

# Greek Orthodox Metropolis Chicago Audit Results

GUS HARRIS & SCOTT THOMPSON  
AUDIT COMMITTEE

# Greek Orthodox Metropolis Chicago Audit

- **Introduction – Metropolis Audit Committee**
- **Background – Audit**
- **Results – Audit 2015 - 2020**
- **Forward - 2021**

# Greek Orthodox Metropolis Chicago Audit

- **Introduction – Metropolis Audit Committee**
- Who is on the committee – Gus Harris and Scott Thompson – Dec 2019 to Present
- Requirements/Responsibilities
  - Integrity – vital to organizations financial statements (FS) – reputation relies on the accuracy and transparency of financial activities
  - External auditor evaluation – qualifications, independence and performance
  - Compliance – Legal and regulatory requirements
- What should they do?
  - Review of financial policies and procedures, FS, internal controls
  - Meeting with management on significant issues
  - Entrance/Exit meeting with external auditor

# Greek Orthodox Metropolis Chicago Audit

- **Background - Audit**
  - Independent Certified Public Accountant Michael Silver & Company, Inc.
  - Conducted Three Audits covering FS
    - 2015 – 2017 Report Date August 19, 2019
    - 2018 – 2019 Report Date November 20, 2020
    - 2019 – 2020 Report Date June 15, 2021
  - FS Covered under Examination
    - Statements of Assets, Liabilities, Net Assets
    - Statements of Revenues, Expenses, Changes in Net Assets
    - Functional Expenses

# Greek Orthodox Metropolis Chicago Audit

- **Background - Audit**
  - Basis of Accounting - Modified Cash Basis
    - Basis other than US Generally Accepted Accounting Principles (GAAP)
    - Revenues and Assets are recognized when received rather than earned
    - Expenses are recognized when paid rather than when the obligation is incurred
  - Standards Used to Perform Audit
    - US Generally Accepted Auditing Standards (US GAAS)
    - Included test of the accounting records and procedures necessary to express an opinion
    - Express professional judgement and professional skepticism

# Greek Orthodox Metropolis Chicago Audit

- **Background - Audit**
  - Objective of Audit
    - Provide reasonable assurance whether FS as a whole are free from material misstatements due to fraud or error
    - FS are presented in all material aspects in conformity with a modified cash basis of accounting
    - Evaluating the appropriateness of accounting policies used and reasonableness of significant accounting estimates made by management
    - Evaluating the overall presentation of the FS
  - Reasonable Assurance – Not Absolute Assurance
    - High level of assurance but not absolute
    - Not a guarantee audit will detect material misstatements

# Greek Orthodox Metropolis Chicago Audit

- **Results – Audit (2015 – 2017)**
  - 2015 – 2017, Disclaimer of Opinion
    - Did not maintain adequate accounting records to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion

# Greek Orthodox Metropolis Chicago Audit

- **Results – Audit (2018 – 2019)**
  - 2019, Unmodified (Clean) Opinion
  - 2018, Qualified Opinion
    - Qualified opinion issued due to inadequacies encountered in accounting records and related supporting data as noted in 2015 – 2017 audit
    - Approximately 12% of cash receipts (\$1.2M) and 31% of cash disbursements (\$680K) tested could not be substantiated due to lack of supporting documentation for 2018
    - Could not conclude whether cash receipts were subject to donor restrictions
    - Detailed accounting records not maintained for allocation of certain expenses among management and general expenses and program services expenses
    - Financial budget for 2018 not prepared



# Greek Orthodox Metropolis Chicago Audit

- **Results – Audit (2019 – 2020)**

- 2019 - 2020, Unmodified (Clean) Opinion
- FS present fairly in all material aspects in accordance with the modified cash basis of accounting
- Improved Internal Controls lead to change
  - The creating and implementation of written policies and procedures
  - Preparation of monthly/yearly FS and annual budgets
  - Bank reconciliations performed monthly
  - Proper maintenance of records and supporting documentation
  - Review processes/transactions
  - Use of one software package – QBs
  - Elimination/Consolidation of numerous bank accounts

# Greek Orthodox Metropolis Chicago Audit

- **Going Forward (2021)**

- Have the 2021 FS audited by an independent CPA
- Uniform Parish Regulations (UPR), Part Two, Article 8, Section 5 requires the FS of each Metropolis to be audited or reviewed by independent CPA
- Have the 2021 FS GAAP compliant—use full accrual accounting and consolidation of entities controlled by the Metropolis (i.e., St. Iakovos Retreat Center)
- Continue with the audit committee to provide audit oversight/monitoring services particularly as found in UPR, Part Two, Article 12, Sections 6 & 7
  - Interviews/selects the independent CPA
  - Oversees the preparation and audit/review of FS
  - Reviews and monitors internal control recommendations
  - Reviews the management letter issued by independent CPA

# **Greek Orthodox Metropolis Chicago Audit**

# **Questions?**