



EVANGELISCHE KIRCHE IN DEUTSCHLAND

OBERRECHNUNGSAMT

---

(English version)

# REPORT

ON THE AUDIT OF THE

FINANCIAL STATEMENT 2017

# WORLD COMMUNION OF REFORMED CHURCHES (WCRC)

---

HANOVER



## TABLE OF CONTENTS

---

I. Audit basics.....	1
II. Organizational circumstances .....	5
III. Accounting / Presentation of the accounting results .....	7
Presentation of the result situation .....	7
IV. Audit statements .....	12
1. General statements.....	12
1.1 Correctness of the accounting/documentation.....	12
1.2 Job chart.....	12
2. Statements about the year-end closing .....	13
2.1. Correctness and completeness of the year-end closing .....	13
2.2. Budget balance/Utilization of the 2017 surplus.....	13
2.3. Balancing of payment methods .....	13
2.4 Advances and transit accounts.....	13
3. General Council .....	14
3.1 Accounting of the General Council .....	14
3.2 Reserves.....	16
3.3 Consideration of staff expenses toward EKD and UEK .....	16
4. Single statements .....	17
4.1. Development of the program budgets .....	17
4.2 Certification of the contribution funds .....	19
4.3. Membership fees .....	20
4.4 Expat expenses .....	20
4.5 Risks resulting from currency fluctuations .....	21
5. Further statements.....	21
V. Final remark.....	22
Audit result.....	22

## LIST OF IMPORTANT ABBREVIATIONS

---

BSt.	Buchungsstelle (Booking account, classification level in the finance software KFM)
DVO.EKD	Dienstvertragsordnung der EKD (compensation regulation), new version from 25th August 2008 (ABl. EKD p. 341), last change on 29th September 2014 (ABl. EKD 2015 p. 2)
EKD	Evangelische Kirche in Deutschland (Evangelical Church in Germany)
EUR	Euro (Currency code according to ISO 4217 for the Euro zone)
Ev.-ref. church	Evangelical Reformed Church
GG	Grundgesetz für die Bundesrepublik Deutschland (Constitution for the Federal Republic of Germany)
KFM	Kirchliches-Finanz-Management (finance software of KIGST GmbH, Offenbach am Main)
Nds. MBl.	Niedersächsisches Ministerialblatt (ministerial law gazette of Lower Saxony, official public announcement gazette)
ORA	Oberrechnungsamt der Evangelischen Kirche in Deutschland (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 <sup>th</sup> November 1993 (ABl. EKD page 513)
SB	Sachbuchteil (Booking account, 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)
USD	US-dollar (Currency code according to ISO 4217 for the US zone)
WGRK	Weltgemeinschaft Reformierter Kirchen (World Communion of Reformed Churches)
WRV	Weimarer Reichsverfassung (Weimar Constitution)

## **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 administrative agreement reached between the WCRC and the EKD on 10<sup>th</sup>/11<sup>th</sup> December 2014. The Standing Budget Committee of the EKD synod approved the acceptance of this audit assignment in its conference on 12<sup>th</sup>/13<sup>th</sup> 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 2017 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 2017.

For this, it was precisely audited:

- whether the budget and economic management as well as the asset administration in the accounting year 2017 took place correctly and according to applicable law and
- whether the annual accounts 2017 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 for 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 elected leadership and organs of the WCRC in the execution of their functions and to stimulate economic thinking as well as responsible action concerning the handling of the resources entrusted to the organization.

### **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 any incorrectness 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 foci. 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),

- employment process for new employees and
- inspection of single fields of high significance.

If any action was taken against existing regulations in the accounts and this remained without audit objections, no approval is to be deduced from this fact.

The audit was carried out by Ms. Tanja Küster and Mr. Ralph Schönemeier in the period from April to May 2018 – with interruptions. An on-site audit took place in the WCRC office in the Calvin Centre in Hanover (Knochenhauerstr. 42) on 19<sup>th</sup> April 2018.

The following documents were available for the audit among others:

- a) the 2017 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 2017 of 9<sup>th</sup> April 2018 (ZB closure no. 0409).

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

The audit was carried out based on the WCRC budget code (“WCRC General Finance Management Policies“), which has already been applied from the financial year 2013 onwards and was officially put into effect by the Executive Committee of the WCRC at its meeting of 11<sup>th</sup> to 18<sup>th</sup> May 2014. The information required on the occasion of the audit was provided by Ms Anna Krueger (Assistant for Finance and Communication) as well as Mr. Gerhard Plenter (Evangelical Reformed Church, Leer). In addition, other staff members were available for further enquiries.

