



General Conference
Auditing Service
Delivering Excellence!



Annual Report **2018** presented at Annual Council
2019

noun
in·sight | a deeper understanding of
financial reporting matters



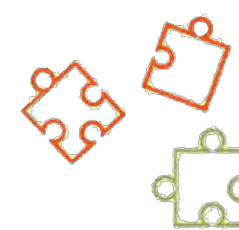


A Tribute to Doctor John Stanley

An unrelenting pursuit of Excellence and Service

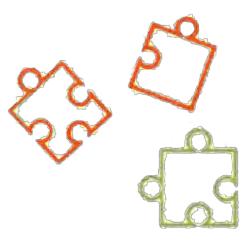
SUD Lay Representative

May 1953 - January 2019

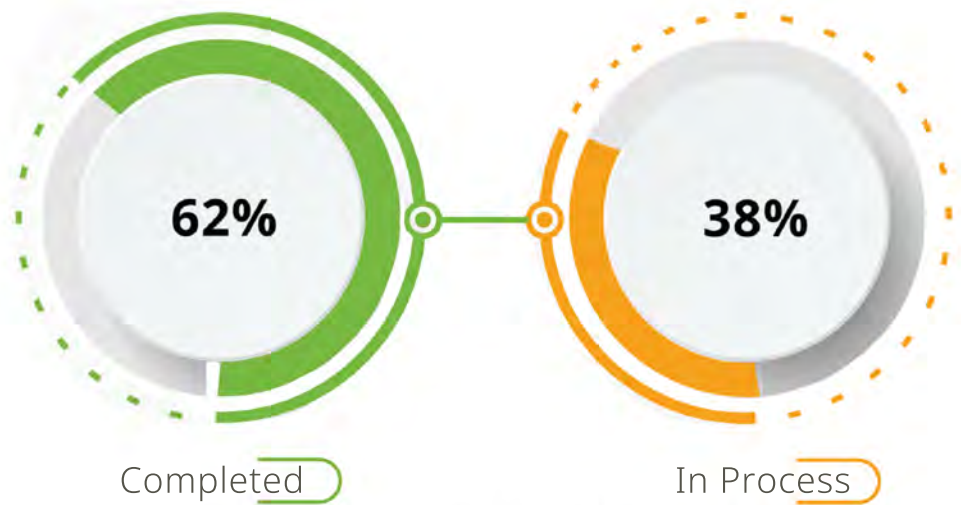


our·responsibility

Total Clients: **2,360**



our·resources

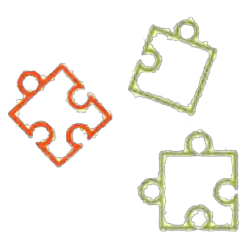


Completed

In Process

Professional Certification





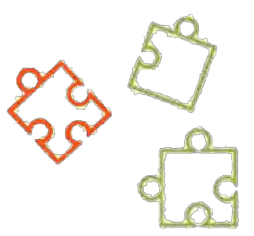
work·plan·results



60%

of our portfolio was either completed or in progress at the end of 2018.





types of financial statement opinions

Standard/
Unqualified

59%

8%

Disclaimer

Adverse

1%

32%

Qualified



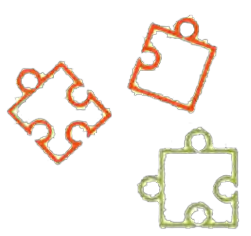


Most frequent reasons for providing a modified opinion on a financial statement:

47%

- Lack of evidence resulting in a disclaimer of opinion (11%)
- Misstatement of property, plant and equipment (10%)
- Lack of evidence for accounts receivable (9%)
- Lack of evidence for revenue (9%)
- Lack of evidence for property, plant and equipment (8%)





types of policy compliance reports



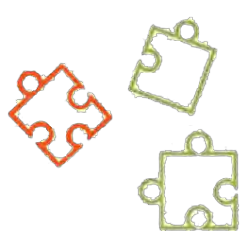


Most frequent reasons for reporting a violation of core policies:

59%

- Insufficient monthly financial statements submitted to governing committee and administration (14%)
- Audit committee missing or improperly constituted (13%)
- Conflict of interest statements not signed by all committee members and other designated employees (13%)
- Insurance coverage not in harmony with requirements (13%)
- Service records not all updated and signed (6%)





