



EVANGELISCHE KIRCHE IN DEUTSCHLAND
OBERRECHNUNGSAMT

(English version)

REPORT

ON THE AUDIT OF THE FINANCIAL STATEMENT 2021

WORLD COMMUNION OF REFORMED CHURCHES
(WCRC)

HANNOVER

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LIST OF IMPORTANT ABBREVIATIONS

BSt.	Buchungsstelle (Booking account, classification level in the finance software KFM)
CWM	Council for World Mission / Rat für Weltmission
DVO.EKD	Dienstvertragsordnung der EKD (compensation regulation), new version from 25th August 2008 (ABl. EKD p. 341), last change on 6th September 2018 (ABl. EKD 2019 p. 74)
EKD	Evangelische Kirche in Deutschland (Evangelical Church in Germany)
EMW	Evangelisches Missionswerk (Evangelical Mission society)
EUR	Euro (Currency code according to ISO 4217 for the Euro zone)
GG	Grundgesetz für die Bundesrepublik Deutschland (Constitution for the Federal Republic of Germany)
KFM	Kirchliches-Finanz-Management (finance software of ECKD-KIGST-GmbH, Offenbach am Main)
Nds. BesG	Niedersächsisches Besoldungsgesetz (Remuneration Law of Lower Saxony)
Nds. MBl.	Niedersächsisches Ministerialblatt (official public announcement gazette)
NIFEA	New Economic and Financial Architecture
OPM	Otto per Mille
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 th November 1993 (ABl. EKD p. 513)
RAN	Racism, Authoritarianism and Nationalism - Empire
SB	Sachbuchteil (Booking account, classification level in the finance software KFM)
TVöD	Tarifvertrag für den öffentlichen Dienst (Collective wage agreement in public service)
TVPöD	Tarifvertrag für Praktikantinnen/Praktikanten des öffentlichen Dienstes (Collective wage agreement for interns/trainees in public service)
Tz.	Textziffer (classification number of the content statements in this report)
UEK	Union Evangelischer Kirchen (Union of Evangelical Churches)
UK	Unterkonto (sub-account – classification level in the finance software KFM)
WGRK	Weltgemeinschaft Reformierter Kirchen (World Communion of Reformed Churches)
WGRK-Haus- haltsordnung	WCRC General Finance Management Policies
WRV	Weimarer Reichsverfassung (Weimar Constitution)

I. AUDIT BASICS

Audit assignment

According to article X section G. No. 4 in connection with article XIV section C of the constitution of the World Communion of Reformed Churches (WCRC), it falls to the Executive Committee to accept and authorize (discharge) the audited year-end closing of the WCRC. The WCRC has instructed the High Audit Office of the Evangelical Church in Germany (ORA) to carry out the necessary auditing activities for this purpose.

The audit assignment is based on an administrative agreement reached between the WCRC and the EKD on 10th/11th December 2014. 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 subject of the audit was the annual financial statement of the WCRC for the accounting year 2021. For this, it was precisely audited:

- whether the budget and economic management as well as the asset administration in the accounting year 2021 took place correctly and according to the relative principles and regulations (concerning the budget) and
- whether the annual accounts 2021 convey an appropriate image of the actual situation concerning the budget implementation as well as the assets, finances and results.

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.

Audit of the budget and economic management

In addition to the audit of the accounting, it is the assignment of the ORA to audit 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 a 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 foci were determined:

- correctness and completeness of the annual financial statement (appropriate reproduction of the asset and result situation, adherence to the budget),
- inspection of various single aspects of the HR department,
- inspection of partial aspects of the internal monitoring system of the HR department and
- inspection of the contribution funds.

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

The audit was carried out by Ms. Tanja Fitzel in April and May 2022.

The following documents, among others, were available for the audit:

- a) the 2021 budget for the WCRC and
- b) the financial statement presentation (annual financial statement KFM, SB 00) including General Assembly (SB 02), advances and transit accounts (SB 52), advances and transit accounts of the General Assembly (SB 53), as well as the capital account (SB 92) for the budget year 2021 of 19th April 2022 (ZB closure no. 0219).

In addition to the WCRC files, especially the accounting documents (invoice documents and bank statements) were available. The records requested within the audit were either submitted or access to the corresponding documents 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 11th to 18th May 2014.

The information required on the occasion of the audit was provided by Ms. Anna Krüger (Administrator for Finance and Communication), Ms. Amritha Perumalla (Administrator for Projects and Programs) as well as Mr. Gerhard Plenter (Evangelical Reformed Church). In addition, other staff members were available for further enquiries when necessary.

Completeness statement

To ensure the audit basics, the ORA requested a completeness statement from the WCRC for the financial statement 2021. It was given by the Acting General Secretary Dr. Hanns Lessing within the scope of this audit dated 10th May 2022.

Final discussion

A final discussion was mutually regarded as unnecessary.

