



EVANGELISCHE KIRCHE IN DEUTSCHLAND

(EVANGELICAL CHURCH IN GERMANY)

OBERRECHNUNGSAMT

(HIGH AUDIT OFFICE)

(English version)

REPORT

ON THE AUDIT OF THE FINANCIAL STATEMENT FOR 2013

WORLD COMMUNION OF REFORMED CHURCHES (WCRC)

GENEVA / HANOVER

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LIST OF IMPORTANT ABBREVIATIONS

BSt.	Buchungsstelle (classification level in the finance software KFM)
EKD	Evangelische Kirche in Deutschland (Evangelical Church in Germany)
EUR	Euro (currency code according to ISO 4217 for the Euro zone)
GG	Grundgesetz (Constitution for the Federal Republic of Germany)
GLD	Gliederung (classification level in the finance software KFM)
KFM	Kirchliches-Finanz-Management (finance software of KIGST GmbH, Offenbach am Main)
Nds. MBl.	Niedersächsisches Ministerialblatt (ministerial law gazette of Lower Saxony)
ORA	Oberrechnungsamt (High Audit Office of the Evangelical Church in Germany)
ORAG	Church law on the High Audit Office of the Evangelical Church in Germany of 12 th November 1993 (ABl. EKD page 513)
RT	Rechtsträger (client in the finance software KFM)
SB	Sachbuchteil (classification level in the finance software KFM)
Tz.	Textziffer (classification number of the content statements in this report)
UK	Unterkonto (Sub-account - classification level in the finance software KFM)
WRV	Weimarer Reichsverfassung (Weimar Constitution)
ZB	Zeitbuch (accounting journal in the finance software KFM)
ZW	Zahlweg (Payment method / bank data in the finance software KFM)

I. AUDIT BASICS

Audit assignment

The High Audit Office of the Evangelical Church in Germany (ORA) audits the budget and asset accounting of the World Communion of Reformed Churches (WCRC).

The audit assignment is based on an oral agreement between the WCRC General Treasurer, Dr. Johann Weusmann, and the Director of the ORA, Mr. Harald Weitzenberg. It is intended to concretize the assignment promptly by an administrative agreement between the EKD and the WCRC.

The Standing Budget Committee of the EKD synod approved the acceptance of this audit assignment in its conference on 12th/13th March 2014.

Audit subject and aim

The report at hand is for the purpose of preparing the decision about the approval of the General Treasurer and the General Secretary for the management in the accounting year 2013 by the Executive Committee of the WCRC.

Possible reporting duties resulting from the hitherto status as a non-profit institution according to Swiss law to the Swiss authorities are not covered by this report.

Subject of the audit was the annual financial statement of the WCRC for the accounting year 2013.

For this, it was precisely audited,

- whether the budget and economic management as well as the asset administration in the accounting year 2013 took place correctly and according to applicable law and
- whether the annual accounts 2013 essentially convey an appropriate image of the results and asset situation.

The correctness of accounting was the audit standard in this case. In this respect, the audit aim was to determine whether there were considerable differences between the amounts mentioned in the accounting and those proven in the books and whether the approval and authorization of the annual accounts as well as the approval of the WCRC General Treasurer and the WCRC General Secretary by the Executive Committee can be recommended.

It is furthermore the assignment of the audit to check the budget and economic management of the WCRC. This specifically includes the administrative action, which is not directly reflected in the annual accounts to be presented. In this case, the audit standards are the correctness and cost effectiveness of the actions.

For this, it was precisely audited

- whether the entrusted resources were deployed in an adequate, economic and thrifty way,
- whether and in which cases of relevance the regulations and principles applicable to the budget and economic management were not complied with and
- what recommendations of action are to be derived from the audit results for the future, if applicable.

As a whole, it is the intention of the audit to support the church-leading persons and organs in the execution of their functions and stimulate economic thinking as well as responsible action concerning the handling of the resources entrusted to the church.

Type, extent and execution of the audit

The ORA carried out the audit based on a risk-oriented audit approach.

Accordingly, the audit must be planned and executed in such manner that incorrectnesses and infringements in the accounting and the budget and economic management of the WCRC are recognized with adequate certainty. It was not the aim and task of the audit to trace discrepancies without significance in single cases or the whole.

The audit was carried out according to the dutiful judgment of the auditor in samples and according to certain focuses. These were selected so that they allowed for the significance of the different audit topics, conveyed a meaningful image of the corresponding section and facilitated the conclusion as to whether applicable law had been complied with.