Entity Type	Violations per Entity
Divisions	2.5
Unions	1.8
Conferences/Missions	2.6
Educational Institutions	2.9
Healthcare Institutions	3.4
Publishing Houses/ABCs	1.9
ADRA	2.7
Other	1.5





Most frequent reasons for documenting internal control weaknesses:

26%

- Lack of reconciliation of accounts (7%)
- Lack of internal controls related to accounts receivable (5%)
- Lack of authorization of transactions (5%)
- Lack of internal controls related to inventory (5%)
- Segregation of duties minimal or inadequate (4%)





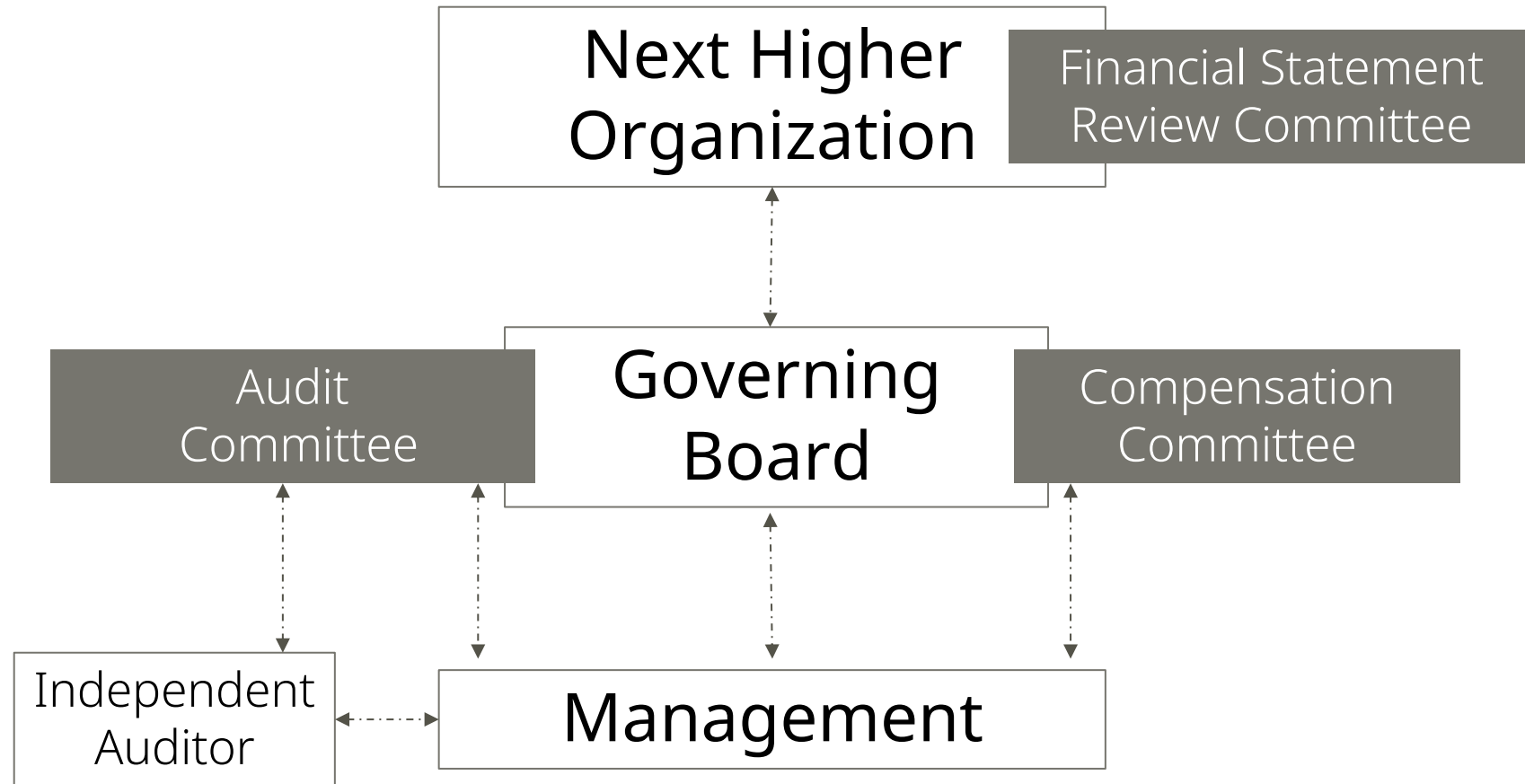
Consensus of Church Leaders

1. Promote a culture of transparency and accountability
2. Revise policies to incorporate best practices
- 3. Require establishment of Audit Committees**
4. Provide training to boards/committees on governance