II. ORGANIZATIONAL CIRCUMSTANCES

The World Communion of Reformed Churches (WCRC) is a non-profit, international, non-governmental organization representing more than 230 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 WCRC 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 11th December 2012¹. It is subject to state supervision by the Ministry of Culture of Lower Saxony. The WCRC is also registered as a 501(c)3 corporate body in the state of Michigan in the United States of America.

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 11th/14th April 2014. It was ratified by Federal Law on 10th December 2014.

The current WCRC constitution was approved by the Uniting General Council in 2010. A revised version was accepted by the General Council in the year 2017. The organization is officially based in Hannover, Germany.

In its self-concept, the WCRC follows the tradition of the Reformers John 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).

¹ see announcement of the Ministry of Culture of Lower Saxony of 16th 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/she bears the responsibility for the management and coordination of their work towards the General Council and the Executive Committee. The position of General Secretary has been vacant since 1st September 2021. In substitution, the three Executive Secretaries have taken over as a “council”. Dr. Hanns Lessing is authorized to sign in a representational function.

The WCRC President is Rev. Najla Kassab (Lebanon). The office of General Treasurer was assigned to Dr. Johann Weusmann (Germany).

The current transactions of the WCRC are assumed by an office directed by the General Secretary. It is based in Hannover (Germany).

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

III. ACCOUNTING / PRESENTATION OF THE ACCOUNTING RESULTS

The accounting was assumed by the Administrator for Finances of the WCRC and was carried out in the cameralistics 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 and the result of the audit are as follows:

WGRK Annual Statement 2021	Revenues EUR	Expenses EUR
Budget appropriation according to budget	2.742.000,00	2.742.000,00
TARGET COSTS 2021 (plan valuation)	2.742.000,00	2.742.000,00
According to the annual financial statement the following amount to:		
The actual receipts	1.699.431,38	
Internal reallocations between programmes	588.312,09	
The transfers from program reserves	238.582,55	
The transfers from other reserves	286.726,59	
The actual expenditures		1.661.998,98
Internal reallocations between programmes		588.312,09
The allocations to program reserves		325.066,25
The allocations to other reserves		124.413,78
The surplus 2021 (allocation to General Reserve)		113.261,51
ACTUAL COSTS 2021 (result)	2.813.052,61	2.813.052,61

Advances and transit accounts

The advances and transit accounts of the WCRC (SB 52) were randomly audited.

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

Advance payment				
Identification	Opening balance from 2020 EUR	Expense 2021 EUR	Revenue 2021 EUR	Closing balance 2021 carried forward to 2022 EUR
Permanent Advance AIPRAL	-1.283,44	772,85	380,00	-1.676,29
ACRC Membership	-2.579,93	0,00	885,22	-1.694,71
Opening balance from projects	2.339.129,36	2.344.570,74	1.633.111,86	1.627.670,48
Total:	2.335.265,99	2.345.343,59	1.634.377,08	1.624.299,48

Holding ledger				
Identification	Opening balance from 2020 EUR	Revenue 2021 EUR	Expense 2021 EUR	Closing balance 2021 carried forward to 2022 EUR
Transitory items	2.175,88	187.252,55	187.655,04	2.578,37
Deposit	-3.060,00	680,00	0,01	-3.739,99
Transitory items - downpayments	315.224,16	177.160,21	0,00	138.063,95
AIRPRAL- Regional Empower Erment	0,00	0,00	25.000,00	25.000,00
Interests	0,00	48.638,95	48.638,95	0,00
Asset	2.020.925,95	2.449.453,03	1.890.924,23	1.462.397,15
Balancing Accounts	0,00	2.805.539,29	2.805.539,29	0,00
Total:	2.335.265,99	5.668.724,03	4.957.757,52	1.624.299,48

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 1,627,670.48 EUR and the position "asset" displayed under "transitory items" amounting to 1,462,397.15 EUR correspond to the reserve stock in ledger 92 (asset stock).

Presentation of the asset situation

The asset accounting of the WCRC (SB 92) as of 31st December 2021 according to the documents presented for the audit is as follows:

Reserve assets (including trust assets, according to SB 92)	Opening Balance 01.01.2021 EUR	Closing Balance 31.12.2021 EUR	Annual Percentage Change
WCRC Capital			
Reserve Fund	640.237,31	512.204,86	-128.032,45
IT Provision	32.063,59	32.063,59	0,00
Fundraising Fund	31.012,44	31.012,44	0,00
Reserve for FX Fluctuations	100.000,00	100.000,00	0,00
Designated Core Funds	0,00	46.086,19	46.086,19
Oikotree	4.768,09	4.768,09	0,00
Reformed World	6.972,92	0,00	-6.972,92
Pension Contributions Reserve	980.108,53	1.019.440,73	39.332,20
Specific Asset Items			
General Council 2024 Fund	224.489,45	369.848,10	145.358,65
CWM Endowment Reserve	1.211.500,00	1.211.500,00	0,00
Endowment Contributions CWM	714.985,77	714.985,77	0,00
Programmes (Structure as per Strategic Plan)			
P1 CULTIVATING A JUST COMMUNION			
Internship Programme	18.765,00	17.483,69	-1.281,31
Internship Programme - Personnel Reserve	62.740,98	62.740,98	0,00
Reformed Partnership Fund D	0,00	473,00	473,00
Reformed Partnership Fund E	2.639,84	2.639,84	0,00
P2 COVENANTING FOR JUSTICE			
NIFEA - Campaigns	5.343,37	5.343,37	0,00
Ecology	130,34	130,34	0,00
Gender, Leadership and Power	41.353,38	40.459,33	-894,05
TESF	4.467,72	2.294,54	-2.173,18
RAN	2.033,86	4.061,40	2.027,54
P3 DOING THEOLOGY FOR TRANSFORMATION			
Global Institute of Theology (GIT)	77.102,28	77.102,28	0,00
Theological Networks	4.595,32	4.595,32	0,00