In this context, the following audit focuses were determined:

- correctness and completeness of the annual financial statement (appropriate reproduction of the asset and result situation, adherence to the budget),
- correctness of the asset evidence (correct compilation and applicable recording of the essential asset positions),
- inspection of single fields of high significance (labour cost accounts, project/program budgets among others).

If action was taken against existing regulations in the case of single measures of those proven in the accounts and this remained without audit objections, no approval is to be deduced from this fact.

The audit was – with interruptions – carried out by Mr. Soeren Rischbieter in the period from 10th and 30th April 2014. It temporarily took place in the WCRC office in Hanover (Knochenhauerstr. 42).

The following documents were available for the audit:

- a) the 2013 budget for the WCRC,
- b) the financial statement presentation (annual financial statement KFM, SB 00) including the advances and transit accounts (SB 52) as well as the capital account (SB 92) for the budget year 2013 of 17th April 2014 (ZB closure no. 0036),

In addition to that further WCRC files, especially the accounting documents (invoice documents and bank statements), were available. The records requested within the audit were submitted resp. access to the corresponding documents was allowed.

On request of the WCRC it was intended to base the audit on the draft of a budget code („WCRC General Finance Management Policies“), which has not yet effectively been set into force by the WCRC boards but has been taken as a basis for the 2013 accounting in analogue application after an internal vote. The compliance with the hitherto applicable Swiss accounting regulations (Swiss GAAP RPC 21 regulations) was not subject of the audit.

The information required on the occasion of the audit was provided by Mr. Gerhard Plenter (Evangelical Reformed Church, Leer) as well as Ms. Anna Krueger (assistant for finance and communication). In addition, further WCRC staff members were available for further enquiries.

II. ORGANIZATIONAL CIRCUMSTANCES

The World Communion of Reformed Churches (WCRC) is a non-profit-oriented, international non-governmental organization representing 229 member churches from 108 countries with a total of approx. 80 million Christians as a united ecumenical body for reformed churches.

It developed from the association of the Reformed Ecumenical Council (REC) and the World Alliance of Reformed Churches (WARC) in 2010 and succeeded them legally.

The current WCRC constitution was approved by the Uniting General Council in 2010. The organization is officially based in Geneva.

In its self-concept, the WCRC follows the tradition of the Reformers Johannes Calvin, John Knox and Huldrych Zwingli as well as the reformation movements around Jan Hus and Pierre Valdo.

The World Communion of Reformed Churches is to foster its member churches in their community and support them in the social discussion. In addition, it is also to contribute to the ecumenical movement and the transformation of the world by standing up e. g. for economic and ecological justice, world-wide peace and conciliation, promoting and protecting religious, civil and all other human rights; appealing for emergency relief and continuous development in the world and promoting them as well as pointing out reformed perspectives for unity among the churches (see article V of the constitution).

In terms of articles 60 and the following of the Swiss Civil Code, the WCRC is constituted as an association. In Germany, its status is that of a public body in terms of article 140 GG in conjunction with article 137 paragraph 5 S. 2 WRV, awarded by the Federal Government of Lower Saxony, order issued on 11th December 2012. It is subject to state supervision by the Ministry of Culture of Lower Saxony.

The organs of the WCRC are:

- the General Council (with President and General Treasurer),
- the Executive Committee and
- the General Secretary.

The Chief Executive Officer of the WCRC is the General Secretary elected by the Executive Committee. According to article XII of the constitution, he bears the responsibility for the management and coordination of their work towards the General Council and the Executive Committee. The current office holder is Dr. Setri Nyomi (Ghana).

The current WCRC President is Dr. Jerry Pillay (South Africa), the office of General Treasurer was assigned to Dr. Johann Weusmann (Germany).

The current administration of the WCRC is assumed by an operational office directed by the General Secretary. It was based in Geneva (Switzerland) during the audit period. At the turn of the year 2013/2014, the office moved to Hanover (Germany) – while maintaining a branch in Geneva.

The accounting year (budget year) is the calendar year.

III. PRESENTATION OF THE ACCOUNTING RESULTS

During the audit period, the WCRC accounting initially took place according to commercial principles in the former branch in Geneva. At this, the ERP solution “WinBIZ 8.0” of the company LGE AG (Martigny, canton Wallis, Switzerland) was applied.

During the preparation of the relocation of the organization’s operational office to Germany, the accounting was continued only rudimentarily from August 2013 on and no longer updated promptly by the meanwhile resigned accountant.