SDA Financial Oversight System





Role of Financial Oversight Committees

Audit

- To be fully informed about audit matters, financial reporting risks and financial reporting processes

Compensation

- To be fully informed about compensation practices within organization and ensure compliance with policies

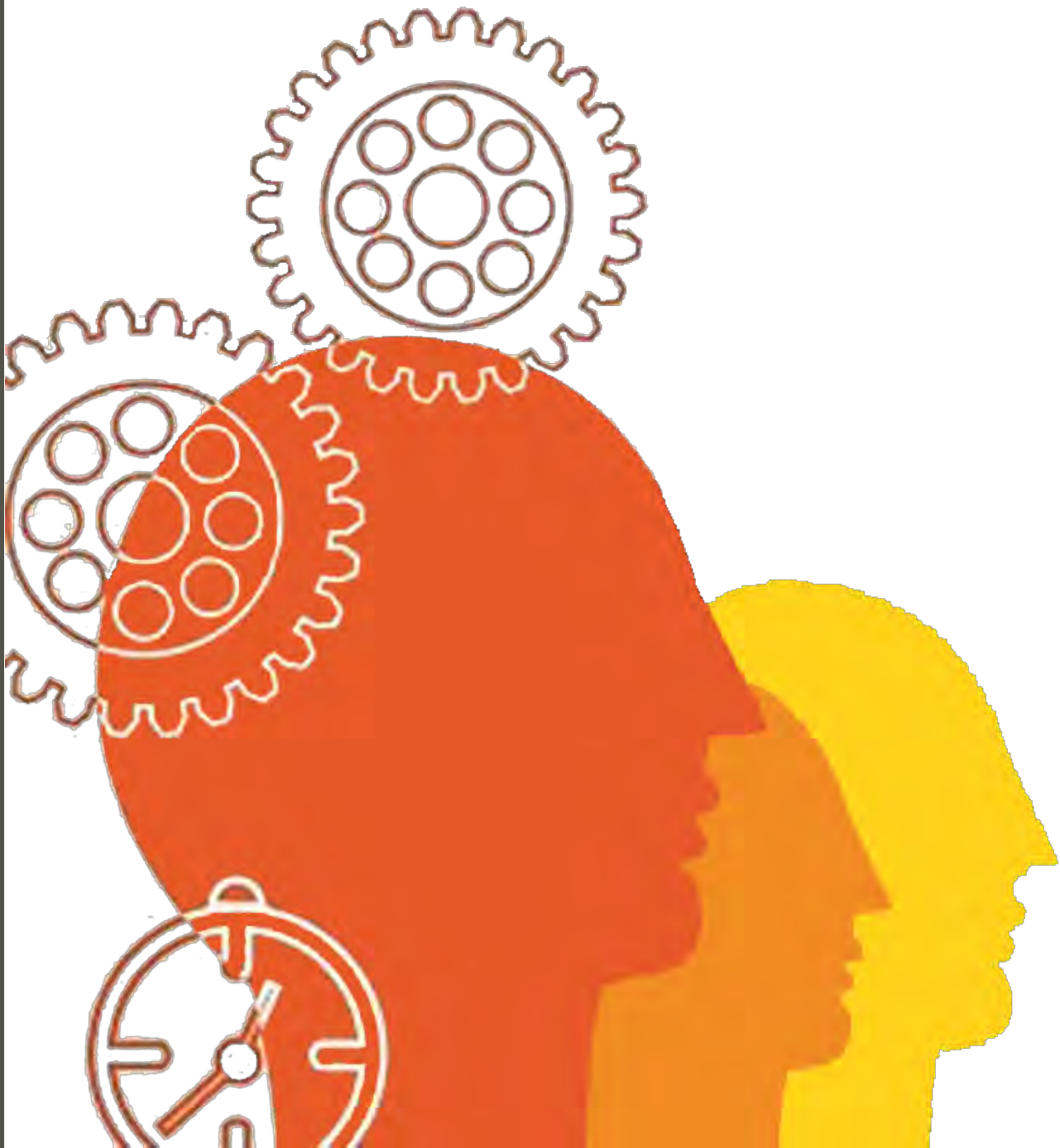
Financial Statement Review

- To be fully informed about the financial health of subsidiary and affiliated organizations



in.sights

Source: A Global Study of Financial Reporting in the Seventh-day Adventist Church





