Docket No. 1017 - 12

RE: PETITION FOR DECLARATORY DECISION FROM THE COLLEGE OF BISHOPS OF THE AFRICA CENTRAL CONFERENCE OF THE UNITED METHODIST CHURCH CONCERNING THE GENERAL COUNCIL ON FINANCE AND ADMINISTRATION COMPLIED WITH JUDICIAL COUNCIL DECISION 1298

JULY 28TH, 2017
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Petition for Declaratory Decision signed form from the Secretary of the Africa Central Conference of the United Methodist Church
Petition for Declaratory Decision

This form is to be used by the Secretary of the body authorized to petition the Judicial Council for a ruling in the nature of a declaratory decision as to the constitutionality, meaning, application, or effect of (please check one):

- The Book of Discipline 2016 or any portion thereof (¶ 2610.1)
- any act or legislation of a General Conference (¶ 2610.1)
- any proposed legislation (¶ 2609.2)

Name of body authorized to make a Petition (¶ 2610.2): Africa Central College of Bishops

Date of session: May 4th, 2017 (month/day/year) Location: Fairmont Hotel Dallas

Name of Secretary: Bishop Joaquina Nhanala

Address: Rua D. Francisco Barreto 229 aixa City: Maputo

State/Province: Maputo ZIP/Postal Code 2640 Country: Mozambique

Phone: 258 2149 3568 Fax: 258 21 49 3568 E-mail: jnhanala3@gmail.com

To be reviewed (indicate paragraph number, title of legislation and/or act where applicable):

Book of Discipline: ¶ 2610.1 of the 2012 Book of Discipline

Legislation: ______________________________

Act of General Conference: ______________________________

Signature: ______________________________

Date: June 8th, 2017 (month/day/year)

Secretary of the Conference/Body

The following must be attached:

- Text of the written Petition for Declaratory Decision as originally presented
- Minutes of proceedings (relevant portions only)
- List of names and addresses of interested parties, including e-mail
- Other relevant materials (e.g. conference rules, resolutions, policies, reports)

Send electronic copy of this form and all materials in PDF and Microsoft Word format to: secretaryjudicialcouncil@gmail.com

Mail four (4) sets of hard copies to: Secretary of the Judicial Council, 5556 North Sheridan Road, # 610; Chicago, IL 60640 U.S.A.
The College of Africa Central Conference of the United Methodist Church request to the Judicial Council to issue a declaratory decision on the compliance of the General Council of Finance and Administration with Judicial Council Decision 1298
BEFORE THE JUDICIAL COUNCIL
OF
THE UNITED METHODIST CHURCH

IN THE MATTER OF THE REQUEST FOR
A DECLARATORY DECISION ON THE
COMPLIANCE OF THE GENERAL COUNCIL ON
FINANCE & ADMINISTRATION WITH JUDICIAL
COUNCIL DECISION 1298

The College of Bishops of the Africa Central Conference of the United Methodist Church ("the College") respectfully requests the Judicial Council to issue a declaratory decision on the compliance of the General Council on Finance & Administration ("GCFA") with Judicial Council Decision 1298, and for reasons states:

Jurisdiction
The Judicial Council has jurisdiction pursuant to * 2610.1 of the 2012 Book of Discipline. Further, the Judicial Council retained jurisdiction of the original case resulting in Decision 1298 and ordered GCFA to report to it a detailed full compliance with this decision no later than May 31, 2015.

Standing
The College has standing to request a declaratory decision pursuant to * 2610.2e of the 2012 Book of Discipline. The College voted unanimously on May 4th, 2017 to request this declaratory decision. The requested decision concerns a matter interfering with God's mission and the denomination's ministry in the Africa Central Conference and other central conferences and the work therein. In particular, as evidenced by the communications attached hereto collectively as Exhibit A and incorporated by reference, the requested declaratory decision relates to the salary, housing and Episcopal Office allowances of Bishop Daniel Wandabula, including the compliance of GCFA and GBGM with Decision 1298. This matter relates to and affects the mission and ministry of the Africa Central Conference and the work of other central conferences whose bishops become involved in a dispute with a church board or commission such as the General Council on Finance and Administration.

Factual Background
The Burundi and East Africa Committee on Episcopacy petitioned the Judicial Council for a declaratory decision on the action of the GCFA and GBGM to drastically cut off the Episcopal support and reduce the Bishop's salary from 100% (2012) to 10% (2013-2014) and then 0% (2015), giving the Bishop Daniel Wandabula only $4,288 support on medical insurance and pension.