Within the frame of the year-end tasks, it was internally decided not to carry out the accounting update with the old system but to use the new software “KFM - Kirchliches-Finanz-Management” of the company KIGST GmbH (Offenbach am Main, Germany) retroactively for the year 2013 while the use of this software was originally to start on 1st January 2014. At the same time, a change of the invoice style was carried out from commercial to cameralistic accounting.

In the first quarter of 2014, the entire transactions of the year 2013 were entered retroactively based on the available documents and account files in the Hanover office. A cameralistic year-end closing was compiled based on this.

An audit of the two applied IT-procedures was not carried out by the ORA. Within the audit activities, however, there were no signs suggesting the existence of fundamental errors in the software applications.

According to general financial principles, the annual accounts are to convey an adequate image of both the asset and the result situation.

This can be summarized as follows:

Presentation of the result situation

The accounts results of the audit period according to the documents presented for the audit are as follows:

	Revenues	Expenses
	EUR	EUR
Budget (valuations according to KFM)	2,753,100.00	2,753,100.00
TARGET COSTS 2013 (plan valuation)	2,753,100.00	2,753,100.00

According to the annual financial statement the following amount to:

the actual receipts	1,990,653.93	
the transfers from program reserves	716,968.02	
the actual expenditures		1,845,105.51
the allocations to program reserves		728,260.46
the surplus 2013 (allocation to the Reserve Fund)		134,255.98
ACTUAL COSTS 2013 (result)	2,707,621.95	2,707,621.95

Advances and transit accounts

The advances and transit accounts (SB 52) of the WCRC were randomly audited. They were predominantly balanced within the year-end tasks. This especially refers to the passage accounts. The audit revealed no indications concerning any relevant cases of delayed accounting.

As far as any audit-relevant circumstances arose, these were broached resp. spoken about during the audit statements.

Presentation of the asset situation

The total asset stock of the WCRC amounted to **2,018,094.07 EUR** for the year-end closing as of 31st December 2013. Compared with the previous year (final stock 2012: 1,761,106.94 EUR), this stock has increased by 256,987.13 EUR (+14.59 %).

The asset accounting of the WCRC (SB 92) according to the documents presented for the audit are as follows as of 31st December 2013:

Reserve assets (incl. trust assets, according to SB 92)	Opening stock EUR	Final stock EUR	Difference (versus previous year)
WCRC Capital			
Reserve Fund	49,439.04	79,359.94	60.52%
North American Reserve Fund	29,804.51	29,804.51	0.00%
IT Provision	12,063.59	12,063.59	0.00%
WCRC North American Trustees	11,012.44	11,012.44	0.00%
21 st century reformation fund	3,964.36	3,964.36	0.00%
Alliance for life fund	2,973.51	2,973.51	0.00%
Relocation fund	0.00	143,989.29	100.00%
UEK special donation	296,089.12	296,089.12	0.00%
General Council Fund	347,475.16	406,665.56	17.03%
Theology & Mission office programs			
Global Institute of Theology (GIT)	48,856.26	39,724.53	-18.69%
Theological Dialogs	4,520.70	17,075.77	277.72%
Mission	25,878.94	33,229.63	28.40%
Madip	27,965.33	27,965.33	0.00%
Georges Lombard Prize	16,771.80	15,967.08	-4.80%
Justice & Partnership office programs			
Covenanting for Justice	36,752.11	4,346.22	-88.17%
Gender Justice	121,997.33	142,680.31	16.95%
Theological Education for Women	167,564.88	174,752.08	4.29%
New econ. & financial Architecture (NEFA)	73,620.41	42,918.46	-41.70%
Oikotree (KCTE)	15,269.47	15,269.47	0.00%
Partnership Funds			
Partnership Fund A	-21,972.67	37,446.80	270.42%
Partnership Fund B	53,717.33	42,725.43	-20.46%
Partnership Fund D	17,984.11	14,176.62	-21.17%
Partnership Fund E	59,574.25	40,734.21	-31.62%
General Programs			
WCRC regional support	0.00	40,000.00	100.00%
General secretary programs	9,377.07	0.00	-100.00%
Youth program	0.00	0.00	0.00%
Global South Internship support	31,800.96	11,958.78	-62.39%
North American Internship support	11,862.96	11,862.96	0.00%
Native American project	3,164.33	3,164.33	0.00%
Regional Communication support	12,262.45	12,262.45	0.00%
WCRC Europe	214,206.35	226,800.45	5.88%
Custodian funds			
Cooperation & Witness	18,016.30	18,016.30	0.00%
Calvin Publications fund	26,638.17	26,638.17	0.00%
Publications fund	6,204.11	6,204.11	0.00%
UCC Death	5,175.70	5,175.70	0.00%
Provision la pensée économique	16,858.47	16,858.47	0.00%
Equatorial Guinea	4,218.09	4,218.09	0.00%
Total	1.761.106.94	2,018,094.07	14.59%

