of responsibilities to personnel
- Procedures for restoration of critical information technology systems
- Back-up and storage procedures for critical information technology systems including the maintenance of offsite back-ups
- Any required testing of the plan's disaster recovery procedures to ensure that the plan will function as intended
- An inventory of all critical information technology assets
- A list of employee and vendor contacts

There is no written disaster recovery plan for the Synod's network and servers. We recommend that the Synod prepare a written disaster recovery plan that covers all information systems under the Synod's control.

The Synod has a policy that requires employees to change their computer login password every 365 days. However, there is no policy to change the passwords into the accounting software. We recommend that the Synod update their policy to require password changes for the accounting software.

## **PENDING ACCOUNTING PRONOUNCEMENT**

### **Financial Statement Presentation**

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, "*Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*," which aims to improve how a nonprofit organization classifies its net assets and provides information in its financial statements and notes about its financial performance, cash flow, and liquidity. ASU No. 2016-14 changes the net asset classification, requires presentation of expenses both by nature and function, requires investment return reported net of investment expenses, requires placed-in-service approach for gifts of/for long-lived assets, and provides enhanced disclosures for: governing body restrictions; composition of net assets with donor restrictions; qualitative and quantitative information on liquidity; methods to allocate costs among program and support functions; and underwater donor-restricted endowment. The changes in the standard are effective for annual financial statements issued for fiscal years beginning after December 15, 2017.