
(English version)

REPORT

ON THE AUDIT OF THE FINANCIAL STATEMENT 2022

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
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 Missions Work)
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, Kassel)
Nds. BesG	Niedersächsisches Besoldungsgesetz (Remuneration Law of Lower Saxony)
Nds. MBl.	Niedersächsisches Ministerialblatt (official public announcement gazette)
NIFEA	New International Financial and Economic 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 2022. For this, it was precisely audited:

- whether the budget and economic management as well as the asset administration in the accounting year 2022 took place correctly and according to the relative principles and regulations (concerning the budget) and
- whether the annual accounts 2022 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 2023.

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

- the 2022 budget for the WCRC and
- 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 2022 of 28th April 2023 (ZB closure no. 0101).

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 Sustainability), Ms. Amritha Perumalla (Administrator for Projects and Programs) as well as Mr. Gerhard Plenter (Financial coordinator and technical supervision; 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 2022. It was given by the Acting General Secretary Dr. Hanns Lessing within the scope of this audit dated 5th 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 accounting 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 2022	Revenues EUR	Expenses EUR
Budget appropriation according to budget	2.805.300,00	2.805.300,00
TARGET COSTS 2022 (plan valuation)	2.805.300,00	2.805.300,00
According to the annual financial statement the following amount to:		
The actual receipts	1.449.649,34	
Internal reallocations between programmes (project subsidies)	676.605,84	
The transfers from program reserves	293.841,21	
The transfers from other reserves	280.796,70	
The transfers from trust assets	21.512,22	
The actual expenditures		1.619.645,18
Internal reallocations between programmes		676.605,84
The allocations to program reserves		120.380,82
The allocations to other reserves		95.380,82
The surplus 2022(allocation to General Reserve)		210.392,65
ACTUAL COSTS 2022 (result)	2.722.405,31	2.722.405,31

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:

Identification	Opening balance from 2021 EUR	Expense 2022 EUR	Revenue 2022 EUR	Closing balance 2022 carried forward to 2023 EUR
Permanent Advance AIPRAL	-1.676,29	0,00	0,00	-1.676,29
ACRC Membership	-1.694,71	0,00	0,00	-1.694,71
Opening balance from projects	1.627.670,48	1.633.111,86	743.547,98	738.106,60
Total:	1.624.299,48	1.633.111,86	743.547,98	734.735,60

Holding ledger

Identification	Opening balance from 2021 EUR	Expense 2022 EUR	Revenue 2022 EUR	Closing balance 2022 carried forward to 2023 EUR
Transitory Items	2.578,37	196.061,12	190.697,33	-2.785,42
Deposit	-3.739,99	0,00	0,00	-3.739,99
Transitory items - downpayments	138.063,95	0,00	0,00	138.063,95
AIRPRAL- Regional Empower Erment	25.000,00	25.000,00	0,00	0,00
Premayment inv	0,00	111.049,00	0,00	-111.049,00
Interests	0,00	42.262,41	42.262,41	0,00
Asset	1.462.397,15	1.120.039,22	371.888,13	714.246,06
Balancing Accounts	0,00	555.919,24	555.919,24	0,00
Total:	1.624.299,48	2.050.330,99	1.160.767,11	734.735,60

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 738,106.60 EUR, and the position "asset" displayed under "transitory items" amounting to 714,246.06 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 2022 according to the documents presented for the audit is as follows:

Reserve assets (including trust assets, according to SB 92)	Opening Balance 01.01.2022 EUR	Closing Balance 31.12.2022 EUR	Annual Percentage Change
WCRC Capital			
Reserve Fund	512.204,86	343.077,68	-169.127,18
IT Provision	32.063,59	15.421,45	-16.642,14
Fundraising Fund	31.012,44	31.012,44	0,00
Reserve for FX Fluctuations	100.000,00	20.000,00	-80.000,00
Designated Core Funds	46.086,19	12.073,96	-34.012,23
Oikotree	4.768,09	4.768,09	0,00
Reformed World	0,00	0,00	0,00
Pension Contributions Reserve	1.019.440,73	1.213.662,73	194.222,00
Specific Asset Items			
General Council 2024 Fund	369.848,10	416.090,99	46.242,89
CWM Endowment Reserve	1.211.500,00	1.211.500,00	0,00
Endowment Contributions CWM	714.985,77	714.985,77	0,00
ACRC Investment Holding		752,71	
Programmes (Structure as per Strategic Plan)			
P1 CULTIVATING A JUST COMMUNION			
Internship Programme	17.483,69	3.353,68	-14.130,01
Internship Programme - Personnel Reserve	62.740,98	62.740,98	0,00
Regional Empowerment - Aipral	0,00	25.000,00	25.000,00
Reformed Partnership Fund D	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	40.459,33	31.225,04	-9.234,29
TESF	2.294,54	2.294,54	0,00
RAN	4.061,40	5.473,51	1.412,11
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
P4 ENGAGING GOD'S MISSION IN THE CONTEXT OF CRISIS			
Mission	10.829,48	10.829,48	0,00

