

Diocese of the Midwest -

Audit findings: August 25-28, 2024

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 July - December 2023, January – June 2024. The audit was conducted as a select review of financial activity and presentation for the months of October & December 2023 and March & May 2024 by verifying check stubs, receipts/invoices and reports. This audit is not governed by generally accepted auditing standards.

Effect of 2023 & Prior Recommendations:

Complete: *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.* Documents were available for the audit and are now being maintained in the Chancery.

Complete: *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.* No penalties or finance charges were noted in the months reviewed.

Complete: 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.

Complete: *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.* Documentation for 2023-2024 Audit was available at the Chancery.

Recurring: 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.

Complete: All contract workers, i.e. the Diocesan bookkeeper, are to be paid on a 1099, not a W-2 per IRS regulations.

Complete: It is noted that checks should be issued from the Chancery to ensure one master set of records.

Recurring: All invoices, and necessary documentation is to be attached to the respective check stub.

Complete: 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.

Complete: Memo line on checks should be completed at the time the check is written, with explanation in the notes area of the check stub.

Improved: *In prior years, most records, and 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 Assembles are not being followed.* In the 2024 Audit all available records were at our disposal.

2024 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:

Issues noted in the following months:

Transaction	Amount	Date	Payee	Issue
Debit	\$109.22	3/8/2024	TTSG	no receipt
Debit	\$325.00	5/20/2024	Stripe	no receipt
Debit	\$1,111.60	10/6/2023	FOS	no receipt
Debit	\$747.59	10/23/2023	Hartford Insurance	no receipt

Randomly noted issues

#16261	\$2,400.00	7/19/2023	Bronislav Vovanovic	no receipt
#16262	\$300.00	7/19/2023	Tom Melvin	no receipt

Outstanding >6 months

#16243	\$1,000.00	12/30/2022	St Raphael of Brooklyn	still outstanding*
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*Uncashed checks greater than 6 months should be re-issued or voided.

Credit Card Statements:

Statements for the selected months were reviewed and again 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 the motion passed at the 2014 Diocesan Assembly.

Review of the Credit Card Account is as follows:

October – A large percent of receipts are not filed; charges ranging from \$4.10 to \$2035.85 totaling approximately \$3674 were made without available support. Supporting documents for the \$2035.85 were received upon request prior to the completion of the audit leaving an unsupported balance of \$1639 for October.

December, March and May all reflect the same situation with varying degrees of missing receipts.

The Audit Committee suggests the use of an **EXPENSE TRACKER APP** be considered by all users of the Diocesan Credit Card. These easy-to-use free apps simply require a photo be taken of the receipt at the time of purchase, which is then logged into the app and retrievable by a monthly report.

Payroll:

Payroll was reviewed for the 12-month period of January - December 2023.

- W2 documents were in order.
- 1099 NEC forms were compared to the Income Statement and Profit & Loss Statement. All were in order.
- 1099s were not issued and no detail documentation provided for two contractor expenses. An email requesting payment was the only support.

Investment Accounts:

- Investment Account Statements were compared to Balance Sheets for each period audited. All were in order.
- 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. All were in order.

Recommendations:

- All Diocesan Credit Card users should use an **EXPENSE TRACKER APP** via cell phone to ensure proper record keeping.
- Online purchases made with the credit card should be supported by a printed copy of the confirmation email
- All expenses for contracted work must be supported by detailed invoice and 1099 NEC issued when appropriate.

Action Items:

- Diocesan Council and Finance Committee review the checking account # XXX-XXX-6674 resulting from the sale of Archangel Michael Church.

We would like to thank His Eminence Archbishop Daniel, Fr. Esteban Vazquez, Fr. Nikolai Lochmatow, Dcn. Nikola Tambur, Rob Koncel and Cheryl Hostelley, InnerCircle, LLC for their cooperation and assistance during the audit.

Respectfully submitted,
Diocesan Auditors

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Audit 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

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

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/W2s issued/OCA Pension Summary

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

*Revision