Reserve assets (including trust assets, according to SB 92)	Opening Balance 01.01.2021 EUR	Closing Balance 31.12.2021 EUR	Annual Percentage Change
P4 ENGAGING GOD'S MISSION IN THE CONTEXT OF CRISIS			
Mission	10.829,48	10.829,48	0,00
P5 WORKING WITH ALL THE PARTNERS GOD GIVES US			
Catholic Dialogue	249,04	249,04	0,00
Key Initiatives			
EMW	67.104,82	119.000,59	51.895,77
OPM	86.042,06	105.734,20	19.692,14
Ev. Church of Westphalia	7.795,56	24.575,56	16.780,00
Custodian Funds			
Database Project	32.916,07	0,00	-32.916,07
Mission and Advocacy	145.695,26	145.695,26	0,00
Justice & Partnership Office Support	50.902,07	50.902,07	0,00
Justice and Witness	13.054,01	13.017,80	-36,21
Mission Fund	18.016,30	18.016,30	0,00
Publications Fund	47.200,75	47.200,75	0,00
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
Sub-Total	4.657.673,73	4.807.013,03	149.339,30
Trust Assets			
WCRC Europe	174.025,11	191.079,26	17.054,15
Total	4.831.698,84	4.998.092,29	166.393,45

The total asset stock of the WCRC including the WCRC trust property amounted to 4,998,092.29 EUR for the year-end closing as of 31st December 2021. Compared with the previous year (4,831,698.84 EUR), this stock has increased by 166,393.45 EUR (3.44%) according to the accounting balance. However, this includes 408,023.41 EUR of earmarked funds consisting of the stocks of the EMW, Otto per Mille, the Ev. Kirche v. Westfalen, Mission and Advocacy and the Georges-Lombard Prize.

IV. AUDIT STATEMENTS

1. General statements

1.1 Applicability of the General Finance Management Policies

At the conference of the Executive Committee from 11th to 18th May 2014 in Hannover, the General Finance Management Policies of the WCRC were formally put into effect by resolution. The determinations of the WCRC General Finance Management Policies have partially not been implemented. The main reason for the fact that various regulations cannot yet be implemented is due to the applied accounting style. In this regard, the WCRC General Finance Management Policies stipulates the extended cameralistics and is designed accordingly. However, the WCRC still keeps its accounts in the accounting style of cameralistic.

In this regard, in its audit report of the year 2015, the ORA already stated and pointed out, among others, that elements of the year- end closing required by the General Finance Management Policies, e. g. a balance with attachment, cannot be existent due to the system as they cannot be generated in the cameralistic.

Thus, the ORA was again only able to orient this year's audit mainly according to the general principles of orderly accounting and, at this, especially focus on the continuity of the accounting.

To the ORA, this seems to be exceptionally justifiable as the office has announced that a conversion to the churchly double bookkeeping is targeted for the year 2024 at the latest.

1.2 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.

1.3 Correctness and completeness of the year-end closing

The 2021 year-end closing of the WCRC was compiled dated 19th April 2022 (ZB closing no. 0219). It shows a volume of 2,813,052.61 EUR.

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

1.4 Budget balance / Utilization of the 2021 surplus

The balancing of the ordinary budget was induced by an allocation of the annual surplus amounting to 113,261.51 EUR to the General Reserve Fund (SB 92, BSt. 5110.00 UK 1).

1.5 Balancing of the payment methods as well as of the investment accounts and deposits

For the audit, account and investment statements as well as account balance statements were presented for all the payment methods installed in the WCRC accounting as well as for all the asset components as proven in the balance sheet (SB 92). No objections were made concerning the balancing of the payment methods either.

1.6 Exceeding and unscheduled expenses

According to § 28 of the WCRC General Finance Management Policies, exceeding and unscheduled expenses can only be induced if their covering has been decided upon. The exceedance of the budget is only admissible if a legal and unrefusable obligation for the performance of the expenditures and an unpredictable and irrefutable need exist. Moreover, exceeding and unscheduled expenses according to § 28 paragraph 2 of the WCRC General Finance Management Policies require the prior consent of the President and General Treasurer.