Reserve Assets			
Reserve assets (including trust assets, according to SB 92)	Opening Balance 01.01.2022 EUR	Closing Balance 31.12.2022 EUR	Annual Percentage Change
P5 WORKING WITH ALL THE PARTNERS GOD GIVES US			
Catholic Dialogue	249,04	249,04	0,00
Key Initiatives			
EMW	119.000,59	0,00	-119.000,59
OPM	105.734,20	0,00	-105.734,20
Ev. Church of Westphalia	24.575,56	13.169,17	-11.406,39
Custodian Funds			
Mission and Advocacy	145.695,26	133.971,76	-11.723,50
Justice & Partnership Office Support	50.902,07	50.902,07	0,00
Justice and Witness	13.017,80	11.510,11	-1.507,69
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	4.807.013,03	4.502.124,52	-304.888,51
Trust Assets			
WCRC Europe	191.079,26	192.934,80	1.855,54
Total	4.998.092,29	4.695.059,32	-303.032,97

The total asset stock of the WCRC including the WCRC trust property amounted to 4,695,059.32 EUR for the year-end closing as of 31st December 2022. Compared with the previous year (4,998,092.29 EUR), this stock has increased by 303,032.97 EUR (6,06%) according to the accounting balance. However, this includes 158,651.04 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.

The changes in inventories of the "key initiatives" are explained in 2.2.

No payment of the program funds from the Otto per Mille was made in 2022. Receipt of payment is expected in 2023. The expenditures were temporarily taken from the "General Reserve" in the amount of EUR 192,288.66.

The High Audit Office has noticed that in some cases there has been no change in the above-mentioned earmarked funds for several years. The High Audit Office points out that it should be clarified how the earmarked funds were created in the past. If the funds are earmarked donations, they must be used promptly in accordance with their purpose. The provisions of the German Tax Code stipulate that donations/collections

must always be used promptly - for their specific (tax-privileged) purpose. The funds are considered to be used in a timely manner if they are used for the tax-privileged purpose no later than in the calendar year following the year in which they are received. Even if the provisions of the tax code do not have any immediate legal effect for the WCRC, they at least preserve an important basic principle of financial management that many donors are likely to rely on adhering to. In this respect, efforts should be made to ensure that donations are used for their intended purpose in a timely manner.

The High Audit Office has been informed that changes have not been made in some cases, as these are international donations that have not been used in the past.

If the funds are no longer earmarked for a specific purpose, they should be transferred to the general reserve following a resolution by the relevant committee.

IV. AUDIT STATEMENTS

1. General Statements

1.1 Applicability of the General Finance Management Policies

At the meeting 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 2025 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 2022 year-end closing of the WCRC was compiled dated 28th April 2023 (ZB closing no. 0101). It shows a volume of 2,722,405.31 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 2022 surplus

The balancing of the ordinary budget was induced by an allocation of the annual surplus amounting to 210,392.65 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.

The WCRC has been using an American account of Fifth Third Bank for years. It was used in the past for incoming payments of membership dues. Payments are now no longer received through this account. Therefore, the account should be closed. In the meantime, it has been blocked due to the use of a German IP address. At the time of the audit, the account movements were not visible online and have not been taken into account as part of the 2022 annual financial statements.

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.

Corresponding budget memos have not yet been included in the budget. In the statement on the audit of the 2021 annual financial statements, it was communicated that budget memos should be used in the future. This should be discussed with the Executive Committee and implemented in a timely manner.

In the context of the management of the 2022 budget, there were underspends of EUR 82,594.69 compared with the adopted budget. In the 2022 budget, the unscheduled expenses amount to approx. 125,000.00 EUR and are balanced by the corresponding reduced expenditures. The exceeding expenses, among others, result from IT infrastructure expenses in the amount of EUR 16,642.14, Strategic Planning expenses in the amount of EUR 29,073.61, and personnel expenses EUR 17,587.49.

