

Diocese of the Midwest -

Audit findings: September 11-13, 2023

The Diocesan Auditors performed a routine audit of the Operating Accounts, Checking Accounts, Credit Card Activity, Investment Accounts and Payroll Records of the Diocese of the Midwest for the periods of April - December 2022, January – June 2023. The audit was conducted as a select review of financial activity and presentation for the months of April, September and November 2022, February and May 2023 by verifying check stubs, receipts and reports. This audit is not governed by accepted auditing standards.

Effect of 2022 & Prior Recommendations:

Completed: *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. The information required was timely deposited in Dropbox.*

Completed: *W2's were not able to be reconciled to the P & L provided. More detailed information is required. A salary summary and the 1099 vendor summary were not provided to us for the whole year by the accountant. There were 2 missing support documents for which verbal explanation was received.*

Recurring: All financial statements, credit card statements, receipts, etc. should be kept onsite at the DOM Chancery and made available for review by the auditors. NOT BEING FOLLOWED IN 2022-2023 Audit Period.

Recurring: Bills need to be paid by the due date to avoid penalties and finance charges. A BOA credit card statement was accessed a late fee on 12-3-2021.

2023 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:

No issues noted in the following months:

April 2022
September 2022
May 2023

Duplicate payment

February 2023 – Ck # 16198 \$1,200 issued and cleared, 2nd request received and paid online August 2023

Question concerning Zelle Transfers:

The following transactions have no supporting documentation:

May 2023 - \$8000 transferred into the General Checking Account

June 2023 - \$1000 transferred into the General Checking Account

Issues noted in the following months:

November 2022

General Checking Account – No issues

Burbank Property Checking Account – No statement available

Mother Maria Checking Account – No statement available

Credit Card Statements:

Statements for the selected months were reviewed and found to be incomplete. Receipts were not available for the majority of the charges created. This is the case for all months selected. This is in violation of motion passed at the 2014 Diocesan Assembly. Due to the unauditable condition of the specific audit months, a spot check of other months was done and found to also be unauditable.

April 2022: A Late Fee of \$49.00 was assessed as well as a Finance Charge of \$105.71 due to the late payment. 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 2022 and January - June 2023.

- W2 documents were in order.
- 1099 NEC forms were compared to the Balance Sheet. Five 1099s were issued with no documentation provided for the reason. It was later found to be Construction payments.

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:

- The Savings Bonds were cashed as recommended and funds deposited to an interest-bearing account.

Recommendations:

- To enable a thorough review of the P&L entries for Contract Pay (1099-NEC) the 1099/1096 Summary Report must include all 1099/1096s issued. Detail of the year-end Profit & Loss Statement will be required for Payroll items.

- Per the “Parish Financial Audit Guidelines Diocese of the Midwest, Orthodox Church in America” all the records, receipts, checks, and files are to be kept at the Chancery.
- Per the Motion passed at the 2014 Diocese of the Midwest Assembly, credit card receipts are required to be submitted for every purchase on the Diocesan credit card and should be filed with the credit card statements.
- All contract workers, i.e. the Diocesan bookkeeper are to be paid on a 1099, not a W-2 per IRS regulations.
- It is noted that checks should be issued from the Chancery to ensure one master set of records. All invoices, and necessary documentation is to be attached to the respective check stub.
- Finance Committee should review the General Checking Account balance to determine if some of the funds carried from month-to-month could be transferred to an interest-bearing account.
- Memo line on checks should be completed at the time the check is written, with explanation in the notes area of the check stub.
- It is unconscionable that records, receipts were not made available to the auditors after they were requested via emails prior to the Audit, and that recommendations made by the auditors at past Assemblies are not being followed.

Action Items:

From Prior Reports:

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

Rob Koncel will contact InnerCircle LLC for clarification regarding 1099-Misc reporting to date. -- COMPLETED

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

Current:

Audit Team will update the Audit Requirements Document to include the credit card receipt notation. (see attached) -- COMPLETED

All Financial documents, checks, receipts, and statements should be returned to the Chancery premises for security and accessibility.

The Diocesan Council shall review and establish the recommendations as noted above.

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

Respectfully submitted,
Diocesan Auditors

Judith Wienclaw
Samuel F. Jacob
Reader Frank Tkacz

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

Line Item Detail for Payroll Accounts

*Balance Sheet –

December 31 prior year

June 30 current year

*Checking Account Statements & Reconciliation –

July through December prior year

January through June current year

NEW *Credit Card Account Statements & Receipts–

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