### **Completeness statement**

To ensure the audit basics, the ORA has requested a representation letter for the financial statement 2017 from the WCRC. It was given by the General Secretary within the scope of this audit.

### **Final discussion**

On the occasion of the on-site audit, a conversation informing about the substantial results of the audit took place on 19<sup>th</sup> April 2018. The participants were Ms. Krüger for

the WCRC and Ms. Küster as well as Mr. Schönemeier for the ORA. Furthermore, additional statements were discussed via telephone between the participants.



## II. ORGANIZATIONAL CIRCUMSTANCES

---

The World Communion of Reformed Churches (WCRC) is a non-profit, international, non-governmental organization representing 233 member churches from over 100 countries with a total of approx. 100 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 mission of 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 for economic and ecological justice, world-wide peace and reconciliation, 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 page 2 WRV, awarded by the Federal Government of Lower Saxony, order issued on 11<sup>th</sup> December 2012<sup>1</sup>. It is subject to state supervision by the Ministry of Culture of Lower Saxony.

In addition, a contract for the regulation of issues corresponding to the legislative responsibility of the federal government was concluded between the Federal Republic of Germany and the WCRC dated 11<sup>th</sup>/14<sup>th</sup> April 2014. It was ratified by Federal Law on 10<sup>th</sup> December 2014.

---

<sup>1</sup> see announcement of the Ministry of Culture of Lower Saxony of 16<sup>th</sup> January 2013 (Nds. MBI 4/2013, page 67)

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. On 1<sup>st</sup> September 2014, Rev. Chris Ferguson (United Church of Canada) became the current office holder.

The current WCRC President is Rev. Najla Kassab (Lebanon). 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 Hanover (Germany) during the audit period.

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

### III. ACCOUNTING / PRESENTATION OF THE ACCOUNTING RESULTS

---

As before, the WCRC accounting was carried out in the cameralistic accounting style using the software KFM – Kirchliches-Finanz-Management (of the company KIGST GmbH – Offenbach am Main, Germany).

The ORA did not check the software applied. Within the scope of the audit activities, however, there were no indications leading to the assumption that the application might contain essential errors.

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:

#### General budget

<b>WCRC Annual Statement 2017</b>	<b>Revenues</b>	<b>Expenses</b>
	<b>EUR</b>	<b>EUR</b>
Budget appropriation according to budget	2.741.300,00	2.741.300,00
<b>TARGET COSTS 2017</b> (plan valuation)	<b>2.741.300,00</b>	<b>2.741.300,00</b>
According to the annual financial statement the following amount to:		
The actual receipts	2.009.421,93	
The transfers from program reserves	596.157,20	
The transfers from other reserves	86.088,02	
The actual expenditures		1.886.000,58
The allocations to program reserves		590.243,36
The allocations to other reserves		78.810,65
The surplus 2017 (allocation to General Reserve)		136.612,56
<b>ACTUAL COSTS 2017</b> (result)	<b>2.691.667,15</b>	<b>2.691.667,15</b>

## Handling of the General Council

The investment budget (SB 02) was created for the accounting execution of the handling of the General Council which took place in the year 2017.

According to the documents for the year 2017 presented for the audit, the budget of the General Council shows a balanced general volume of revenues and expenses of 5,092,063.71 EUR.

Concerning the accounting of the General Council, the ORA refers to the references on Tz. 13 of this report.

## Advances and transit accounts

The advances and transit accounts (SB 52) of the WCRC of the audit period according to the documents presented for the audit are as follows:

<b>Advance payment</b>				
<b>Identification</b>	<b>Opening balance from 2016 EUR</b>	<b>Expense 2017 EUR</b>	<b>Revenue 2017 EUR</b>	<b>Closing balance 2017 carried forward to 2018 EUR</b>
General Advances	1.437,94	6.252,25	6.150,60	1.336,29
General Advances Sparkasse	-	-	-	-
Permanent Advance AIPRAL	- 3.306,74	2.710,39	7.010,13	993,00
Project Advances - GC	-	21.228,54	21.228,54	-
ARCR Membership	- 1.236,51	450,00	-	1.686,51
Honorarium	- 2.313,00	3.500,00	5.813,00	-
Opening balance from projects	1.242.201,41	1.247.642,79	1.179.588,08	1.174.146,70
<b>Total:</b>	<b>1.236.783,10</b>	<b>1.281.783,97</b>	<b>1.219.790,35</b>	<b>1.174.789,48</b>