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.

In the context of the General Council held in 2017, the WCRC did not use part of the grants received for this purpose from other (member) churches and partner organizations. As a result, unused third-party funds of the UEK in the amount of EUR 138,063.95 have been set aside in the custody account in the financial years 2020 / 2021 and carried over in full to the financial year 2022.

To the High Audit Office's knowledge, the UEK has agreed that the funds will remain with the WCRC and be available as the UEK share for the next General Assembly. As already mentioned in the previous year's audit report, the ORA is of the opinion that the UEK funds should be added to an appropriate earmarked reserve.

In the statement on the audit of the 2021 financial statements, it was stated that the funds will be allocated to an earmarked reserve as soon as the official approval of the UEK has been obtained.

1.8 Staff / Job Chart

The submitted WCRC job chart is as follows:

No.	Function	Tariff	Compensation	Plan	Actual	Remark
1	General Secretary	NBesG	B 3	1.0	0.0	vacant from 01 September 2021
2	Exec. Secretary for Communication 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	The employee is seconded by the Evangelical Church of Westphalia
5	Exec. Secretary for Mission & Advocacy	NBesG	A 15	1.0	1.0	Position filled starting on 01 December 2022
6	Administrator for Finance and Sustainability	DVO.EKD	EG 11	1.0	1.0	
7	Administrator for Projects and Programmes	DVO.EKD	EG 11	1.0	1.0	
8	Administrator for the General Secretariat	DVO.EKD	EG 11	1.0	1.0	Position filled until 31 Jan 2022, from 01 May 2022-30 Oct 2022. Vacant from 01 Feb 2022-30 Apr 2022 and from 01 Nov 2022
9	Cleaning Personnel	DVO.EKD	E 2	0.18	0.18	
10	Trainee (Intern)	TVPÖD	Festbetrag	1.0	1.0	
11	Trainee (Intern)	TVPÖD	Festbetrag	1.0	1.0	Position filled until 31 Jan 2022 and from 01 May 2022
12	Trainee (Intern)	TVPÖD	Festbetrag	1.0	1.0	Position filled form 01 Jul 2022
13	Assistant for Organisational Projects	DVO.EKD	EG 6	0.41	0.41	Temporary contract, position filled until 30 Apr 2022
total:				11.59	10.59	

As made evident by the comments, there were several job chart alterations in the year 2022.

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

The High Audit Office has gained the impression that the personnel capacities — despite the great commitment of the employees — could be rather tight. Against this background, the High Audit Office recommends keeping an eye on the workload situation of the employees.

The staffing plan includes three positions for trainees. In the meantime, the remuneration has been adjusted to TVPöD (tarfiss scale) on the basis of the High Audit Office's findings in the previous year.

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 2022, the program budgets are as follows:

Programme Budgets 2022	Opening Balance EUR	Revenues EUR	Expenses EUR	Closing Balance EUR
Main Structure 2				
THEOLOGY - GENERAL				
Georges-Lombard-Preis	13.017,80	0,00	1.507,69	11.510,11
Main Structure 6				
KEY INITIATIVES				
Otto per Mille	105.734,20	192.288,66	298.022,86	0,00
EMW	119.000,59	270.000,00	389.000,59	0,00
Ev. Church of Westphalia	24.575,56	20.300,00	31.706,39	13.169,17
Main Structure 7				
P1 CULTIVATING A JUST COMMUNION				
FULL AND JUST PARTICIPATION				
Youth	17.483,69	64.328,28	78.458,29	3.353,68
Indigenous People	0,00	26.070,48	26.070,48	0,00
Regional Empowerment	0,00	49.071,52	49.071,52	0,00
REFORMED PARTNERSHIP FUND				
Reformed Partnership Fund A	0,00	101.750,00	101.750,00	0,00
Reformed Partnership Fund B	0,00	20.027,00	20.027,00	0,00
Reformed Partnership Fund D	473,00	0,00	0,00	473,00
Reformed Partnership Fund E	0,00	32.500,00	32.500,00	0,00
P2 COVENANTING FOR JUSTICE				
New Economic and Financial Architecture (NIFEA)	0,00	10.618,80	10.618,80	0,00
REFORMATION SUNDAY	0,00	5.057,10	5.057,10	0,00
NIFEA - GEM School	0,00	28.113,48	28.113,48	0,00
Ecology	0,00	7.177,71	7.177,71	0,00
GENDER, LEADERSHIP AND POWER				
Gender, Leadership and Power	9.234,29	0,00	9.234,29	0,00
Ordination of Women	2.294,54	0,00	0,00	2.294,54
Racism, Authoritarianism and Nationalism (RAN) - EMPIRE	2.027,54	1.534,90	122,79	3.439,65
P3 DOING THEOLOGY FOR TRANSFORMATION				
COVID & Beyond	0,00	20.132,57	20.132,57	0,00
Strategic Planning	0,00	29.073,61	29.073,61	0,00
Global Institute of Theology (GIT)	0,00	0,00	0,00	0,00
Theological Networks	0,00	21.053,87	21.053,87	0,00