So as to rule out exceeding expenses in the future, there is the instrument of covering comments. These are to be noted in the budget and considered correspondingly in the future.

According to § 20 of the WCRC General Finance Management Policies, it is possible to regulate so-called budget comments for budget means. Covering comments "ED" (einseitige Deckung = unilateral covering) and "GD" (gegenseitige Deckung = mutual covering) would create the possibility of operating more flexibly. Hereafter, single expense approaches in the budget can respectively be declared as coverable if there is an administrative or factual connection. This enables a compensation of additional expenses by means of corresponding additional revenues or lower expenses in another place.

So far, corresponding covering comments have not been regulated in the budget. The ORA recommends reporting the mutual coverabilities within the frame of the budget.

Within the frame of the management of the 2021 budget, the agreed budget was exceeded by 71,052.61 EUR. In the 2021 budget, the unscheduled expenses amount to approx. 66,900.00 EUR and are balanced by the corresponding reduced

expenditures. The exceeding expenses, among others, result from the expenses for the “Communication Website Project“ amounting to 27,785.62 EUR and currency losses from foreign currency conversions amounting to 28,193.66 EUR.

According to the ORA, there was an unpredictable and irrefutable need for the exceeding expenses. However, these expenses were not authorized according to § 28 paragraph of the WCRC General Finance Management Policies.

The ORA recommends collecting the neglected authorizations belatedly and, for the future, taking care that such authorizations are regularly collected before inducing exceeding or unscheduled expenses.

1.7 Reserves of the General Council

Within the frame of the General Council carried out in the year 2017, the WCRC did not require a share of the contributions received for this purpose from other (member) churches and partner organizations. These non-required means amounting to 315,224.16 EUR were put on hold in the transit accounts in the budget years 2020/2021 and transferred into the budget year 2021 in full.

In this context, it is to be stated that of the remaining funds 138,063.95 EUR can be assigned to the UEK, 116,233.04 EUR to the EKD and 60,927.17 EUR to other donors. In the budget year 2021, all contributions were reimbursed except the means from the UEK. As to the knowledge of the ORA, the UEK has agreed for the means to remain with the WCRC and be used as the UEK share for the next General Assembly. From the ORA point of view, the means ought to be conveyed to a corresponding functional reserve.

2. Statements on the annual financial statements

2.1 Development of the program budgets

The program budgets are processed within the ordinary WCRC budget (SB 00). Their financing mainly takes place by means of the provision of third-party contributions.

The various program budgets are each separately administered and settled in the single plans 2 to 7 of the budget.

For the year 2021, the program budgets are as follows:

Programme Budgets 2021	Opening Balance EUR	Revenues EUR	Expenses EUR	Closing Balance EUR
Main Structure 2				
THEOLOGY - GENERAL				
Georges-Lombard-Preis	13.054,01	0,00	36,21	13.017,80
Main Structure 6				
KEY INITIATIVES				
Otto per Mille	86.042,06	350.000,00	330.307,86	105.734,20
EMW	67.104,82	220.000,00	168.104,23	119.000,59
Ev. Church of Westphalia	7.795,56	29.000,00	12.220,00	24.575,56
Main Structure 7				
P1 CULTIVATING A JUST COMMUNION				
FULL AND JUST PARTICIPATION				
Youth	18.765,00	39.991,37	41.272,68	17.483,69
Regional Empowerment	0,00	25.000,00	25.000,00	0,00
REFORMED PARTNERSHIP FUND				
Reformed Partnership Fund A	0,00	183.676,29	183.676,29	0,00
Reformed Partnership Fund B	0,00	9.900,00	9.900,00	0,00
Reformed Partnership Fund D	0,00	3.927,38	3.454,38	473,00
Reformed Partnership Fund E	0,00	72.349,73	72.349,73	0,00
P2 COVENANTING FOR JUSTICE				
New Economic and Financial Architecture (NIFEA)	0,00	34.547,91	34.547,91	0,00
Ecology	0,00	0,00	0,00	0,00
GENDER, LEADERSHIP AND POWER				
Gender, Leadership and Power	41.353,38	0,00	894,05	40.459,33
Ordination of Women	4.467,72	0,00	2.173,18	2.294,54
Racism, Authoritarianism and Nationalism (RAN) - EMPIRE	0,00	3.587,57	1.560,03	2.027,54

Programme Budgets 2021	Opening Balance EUR	Revenues EUR	Expenses EUR	Closing Balance EUR
P3 DOING THEOLOGY FOR TRANSFORMATION				
COVID & Beyond	0,00	79.186,07	79.186,07	0,00
Global Institute of Theology (GIT)	0,00	0,00	0,00	0,00
P4 ENGAGING GOD'S MISSION IN THE CONTEXT OF CRISIS				
Peace and Reconciliation	0,00	31.373,77	31.373,77	0,00
Theological Dialogues	0,00	0,00	0,00	0,00
TOTAL	238.582,55	1.082.540,09	996.056,39	325.066,25

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

- For the administration of the program budgets, the WCRC strives for a transparent procedure which completely transfers the earmarked stocks of the program reserves from the WCRC balance sheet to the ordinary budget for administration every year, thus making the available means visible in the program budget for the responsible executive secretaries. At the end of a financial year, the remaining means, considering the running revenues and expenses of the projects, are transferred back to the corresponding reserves within the scope of the year-end procedures. The ORA checked the procedure in the accounting year 2021.
- Five of a total of 21 programs showed no financial activities in the year 2021.
- 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 Hannover office. If funders indicate other administrative costs rates, these are applied.