<b>Holding ledger</b>				
<b>Identification</b>	<b>Opening balance from 2016 EUR</b>	<b>Revenue 2017 EUR</b>	<b>Expense 2017 EUR</b>	<b>Closing balance 2017 carried forward to 2018 EUR</b>
Transitory Items	-	884.971,55	889.017,66	4.046,11
Transitory Items Endowment USA	-	-	-	-
Deposit	- 3.417,00	2.605,00	2.632,00	3.390,00
Transitory Items - ExCom	-	-	-	-
Transitory items - downpayments	-	662.020,81	662.020,81	-
Reclaimed Funds Provision	-	-	404.388,78	404.388,78
Interests	-	8.395,28	8.395,28	-
Asset	1.240.200,10	1.277.843,98	815.480,69	777.836,81
Balancing Accounts	-	223.731,83	223.731,83	-
<b>Total:</b>	<b>1.236.783,10</b>	<b>3.059.568,45</b>	<b>3.005.667,05</b>	<b>1.174.789,48</b>

The advances and transit accounts 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 and/or spoken about during the audit statements.

The position “accounting balance carried forward from projects” displayed under “advance payment” amounting to 1,174,146.70 EUR and the position “asset” displayed under “transitory items” amounting to 777,836.81 EUR correspond to the reserve stock in ledger 92 (asset stock).

Within the frame of the audit, the ORA recommended no bookings to be required under transits or advances. This process will be clarified between the ORA and the WCRC after the audit.

#### **Advances and transit accounts for the General Council**

A separate advance and transit accounts calculation (SB 53) of the WCRC was created for the General Council. It was randomly audited by the ORA.

According to the documents presented for the audit, the advances and transit accounts of the period audited show a volume of 1,363,723.31 EUR. It was balanced within the frame of the General Council.

## Presentation of the asset situation

The asset accounting of the WCRC (SB 92) according to the documents presented for the audit is as follows:

<b>Reserve assets (including trust assets, according to SB 92)</b>	<b>Opening Balance EUR</b>	<b>Closing Balance EUR</b>	<b>Annual Percentage Change</b>
<b>WCRC Capital</b>			
Reserve Fund	345.766,06	409.467,14	18,42%
IT Provision	12.063,59	12.063,59	0,00%
Fundraising Fund	11.012,44	11.012,44	0,00%
21st century reformation fund	3.964,36	3.964,36	0,00%
Alliance for life fund	2.973,51	0,00	-100,00%
Regional Communication Support	132,14	0,00	-100,00%
Reserve for FX Fluctuations	100.000,00	100.000,00	0,00%
Pension Contributions Reserve	389.820,91	596.491,08	53,02%
<b>Specific Asset Items</b>			
UEK special donation	683.056,08	683.056,08	0,00%
Member Church Sp. Donations 2017	20.000,00	0,00	-100,00%
PCK Peace and Reconciliation	2.381,11	0,00	-100,00%
Justice & Partnership Office Support	50.902,07	50.902,07	0,00%
General Council Fund	549.182,27	0,00	-100,00%
General Council 2024 Fund	0,00	58.986,06	100,00%
CWM Endowment Reserve	1.211.500,00	1.211.500,00	0,00%
<b>Theology &amp; Mission Office Programmes</b>			
Global Institute of Theology (GIT)	0,00	4.110,36	100,00%
Theological Dialogues	4.869,26	-3.416,78	-170,17%
Anglican Dialogue	1.269,45	0,00	-100,00%
Pentecostal Dialogue	4.950,78	0,00	-100,00%
Catholic Dialogue	249,04	249,04	0,00%
Mission	31.592,03	11.295,53	-64,25%
Madip	27.965,33	27.965,33	0,00%
Georges Lombard Prize	14.382,81	13.205,30	-8,19%
Network/Reference Group	0,00	4.595,32	100,00%
<b>Justice &amp; Partnership Offices Programmes</b>			
Covenanting for Justice	582,06	582,06	0,00%
Gender Justice	51.645,15	41.530,88	-19,58%
Theological Education for Women	146.983,47	106.510,58	-27,54%
New Econ. & Financial Archit. (NIFEA)	5.371,02	5.343,37	-0,51%
NIFEA - GEM School	3.743,82	0,00	-100,00%
Oikotree	4.768,09	4.768,09	0,00%