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 2022.
- Three of a total of 28 programs showed no financial activities in the year 2022.
 - For the Gender, Leadership and Power program, the carry forward from 2021 of EUR 41,353.38 was only taken from the reserve on a pro-rata basis of EUR 9,234.29.
- 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.
 - The ORA has been informed by the WCRC that the flat-rate administrative cost allocation has not been calculated up to date. The ORA recommends that a corresponding price calculation for the administrative cost allocation be determined in a timely manner in order to be able to provide evidence of cost recovery.

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 2022 is as follows:

Donor	Remaining funds	Revenues	Expenses	Carry-over
	2021 EUR	2022 EUR	2022 EUR	2023 EUR
Council for World Mission	0,00	137.052,01	137.052,01	0,00
Otto per Mille	105.734,20	192.288,66	298.022,86	0,00
Evangelisches Missionswerk	119.000,59	270.000,00	389.000,59	0,00
Ev. Kirche von Westfalen	24.575,56	20.300,00	31.706,39	13.169,17
Total:	249.310,35	619.640,67	855.781,85	13.169,17

The non-required funds amounting to 13,169.17 EUR were carried forward into the budget year 2023 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	2022 EUR
Remaining means 2021	0,00
Revenues 2022	137.052,01
Expenses 2022	137.052,01
<i>davon Executive Secretary for Justice and Witness</i>	84.796,95
<i>davon Administrator Programmes and Projects</i>	52.255,06
Carry-over 2023	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	2022
Remaining means 2021	105.734,20
Revenues 2022	-
Allocation from reserves	192.288,66
Expenses 2022	298.022,86
<i>davon NIFEA</i>	38.732,28
<i>davon Ecology</i>	7.177,71
<i>davon Indigenous People</i>	26.070,48
<i>davon Peace an Reconciliation</i>	30.386,41
<i>davon Partnership F und E</i>	134.250,00
<i>davon Grape</i>	61.405,98
Carry-over 2023	0,00

With regard to the Otto per Mille funds, it should be noted that the funds have not yet been received in fiscal year 2022. The receipt of payment is expected in 2023. The expenses were temporarily financed from the general reserve in the amount of EUR 192,288.66. 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	2022 EUR
Remaining means 2021 from reimbursement in the budget year 2022	119.000,59
Revenues 2022	270.000,00
Expenses 2022	389.000,59
<i>thereof lump sum administration</i>	405.000,00
<i>thereof Internship Programme</i>	63.328,28
<i>thereof Regional Empowerment</i>	49.071,52
<i>thereof COVID & Beyond</i>	20.132,57
<i>GRAPE</i>	26.132,21
<i>GRAPE - Mission & Advocacy Executive Secretary Search</i>	7.470,42
<i>Strategic Planning</i>	29.073,61
<i>Theological Education Network</i>	21.053,87
<i>Freedom of Religion</i>	5.098,73
<i>WCC Assembly</i>	92.523,14
<i>Symposium</i>	34.616,24
Carry-over 2023	- 0,00

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	2022 EUR
Remaining means 2021	24.575,56
Revenues 2022	20.300,00
Expenses 2022	31.706,39
<i>thereof lump sum administration</i>	1.624,00
<i>davon Partnership F und B</i>	20.027,00
<i>davon Reformation Sunday</i>	5.057,10
<i>davon Reformed-Mennonite Dialogue</i>	4.998,29
Carry-over 2023	13.169,17

Concerning the funds from the Ev. Kirche von Westfalen it is to be noted that only 31,706.39 EUR of the total of 44,875.56 EUR available funds were deployed. The difference amounting to 13,169.17 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.

2.2.5 GRAPE Project

On the part of the Evangelical Agency for Diakonia and Development (for Bread for the World), a project GRAPE Initiative (Global Reformed Platforms for Engagement) was agreed for the period from September 1, 2022 to December 31, 2023.