A revision of the program costs and an examination of the procedure showed no indications for a misappropriated utilization or assignment of means.

2.2 Utilization and application of contribution funds

Apart from the program budgets, the WCRC carries out other project work, which is financed by contributors. The complete overview of the individual contributors for the year 2021 is as follows:

Donor	Remaining funds 2020 EUR	Revenues 2021 EUR	Expenses 2021 EUR	Carry-over 2022 EUR
Council for World Mission	0,00	130.371,00	130.371,00	0,00
Otto per Mille	86.042,06	350.000,00	330.307,86	105.734,20
Evangelische Misison Weltweit	67.104,82	220.000,00	168.104,23	119.000,59
Ev. Kirche von Westfalen	7.795,56	29.000,00	12.220,00	24.575,56
Total:	160.942,44	729.371,00	641.003,09	249.310,35

The non-required funds amounting to 249,310.35 EUR were carried forward into the budget year 2022 as earmarked or transferred to earmarked project reserves temporarily.

2.2.1 Council for World Mission

The contribution of the Council for World Mission was deployed for expenses for justice and witness as follows:

Council for World Mission	2021 EUR
Remaining means 2020	0,00
Revenues 2021	130.371,00
Expenses 2021	130.371,00
<i>thereof Executive Secretary</i>	84.232,60
<i>thereof Administrative Assistant</i>	46.138,40
Carry-over 2022	0,00

A review of the program costs showed no indications for a misappropriated utilization of the funds.

2.2.2 Otto per Mille

The contribution from Otto per Mille for the project work of the WCRC was deployed as follows:

Otto per Mille	2021 EUR
Remaining means 2020	86.042,06
Revenues 2021	350.000,00
Expenses 2021	330.307,86
<i>thereof NIFEA</i>	34.547,91
<i>thereof Peace and Reconciliation</i>	38.350,21
<i>thereof RAN</i>	1.383,72
<i>thereof Partnership F und A</i>	72.349,73
<i>thereof Partnership F und E</i>	183.676,29
Carry-over 2022	105.734,20

Concerning the funds from Otto per Mille it is to be noted that only 330,307.86 EUR of the total of 436,042.06 EUR available funds were deployed. The difference amounting to 105,734.20 EUR was temporarily assigned to earmarked project re-serves. This was agreed upon with Otto per Mille.

A review of the project costs showed no indications for a misappropriated utilization of the funds.

2.2.3 Evangelische Mission Weltweit

The contribution from the Evangelische Mission Weltweit for the missionary work of the WCRC was deployed as follows:

Evangelische Mission Weltweit	2021 EUR
Remaining means 2020 from reimbursement in the budget	67.104,82
Revenues 2021	220.000,00
Expenses 2021	168.104,23
<i>thereof lump sum administration</i>	33.000,00
<i>thereof Leadership Development</i>	30.916,16
<i>thereof Regional Empowerment</i>	25.000,00
<i>davon COVID & Beyond</i>	79.186,07
Carry-over 2022	119.000,59

Concerning the funds from the Evangelische Mission Weltweit it is to be noted that only 168,104.23 EUR of the total of 287,104.82 EUR available funds were deployed. The difference amounting to 119,000.59 EUR was temporarily assigned to earmarked project reserves. At the time of the audit, a corresponding authorization from Evangelische Mission Weltweit was not yet available.

A review of the project costs showed no indications for a misappropriated utilization of the funds.

2.2.4 Ev. Kirche von Westfalen

The contribution from the Ev. Kirche von Westfalen was deployed for the theology work of the partnership fund of the WCRC as follows:

Evangelische Kirche von Westfalen	2021 EUR
Remaining means 2020	7.795,56
Revenues 2021	29.000,00
Expenses 2021	12.220,00
<i>thereof lump sum administration</i>	2.320,00
<i>thereof Partnership F und B</i>	9.900,00
Carry-over 2022	24.575,56

Concerning the funds from the Ev. Kirche von Westfalen it is to be noted that only 12,220.00 EUR of the total of 36,795.56 EUR available funds were deployed. The difference amounting to 24,575.56 EUR was temporarily assigned to earmarked project reserves. This was agreed upon with the Ev. Kirche von Westfalen.

Other than that, a review of the project costs showed no indications for a misappropriated utilization of the funds.

