

DIOCESE OF THE MIDWEST

AUDITORS REPORT

2008 / 2009

The Diocesan Audit Committee performed a routine audit of the Operating Account of the Diocese of the Midwest for the second half of 2008 and first half of 2009. The audit was conducted as a random review of financial activity and presentation for the months of November 2008 and March 2009. The audit is not governed by accepted auditing standards.

We realize that many changes were incorporated this year: The change to a new fiscal year; a new accounting and computer system were put into place at the beginning of 2009; and a switch in accounting services was made. We hope that by the next audit, in the Spring of 2010 everything will be running smoothly.

The payroll records and treasurer's records were not made available to the committee therefore they were not audited at this time. We will be auditing these records in the spring of 2010.

We reviewed the Fidelity Investment brokerage account statements for the periods ending 12-31-08 and 6-30-09. All account balances matched correctly to the statements.

The Smith Barney brokerage account statements ending 12-31-08 were not all at the center, thus all figures could not be verified

The Smith Barney brokerage account statements for the period ending 6-30-09 were reviewed, and the totals were verified and matched the statements.

The Operating Account (checking account) was reviewed for the same periods as the others above. Canceled checks, check stubs, invoices and bank statements were reviewed and showed no major material discrepancies or irregularities.

The following exceptions were noted:

- Check 9774 written 11-1-08 and cashed on 12-15-08: canceled check could not be found
- A number of fuel charges that were charged to the credit card did not have receipts to backup the charges for November 2008
- Also the November 2008 credit card statement had a number of charges that did not have receipts to show who made the charge or what they were for: the City of Chicago \$260; I Pass-\$80; CTA card \$75; a rental car- \$50; Holiday Inn \$73.50 and an E-Fax \$16.95

- No credit card bill was in file for February of 2009, thus the receipts could not be audited.
- Check # 9976 to Peoples Energy for \$1358.07 appeared on statement, but no canceled check could be found
- Check # 9936 in the amount of \$250 was not cashed
- Check # 7931 for \$75 was not cashed
- A number of Bank errors were found. Fr. Luke has taken care of them, but they need to be reflected on the statement
- Not all the financial statements were available at the center: Smith Barney annual statement, credit card statements and payroll records.

Recommendations for 2010

Canceled checks should be filed in numerical order and kept separately from checking account statements.

All voided checks should be filed with canceled checks in numerical order.

All investment account statements, Fidelity and Smith-Barney, should be kept in separate binders for ease of access and research. The checking account statements should also be kept in a separate binder. This should be done monthly.

All correspondence for the above accounts should be opened and dealt with in a timely manner.

All original financial statements – investments, checking account, credit card and loan – should be kept at the Chancery at all times. Copies should be made to take off premises.

Diocesan Auditors;

Frank Tkacz

Samuel F. Jacob