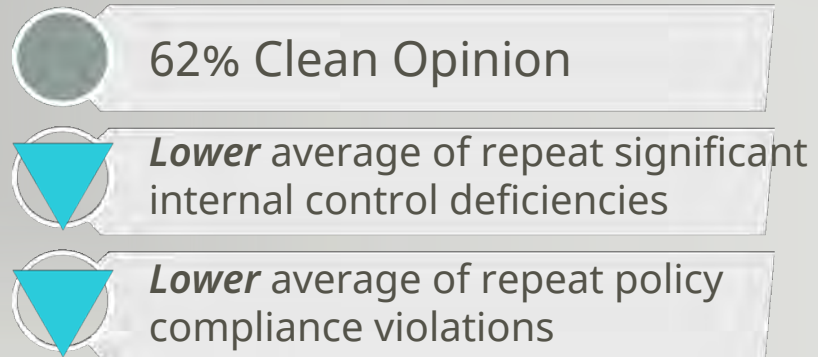
Benefits of a Functioning Audit Committee

A functioning audit committee has a significant positive impact on internal control, compliance with financial policies and awareness of fraud

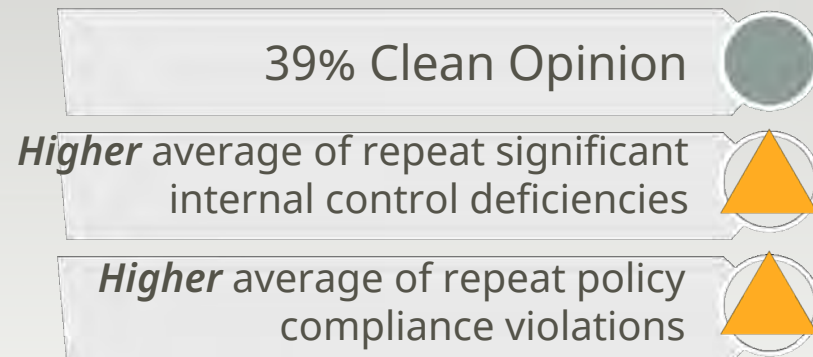




Organizations with an Audit Committee VS. Organizations without an Audit Committee