2.3 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	23.000,00	14.630,84	-8.369,16
Latin America	2.000,00	1.052,00	-948,00
Caribbean and North America	230.000,00	203.301,48	-26.698,52
Asia	60.000,00	57.855,77	-2.144,23
Pacific	3.000,00	4.300,03	1.300,03
Europe	435.000,00	425.682,94	-9.317,06
total	753.000,00	706.823,06	- 46.176,94

In its last audits, the ORA reported that member church fee backlogs, whose total had not been documented, had accumulated in the last years. 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.

2.4 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 Hannover, 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 2021 can be summarized as follows:

Expat Expenses	Budgeted EUR	Actuals EUR	Difference EUR
111. Executive Secretaries	29.000,00	20.899,30	8.100,70
total	29.000,00	20.899,30	8.100,70

The ORA carried out a revision of single cases and detected agreement with the regulations of the “personnel policies and practices.”

2.5 Risks resulting from currency fluctuations

Within the frame of its audit, the ORA determined that the WCRC was able to realize a gain from currency conversions amounting to 19,635.84 EUR (previous year: loss: 16,949.04 EUR) in the accounting year 2021.

Fx Gain/ Fx Loss	Budgeted EUR	Actuals EUR	Difference EUR
Fx gain	-	47.829,50	47.829,50
Fx loss	-	28.193,66	28.193,66
total	-	19.635,84	19.635,84

To safeguard against the risks resulting from currency fluctuations, an earmarked reserve of currently 100,000.00 EUR is being maintained.

2.6 Awarding of contracts

According to § 32 of the WCRC General Finance Management Policies, the WCRC is to award contracts in a transparent procedure corresponding to the principles of economy and thrift following the specifications of the WCRC procurement policies. According to § 58 paragraph 1 of the WCRC General Finance Management Policies, the Executive Committee passed a purchase order. However, this order is not existent so far. Thus, a more in-depth examination still lacks the benchmark.

The ORA points out that, in addition to § 32 of the WCRC General Finance Management Policies, the development of an own awarding and provisioning guideline with adapted thresholds is bindingly mandated and should be established promptly. At this, the following should be regulated: a classification for the free-hand awarding, a limited and a public tender offer as well as the required procedure which is to be documented including the persons resp. boards involved.

3. Audit focus HR department

Preliminary remark

Numerous and diverse laws, executional regulations, labor agreements and internal standards, whose validity is often short, form the basis of the HR department. Therefore, the processes are more error-prone than those in areas with a higher constancy. Due to the additionally high cost intensity and the thus resulting special relevance of errors in staff administration, which can be induced involuntarily but also consciously, the ORA reproduced the WCRC process flows of the staff administration areas. It analysed them as to whether and to which degree a sufficiently effective Internal Control System (Internes Kontrollsystem = IKS) has been installed. At this, the central focus of attention was laid on the following: the handling processes concerning the labor and public sector legislation in staff processing, the four main processes of staff accounting (basic data recording upon employment, accounting processing, alterations in the accounting basics, alterations after leaving), among others.

Within the frame of the on-site verification, the ORA carried out a revision of single cases concerning the payables processing of payrolls as well as other aspects of the HR department and their risks. Should any statements have arisen in this context, they will be remarked in the following.

3.1 Staff / Job chart

The job chart is an indispensable instrument of staff planning and a corner post of financial regulation. It should reproduce the task fulfilment of the positions required by the WCRC to the full extent. As it is irrelevant whether the positions are taken or vacant, a job chart always has a so-called theoretical character. Thereby, it serves as an HR management instrument and also for the financial regulation of the WCRC.

Against the background of the fundamental significance and role of the job chart, it is to be ensured that the job chart contents have been determined thoroughly and that characteristics concerning the positions, such as priorities, have been determined correctly and comprehensibly.

In addition, monitoring the compliance with the job chart is to be ensured.

The submitted WCRC job chart is as follows:

Lfd. Nr.	Funktion	Tarifwerk	Vergütung	Stellenumfang (Soll)	tatsächl. Stellenbesetzung (Ist)
1	General Secretary*	NBesG	B 3	1.0	1.0
2	Exec. Secretary for Communications and Operations	NBesG	A 15	1.0	1.0
3	Exec. Secretary for Justice and Witness	NBesG	A 15	1.0	1.0
4	Exec. Secretary for Communion and Theology**	NBesG	A 15	1.0	1.0
5	Assistant for Finances and Communication***	DVO.EKD	EG 9 / EG 11	1.0	1.0
6	Assistant for Projects and Programs***	DVO.EKD	EG 9 / EG 11	1.0	1.0
7	Assistant for the Reformed Partnership Fund****	DVO.EKD	EG 9	1.0	1.0
8	Assistant to the General Secretary*****	DVO.EKD	EG 9 / EG 11	1.0	1.0
9	Cleaning staff	DVO.EKD	E 2	0.18	0.18
10	Trainee (Intern)	TVPÖD	Fixed payment	1.0	1.0
11	Trainee (Intern) *****	TVPÖD	Fixed payment	1.0	1.0
Gesamtsumme:				10,18	10,18

* The position was vacant from 1st September until 31st December 2021. The position is still vacant in the year 2022. The date of staffing is yet unknown.

