

**Richardson
Pennington
& Skinner, PSC**

C E R T I F I E D P U B L I C A C C O U N T A N T S

William A. Talley
Jon D. Chesser
Bob E. Wientjes

Kentucky Offices:
Louisville
Brandenburg
Bardstown

To Board of Trustees
and Management of the Trustees and Council of the Protestant
Episcopal Diocese of Kentucky, Trustees of the Bishop Dudley
Memorial and Episcopal Housing Corporation

In planning and performing our audit of the financial statements of the Trustees and Council of the Protestant Episcopal Diocese of Kentucky, Trustees of the Bishop Dudley Memorial and Episcopal Housing Corporation (collectively "the Diocese") as of and for the year ended December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Trustees and Council of the Protestant Episcopal Diocese of Kentucky, Trustees of the Bishop Dudley Memorial and Episcopal Housing Corporation (collectively "the Diocese")'s internal control over financial reporting (internal control) as a basis for designing our auditing 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in Trustees and Council of the Protestant Episcopal Diocese of Kentucky, Trustees of the Bishop Dudley Memorial and Episcopal Housing Corporation (collectively "the Diocese")'s internal control to be significant deficiencies:

- Due to the limited number of personnel, the Diocese has not established an adequate segregation of duties. Individuals in the accounting department have the ability to initiate transactions, record the transactions, and reconcile the related accounting records.
- The Diocese's accounting software should be used as the preparation tool for the year-end financial statements and interim financial statements. Having to take account balances from the accounting software and importing them into an excel spreadsheet to prepare the financial statements can lead to inaccurate financial statement data.

This communication is intended solely for the information and use of management, the Board of Trustees, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Richardson, Pennington & Skinner, PSC.

Richardson, Pennington & Skinner, PSC
Louisville, Kentucky
August 16, 2013