With
Audit Committee



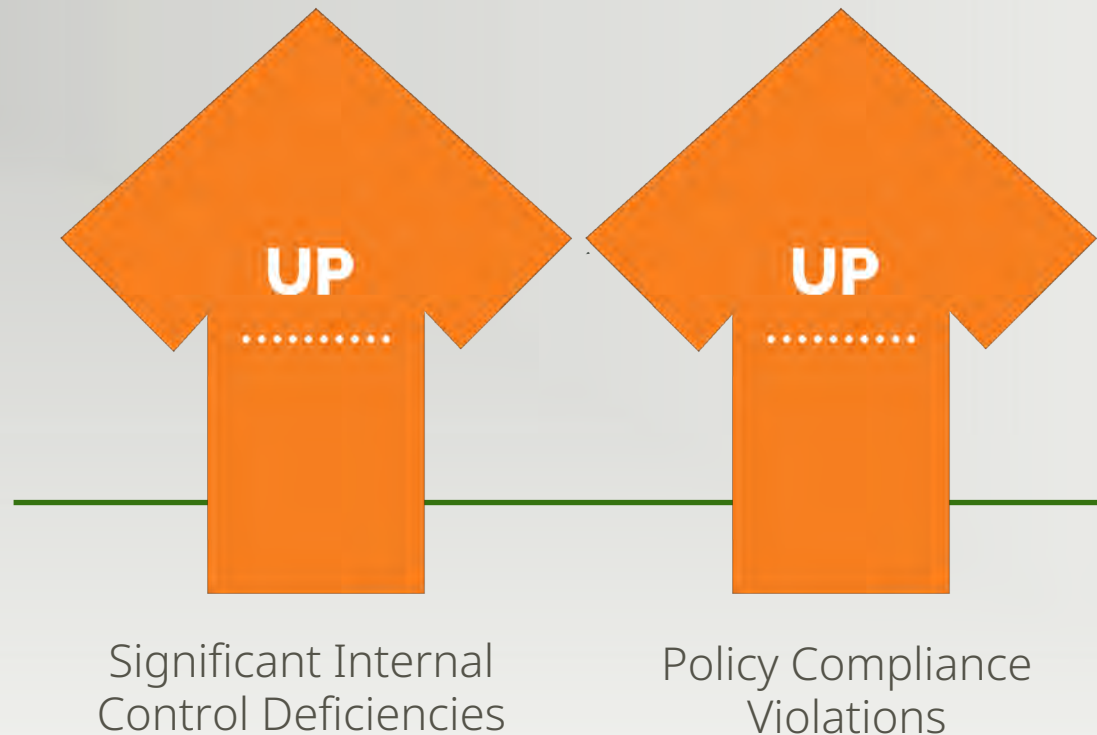
Without
Audit Committee





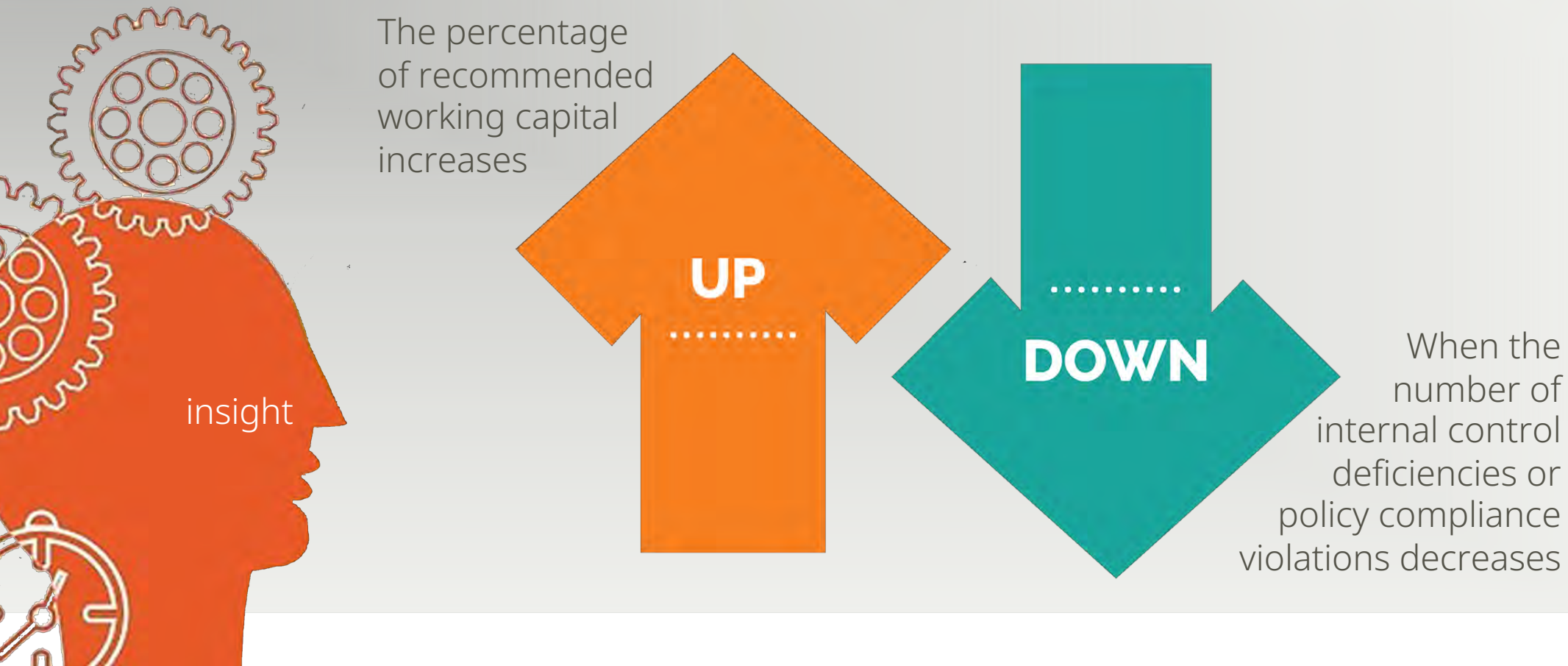
Internal Control and Policy Compliance

The number of policy compliance violations increases as the number of significant internal control deficiencies increases