** The financing occurs proportionately by the Evangelical Church of Westfalia ; from 1st September 2021 onwards as the acting substitute General Secretary for constant remuneration.

*** The positions have been re-evaluated. January - Mai 2021: Assistenz mit EG 9 . from 1st Juni 2021 Administrator mit EG 11.

**** The position was filled till 30th June 2021. The position was omitted from 1st July 2021 onwards

***** vacant after 01/07. This position has been turned into Administrator for the General Secretariat EG 11, was filled from 01/08/2021 until 01/02/2022 and will be filled again in 05/2022.

***** from 01/11 onwards

As made evident by the comments, there were several job chart alterations in the year 2021.

The position of General Secretary has been vacant since 1st September 2021.

The position “Assistant for the Reformed Partnership Fund“ was no longer staffed from 1st July 2021 on. The ORA was not able to reproduce whether the position had been cancelled. A respective resolution of the Executive Committee was not submitted.

The tasks of the “Assistant for the Reformed Partnership Fund“ were assigned to the positions “Administrator Projects and Programs“ and “Administrator Finances and Communications“, which consequently had to be re-evaluated. The ORA gained the impression that the personnel capacities might be rather narrowly assessed in spite of the staff’s great commitment. Against this background, the ORA recommends keeping track of the staff’s strain situation.

Overall, the ORA comes to the conclusion that the agreed frame of the job chart was complied with. If the position “Assistant for the Reformed Partnership Fund“ was cancelled, this should be recorded accordingly in the job chart.

3.2 Project position

One employee was additionally temporarily hired as “Assistant for Organisational Projects” for a project from 11th October 2021 until 30th June 2022. The classification occurred according to pay group 6. The financing occurs from donations of the member churches for youth work.

The job chart does not include this position.

As this is a project position refinanced by donations, it need not coercively be included in the job chart. However, the ORA recommends recording such temporary positions with a so-called ‘kw’ remark (künftig wegfallend – omitted in future) and identifying them in the job chart for reasons of general overview.

3.3 Description of work places and posts

The position ratings are to be defined by means of work place and post descriptions with the tasks, responsibilities and competencies connected with the positions. These descriptions are a mandatory basis of work place and post evaluations so that it is verifiable whether position ratings are according to pay scale or not. Furthermore, the staff’s competencies are also to be regulated.

The ORA is aware of the fact that the subsequent generation of work place and post descriptions and the resulting work place and post evaluations produce considerable workforce and, possibly, financial effort. Nevertheless, they are indispensable due to their special significance in collective bargaining law and public services law.

In connection with the position ratings, it was stated that the tasks, responsibilities and competencies connected with the job chart positions are solely defined by work place and post descriptions for the three Administrator positions. However, as these descriptions are a compulsory basis of work place and post evaluations, it is currently impossible to trace whether and to what degree the position ratings of the other positions are according to pay scale or not.

The ORA states that currently not all alterations of position/ tasks and competencies as well as responsibilities of the staff are regulated and insofar there is need for action.

3.4 Monitoring of the salary statement

The payslip processing especially comprises the four main processes basic data recording upon employment, accounting processing, alterations in the accounting basics, alterations after leaving.

After every salary pay-out, a monitoring step is to be embedded into the monitoring process. At this, it is essential to review the correctness of the contents of the basic data sheets (salary statements). According to the ORA, this is the only possibility to identify compilation bases wrongly transmitted by the own staff to the central salary accounting office of the ev.-ref. Church in Leer (ZGAST) on the one hand, but also erroneous actions of the service provider on the other hand.

In this context, it is strongly appreciated that the basic data sheets of WCRC staff are reviewed in the “online archive” as was stated by the administration. As such basic data sheet checks in the “online archive” are currently not yet documented by a digital remark and insofar untraceable, the ORA recommends carrying out a manual documentation of the monitoring activities.

Moreover, it is positively judged that the staff in the position “ administration for Finances“ check the accumulating staff costs by means of the budget positions on a monthly basis so as to identify staff cases which may unjustly be included in the gross staff cost list. Incidentally, this also reduces the risk of overlooking ‘pseudo employees’, ‘dummies’ or other omitted or erroneous recordings.

3.5 Employment durations

The employment duration determines the term of notice and the occurrence of irredeemability. Furthermore, it determines the duration of sickness benefit payments according to § 22 TVöD and the payment date of an anniversary gratuity.

For staff members, the determination occurs according to § 20 compensation regulation of the Evangelical Church in Germany (DVO.EKD) in connection with § 23 paragraph 2 TVöD.

While reviewing the staff cases, it was detected that the employment durations are not determined.

The ORA recommends determining the employment durations of all staff cases and informing the staff about the calculation and determination in writing.