IV. AUDIT STATEMENTS

Preliminary remark

The audit was carried out on request of the WCRC based on the cameralistic year-end closing, which was retroactively compiled after the end of the accounting year 2013. Any data from the hitherto existing commercial accounting system were only used when necessary to enable the comprehension of a correct compilation of the opening stocks.

Since the lead currency in the accounting was converted from Swiss Francs (CHF) to Euros (EUR), the documents had to be entered with the converted values. At this, average values were taken as a basis compiled from the exchange rates as of 1st January, 1st July and 31st December 2013.

1. General statements

1.1 Legal status / Audit by the ORA

The WCRC is constituted as an association as evidenced by article XVII of its constitution according to article 60 and the following of the Swiss Civil Code. Simultaneously, the organization was awarded the right of a public body in Germany as determined by the federal state government of Lower Saxony as of 11th December 2012¹.

As evidenced by information from a Swiss auditing company (Chancellery Exeraudit SA, Geneva), the WCRC is not subject to any obligatory audit duty according to Swiss law. Against this background, an assignment by the ORA was already effected short-term for the audit of the annual financial statement 2013.

It was not subject of the audit to clarify to what extent there may be interference resp. opposing legal obligations resulting from the above mentioned legal constellation in any other respect.

¹ see announcement of the Ministry of Culture of Lower Saxony as of 16th January 2013 (Nds. MBl. 4/2013, page 67)

1.2 Applicability of the (future) budget code

By request of the WCRC, the audit of the year-end closing 2013 was already to be carried out in analogue application of the planned budget code, which is available as a draft.

In the course of the audit, however, it became obvious that some formal requirements were not retroactively implementable by the WCRC office and, thus, the rules and standards offered partially no adequate scale for an audit. As an example in this context, we refer to the regulations for the handling of budget differences (§ 28), budget supervision (§ 39), accounting directives (§ 35 et seq.), accumulation of reserves and accruals (§ 48 et seqq.) and the year-end closing (§ 51 et seqq.).

Therefore, the ORA geared its audit mainly to the Generally Accepted Accounting Principles and paid special attention to the continuity of the accounting.

1.3 Correctness of the accounting / documentation

The accounting and also the documentation were carried out according to the bank statements. The invoice documents were archived chronologically, separately for each bank account.

The documents were randomly audited and generally presented in an orderly and well-arranged manner. The traceability of the audited transactions was mainly given.

The traceability was complicated by the different currencies that correspond to the accounts because the documents were not marked with the accounting amount transferred to the accounting lead currency. For increased transparency, the ORA suggests that the documents should be completed accordingly in future.

As previously explained, due to the special accounting situation for the year 2013, the retroactive accounting compilation of the transactions was based on average exchange rates. Currency fluctuations were, thus, eliminated so that normally resulting currency losses and gains were not shown.

In future, there should be a prompt entry of the bookings with the corresponding daily rate, thus registering possible currency fluctuations by corresponding expenditure and receipt bookings.

Apart from the obligatory year-end closing documents, further, differentiated analyses were presented on request within the frame of the audit.

1.4 Accounting directives

During the audit, it became evident that the majority of the booked accounting documents bore no signatures justifying their execution. Generally, according to the four-eyes principle it is to be confirmed on the documents that

1. the thus resulting revenue or expense is correct in content and amount (declaration of the factual and calculative correctness) and
2. the revenue or expense is actually to occur (directive).

The ORA recommends the implementation of this aspect of an internal control system by means of corresponding organizational measures in future.

Concerning the bank transfer of payments, it was explained to the ORA on enquiry that the four-eyes principle is already applied in this case and payment orders to the WCRC relationship banks are already legitimized by the accounting and the General Secretary (see Tz. 1.5).

1.5 Authorisation of bank transfers

Since the WCRC accounts are kept in different currencies, the recording and bank transfer of payment orders occurs additionally to the booking in the accounting via a banking software. According to information from the WCRC office, the powers of disposition for the accounts are generally designed in such a way that orders from the banks are only executed, if two (digital) signatures are presented. In this respect, the so-called four-eyes principle is ensured.