The Judicial Council ruled in Decision 1298 that the GCFA is devoid of power to reduce, on ground of pending audit accountabilities, an effective or active bishop's salary without the bishop's consent. The Judicial Council ruled that the bishop's salary should be fully restored by GCFA from 2013 to 2015 and until the next General Conference. The Judicial Council also ordered that the bishop's housing and office expenses for 2013 to 2015 should also be restored: "His housing and office expenses for 2013 to 2015 should also be restored, per Report No. 5 as approved by the 2012 General Conference." Decision 1298.
Following the decision, GCFA only restored the bishop's salary and has refused to restore housing and office expenses. The excuse for GCFA for not releasing housing and office expenses is that no effort has been made to address the audit issues which are before the Africa Central Conference. This is not true.

To the contrary, GBGM/GCFA have not been helpful in resolving the audit issues. This goes against the grain. It is a dereliction of GBGM and GCFA's duties which cannot be left to continue.

The Africa Central Conference asked GBGM/GCFA to provide evidence to the three (3) chargeable offenses listed in the complaint. It is now 11 months since that request for evidence was made, but no evidence has been provided by GBGM/GCFA. (See attachments).

The weight of evidence paragraph 2711.2 of the 2012 Discipline states: The burden of proof for a vote to convict shall be “clear and convincing”. The evidence should also be relevant, reliable and thus admissible.

The allegations by GBGM/GCFA that no effort has been made by Africa Central Conference to solve the audit issues of East Africa Episcopal Area is therefore false.

The refusal by GCFA to release the housing and office funds is making the work of God in the East Africa Episcopal Area very difficult because Bishop Daniel Wandabula and his staff can no longer access the office and office property due to the 24 months rental arrears. Some of the Episcopal staff have not been paid salary for 29 months.

**Requested Decision**

**Requested Decision No. 1:** Does the failure of GCFA to restore housing and office expenses for 2013 to 2017 violate Decision 1298, which is a final decision issued with authority by the Judicial Council pursuant to §§ 56, 57 and 2609 of the 2012 Book of Discipline?

Respectfully submitted,

Bishop Eben Nhiwatiwa

Bishop Joaquina Nhanala

Bishop Gaspar Domingos

Bishop Jose Quipungo

Bishop Daniel Wandabula
Judicial Council of the United Methodist Church Decision 1298
JUDICIAL COUNCIL OF THE UNITED METHODIST CHURCH

DECISION 1298

IN RE: A Request from the Burundi and East Africa Annual Conferences Regarding the Action of the General Council on Finance and Administration in Reducing the Bishop's Salary, Housing, and Office Allowances

DIGEST

The General Council on Finance and Administration (GCFA) is devoid of power to reduce, on ground of pending audit accountabilities, an effective or active bishop’s salary as last determined by the General Conference, without the bishop’s consent. A salary is a bishop’s basic financial entitlement which cannot be curtailed save by judicial or administrative fair process. GCFA is not the forum for that process, but, initially, the relevant College of Bishops is.

A bishop’s housing costs and allowance, as well as office expenses, have a different situation. Per approval by the 2012 General Conference of Report No. 5 of the Financial Commitment Book, the housing allowance of each bishop is set by GCFA in accordance with ¶ 543.4 of the 2008 Discipline. The office expenses are also set by GCFA.

There is no rule requiring the GCFA to consult the College of Bishops before setting up an audit requirement for compliance by a bishop even during the pendency of a complaint against the latter. GCFA and College of Bishops have separate independent functions and processes. There is no violation of ¶ 19 of the Restrictive Rules as the GCFA did not do away with the episcopacy or destroy the plan of itinerant general superintendency. It was merely exercising, though partly flawed, its function to protect the Church funds.

The salary of Bishop Daniel Wandabula should be fully restored by GCFA from 2013 to 2015 and until the next General Conference. The Judicial Council retains jurisdiction of this case as it orders the GCFA to report to it a detailed full compliance with this decision no later than May 31, 2015.

Nothing here precludes an amicable settlement by the parties concerned as the better or faster solution in the interest of the service.