3.6 Allocation of levels to pay groups

According to § 9 paragraph 1 DVO.EKD, relevant work experience can be considered when allocating the levels to pay groups. Relevant work experience is a professional experience in the assigned task or a corresponding activity related to the task. This task mainly has to correspond to the new task in content and level.

Reports, employment certificates or, if applying a comparable collective bargaining law, certificates of salary are considered proof of the relevant work experience.

The determination of the allocation of levels when hiring WCRC staff is not recorded continuously. The ORA recommends documenting the allocation of levels in a remark when hiring new staff in future.

3.7 Remuneration of interns

The job chart contains two positions for interns (trainees). The labor contract for interns (TVPöD) regulates the monthly remuneration.

When checking the remuneration amount, the ORA remarked that the remuneration paid does not correspond to the TVPöD. The remuneration was raised on 1st April 2021 and 1st April 2022 according to the TVPöD.

The ORA points out that this instance is to be revised and, if applicable, adjusted retroactively.

3.8 Extra hours

The position of "Assistant / Administrator to the General Secretary" has been vacant since 1st February 2022 and will be newly staffed as of 1st May 2022.

The position of Administrator to the GS has been vacant in the month of July 2021. It must be noted that the previous Assistant, though employed through 30th June 2021, was given compassionate leave from May 1st 2021 till end of employment.

Meanwhile, the tasks have been assumed by the "Assistant / Administrator for Justice and Communion." Extra hours have arisen due to the substitution.

According to § 7 paragraph 7 TVöD, extra hours are working hours performed by order of the employer which exceed the regular weekly working hours for full-time employees according to roster resp. customary working hours and are not balanced by the end of the following calendar week.

So far, no extra hours have been disbursed to the staff. The ORA recommends investigating whether balancing the hours by free time compensation is correspondingly possible or whether extra hours are to be ordered.

3.9 Validation of staff expenses

The ORA observed the procedure for accounting the staff costs more closely and, in doing so, validated the accounted staff costs with the corresponding gross staff costs lists of the year 2021. A gross staff costs list is proof similar to a payroll journal. It

contains detailed, selected accounting data for several employees, divided into "Employer's Gross (Arbeitgeberbrutto - AG-Brutto), "Social Security Gross" (Sozialversicherungs-AG-Brutto) and "Supplementary Benefits Gross" (Zusatzversorgungs-AG-Brutto). The gross staff costs lists are subdivided according to cost centers.

During the validation, the amounts of the gross staff costs lists must correspond to the accounted costs. At this, the ORA compared the accounted costs with the corresponding gross staff costs each time. No indications occurred.

3.10 Contract on the staff accounting

The remunerations accounting and the payment of compensations is carried out by the ZGAST of the ev.-ref. Church in Leer. According to the administration, no agency contract has been closed between the WCRC and the ZGAST so far.

The ORA recommends contractually a new regulation of the business relations with the ev.-ref. Church in Leer in short. Within this frame, the factors significant for this business relationship, especially the utilized services, should be described in amount and extent, and liability regulations in case of possible damages should be determined.

4. Further statements

Various questions and problems which arose during the course of the audit were discussed orally. 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. AUDIT RESULT

Audit of the year-end result 2021

Subject of the audit was the annual financial statement submitted by the WCRC for the year 2021. According to the result of this audit, the ORA can confirm that:

- the accounting of the WCRC in the accounting year 2021 occurred in due form and in compliance with the relevant principles of orderly accounting,
- the WCRC annual financial statement mainly conveys an image of the situation of results and assets which corresponds to the actual circumstances,
- the year-end closing 2021 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 confirm that:

- the budget resolved by the WCRC Executive Committee was 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 partially ignored to a considerable extent,
- An awarding and provisioning guideline is not available but compulsory according to § 58 paragraph 1 WCRC General Finance Management Policies. (See Tz. 2.6).

Remark

When appraising the results, it must be considered that the WCRC General Finance Management Policies are furthermore observed only to a very limited extent. The main reason is that the WCRC General Finance Management Policies are oriented towards the accounting style of extended cameralistics whereas the WCRC applies cameralistics. The ORA points out that requirements for an entirely legally compliant way of acting are to be established (see Tz. 1.1), at the latest with the conversion to the churchly double bookkeeping announced for 2024.

Recommendation of discharge

According to the dutiful discretion of the ORA, considering the above-mentioned confirmations and remarks, 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.

Concerning the exoneration, the ORA argues that it can be issued provided the temporary application of the accounting style cameralistics – on the part of the boards – is furthermore considered tolerable. In addition, it would also be conceivable, however, to attach the exoneration decision to the condition that a legally compliant way of acting, as defined by the WCRC General Finance Management Policies, is ensured by the year 2024 at the latest.

Hannover, 16th May 2022



(HATTENDORF)

OBERRECHNUNGSAMT DER
EVANGELISCHEN KIRCHE IN DEUTSCHLAND