An exception is the American account of the WCRC with the 5th3rd-Bank (account no. 2154967, ZW 05). Due to organizational reasons, the responsible person in the USA bears a single power of disposition. Supervision is carried out subsequently. This practice seems to be justifiable, since only 73 transactions were registered on this account in the year 2013.

The dual recording of payment data in accounting (KFM) and in the banking software creates an increased administration effort and bears an increased error risk. The proposal of the ORA is to check whether KFM can be upgraded by a foreign payment module resp. to what extent the existing foreign currency accounts are actually necessary for the WCRC activities and can possibly be reduced.

2. Statements about the year-end closing

2.1. Correctness and completeness of the annual financial statement

The 2013 year-end closing of the WCRC was compiled dated 17th April 2014 (ZB closing Nr. 0036). It shows a volume of **2,707,621.95 EUR**.

For the audit, the documentation from accounting (KFM SB-lists) was provided as annual accounting document. Close inspection and checking of the proven year-end closing results gave no indication for differences of relevant significance. There is, however, need for clarification in single areas. This especially refers to the accounting of personnel costs. In this regard, a correct assignment of the social costs and the (privately secured) insurance contributions is still pending. This is currently being clarified by the WCRC office in cooperation with the personnel accounting provider and the insurance broker responsible (see Tz. 3.3).

As a result, according to the findings of the ORA the annual financial statements for the accounting year 2013 shows no fundamental breaches.

2.2. Budget balancing / utilisation of the 2013 profit

The balancing of the ordinary budget was induced by an allocation of the remaining surplus of **134,255.98 EUR** to the Reserve Fund (SB 92, BSt. 5110.00 UK 1).

This amount is composed of three allocations to the Barnabas foundation with a total of **18,848.46 EUR** and the actual annual surplus of **115,407.34 EUR**.

2.3 Transition of the opening stocks from the previous system

Within the framework of the conversion of accounting from the hitherto commercial accounting to the cameralistic accounting style, a transition of the final stocks from the balance sheet of the organization had to be carried out as of 31st December 2012 so as to ensure the continuity of accounting. At this, some balance positions (accounts receivable and payable, accruals and deferrals et. al.) were not considered due to the system.

During the audit, the ORA pointed out that the supervision of these assets is to be ensured appropriately unless they have already been dealt with in the meantime.

Transition of the business accounts

In the transition, the stocks of the running business accounts were booked into the new system as payment methods first. In this regard, a revision resulted in the following statements:

- Since these accounts are partly kept in foreign currencies, they had to be converted into the lead currency EUR (previously: CHF). At this, the following average currency rates were used as a basis after previous coordination with the ORA:

Original currency	Abbreviation	Average exchange rate 2013
Swiss Franc	CHF - EUR	0.817496667
US Dollar	USD - EUR	0.750116667
Pound Sterling	GBP - EUR	1.200283333

The calculation of these average rates was well-documented and reproducible within the audit.

- The opening stocks of the business accounts were correctly entered in the books as of 1st January 2013 considering the previously mentioned exchange rates. The accounting collection occurred via the BSt. 8210.00 (SB 52). At this, differences with the daily rate on the balance valuation date were consciously accepted. However, this seems justifiable in the overall view.
- During the audit, it stood out that, apart from the registered accounts with the Swiss Bank UBS AG registered as payment methods, there are two further accounts which showed neither a stock nor account movements in the business year 2013. These are foreign currency accounts with the IBAN CH530024024014698771W (currency: GBP) and the IBAN CH180024024014698760G (currency: USD). The ORA suggests questioning the necessity of these accounts critically and possibly closing them. Otherwise, they would have to be registered as payment methods in accounting.

Transition of the investments

Apart from the business accounts the WCRC has a number of capital investments of various types at its disposal. The opening stocks resulting from the balance confirmations and custodian account statements were converted according to the system described and entered into the WCRC balance sheet (SB 92).