STATEMENT OF FACTS
The Rev. Daniel Wandabula was first elected to the episcopacy in 2006 and consecrated at the Africa Central Conference. He was re-elected bishop for life in 2012. He is the current Resident Bishop of the Burundi and East Africa Annual Conferences, East Africa Episcopal Area, of The United Methodist Church covering the countries of Kenya, Uganda, Rwanda, South Sudan, Ethiopia and Burundi. He reports that since 2006 the local churches have grown in numbers from 306 to 505, while membership grew from 172,725 to 400,865. He has undertaken several projects, from some of which arose controversies. The General Board of Global Ministries (GBGM) and GCFA conducted audits, and they determined that he had huge unexplained accountabilities. Although he disputes many of those findings, the GBGM and GCFA, among others took actions against him, the latest of which is now the subject of this petition.

At a combined session of the East Africa Annual Conference (EAAC) and Burundi Annual Conference on August 26-29, 2014, at Humble United Methodist School, Mukono, Uganda, a "Unanimous Resolution" was passed, tasking its Committee on Episcopacy (COE) to petition the Judicial Council for a declaratory decision on the action of the GCFA to drastically cut off the episcopal support and to reduce the Resident Bishop’s salary from 100% (2012) to 10% (2013-2014) and then 0% (2015), giving the Bishop only $4,288 support for 2015 for medical insurance and pension. The GCFA Board of Directors’ actions were conveyed to Bishop Daniel Wandabula via letters dated November 24 and December 19, 2014.

GCFA states in its brief that in its December 2013 letters to the Bishop, the support it determined for the East Africa Episcopal Area for each of 2013 and 2014 was $12,000 for salary (from $66,810 in 2012), $16,000 for housing, and $81,700 for office. After its November 2014 meeting, it set the Bishop’s 2015 salary at an amount covering his monthly health plan and pension. The COE concedes that the GCFA has the mandate to recommend to the General Conference (GC) at every quadrennial session the amount to be fixed as Bishop’s salary and expenses from the Episcopal Fund and to effect the same upon approval of its recommendation (¶ 818.2 and ¶ 818.3).

The petitioners rely on the following GCFA letters to Bishop Wandabula:

a) Letter dated December 20, 2010, stating that the total episcopal support approved was $146,880 for year 2011.

b) Letter dated January 9, 2012, stating that the total episcopal support was $148,059 for 2012.

c) Letter dated December 3, 2013, stating that the total episcopal support was $98,730 for 2014.
Letter dated November 24, 2014, stating that the Bishop’s salary for 2015 was set at a monthly amount equal to his monthly health plan and pension contributions. The letter also states that the relevant housing and episcopal allowances have been set by GCFA at zero dollars ($0) for 2015.

Letter dated December 19, 2014, stating that the total episcopal support for 2015 was approved at $4,288.

In the face of these fund reductions, five issues were initially raised in the petition dated December 30, 2014. However, in its brief dated January 24, 2015, the COE of Burundi and EAAC expanded to nine items their requests for declaratory decisions, to wit:

1. Does ¶ 818 of the BoD, 2012 provide for the salary and expenses of effective Bishops as from the date of consecration/effective date in office and for the support of retired bishops, surviving spouses and minor children of deceased bishops?

2. If the answer to requested Decision No.1 is in the affirmative, then was the Bishop Daniel Wandabula elected, consecrated and assigned an Episcopal Area, therefore became an effective bishop and entitled to a salary and Episcopal and Office support as an effective bishop by virtue of ¶ 818.1 BoD?

3. Do ¶¶ 543.4 and 818 of the 2012 BoD permit the General Council on Finance and Administration to set a bishop’s annual salary and Episcopal Allowances at less than 100% of the amount fixed by the General Conference as the bishop’s salary and Episcopal support or as fixed by the formula determined by the General Conference who have the primary role to set the salary?

4. Do ¶¶ 543.4 and 818 of the 2012 BoD permit the General Council on Finance and Administration to condition payment of 100% of the annual salary of a bishop and Episcopal support on compliance with any condition such as audit requirements of either the General Council on Finance and Administration or the General Board of Global Ministries and is this precondition on salary determinant arrived at and expressed during the General Conference or with anybody of the Church?

5. If the answer to requested Decision No.4 is affirmative, how is the requirement of compliance with a condition established by the General Council on Finance and Administration affected by the failure of the General Council on Finance and Administration to consult with the Council of Bishops before establishing the requirement?

6. Does the authority to require compliance with a condition established by the General Council on Finance and Administration before a bishop receives 100% of his salary violate ¶ 19 of the Restrictive Rules of the 2012 BoD?