<b>Continuation to the table reserve assets</b>			
<b>Partnership Funds</b>			
Partnership Fund A - BfW Funds	88.906,83	85.574,83	-3,75%
Partnership Fund B	49.636,00	30.556,00	-38,44%
Partnership Fund D	100,00	0,00	-100,00%
Partnership Fund E	632,17	632,17	0,00%
<b>General Programmes</b>			
WCRC Regional Support	0,00	0,00	0,00%
Regional Support - AIPRAL	27.000,00	0,00	-100,00%
Regional Support - ACRC	45.998,50	9.523,62	-79,30%
Global Internship Programme	58.112,39	55.773,22	-4,03%
Global Internship Programme - GC	27.399,00	1.771,48	-93,53%
<b>Key Initiatives</b>			
EMW	0,00	126.154,44	100,00%
OPM	0,00	64.212,10	100,00%
<b>Custodian Funds</b>			
Mission Fund	18.016,30	18.016,30	0,00%
Publications Fund	49.700,75	47.200,75	-5,03%
UCC Death Penalty Consultation	5.175,70	5.175,70	0,00%
Equatorial Guinea	4.218,09	4.218,09	0,00%
Native American Project	3.164,33	3.164,33	0,00%
<b>Sub-Total</b>	<b>4.059.186,91</b>	<b>3.806.154,93</b>	<b>-6,23%</b>
<b>Trust Assets</b>			
WCRC Europe	180.157,44	187.979,34	4,34%
<b>Total</b>	<b>4.239.344,35</b>	<b>3.994.134,27</b>	<b>-5,78%</b>

The total asset stock of the WCRC amounted to 3,994,134.27 EUR for the year-end closing as of 31<sup>st</sup> December 2017. Compared with the previous year (4,239,344.35 EUR), this stock has decreased by 245,210.08 EUR (5.78 %) according to the accounting balance.

Within the frame of the year-end closing 2017, the withdrawal from the reserve for “Global Institute of Theology (GIT)” amounting to 3,416.78 EUR was mistakenly booked from the reserve “Theological Dialogs.” A correction will be carried out in the budget year 2018.

## IV. AUDIT STATEMENTS

### 1. General statements

#### 1.1 Correctness of the accounting/documentation

The WCRC has a significant accounting. The documents were randomly audited, their presentation is orderly and clearly laid out. The traceability of the audited business transactions was given. Upon request, further differentiated analyses apart from the compulsory annual financial statements were presented within the frame of the audit.

#### 1.2 Job chart

The job chart presented is as follows:

Nr.	function	Tarif- werk	compensation	plan	result
1	General Secretary	NBesG	B 3	1.0	1.0
2	Exec. Secretary for Communications	NBesG	A 15	1.0	1.0
3	Exec. Secretary for Justice and Partnership	NBesG	A 15	1.0	1.0
4	Exec. Secretary for Theology and Communion	NBesG	A 15	1.0	1.0
5	Asst. for Finance and Communication	DVO.EKD	EG 9	1.0	1.0
6	Asst. for Justice and Theology	DVO.EKD	EG 9	1.0	1.0
7	Asst. for the Reformed Partnership	DVO.EKD	EG 9	1.0	1.0
8	Asst. to the General Secretary	DVO.EKD	EG 9	1.0	1.0
<b>Subtotal:</b>				<b>7.0</b>	<b>7.0</b>
9	Programme Coordinator for Peace and Development		Fixed compensation	5,300 EUR	1.0
10	Volunteer Assistant	DVO.EKD	Minor employment	300 EUR	1.0
11	Cleaning personnel		EG 2	0.18	0.18
12	Managing Director of the Exhibition "Living (the) Reformation Worldwide"		E 13	0.41	0.41
13	Service Provider		Fixed payment	1,000 EUR	1.0
14	Consultant		Fixed payment	1,500 EUR	1.0
15	Intern	TVPÖD	Fixed payment	1.700,00 EUR based on § 8 TVPÖD	1.0
16*	Intern	TVPÖD	Fixed payment	1.700,00 EUR based on § 8 TVPÖD	1.0
17**	Intern	TVPÖD	Fixed payment	1,647.05 EUR based on § 8 TVPÖD	1.0
8***	General Council Coordinator	---	---	1,0	1,0
20	Project Assistant		Fixed payment	500 EUR based on §20 Para. 2 SGB IV	1.0
21	Project Assistant		Without Pay	1.0	1.0
22	Service Provider		Fixed payment	180 EUR	1.0
23	Service Provider		Fixed payment	1050,00 EUR	1.0

\* The position of the intern is funded by the Council for World Mission

\*\* The position of the intern is funded by her church (Presbyterian Church of Taiwan)

\*\*\* The employee is seconded by the Evangelical Church of Westphalia

No objections concerning the job chart have arisen.



## **2. Statements about the year-end closing**

### **2.1. Correctness and completeness of the year-end closing**

The 2017 year-end closing of the WCRC was compiled dated 9th April 2018 (ZB closing no. 0302). It shows a volume of 2,691,667.15 EUR.

