

## Diocese of the Midwest -

### Audit findings: August 29-30, 2016

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 April – December 2015 and January - June 2016. The audit was conducted as a select review of financial activity and presentation for the months of June, September and December 2015, and March and May 2016, by verifying check stubs, receipts and reports. This audit is not governed by accepted auditing standards.

### Effect of 2015 Recommendations:

- Recommendation: *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.*
  - It is our understanding that the Finance Committee has moved forward on this recommendation and is in the process of establishing accounts for this purpose.
- 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 has been determined that some procedures have been suggested, however, no written policy has been developed. It is the understanding of the Auditors that records are being reviewed, cataloged, and securely destroyed based on that suggestion. We recommend that the Diocesan Council adopt a formal document, perhaps something that can be used at the parish level as well.

### 2016 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:

June 2015:

- Outstanding checks -
  - #12516      12/11/13      \$500.00      Archangel Michael Orthodox Church
    - Not cleared through July, 2016
  - #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

September 2015:

- Outstanding checks –
  - #13208      8/31/2105      \$200.00      Roosien
    - Not cleared through July, 2016

December 2015:

- No issues noted

March 2016:

- No issues noted

May 2016:

- Outstanding checks –
  - #13956                      5/24/2016      \$70.35      Anastos
    - Not cleared through July, 2016

All items identified as “Outstanding Checks” were confirmed to remain outstanding through July 2016.

## Credit Card Statements:

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

June 2015:

- No Issues

September 2015:

No Issues

December 2015:

No Issues

March 2016:

No Issues

May 2016:

No Issues

## Payroll:

Payroll was reviewed for the 12-month period of January to December of 2015.

1099-Misc forms were confirmed to the Profit & Loss Statement. Due to the accrual system of accounting, it is difficult to confirm all forms. This year, because of direction we received from the Bookkeeper, we were able to understand differences that we noted.

- No Issues

## 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
- Reports were reviewed and checked.

## 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 August, 2016, \$16,032 each for a total of \$48,096
- Accrual of interest occurs at six month intervals – April and October

## Recommendations:

- 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, Polly Walker and Rob Koncel for their cooperation and assistance during the audit.

Respectfully submitted,  
Diocesan auditors;

  
Frank Tkacz

  
Judi Wienclaw

  
Samuel F. Jacob