7. Do ¶¶ 543.4 and 818 of the 2012 BoD permit the General Council on Finance and Administration to set a bishop’s annual salary at less than 100% of the amount fixed
by the General Conference as the bishop’s salary or as fixed by the formula
determined by the General Conference based upon the pendency of a complaint
against that bishop that has not been processed pursuant to ¶ 2704.1 and not been
processed pursuant to ¶ 2704.1 and has not been decided by a trial committee
pursuant to ¶ 2712 BoD?
8. If the answer to requested Decision No.7 is affirmative, does that authority to set a
bishop’s and Episcopal support or as fixed by the formula determined by the General
Conference before a complaint is processed pursuant to ¶ 2704.1 and has not been
decided by a trial court pursuant to ¶ 2712 violate ¶ 19 of the Restrictive Rules as
outlined in the BoD?
9. If the answer to requested Decision No.8 is in the affirmative and the GCFA’s
decision is quashed; can the Resident Bishop Daniel Wandabula be entitled to and or
be paid all his Episcopal salary and allowance support arrears and such other relief,
declaration orders, and remedies as may be just and proper premises considered.

JURISDICTION

The Judicial Council has jurisdiction under ¶ 2610.

ANALYSIS AND RATIONALE

Paragraph 2609.5 refers to the power of the Judicial Council to “determine the legality
of any action taken by any body created or authorized by a General Conference,” like GCFA, on
a matter affecting an annual conference upon appeal by two-thirds of members “present and
voting.” GCFA claims that EAAC and Burundi AC have approximately 1000 lay and clergy
membership. The 180 signatures in the “Unanimous Resolution” represent less than 20% of
potential members, but they were the ones from 41 districts able to attend and vote,
considering the poverty, language diversity, distance and difficulty of transportation in the
Episcopal Area covering Burundi, Uganda, Kenya, Rwanda, South Sudan and Ethiopia.
Paragraph 2610.2(j) pertains to bodies authorized to make petition to the Judicial Council for
declaratory decisions, including “any annual conference on matters relating to annual
conferences or the work therein.” Reducing episcopal support for housing and office (rentals
and staff) expenses, let alone the Bishop’s salary, naturally affect the work in said two annual
conferences over which he presides.

Essentially, the questions imbedded in both the five issues raised in the petition and the
nine questions in the COE brief can be compressed as follow:

I. In between quadrennial sessions of the General Conference, does the GCFA have the
power to reduce an episcopal area resident bishop’s salary and episcopal support for
housing and office, on the ground of audit accountabilities or non-compliance with its audit requirements of GCFA and GBGM?

II. Pending resolution of a complaint filed with the College of Bishops against a bishop for chargeable offenses arising from financial audit, can the GCFA validly reduce said salary and episcopal support?

III. Is the GCFA required to consult with the relevant College of Bishops before establishing an audit requirement for compliance by a bishop?

IV. Is there a violation of ¶ 19 of the Restrictive Rules of the Discipline?

V. What is the relief, if any, if such reduction of salary and episcopal support is found invalid, in whole or in part?

The specific provision in the 2012 Discipline on bishop’s salaries is ¶ 818.4. It mandates that the treasurer of the GCFA “shall remit monthly to each effective bishop one-twelfth of the annual salary as determined by the General Conference, less deductions or reductions from the salary as each bishop may authorize.” (Emphasis added). Without the bishop’s consent the salary cannot be reduced. Neither can it be reduced due to audit accountabilities, which are contested, or for failure to comply with auditing requirements. GCFA reliance on ¶ 806.13(c) is misplaced as it relates to withholding of funds from an entity, not salary due to a bishop.

We appreciate the zeal of the GCFA in safeguarding Church funds but nowhere in the Discipline is any clear authority granted to it in reducing, suspending, much less cutting off a bishop’s salary. A salary is the basic entitlement of an office holder in church law as in civil law, which cannot be curtailed without fair or due process in a judicial or administrative proceeding. GCFA is not the forum for such proceeding but initially the relevant College of Bishops is.

With respect to a bishop’s housing allowance and office expenses, the situation is different, in light of GCFA’s uncontroverted submission that in 2012, Report No. 5 of the Financial Commitment Book was adopted by the GC, stating that “amounts set for office expenses are to be applied towards the operation of the episcopal office,” and asking central conferences to assume greater cost in the support of their bishops with a minimum level of ten percent. The operational expense of an annual conference is not financed by the Episcopal Fund. Under ¶ 818.1, the Episcopal Fund is intended to “provide for the salary and expenses of effective bishops.” Thus, an annual conference bears its own expense for operations, programs, and missions.
Said Report No. 5 likewise provides that the annual conferences constituting the episcopal area shall be responsible for funds for housing in which the bishop resides. The housing allowance of each bishop shall be recommended by the Episcopal Services Committee and set by GCFA in accordance with § 543.4 of the 2008 Discipline.

