

Diocese of the Midwest Audit findings: August 7-8-9 2011

The Diocesan Audit Committee performed a routine audit of the Operating Account, checking accounts, investments and payroll of the Diocese of the Midwest for the 2010 year and first half of 2011. The audit was conducted as a random review of financial activity and presentation for the months of March, April, September and November 2010 and January and June of 2011, plus a random check of stubs, receipts and reports. The audit is not governed by accepted auditing standards.

Findings and recommendations are as follows:

Checking Account:

March 2010:

- Check # 10665 City of Chicago no explanation of check found
- Check # 10645 Christ the SAVIOR Church , No explanation of check
- Check #10656, no explanation of check or supporting documentation
- Check # 10546:OCA pension fund, no explanation of who it was paid for
- Check # 10662- American Express-no receipts or supporting documentation for individual charges

April 2010

- Check # 10696 American Express-no receipts or supporting documentation for individual charges
- Check # 10688/10689 OCA pension, no explanation of who the check is paying
- Check#10686: St. Makarius mission for \$700, listed as \$0.0 reconciliation sheet

Sept 2010

- Check # 10918: American Express- No receipts or supporting documentation to support purchases
- Check #10911: OCA pension: no explanation as to who it is for

November 2010

- Check # 11008: American Express-No receipts or supporting documentation to support purchases
- Check # 11013: for \$1013.72- No receipts from vendors or contractors, just handwritten notes.

- Check # 10837 : \$150- no receipt or invoice
- Check #11002: OCA pension, no name
- Check # 11029: \$248.40 to OCA listed as bill-no documentation or explanation

January 2011

- Check # 11110-American Express- No receipts or supporting documentation
- Check 11115- No supporting documentation/receipts
- Check # 11132 hand typed invoice-some items already paid for
- Check # 11116-Christ savior –plumbing work-no documentation/receipt/invoice

June 2011

- EFT-American Express- no receipts or supporting documentation

Many positive changes have been made to the accounting system and the Diocese is striving to improve its bookkeeping system.

Payroll: Payroll was looked at for the 12 month period of January to December of 2010.

All 1099's, W 2's and reports were reviewed. The following discrepancies were found;

- Christopher Maciolek was issued a 1099 but is not listed on the Master 1099 sheet
- Roy Jenson- has amount listed on master payroll list of \$ 1306.57, but 1099 only for \$600, no explanation given.

Investment Accounts:

- Balances were checked on the original sheets from the bank and blockage firms and totals were verified with reports submitted by the staff
- Reports were reviewed and checked.

Savings Bonds:

- We verified the bonds: three \$10,000.00 bonds purchased in October of 1992.

Recommendations:

- Terminology used in reports should be consistent from report to report. For example: stipends and salaries are used in all reports for different employees and not consistent from report to report.
- All checks and stubs must have names and detailed descriptions on.
- All credit card charges must be verified with the receipt that details what the purchase was, for whom, etc. Detailed descriptions need to be made for all purchases and handed in along with the receipts.
- All checks issued for work done need to have an invoice/receipt/documentation from the vendor or contractor.
- All work done by contractors and/or vendors must be paid a Diocese of the Midwest check, and reported to the IRS on a 1099 Misc. if applicable
- All checks issued for the OCA pension fund need to have the name of the person who the contribution is being made for on the check and stub along with the OCA pension calculation form.
- Correct vendor names to be on the check and stub.
- Financial reports need to be sent to the Auditors as they are generated. It would make our job easier if we had copies of the reports prior to the audit.
- Proper detailed coding needs to be done to all expenses.

Most of the information we requested was sent to us via email the day before we left for Chicago. This made it hard if not impossible for us to review and print out the information needed for the audit. Again we are requesting that the financial reports be sent to the auditors as they are presented and generated.

We would like to thank Philip Sokolov, for his help in getting the documents we needed and answering all our questions.

Respectfully submitted;

Diocesan auditors,
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