

## **Diocese of the Midwest -**

### **Audit findings: August 18-19, 2014**

The Diocesan Audit Committee performed a routine audit of the Operating Account, Checking Account, Investment Accounts and Payroll Records of the Diocese of the Midwest for the periods of July – December 2013 and January - June 2014. The audit was conducted as a select review of financial activity and presentation for the months of July and November 2013, and February and June 2014, by verifying check stubs, receipts and reports. This audit is not governed by accepted auditing standards.

Recent Audits have utilized a new process that allows forms and reports to be shared electronically. A request was made by the 2013 Audit Committee and shared with the Assembly specifying the information required for a through audit and the due date for that information.

**The 2015 audit will take place in early August, 2015**, as has been the practice for 5+ years.

### **2013 Recommendations:**

- All credit card charges must be supported by receipts detailing the items purchased, date, and cost. Detailed descriptions need to be provided for all charges for which the receipt is not explicit.

This recommendation by the auditors has been requested for the past six audits. It is imperative that use of the Diocesan Credit Card be supported by receipts. Also, travel expenses, including who was in attendance for a meal and the business purpose of the meal, should be identified on or attached to the receipt.

- Semi-annual documentation is required for audit purposes by July 31<sup>st</sup> of the current year. This includes all reports that are submitted to the Diocesan Council for meetings, Diocesan Council Minutes (including attachments), Treasurer's Reports (including Balance Sheet, P&L) and other informational or financial documents and reports. (Addendum I)

### **2014 Findings and recommendations are as follows:**

#### **Checking Account:**

Account balances were confirmed and reconciliation was verified.

July 2013:

- No issues

November 2013:

- No issues

February 2014:

- Check #12574 Fr. John Zdniak; Check stub not on file for telephone expense of \$75.00, check has cleared the bank and signature is on file.

June 2014:

- No issues

## Credit Card Statements:

- Receipts which support purchases frequently do not identify the reason for the purchase. This should be included to enable proper categorization of expenses. Receipts were not available to support the use of the Diocese credit card as follows:

July 2013:

PURCHASE DATE	RETAILER	AMOUNT
6/20/13	Home Depot	85.64
06/19/13	Home Depot	47.64
6/19/13	Rolling BPOL	35.56
6/14/13	Holiday Inn	29.10
6/20/13		3.70
6/27/13	Office Depot	61.48
6/4/13	Phillipe Seafood	2.14
6/7/13	Southwest Air	451.80
6/16/13	Carmine	92.90
6/12/13	Greyhound	229.50

November 2013

PURCHASE DATE	RETAILER	AMOUNT
10/29/13	Norton Supplies	42.89
10/7/13	Popolano's Restaurant	6.99
10/9/13	Sleep Inn	176.96
10/8/13	Circle K	40.00
10/17/13	Metro Parkway	100.00
10/8/13	Comfort Inn	99.68
10/9/13		199.36
10/9/13		199.36
10/7/13	U Food	2.14
10/08/13	Alamo Car	152.06
10/8/13	CLE Hopkins	28.00
10/7/13	Popolano's Restaurant	400.04
10/7/13		111.94
10/8/13	Comfort Inn	99.68
10/23/13	One Travel	99.99
10/24/13		11.95
10/24/13	Air Tran Air	611.80

February 2014:

PURCHASE DATE	RETAILER	AMOUNT
2/1/14	Gordon's Hardware	16.38
1/9/14	Midway Airport	18.03
1/11/14	US Taxi	130.00
1/27/14	Ramada Plaza	60.00
2/2/14	Sportsman Hotel	196.36
1/13/14	Peets	20.43
1/16/14	Office Max	6.11
1/10/14	CLE Hopkins	31.00
10/24/13	Air Tran Air	611.80

June 2014:

PURCHASE DATE	RETAILER	AMOUNT
5/6/14	Chicago Collections	170.00
5/7/14	Chicago Parking Ticket	100.00
6/1/14	Barkeyville Travel	41.25
5/8/14	Southwest Air	550.50
5/8/14	Southwest Air	199.50
6/3/14	Gas/Shop	3.12
6/3/14	Alamo Car Rental	210.84
6/3/14	Stoney Creek Inn	92.34
		92.34

## Payroll:

Payroll was reviewed for the 12-month period of January to December of 2013.

1099-Misc forms were confirmed to the Profit & Loss Statement. All were correct.

The following issues were found:

- 2013 W2s were not available for review.

Resolution of 2013 audit discrepancy:

- The discrepancy for W2s that were issued for the years ending 2012 and 2011 that did not match the year-end balance sheet was defined as unique IRS requirements for clergy.

## Investment Accounts:

- Balances were checked on the original sheets from the bank/brokerage firms and totals were verified to reports submitted by the Treasurer and Bookkeeper
- Reports were reviewed and checked.

## **U. S. Savings Bonds:**

- We verified the bonds: three \$10,000.00 bonds purchased in October of 1992.
- Value, as of June 30, 2014, \$14,808 each for a total of \$44,424

## **Recommendations:**

### **Reiteration from 2013 recommendations -**

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Respectfully submitted,  
Diocesan auditors;

Samuel F. Jacob  
Frank Tkacz  
Judi Wienclaw

## Audit Committee Requirements

Date Due: Annually July 31<sup>st</sup>

To be deposited in DROP BOX folder on internet

### Bookkeeping & Accounting Services –

#### \*P&L Statements

December 31 prior year

June 30 current year

#### \*Balance Sheet –

December 31 prior year

June 30 current year

#### Checking Account Statements –

July through December prior year

January through June current year

#### Checking Account Reconciliation –

July through December prior year

January through June current year

#### \*Payroll Records –

\*Salary Spreadsheet – indicate date and amount of changes in wages if applicable

#### \* 1099 Vendor Summary

July through December prior year

January through June current year

#### \* 1099s issued –

December prior year

#### \*W2s issued –

December prior year

#### Investment and Securities Statements –

July through December prior year

January through June current year

### Treasurer –

#### Investment Information –

##### Summary –

December 31 prior year

June 30 current year

##### Reconciliation –

December 31 prior year

June 30 current year

#### Loan Balance –

December 31 prior year

June 30 current year