

Diocese of the Midwest -

Audit findings: August 7-8, 2017

The Diocesan Audit Committee performed a routine audit of the Operating Account, Checking Account, Credit Card Activity, Investment Accounts and Payroll Records of the Diocese of the Midwest for the periods of July – December 2016 and January - June 2017. The audit was conducted as a select review of financial activity and presentation for the months of July and October 2016, and February and April 2017, by verifying check stubs, receipts and reports. This audit is not governed by accepted auditing standards.

Effect of 2016 Recommendations:

- Recommendation: *The Auditors recommend that a procedure be established to follow-up on checks remaining uncashed after 90 days.*
 - There is no indication that uncashed checks are being reviewed. There is an outstanding check from 2013 that remains uncashed and has not been voided and the funds credited back to the account. A 2015 uncashed check was re-issued, however, the original check is still being carried as 'open'. Additional checks from 2015 and 2016 remain open.

From 2015:

- Recommendation: *As per the Financial Audit Guidelines of the Midwest Diocese, it is recommended that Diocesan Council establish a written policy for Financial Record Retention, Security and Destruction.*
 - It is noted that the Diocesan Assembly has approved policy and procedure, however, the detailed written document has not been completed.

2017 Findings and Recommendations are as follows:

Checking Account:

Verified Checking Account balances to Balance Sheets for each period audited

Account balances were confirmed and reconciliation was reviewed. The following items were noted:

July 2016:

- Outstanding checks -
 - #12516 12/11/13 \$500.00 Archangel Michael Orthodox Church
 - Not cleared through July, 2017
 - #13093 4/21/15 \$280.00 OCA Pension Fund

- This is a re-issue of an original check #13078 4/2/15 reported lost
 - The original check, #13078, was deposit and cleared 6/25/15
 - The re-issue, #13093, should be indicated as VOID and the Bank Reconciliation should be corrected
-
- #13208 8/31/2105 \$200.00 Roosien
 - Not cleared through July, 2017

 - #14134 10/13/2016 \$132.27 Frase

October 2016:

- No issues noted

February 2017:

- No issues noted

April 2017:

- No issues noted

All items identified as “Outstanding Checks” were confirmed to remain outstanding through June 2017.

Credit Card Statements:

All statements reviewed were found to be complete. Receipts were present and accounted for.

July & October 2016; February & April 2017:

- No Issues

Payroll:

Payroll was reviewed for the 12-month period of January to December of 2016.

1099-Misc forms were confirmed to the Profit & Loss Statement. Due to the accrual system of accounting, it is difficult to confirm all forms.

- No Issues

It is noted that a January 2017 contractor payment, issued in December of 2016 was not included on the 1099 for 2016. Caution is urged for the end of 2017 to ensure that the 2016 payment issued is included in the 2017 1099.

Investment Accounts:

- Verified Investment Account Statements to Balance Sheets for each period audited
- Balances were checked on the original sheets from the bank/brokerage firms and totals were verified to reports submitted by the Treasurer and Bookkeeper
- *We were unable to verify the April Balance Sheet so we expanded our research to March and May 2017. There is a discrepancy in the fund totals that requires a review by the Bookkeeper. At this time, the fund balances could not be verified.*

U. S. Savings Bonds:

- Verified Savings Bond Values to Balance Sheets for each period audited
- We verified the bonds: three \$10,000.00 bonds purchased in October of 1992. Original purchase cost: \$5,000 each; total: \$15,000
- Value, as of April 2017, \$16,680 each for a total of \$50,040. The Balance Sheet does not reflect the interest issued as of April 2017.
- Accrual of interest occurs at six month intervals – April and October

Recommendations:

- **Recurring:** The Auditors recommend that a procedure be established to follow-up on checks remaining uncashed after 90 days.

Once again, we would like to thank Philip Sokolov and Rob Koncel for their cooperation and assistance during the audit. We are pleased to be working with Greg Hostelley, who has replaced Polly Walker in the position of Bookkeeper.

Our appreciation to Polly Walker for her guidance, assistance and process development over the years as our Bookkeeper.

Respectfully submitted,
Diocesan auditors

Judi Wienclaw

Samuel F. Jacob

Frank Tkacz