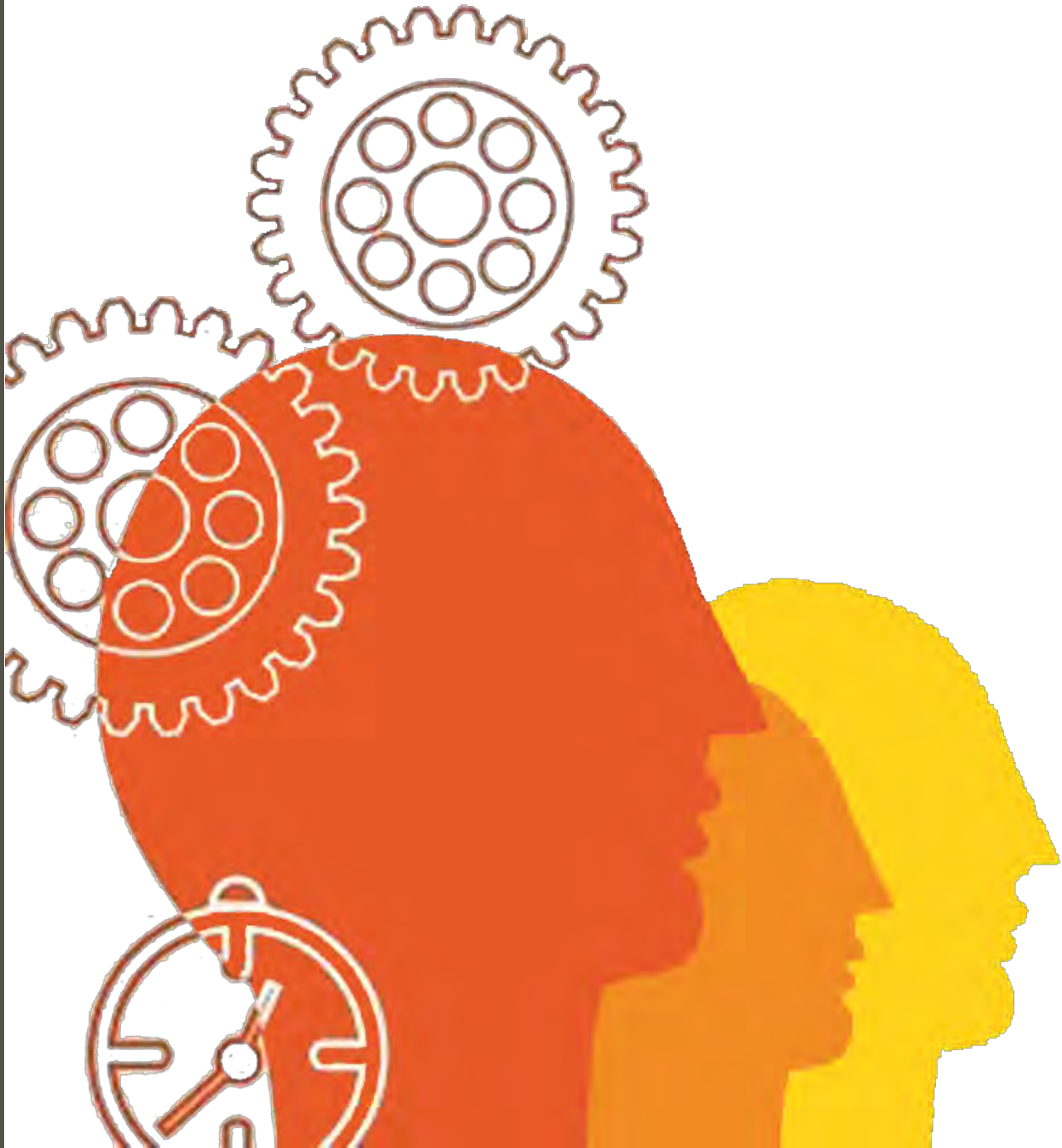




Working Capital Correlations



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GCAS·is·involved *an evangelistic campaign in Ogbona, Nigeria*





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