Distinct also is the action of GBGM to withhold funding of EAAC and EAAC projects until its audit requirements are met. GBGM sources its funds from donations intended for specific projects and missions. There should be a proper accounting for said money. The GBGM action is justified.

II

Even a bishop who is suspended continues to receive salary, housing, and benefits (§ 413.3a). With more reason should a bishop against whom a complaint is pending, without being suspended, be entitled to continue receiving his salary and benefits.

We take note that on March 1, 2013, GCFA and GBGM filed a complaint with Bishop Eben Nhiwatiwa, President of the Africa Central Conference College of Bishops (ACC COB), charging Bishop Wandabula with offenses including disobedience to the order and discipline of the Church, immorality, and crime. On September 7, 2013, Bishop Nhiwatiwa informed GCFA and GBGM that the supervising response process had been completed without reaching any resolution. On November 6, 2014, GCFA received communication that Bishop Nhiwatiwa had turned over the complaint to a committee on investigation. This is the proper remedy that should be pursued to its conclusion. And, with due respect, we call on that committee and the ACC COB to expedite the proper disposition of the matter. Meantime, the reduction of Bishop Wandabula’s salary and benefits cannot be sustained because of the lack of legal or disciplinary basis.

III

There is no disciplinary rule requiring the GCFA to seek prior consultation with the relevant College of Bishops before setting up an audit requirement for compliance by a bishop. This is true even during the pendency of a complaint against the bishop in the College of Bishops. The two are endowed with separate, independent functions and processes (§§ 413, 806, 807, 818, 2712, and related provisions).

IV

Paragraph 19, Article III of the Restrictive Rules states that the GC shall not change or alter any part or rule of our government so as to do away with episcopacy or destroy the plan of our itinerant general superintendency. Given our preceding discussion, it will take a strained interpretation to find that GCFA has violated this rule.
Having reached our conclusion that the salary reduction is invalid, Bishop Wandabula is due full restoration of his salary by GCFA from 2013 to 2015 and until the next General Conference. His housing and office expenses for 2013 to 2015 should also be restored, per Report No. 5 as approved by the 2012 General Conference.

**DECISION**

The General Council on Finance and Administration (GCFA) is devoid of power to reduce, on ground of pending audit accountabilities, an effective or active bishop’s salary as last determined by the General Conference, without the bishop’s consent. A salary is a bishop’s basic financial entitlement which cannot be curtailed save by judicial or administrative fair process. GCFA is not the forum for that process, but, initially, the relevant College of Bishops is.

A bishop’s housing costs and allowance, as well as office expenses, have a different situation. Per approval by the 2012 General Conference of Report No. 5 of the Financial Commitment Book, the housing allowance of each bishop is set by GCFA in accordance with ¶ 543.4 of the 2008 Discipline. The office expenses are also set by GCFA.

There is no rule requiring the GCFA to consult the College of Bishops before setting up an audit requirement for compliance by a bishop even during the pendency of a complaint against the latter. GCFA and College of Bishops have separate independent functions and processes. There is no violation of ¶ 19 of the Restrictive Rules as the GCFA did not do away with the episcopacy or destroy the plan of itinerant general superintendency. It was merely exercising, though partly flawed, its function to protect the Church funds.

The salary of Bishop Daniel Wandabula should be fully restored by GCFA from 2013 to 2015 and until the next General Conference. The Judicial Council retains jurisdiction of this case as it orders the GCFA to report to it a detailed full compliance with this decision no later than May 31, 2015.

Nothing here precludes an amicable settlement by the parties concerned as the better or faster solution in the interest of the service.

Beth Capen was absent.
Warren Plowden, third lay alternate, participated in this decision.
Dennis Blackwell was absent.
Timothy K. Bruster, first clergy alternate, participated in this decision.
With respect for the dedicated and deliberative work of the Judicial Council on this matter, I dissent from this Decision.

The petition comes from two annual conferences meeting jointly, and it seems to arise from their common concern about justice for their Bishop. Although the two annual conferences do not use the phrase “declaratory decision” in their petition, the substance of their submission is tantamount to a request that the Judicial Council declare an action by the General Council on Finance and Administration to be unlawful.