Institute	Name	Currency	Stock (according to bank)	Stock EUR
Lombard Odier	Depot	USD	18,208.00	13,658.12
Total Lombard Odier			18,208.00	
BNP Paribas	Royal Dutch Shell PLC	CHF	81,130.00	66,323.50
	ING Groep NV	CHF	29,804.00	24,364.67
	Lloyds Banking Group PLC	CHF	5,816.00	4,754.56
	Prudential PLC	CHF	98,364.00	80,412.24
	Deutsche Post	CHF	15,415.00	12,601.71
	United Utilities Group PLC	CHF	3,928.00	3,211.13
Total BNP Paribas			234,457.00	
OIKOCredit	Depot	USD	1,343.19	1,007.55
Total OikoCredit			1,343.19	
Swiss Life	Depot no. 4032287	CHF	1,456.80	1,190.93
Total SwissLife			1,456.80	
Barnabas Found.	Account no. 19744	USD	49,936.89	37,458.49
Total Barnabas			49,936.89	

The audit of the stock transfer of the investments produced the following statements:

- The opening stocks of the financial assets were not entered via the stock-changing posting key but normally as a cash-in (BS 035). Therefore, the opening stocks are not stated at the usual location in the system. They can, however, be reproduced clearly by means of the booking texts. Therefore, the entry procedure is justifiable.
- The opening stocks of the financial assets were mainly correctly entered. An exception from this is the credit balance with the Barnabas foundation (USD 49,936.89). According to the average course used as a basis, the stock is 37,458.49 EUR. However, an opening stock of 37,367.52 EUR was entered as of 1st January 2013 (difference: 90.97 EUR). The reason for this difference was not detectable during the audit. In this regard, the WCRC office should carry out a clarification and possibly a correction.

2.4 Development of the financial assets

The balance confirmations and the custodian account statements as of 31st December 2013 had been presented by the institutes so that a comparison could also be carried out in this regard. At this, it was detected that an accounting entry of the changes concerning the performance of the financial assets had only

been carried out in part. The following cases showed differences between the accounting value and the market value of the assets:

Institute	Name	Closing stock (converted)	Closing stock (according to SB 92)
		EUR	EUR
BNP Paribas	Royal Dutch Shell PLC	69,189.65	66,977.51
Swiss Life	Depot no. 4032287	1,816.80	1,190.93
Barnabas Foundation	Account no. 19744	57,635.57	56,216.16

To the end of the business year, the assets mentioned showed hidden reserves of a total of **4,257.42 EUR**. In this context, a decision concerning a (uniform) handling of value adjustments should be brought about (possibly within the framework of the budget code to be determined).

2.5 Development of the Reserve Fund

Within the hitherto commercial accounting, the Reserve Fund had the nature of equity capital and was changeable according to the balance development. As evidenced by the balance as of 31st December 2012, the Reserve Fund showed a stock of converted **120,871.35 EUR**, which was composed as follows:

Reserve Fund	Closing stock 2012 (according to balance)	Exchange rate	Closing stock 2012 (converted)
	CHF	EUR / CHF	EUR
Stock	132,686.73	0.817496667	108,470.96
Surplus 2012	15,168.73	0.817496667	12,400.39
Total	147,855.46		120,871.35

In the context of the transition to the accounting style of cameralistic, a number of hitherto balance positions were omitted. This applies to capital assets, outstanding debits and debts as well as the accruals and deferrals. Passage accounts, however, were entered in the advances and transit accounts (SB 52).

As a result, the WCRC office detected an “adjusted closing stock“ of the Reserve Fund of a total **49,439.04 EUR**, which was entered as opening stock in the balance sheet (SB 92, BSt. 5110.00 UK 1). This amount, however, could not be reproduced during the audit. An offsetting and reconciliation provided as proof was not balanced.

Therefore, the opening stock of the Reserve Fund entered as of 1st January 2013 should be checked once more and possibly corrected retroactively.

In 2013, the reserve developed as follows:

Development of the Reserve Fund	
	EUR
Preliminary Opening stock 2013	49,439.04
Difference from financial investments	39,654.21
Appropriation surplus 2013	134,255.98
Transfer into the "Relocation fund"	-143,989.29
Preliminary Closing stock 2013	79,359.94

A closer examination resulted in the following statements:

- The opening stock is to be retroactively checked concerning its correctness (see above).
- Earnings and changes in value from financial investments (e. g. from the sale of the share "Prudential Plc"), which were not booked via the ordinary budget, were credited to the Reserve Fund. In principle, it is essential that revenues and expenses are transacted via the ordinary budget. This should be respected in future.
- The Reserve Fund contains an earmarked asset stock which is identified as a WCRC fund with the "Barnabas foundation" on the active side. The background of this capital was orally explained to the ORA during the audit. The ORA rates that this asset ought, due to its specific function, also to be separately identified on the passive side. The ORA suggests it to be identified at a separate reserve. Concerning the correct amount, please refer to the explanations under Tz. 2.4.