For the audit, the documentation from accounting (SB) was provided as annual accounting document. Close inspection and checking of the contained proven year-end closing results gave no indication for differences of relevant significance.

Finally, it is determined that the year-end closing for the accounting year 2017 shows no significant gaps according to the ORA findings.

### **2.2. Budget balance/Utilization of the 2017 surplus**

The balancing of the ordinary budget was induced by an allocation of the profit remaining after execution of all necessary bookings amounting to 136,612.56 EUR to the General Reserve Fund (SB 92, BSt. 5110.00 UK 1).

### **2.3. Balancing of payment methods**

For the audit, account and investment statements as well account balance statements were presented for all the payment methods installed in the WCRC as well as for all the asset components proven in the balance sheet (SB 92). In this regard, no statements have resulted.

### **2.4 Advances and transit accounts**

The advances and transit accounts (SB 52) were balanced and plausible with few permitted exceptions (among others the booking accounts that correspond to the asset calculation – SB 92 – where the solvent resources are proven that are attributed to the assets).

### 3. General Council

#### 3.1 Accounting of the General Council

As previously mentioned, the investment budget (accounting book 02) was created – especially for the accounting execution – for the processing of the General Council which took place in the year 2017.

According to the documents presented for the years 2015 to 2017, the budget of the General Council shows a balanced general volume of revenues and expenses of 5,133,104.28 EUR.

According to the documents presented, the complete **expenses** of the General Council are as follows:

<b>General Council Name</b>	<b>Expenses EUR</b>
General Council	3.025.746,12
Planning Committee	65.194,24
Worship Committee	17.666,70
Communication	292.746,76
Youth Council	12.759,70
Womens Council	1.210,06
Wittenberg Day	45.868,00
Berlin Visit	70.485,34
Berlin Visit Performance	19.120,55
Towards a Global Community of Life	252.016,36
Indaba	0,00
Psalm Concert	45.542,34
Social Art Project Leipzig	50.477,46
Youth Cathering "Meet the World"	110.926,26
Global Players Exhibition	43.654,64
Reception by Lord Mayer	23.821,24
GIT Core	331.013,33
GIT Preparatory Meetings	9.886,65
GIT Wuppertal and Leipzig	204.786,55
Leipzig Event	510.181,98
<b>Total expenses</b>	<b>5.133.104,28</b>
less Project Subsidies	1.212.268,81
less Reserves	404.388,78
<b>Total (without Project Subsidies and Reserves)</b>	<b>3.516.446,69</b>

According to the documents presented, the complete **revenues** of the General Council are as follows:

<b>General Council Name</b>	<b>Revenues EUR</b>
Contribution Foreign Ministry (Auswärtiges Amt) in Germany	300.000,00
Registration fees	110.949,83
Fees	23.365,00
Participation fees	19.335,04
Student fees	29.835,02
Further revenues	9.452,95
Membership fees	164.171,29
Contribution Evangelisch-reformierte Kirche Leer	150.000,00
Contribution Lippische Landeskirche	150.000,00
Contribution Evangelische Kirche im Rheinland	220.000,00
Contribution Union Evangelischer Kirchen in der EKD	510.000,00
Contribution Evangelische Kirche in Deutschland	600.000,00
Contribution Evangelische Kirche von Westfalen	220.000,00
Contribution Evangelisches Missionswerk Deutschland	160.000,00
Grant Gustav-Adolf-Werk	5.000,00
Contribution Bread for the World	148.900,00
Contribution City of Leipzig	93.650,00
Contribution of the Federal Ministry for Culture and Media(BKM)	46.296,00
Contribution Federal Ministry for Family, Seniors, Women and Youth (BMFSFJ)	40.400,00
Ev.-ref. Synodalverband Bern	16.088,69
Ev.-ref. Landeskirche Zürich	5.000,00
Fondation pour l'aide au protestantisme réformé	40.000,00
Kerk in Actie	10.000,00
Reserve withdrawal Global Institute of Theology (GIT)	25.535,41
Council for World Mission	20.000,00
Project Subsidies	1.455.447,93
Refunds	6.199,83
Own fee WCRC	553.477,29
<b>Total revenues</b>	<b>5.133.104,28</b>

A comparison of the target and actual figures could not be presented due to the fact that, as agreed, the current target figures were not mentioned in the accounting in accounting book 02.

In total, the financing of the General Council has resulted in a surplus of 69,245.97 EUR – from the current perspective. Initially, it was booked as a reserve in the transit accounts and carried forward into the budget year 2018.