The funds were used for the WCRC's Grape project as follows:

Projekt Grape	2022 EUR
Revenues 2022	156.732,11
<i>Bread for the World</i>	50.000,00
<i>OPM</i>	61.405,98
<i>EMW</i>	33.602,63
<i>PCUSA</i>	11.723,50
Expenses 2022	156.732,11
<i>davon Executive Secretary for Mission and Advocacy</i>	11.723,50
<i>davon Recruitment Executive Secretary for Mission and Advocacy</i>	7.470,42
<i>GRAPE Programme</i>	137.538,19
Carry-over 2023	-

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	11.490,00	-11.510,00
Latin America	2.000,00	8.732,00	6.732,00
Caribbean and North America	210.000,00	242.036,28	32.036,28
Asia	60.000,00	67.221,65	7.221,65
Pacific	3.000,00	4.956,13	1.956,13
Europe	435.000,00	427.913,87	-7.086,13
total	733.000,00	762.349,93	29.349,93

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 2022 can be summarized as follows:

Expat Expenses	Plan EUR	Ergebnis EUR	Saldo EUR
111. Executive Secretaries	29.000,00	24.333,00	4.667,00
total	29.000,00	24.333,00	4.667,00

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 738.76 EUR (previous year: loss: 19,635.84 EUR) in the accounting year 2022.

Fx Gain/ Fx Loss	Budgeted EUR	Actuals EUR	Difference EUR
Fx gain	-	2.198,63	2.198,63
Fx loss	-	1.459,87	1.459,87
total	-	738,76	738,76

An earmarked reserve is maintained to protect against risks arising from currency fluctuations. After closing the CHF account (PostFinance) and the deposits in the USA (Barnabas Foundation, Presbyterian Foundation) and reducing the funds in the US account (Fifth Third Bank), the risks from currency fluctuations have been greatly reduced. Thus, the earmarked reserve was reduced from EUR 100,000.00 to EUR 20,000 by resolution on May 11, 2022, with EUR 80,000 being transferred to the general reserve.

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.

In its last audit, the High Audit Office pointed out that, in addition to Section 32 of the WCRC Financial Regulation, the development of a separate procurement guideline with adjusted threshold values is mandatory and should be prepared in a timely manner.

In the opinion on the audit of the 2021 financial statements, it was stated that procurement regulations would be issued as part of the conversion to double-entry accounting. The following was therefore added to the WCRC Financial Regulation:

"As long as WCRC has not issued its own procurement rules, public law applies, in this case the Ordinance on the Award of Public Contracts (VGV). In most cases, the Sub-Threshold Procurement Regulation (UVgO) applies."

3. Findings From Previous Audits

As part of the audit of the 2021 financial statements, the High Audit Office randomly tested the payment of payroll and other aspects of human resources and their risks.

As part of the current audit, the High Audit Office inquired about the status of the following findings from the previous audit and, in particular, took into account the opinion of the WCRC on the 2021 audit report:

3.1 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.

In the previous year, the High Audit Office found that not all job/task changes and competencies as well as responsibilities of the employees were regulated and that there was a need for action in this respect.

The High Audit Office was informed that the job descriptions are currently being revised.

3.2 Employment durations

During the review of the personnel cases, it was determined that the periods of employment for the employees of the WCRC are not fixed.

In the previous year, the High Audit Office had recommended that the periods of employment be determined for all personnel cases and that the calculation and determination be communicated to the employees in writing.

The High Audit Office was informed that the periods of employment had not yet been determined. The High Audit Office therefore recommends that this be implemented promptly.

3.3 Extra hours

In 2021, there were many vacancies at WCRC. The activities were carried out by the "Assistant / Administration for Justice and Communion." Overtime had been incurred due to the replacement.

In the previous year, the High Audit Office had recommended checking whether it would be possible to compensate for the hours by compensatory time off or to order and pay for the corresponding overtime.

The High Audit Office was informed that this matter had not been clarified. The High Audit Office recommends that this should now be implemented in a timely manner.

3.4 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.

So far, no contract of agency has been concluded between the ZGAST of the Ev.-ref. Church in Leer and the WCRC. The High Audit Office recommends that this be implemented in the near future.

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.

4.1 Payables Processing

The payables processing of the WCRC transfers takes place by means of manual compilation in the online banking system provided by the KD Bank. The payments are carried out only by the Administrator for Finances. No other employees have access to the online banking system. Thus, an improper money transfer is not possible.