2.6 Advance and transit accounts

The following stocks in the advance and transit accounts (SB 52) were not processed in the context of the year-end closing:

- Advancements (SB 52, BSt. 0200.00)
Advancements, which were only partly finally accounted, were paid to various persons in the accounting year 2013 and partly in the accounting year 2012. At the moment of the year-end closing, a total amount of 2,756.84 EUR was still open, which - according to the WCRC office -

referred to three persons. This information was not verifiable, since, on the basis of the provided documents, the other bookings entered in the accounting system could only be partly reproduced. The WCRC office has promptly started to reprocess the whole circumstances of this problem.

- Custody (SB 52, BSt. 8200.00)

At the year-end closing the custody section of the SB 52 included (along with liquid parts of the capital investments) a stock of 8,184.24 EUR resulting from interest revenues was established. During the audit, it remained unclear why these revenues had not flowed into the ordinary budget resp. into an interest distribution. This should be caught up promptly.

3. Audit focuses

3.1. Membership fees

The development of the WCRC membership fees poses itself in absolute figures in the period audited as evidenced by the documents provided as follows:

Region	Plan	Result	more / less
Africa	57,600.00	48,556.28	-9,043.72
Latin America	16,000.00	4,784.48	-11,215.52
The Caribbean and North America	240,800.00	227,507.74	-13,292.26
Asia	142,400.00	60,770.16	-81,629.84
Pacific	22,400.00	12,054.37	-10,345.63
Europe	400,200.00	435,532.34	35,332.34
	879,400.00	789,205.37	

The figures shown include all the membership fees. A separation of the current payments from the subsequent payments for previous years was not carried out by the WCRC office, neither was a current overview over existing payment backlogs available at the time of the audit.

In the overall view, it becomes obvious that the planned earnings could not be achieved, except in the region of Europe. In total, the shortfalls from membership fees (excl. special donations and additional allocations) amount to a total of approx. 10 %.

3.2. Development of the program budgets

Within the ordinary WCRC budget (SB 00), the processing of the organization's program budgets being provided with earmarked reserves as well as additionally

partly fees from a third party takes place. The various program budgets are separately administered and accounted correspondingly in the single plans 2, 3, 4 and 5 of the budget. For the accounting year 2013, the program budgets are as follows (all amounts in EUR):

Program budgets	Opening stock (Reserve)	Revenues	Expenses	Closing stock (Reserve)
Theology & Mission office programs				
Global Institute of Theology (GIT)	48,856.26	27,655.04	36,786.77	39,724.53
Theological Dialogs	4,520.70	43,453.04	30,897.97	17,075.77
Mission	25,878.94	11,000.00	3,649.31	33,229.63
Madip	27,965.33	no activities		27,965.33
Georges Lombard Prize	16,771.80	0.00	804.72	15,967.08
Justice & Partnership office programs				
Covenanting for Justice	36,752.11	8,174.97	40,580.86	4,346.22
Gender Justice	121,997.33	22,072.41	1,389.43	142,680.31
Theol. Education for Women	167,564.88	8,992.46	1,805.26	174,752.08
New econ. & fin. Architecture	73,620.41	0.00	30,701.95	42,918.46
Oikotree (KCTE)	15,269.47	no activities		15,269.47
Partnership Funds				
Partnership Fund A	-21,972.67	364,756.55	305,337.08	37,446.80
Partnership Fund B	53,717.33	23,134.50	34,126.40	42,725.43
Partnership Fund D	17,984.11	0.00	3,807.49	14,176.62
Partnership Fund E	59,574.25	0.00	18,840.04	40,734.21
General Programs				
WCRC regional support	0.00	40,000.00	0.00	40,000.00
Justice/partnership office support	0.00	0.00	184.67	0.00
General secretary programs	9,377.07	20,014.27	29,439.85	0.00
Youth program	0.00	no activities		0.00
Global South Internship support	31,800.96	45,524.91	65,367.09	11,958.78
North American Internship supp.	11,862.96	no activities		11,862.96
Native American project	3,164.33	no activities		3,164.33
Regional Communication support	12,262.45	no activities		12,262.45
	716,968.02	614,778.15	603,718.89	728,260.46

The earmarked stocks of the program reserves were rebooked from the WCRC asset reserves into the ordinary budget as of 1st January 2013. The capital remaining at the end of the accounting year 2013 was, considering the ongoing revenues and expenses of the projects, transferred back to the reserves.