### 3.2 Reserves

Within the frame of the General Council, the WCRC did not need a part of the contributions granted. Reserves were generated for these unutilized funds:

<b>Reserves for Donors</b>	<b>Reserve EUR</b>
BfW - Towards a Global Community of Life - Travel costs Global	22.723,77
KhK - GIT	7.194,06
Contribution Evangelisches Missionswerk Deutschland (GIT)	50.000,00
Contribution Evangelische Kirche in Deutschland (EKD)	116.233,04
Contribution Union Evangelischer Kirchen in der EKD (UEK)	138.063,95
Federal Ministry for Culture and Media (BKM)	927,99
Surplus General Council (unutilized funds)	69.245,97
<b>Total amount</b>	<b>404.388,78</b>

These reserves amounting to 404,388.78 EUR were booked in the transit accounts as holdings and transferred into the budget year 2018.

According to the assessment of the ORA, the contribution notices and their incidental provisions of the contributors (especially the EKD and UEK) mandatorily stipulate that contribution funds which are not required are to be repaid immediately. The ORA has pointed out this obligation and the risk of additional interest payments to the representatives of the WCRC promptly and repeatedly.

Concerning the unutilized funds of the Evangelisches Missionswerk (EMW) amounting to 50,000.00 EUR, the WCRC representatives claim to have been informed by the EMW that up to 50,000 EUR of unutilized funds from this contribution by the EMW should be put aside for the next GIT. The WCRC will return these funds to the EMW first.

Less the above created reserves, a surplus of 69,245.97 EUR has resulted from the financing of the General Council. In this respect, the ORA also points out the existing risk that these funds will have to be repaid (proportionally) to the contributors.

### 3.3 Consideration of staff expenses toward EKD and UEK

Within the audit of the expenses of the General Council, the ORA established that staff expenses amounting to 156,679 EUR were billed. These are regular staff members of the WCRC who were not additionally employed for the General Council. The application with the contributors EKD and UEK had not contained these expenses. Moreover, since it is not about staff additionally employed for the General Council but rather about a billing of the original costs of the permanent WCRC staff it is to be expected that these staff expenses will not be eligible by the EKD and UEK. The consequence would be that these funds have to be repaid.

According to the WCRC representatives, a final audit of the usage list as well as the decision of the contributors EKD and UEK, respectively to be expected in 2018, will be waited for. The ORA has pointed out the possible risk of a repayment obligation to the WCRC representatives.

#### 4. Single statements

##### 4.1. Development of the program budgets

The program budgets that earmarked reserves exist for and that contributions are partly provided for by third parties are processed within the ordinary WCRC budget (SB 00).

The various program budgets are each separately administered and settled in the single plans 2, 3, 4 and 5 of the budget.

For the year 2017, the program budgets are as follows:

Programme Budgets 2017	Opening Balance	Revenues	Expenses	Closing Balance
	EUR	EUR	EUR	EUR
<b>Communion &amp; Theology Office Programmes</b>				
Global Institute of Theology (GIT)	0,00	0,00	0,00	0,00
Theological Dialogs	4.869,26	0	4.869,26	0,00
Anglican Dialogue	1.269,45	5.719,15	6.988,60	0,00
Pentecostal Dialogue	4.950,78	7.464,77	12.415,55	0,00
Catholic Dialogie	249,04	0,00	0,00	249,04
	0,00	4.606,82	11,50	4.595,32
Mission	31.592,03	0,00	0,00	31.592,03
Mission - Mission on the Frontline	0,00	0,00	0,00	0,00
Vision and Mission	0,00	1.406,65	1.406,65	0,00
Madip	27.965,33	0,00	0,00	27.965,33
Georges Lombard Prize	14.382,81	0,00	1.177,51	13.205,30
Communion - Regional Consultation	0,00	20.229,34	20.229,34	0,00
Strengthening Communion	0,00	46.845,95	46.845,95	0,00