To release the payments, the authorised persons require a TAN number for the current account. The TAN numbers are sent to the Administrator for Finances to an app (private mobile phone) by the KD Bank. The subsequent clearance of the payments is carried out by the accountant's signature and, as a substitute, the Administrator of the General Secretariat (currently the Administrator for Projects and Programmes as a substitute). The authorized persons for the WCRC current account are the President, the General Treasurer, the General secretary, the Administrator for Finances, the Administrator for Projects as a substitute for the Administrator of the General Secretariat.

The ORA points out that the cash register safety (four-eyes principle) is to be ensured for payments.

The ORA recommends carrying out payments in an automated transfer system in future. At this, KFM generates a payment file, which is subsequently imported into the software at the bank. To make sure that the correct data are imported, it is necessary to synchronise the payment amount of the signed payment list with the amount on the imported data (see § 42 Abs. 4 General Finance Management Policies). The master data management of the payment recipients (name, account relationship) takes place in KFM.

4.2 Credit Card

The WCRC are mainly on business trips abroad. All hotel bookings and travel expenses are processed via credit cards. Currently, the WCRC holds six credit cards available for the current account (card holders: the respective Executive Secretaries and Administrators), which are especially deployed for online purchases and travel expenses. In future, the General Secretary and the vacant position of Administrator of the General Secretariat will also receive credit cards. The PIN code as well as the credit card are available to the corresponding employees. They are not locked away together.

The ORA does not misjudge that a number of business transactions may require the existence and use of a credit card. However, the use of credit cards does bear risks.

Apart from an administrative effort, which should not be underestimated, it is mainly the aspects of cash register safety resp. the Internal Control System (IKS) which argue against the establishment of such a process. The single power of disposition contradicts applicable budget law, as the four-eyes principle is breached.

The use of a credit card cannot be limited in terms of content. Thus, it is basically also possible to use it (within the card limit) beyond the desired application. The cards are limited at 5,000 EUR, the limits being increased in the case of longer business trips.

If one knows the credit card data, the use is also possible without the actual card so that the question of the burden of proof arises in the case of unclear billing positions if the card owner declines/disputes a responsibility (possible abuse).

A clarification of unclear billing items can be connected with high research effort if the cause of a payment does not distinctly emanate from the booking entry on the credit card statement.

This risk is essentially accommodated by limiting the credit line to 5,000 EUR. On the side of the Administrator of Finances and the corresponding Executive Secretaries

(four-eyes principle), a follow-up check is carried out upon the arrival of the credit card statement by reviewing the occurred payments concerning their legitimacy.

5. Accounting Restructuring

During last year's audit, the ORA was informed that the WCRC would like to restructure its accounting to the accounting style of double-entry accounting on 1st January 2024.

So far, the WCRC Executive Committee has not passed a corresponding resolution to restructure the accounting. Within the frame of this year's audit, the ORA was informed that the restructuring is to take place on 1st January 2025.

So far, no regulations / concept have been determined concerning the restructuring. Furthermore, it remains to be clarified which balance sheet classification and which chart of accounts are to be applied. A new budget code is not yet available as a draft. The corresponding regulations, including the budget code, have to be determined by the WCRC Executive Committee at the meeting in the year 2024.

It is the opinion of the ORA that this restructuring by 1st January 2025 will not be possible without external supervision. The ORA recommends enlisting the support of the Finance Coordinator of the Ev.-ref. Church and his project team of the Ev.-ref. Church for the restructuring. It is recommendable to start with the project "Introduction Doppik" as soon as possible.

V. AUDIT RESULT

Audit of the year-end result 2022

The subject of the audit was the annual financial statement submitted by the WCRC for the year 2022. According to the result of this audit, the ORA can confirm that:

- the accounting of the WCRC in the accounting year 2022 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 2022 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 High Audit Office has been assured by the financial coordinator that all prerequisites for fully legally compliant action will be in place by 2025 at the latest, when the changeover to church double-entry accounting is announced (see para. 1.1).

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. The High Audit Office recommends that the discharge decision be linked to the condition that legally compliant action within the scope of the WCRC Financial Management Guidelines be ensured by 2025 at the latest. The financial coordinator of the Evangelical Reformed Church has assured that this will be implemented by 2025.

Hannover, 12th May 2023

(OKR MARK HATTENDORF)
OBERRECHNUNGSAMT DER
EVANGELISCHEN KIRCHE IN DEUTSCHLAND