

AGENDA 2.1.5

Appointment of ALWS auditor

PROPOSED MOTION

Submitted by Australian Lutheran World Service Board

PROPOSED THAT the General Synod approves the extension of the appointment of the MRL Group as auditor of ALWS until 30 April 2024.

REASON FOR PROPOSAL

1. The ALWS Constitution 2021 Clause 9.7 indicates that the ALWS Board will nominate an independent auditor for approval by the Church for a three-year term.
2. The MRL Group has audited ALWS for 8 years commencing in 2011, with one more year remaining in the agreement period (through April 2022).
3. ALWS is preparing for re-accreditation with the Department of Foreign Affairs and Trade.
4. The ALWS Board has recently established a Finance Audit and Risk Committee, which has received advice from an external accreditation advisor, on its plans for rotation and tendering for audit firms.
5. The ALWS Board proposes that the MRL Group's current term be extended from three to five years, for several reasons:
 - a. **Timing:** Evaluating expressions of interest and nominating a future auditor in early 2021 for Convention of Synod decision in Sept 2021 is 18-20 months away from when the next auditor's appointment would commence. Much can change between now and then. By extending the current term and requesting expressions of interest from audit firms in early 2024, we align the timing better with Synod year 2024 and ensure the appointment decision by Board and Synod is within months of auditor commencement.
 - b. **Aid Sector Knowledge:** Given the turnover of the ALWS Board in 2020 and with the new FAR Committee commencing in 2021, it is desirable to have on hand an auditor experienced with ALWS financial systems, challenges and risks with financial flows overseas, and Public Benevolent Institution (PBI) and Deductible Gift Recipient (DGR) status regulations.
 - c. **Value for Money/Managing Risk:** MRL Group has prepared a letter outlining their plans if extended through 2023, including fees deemed to be appropriate, the additional value their services will bring, and how they will manage any risk of over-familiarity, including internal rotations of the team assigned to ALWS.
6. In summary, the ALWS Board is satisfied with MRL Group's audit performance, which has led to continuous improvement in financial and risk management. ALWS has also valued the pro-bono advice and services provided from time to time, including during COVID-19.
7. Extending the current auditor arrangement by two years provides the ALWS Board with the continuity, certainty, quality assurance and support required as it transitions its governance structure, achieves re-accreditation and enters a new strategic planning period.
8. The GCB considered this matter at its May 2021 meeting and supports this proposed approach.