<b>Continuation to the table</b>				
<b>Justice &amp; Witness Office Programmes</b>				
Covenanting for Justice	582,06	0,00	0,00	582,06
Oikotree	4.768,09	0,00	0,00	4.768,09
New Economic & Financial Architecture (NIFEA)	5.371,02	0,00	27,65	5.343,37
NIFEA - GEM School	3.743,82	17.823,31	21.567,13	0,00
NIFEA - Panel	0,00	8.701,26	8.701,26	0,00
NIFEA - Advocacy	0,00	2.995,09	2.995,09	0,00
Gender Justice	51.645,15	0,00	10.114,27	41.530,88
Theological Education for Women	146.983,47	0,00	40.472,89	106.510,58
Human Trafficking	0,00	0,00	0,00	0,00
Working Group on Women Ordination	0,00	0,00	0,00	0,00
<b>Partnership Funds</b>				
Partnership Fund A	88.906,83	0,00	3.332,00	85.574,83
Partnership Fund A - OPM	0,00	24.494,40	24.494,40	0,00
Partnership Fund B	49.636,00	26.000,00	45.080,00	30.556,00
Partnership Fund D	100,00	937,30	1.037,30	0,00
Partnership Fund E	632,17	16.200,00	16.200,00	632,17
<b>General Programmes</b>				
Regional Support - Capacity-Building	0,00	7.947,52	7.947,52	0,00
Regional Support - AIPRAL	27.000,00	15.000,00	42.000,00	0,00
Regional Support - ACRC	45.998,50	0,00	36.474,88	9.523,62
Youth Programme	0,00	0,00	0,00	0,00
Global Internship Programme	48.747,26	10.780,08	3.754,12	55.773,22
Global Internship Programme - EMW	8.243,89	24.356,71	32.600,60	0,00
Global Internship Programme- PCT	1.121,24	18.436,65	19.557,89	0,00
Global Internship Programme - GC	27.399,00	5.955,78	31.583,30	1.771,48
Globale Initiatives - Korea Reunification Process	0,00	760,48	760,48	0,00
Global Initiatives - Peace and Reconciliation Colombia WCRC	0,00	4.386,08	4.386,08	0,00
Global Initiatives - Accompaniment Peace Talks ELN/Col. Government	0,00	15.827,72	15.827,72	0,00
Global Initiatives - Middle East Peace Process	0,00	831,52	831,52	0,00
Global Initiatives - South Sudan Project	0,00	1.902,60	1.902,60	0,00
<b>Key Initiatives</b>				
Otto per Mille	0,00	178.363,90	114.151,80	64.212,10
EMW	0,00	207.000,00	101.142,06	105.857,94
<b>Total</b>	<b>596.157,20</b>	<b>674.973,08</b>	<b>680.886,92</b>	<b>590.243,36</b>

The following statements concerning the program budgets resulted within the scope of the audit:

- 10 of the 43 programs showed no financial activities in the year 2017.
- For the administration of the program budgets the WCRC practices a procedure which completely transfers the earmarked stocks of the program reserves from the WCRC balance sheet to the ordinary budget for administration every year so as to make the available means visible in the program budget for the responsible executive secretaries. At the end of a financial year, the remaining means are transferred back to the corresponding reserves within the scope of the year-end procedures considering the running revenues and expenses of the projects.

In the accounting year 2017, the program means were transferred back at the beginning of the accounting year at the beginning of March – insofar promptly. Thus, the previously described procedure is given with the original intention of transparency.

- The finance committee of the WCRC decided that a global administrative cost allocation of 8 % is to be paid from the program budgets to the core budget so as to finance the administrative overhead expenses resulting in the Hanover office. They are applied when other administrative costs rates are indicated.

A cursory review of the program costs showed no indications for a misappropriated utilization and/or classification of the funds.

#### **4.2 Certification of the contribution funds**

The revenues from contributors shown in the year-end closing of the year 2017 amount to a total of 458,584.09 EUR. The opening balance from remaining funds from the previous year (2016) amounts to 222,396.50 EUR. Thus, the total revenues for the year 2017 for projects amounted to 680,980.59 EUR. Concerning the funds of the Evangelisches Missionswerk it is to be noted that of the total funds (313,489.67 EUR), including the means transferred from the year 2016 (133,489.67 EUR) only 177,811.61 EUR were utilized. Of these, 76,669.55 EUR corresponded to funds transferred from the year 2016. The difference of 135,678.06 EUR of EMW funds has been temporarily assigned to earmarked project reserves.

The following shows an overview of the different contributors for the year 2017:

Donor	Remaining funds 2016 EUR	Revenues 2017 EUR	Transfer 2016 EUR	Expenses 2017 EUR	Carry-over 2018 EUR
Council for World Mission	0,00	83.584,09	0,00	83.584,09	0,00
ICCO - Kerk in Actie	0,00	20.000,00	0,00	20.000,00	0,00
Otto per Mille	0,00	175.000,00	0,00	110.787,90	64.212,10
Evangelisches Missionswerk	133.489,67	180.000,00		177.811,61	135.678,06
Brot für die Welt	88.906,83	0,00	0,00	3.332,00	85.574,83
<b>Total:</b>	<b>222.396,50</b>	<b>458.584,09</b>	<b>0,00</b>	<b>395.515,60</b>	<b>285.464,99</b>

After discounting the accounting-relevant expenses of 395.515.60 EUR, a revenue surplus of 285,464.99 EUR remains, which was transferred as earmarked into the budget year 2018.

