

## Diocese of the Midwest -

### Audit findings: June 22-23, 2015

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 2014 and January - March 2015. The audit was conducted as a select review of financial activity and presentation for the months of September and November 2014, and January 2015, by verifying check stubs, receipts and reports. Due to the early date of the Diocesan Assembly, scheduled for July 2015, this audit represents only three quarters for the audited period. This audit is not governed by accepted auditing standards.

The 2016 audit will encompass the last nine months of 2015 and the first six months of 2016.

### Effect of 2014 Recommendations:

- Recommendation: *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.*

Result: Support for the charges to the Diocesan Credit Card has been addressed by all card holders. Details are in the Findings Section of this report.

- Recommendation: *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)*

Result: Preparation for the 2015 Audit was timely and complete.

### 2015 Findings and Recommendations are as follows:

#### Checking Account:

Account balances were confirmed and reconciliation was reviewed.

September 2014:

- Checking Account Reconciliation indicates an outstanding Invoice for \$509.33 to St. Matthew, Green Bay WI. Submitted to St. Matthew Church for March Assessment Check returned due to a change in account numbers.

Payment was completed by St. Matthew Church on Ck# 4914, August 2014, \$521.33, March Assessment plus \$12.00 fee repayment, totaling \$521.33. The check was deposited to the Diocesan account on August 28, 2014. The account reconciliation indicates the payment is still outstanding.

November 2014:

- The above invoice from St. Matthew Church is still indicated as an Un-cleared Transaction in the Account Reconciliation.

January 2015:

- The above invoice from St. Matthew Church is still indicated as an Un-cleared Transaction in the Account Reconciliation.
- Check #12923 was listed as cleared in January but was not in bank documents for that month. In reality, Check #12922 was cleared in January but posted as cleared in December when reconciliation was completed. Upon investigation, check #12923 was found to have cleared in December.

## **Credit Card Statements:**

All statements reviewed were found to be complete. All required documentation was present.

September 2014:

No Issues

November 2014:

No Issues

January 2015:

No Issues

## **Payroll:**

Payroll was reviewed for the 12-month period of January to December of 2014.

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

The following issues were found:

- 2014 W2s were reviewed but the Auditors were unable to reconcile the information to the Profit & Loss Statement.

The Auditors will work with the Bookkeeper to establish a procedure to confirm the accuracy of the W2s each year.

## **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 March 31, 2015, \$15,104 each for a total of \$45,312.

## **Recommendations:**

- The Auditors recommend that the Finance Committee investigate options to re-invest the Morgan Stanley and Fidelity Securities funds with the intent of increasing the interest produced by the monies.
- 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

In follow-up with the Bookkeeper, issue regarding the outstanding invoice, noted above, has been resolved as of the date of this printing.

Once again, we would like to thank Philip Sokolov for his assistance.

Respectfully submitted,  
Diocesan auditors;

Frank Tkacz  
Judi Wienclaw  
Samuel F. Jacob

## 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