

Diocese of the Midwest

Audit findings: September 20-22, 2021

Due to the Coronavirus Pandemic, an audit was not performed during the 2020 calendar year. During 2021, a two-year audit was completed.

The Diocesan Auditors 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 2019, January – June 2020, June – December 2020 and January - June 2021. The audit was conducted as a select review of financial activity and presentation for the months of September and November 2019, February and May 2020, August and December 2020, and February and April 2021 by verifying check stubs, receipts and reports. This audit is not governed by accepted auditing standards.

Effect of 2019 Recommendations:

Recurring: The information required for the audit should be deposited into Dropbox for review no later than July 31st as outlined in the Audit Committee Requirements provided to the Accounting Firm and Treasurer.

Completed: The entries on the Balance Sheet for Investments and Savings Bonds should be confirmed and updated as of the next monthly closing.

Recurring: W2's were not able to be reconciled to the P & L provided. More detailed information is required.

2021 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:

Unable to locate proof of payment (check stubs):

No Issues noted in any of the months reviewed

As of June 2021, the following checks remain uncashed:

#15719	All Saints of North America	12/10/20	\$ 1500.00
#15717	Fehr	12/10/20	\$ 1000.00

Credit Card Statements:

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

All Time Periods:

- No Issues noted

It is noted that one of the credit card statements from Bank of America that were reviewed had late fees assessed. More attention needs to be placed on paying all bills by the statement due date.

Payroll:

Payroll was reviewed for the 12-month period of January - December 2019 and January - December 2020.

- W2 documents were in order.
- 2019 - 1099-Misc corrected forms were in order.
- 2020 – 1099-NEC¹ were in order.

Investment Accounts:

- Investment Account Statements were compared to Balance Sheets for each period audited
- Balances were checked on the original statements from the bank/brokerage firms and totals were compared to reports submitted by the Treasurer and Accounting Firm and no discrepancies were found.

U. S. Savings Bonds:

We verified three bonds with a face value of \$10,000.00 each. Purchase date of October, 1992. Original purchase cost was \$5,000 each; total: \$15,000. Note: Maturity date is October 2022.

- Compared Savings Bond Values ascertained from www.treasurydirect.com to Balance Sheets for each period audited.
- Value, as of June 30, 2021, \$19,540 each for a total of \$58,620. The 06/2021 Balance Sheet reflects an accurate value.
- Accrual of interest occurs at six-month intervals – April and November

Recommendations:

- To enable a thorough review of the P&L entries for Contract Pay (1099-NEC) the Line Item Detail of the year-end Profit & Loss Statement will be required for stipends paid. These items are sometimes split between multiple payees and this information will enable accurate confirmation of 1099-NEC amounts.

Action Items:

From Prior Report:

Rob Koncel, Diocese of the Midwest Treasurer, will contact Innercircle LLC and provide information and instructions regarding investment fund reporting. – COMPLETED

Current:

Audit Team will update the Audit Requirements Document to include the P&L Line Item Detail for the Contract Payroll accounts. (attached)

We would like to thank His Eminence Archbishop Paul, Philip Sokolov, Rob Koncel and Cheryl Hostelley, InnerCircle, LLC for their cooperation and assistance during the audit.

Respectfully submitted,
Diocesan Auditors

Judith Wienclaw
Samuel F. Jacob
Frank Tkacz

¹ Effective January 1, 2020, The Internal Revenue Service has stipulated a for 1099-NEC (Non-Employee Compensation) for reporting payments to contract employees

Audit Committee Requirements

Due: Annually July 31st

To be deposited in DROP BOX folder on internet

Bookkeeping & Accounting Services –

P&L Statements

December 31 prior year

June 30 current year

NEW Line Item Detail for Payroll Accounts
9/21

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