Concerning the unutilized contribution funds of the Evangelisches Missionswerk, it has been agreed that the funds have to be repaid at the end of the budget year 2018.

#### 4.3. Membership fees

The development of the WCRC membership fees within the audited period shows the following figures:

Regional Membership Fees	Budgeted EUR	Actuals EUR	Difference EUR
Africa	17.000,00	20.424,20	3.424,20
Latin America	7.000,00	8.440,78	1.440,78
Caribbean and North America	255.000,00	290.046,96	35.046,96
Asia	54.000,00	68.230,15	14.230,15
Pacific	3.500,00	2.846,97	-653,03
Europe	436.000,00	396.491,80	-39.508,20
<b>total</b>	<b>772.500,00</b>	<b>786.480,86</b>	<b>13.980,86</b>

Currently, the WCRC office is still busy processing the development of the membership fees of the last years so as to obtain an overview of the existing payment obligations and fee backlogs of the member churches. Within the frame of the General Council, intensive consultations have been led with the member churches. The aim is to achieve the reliable payment of membership fees in the future.

According to the WCRC, the newly elected Executive Committee will decide how contributions in arrears are to be dealt with in the future.

#### 4.4 Expat expenses

The so-called “expat expenses“ are benefits for the WCRC employees. The right to payment complies with the WCRC internal regulations of the “personnel policies and practices“. These are especially benefits concerning the costs of children’s school fees, rent and meals of children studying outside Hanover, language courses for



spouses and children as well as travel to the employees' home countries every two years.

The costs spent for this by the WCRC in 2017 can be summarized as follows.

<b>Expat Expenses</b>	<b>Plan EUR</b>	<b>Ergebnis EUR</b>	<b>Saldo EUR</b>
<b>Executive Secretaries</b>	50.000,00	38.517,51	11.482,49
<b>total</b>	<b>50.000,00</b>	<b>38.517,51</b>	<b>11.482,49</b>

For the rest, the ORA carried out a random revision of singular cases and confirms agreement with the regulations of the "personnel policies and practices".

#### **4.5 Risks resulting from currency fluctuations**

Within the frame of this audit, the ORA determined that the WCRC realized a loss from currency conversions amounting to 81,773.82 EUR (previous year 14,294.56 earnings EUR) in the accounting year 2017.

<b>Fx Gain and Fx Loss</b>	<b>Budgeted EUR</b>	<b>Actuals EUR</b>	<b>Difference EUR</b>
Fx gain	0,00	36.759,18	36.759,18
Fx loss	0,00	118.533,00	-118.533,00
<b>total</b>	<b>0,00</b>	<b>-81.773,82</b>	<b>-81.773,82</b>

To safeguard against the risks resulting from currency fluctuations, an earmarked reserve of currently 100,000.00 EUR is being maintained. Within the frame of the year-end closing, the loss amounting to 81,773.82 EUR was first withdrawn from the reserve. To enable the stability of the reserve of 100,000.00 EUR again in the future the difference was balanced from the "General WCRC reserve" so that the reserve for the balancing of currency fluctuations again amounts to 100,000.00 EUR as of 31st December 2017.

#### **5. Further statements**

Various questions and problems were discussed orally during the course of the audit. Further dealing with these points within the frame of this report is superfluous since these questions have already been clarified and future attention is to be expected.

## **V. FINAL REMARK**

---

### **Audit result**

#### **Audit of the year-end closing 2017**

Subject of the audit was the annual financial statement submitted by the WCRC for the year 2017. According to the result of this audit, the ORA can confirm that:

- the accounting in the accounting year 2017 occurred in due form and in compliance with the principles of orderly accounting,
- the WCRC financial statement conveys an image of the results and assets situation which largely corresponds to the actual circumstances and complies with the general fiscal principles and
- the year-end closing 2017 was correctly developed from the WCRC accounting.

#### **Audit of the economic management and assets administration**

With reference to the WCRC management of the budget and economy and the assets administration and as a result of the audit, the ORA can – independently from the questions brought up in the audit statements – confirm that:

- the budget resolved by the WCRC Executive Committee was essentially executed in due form, economically and thriftily and
- there are no indications for the fact that the regulations and principles effective for management might have been ignored to a considerable extent.

## Recommendation of discharge

- 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 2017 can be recommended.

Hanover, 8<sup>th</sup> Mai 2018



AS REPRESENTATIVE



(SCHÖNEMEIER)

DEPUTY HEAD OF THE  
HIGH AUDIT OFFICE OF THE  
EVANGELISCHEN KIRCHE IN DEUTSCHLANDT