Concerning the program budgets, the following statements have resulted within the context of the audit:

- No financial activities occurred in a total of six of the twenty-two programs in the year 2013.
- In the programs "Support of the justice and partnership office"(GLD 5520) and "Programs of the General Secretary"(GLD 5530), the available budgets were insignificantly surpassed by 184.67 EUR resp. 48.51 EUR. The balance occurred in the context of the full coverage of the budget.
- The program revenues received (apart from the existing capital from previous years) originates from the following sources (all amounts in EUR):

Composition of the program revenues		
385,193.98	63%	Subsidies of the EWDE e. V., Berlin
102,000.00	17%	Subsidies of the EMW e. V., Hamburg
127,584.17	21%	Other revenues
614,778.15	100%	Program revenues (total)

- The program expenditures in total are composed as follows (all amounts in EUR):

Composition of the program expenditures		
119,717.37	20%	Travel costs
62,898.15	10%	Personnel costs
314,946.30	52%	Allocations to third parties
106,157.07	18%	Other material costs
603,718.89	100%	Program expenditures (total)

To what extent the expenditures were assigned correctly to the programs eludes an evaluation by the ORA. In this respect, it falls to the responsible managers to supervise in detail. A cursory revision of the program costs has not, however, resulted in any indications for a misappropriated use resp. assignment of the capital.

3.3. Personnel expenses

The WCRC payroll accounting was carried out by an external provider (Antex, Geneva branch) during the audit period. Within the context of the audit, the ORA inspected the documents of the payroll accounting to the extent that they were available in the WCRC office.

A cursory examination resulted in the following statements:

- The basic salary entered in accounting was reproducible based on the payment lists of the provider.
- The social costs booked could not be compared based on the lists available. In this regard, it was explained that the provider's final account for the year 2013 was still pending and the intention was to clarify any unclear amounts posted in this context.
- Payments for provision duties secured under private law also take place in the context of the payroll. In this regard, the payment of contributions is carried out directly via the WCRC office. The contributions are, however, indicated within the framework of the payroll. In this case, the final account with the responsible insurer (Axa-Winterthur) is still pending for the year 2013. This is complicated by a change of the broker. It is intended to book possibly arising corrections during the accounting in the year 2014. The suggestion of the ORA is to use this context to clarify to what extent proportionate payments resp. proportionate reimbursements of the employees also have to be effected apart from the payments by the WCRC as employer concerning the insurance contributions.

For the rest, no other statements have arisen concerning the payroll.

3.4 General notes

Various questions and problems which had arisen during the audit were discussed orally. Any further handling of these points within the scope of this audit is unnecessary since the questions were clarified resp. future observation is to be expected. Essentially, the following points were discussed:

- OIKO credit balance of the Southern Africa Alliance of Reformed Churches (forwarding of the depot statements via the WCRC office),
- Foundation balance in favour of the WCRC at the Presbyterian Foundation (Jeffersonville, Indiana, USA) – payment of the annual dividends to the WCRC.

V. FINAL REMARK

Final talk

Due to appointment shortages in preparation of the immediately imminent meeting of the WCRC Executive Committee, a final talk on the audit before finalizing the audit report was renounced.

However, the ORA is available for queries and an exchange on the contents and the result of the audit at a later stage.

Audit result

According to the result of the audit by the ORA, the WCRC annual accounts convey an image of the asset and result situation which corresponds to the actual circumstances considering the general fiscal principles. The annual financial statement for 2013 is developed correctly from the (subsequently administrated) accounting of the WCRC to a large extent.

Concerning the budget and economic management of the WCRC it can – as the result of the audit by the ORA and independently from the questions raised in the audit statements and the recommended actions named in this report –, be confirmed, that the budget approved by the Executive Committee of the WCRC was generally executed in a correct, economic and thrifty way.

According to the dutiful discretion of the ORA, there are no objections against the approval and authorization of the annual accounts by the Executive Committee according to articles X and XIV of the WCRC constitution.

In the overall view, the exoneration of the General Secretary and the General Treasurer for the budget and economic management as well as the asset administration of the WCRC for the accounting year 2013 can be recommended. This recommendation occurs under subordination of concerns due to the merely subsequently kept books.

Hanover, 30th April 2014



(OKR WEITZENBERG)

HIGH AUDIT OFFICE OF THE
EVANGELICAL CHURCH IN GERMANY