However, that is the legal problem with this matter, and that is what gives rise to my dissent. Who is authorized to ask the Judicial Council to make such a declaration or a declaratory decision? And on what matters may the authorized bodies ask the Judicial Council to make a declaration about legality or constitutionality?

The Discipline is very precise and very clear about the nature of a request for a declaratory decision. Two provisions in church law have been cited as authorizing an annual conference to ask the Judicial Council for such a ruling. One is in ¶ 2609.5. The other is in ¶ 2610.2j.

Paragraph 2609.5 prescribes some matters that the Judicial Council is required to address.

The Judicial Council shall hear and determine the legality of any action taken by any body created or authorized by a General Conference or any body created or authorized by the jurisdictional or central conference on a matter affecting an annual conference or a provisional annual conference, upon appeal by two-thirds of the members of the annual or provisional annual conference present and voting.

Paragraph 2610.2 lists (in subsection j) the annual conference as one of the bodies in the church that is authorized to petition the Judicial Council for a declaratory decision.

Specifically, however, the authorization is limited in this provision of church law.

The following bodies in The United Methodist Church are hereby authorized to make such petitions to the Judicial Council for declaratory decisions...(j) any annual conference on matters relating to annual conferences or the work therein.

The salient point regarding the authorization is that the matter at hand or the matter of the petition must affect the annual conference submitting the petition, or annual conferences, or the work therein.

Judicial Council Decision 463 makes clear...
that in order for the Judicial Council to have jurisdiction, two facts must exist. 1) The question must involve the constitutionality, meaning, application or effect of the Discipline or any portion thereof. This petition does not. 2) It must relate to the Annual Conferences or the work therein.

At issue in this specific case is the payment of salary and benefits to a bishop. The question is whether the General Council on Finance and Administration has authority to reduce the salary of an active bishop. The facts in the case clearly show that the action of the annual conference, in voting to submit this petition, was approved by more than two-thirds of the members present and voting, as required in ¶ 2609.5. But taking a vote, even by a super majority, is not in itself sufficient to confer jurisdiction. And raising a question that involves constitutionality, meaning, application, or effect of the Discipline is also not enough to confer jurisdiction. Another criterion must be met, according to Decision 463: “It must relate to the Annual Conferences or the work therein.”

In The United Methodist Church, annual conferences and bishops are separate constitutional bodies. There are important constitutional issues involving separations of powers that must be honored by the Judicial Council. (See Decisions 1251, 1096, 1092, 1064, 942, 872)

What we have before us is a request from an annual conference (actually from the two annual conferences in an Episcopal Area meeting jointly) about an action by GCFA to reduce the salary paid to the bishop who is assigned to the Area. It is not a matter that involves annual conference programming, budgets for the work of annual conferences, or the work of boards and committees mandated by the Discipline. There have been other questions raised in other settings about the role of this particular bishop funding some of the programs of the annual conferences under his episcopal leadership, but none of those matters is at issue in this case. All that is involved here is a reduction in compensation and benefits to the bishop. That is neither a matter of the annual conference nor a matter involving the work of the annual conferences.

Instead, if there might be an issue about whether GCFA has authority to reduce the salary of a bishop, then it should be a matter of concern for the Council of Bishops to discuss within its membership and possibly bring to the Judicial Council. Indeed, the Discipline provides for such a remedy.

In ¶ 2610.2(b) the Discipline authorizes the Council of Bishops to petition the Judicial Council for declaratory decisions. Whether GCFA has the authority to reduce the salary of a bishop is a profoundly important question for church law to address. But it is not within the authority of an annual conference to raise such a question. The Council of Bishops may do so. One might argue that, as a body, they should be eager to do so, since the outcome could potentially have an impact on them all.
Paragraph 810.1 identifies the Episcopal Fund as one of the general funds held “in trust” by the General Council on Finance and Administration. GCFA is “accountable to The United Methodist Church through the General Conference in all matters relating to the receiving, disbursing and reporting of such funds . . .” (¶ 806) and as such functions in a fiduciary capacity.

Because ¶ 806.13 describes how that trust is to be exercised, including the possibility of withholding funds, we believe the action of the General Council on Finance and Administration is in keeping with church law and its fiduciary duty.

The Judicial Council is not a fact finding body (See Decisions 1113, 1130, 1162, and 1174). Thus, the Judicial Council is not authorized to determine the accuracy and completeness of the financial records of the East Africa Annual Conference or to the perspicacity of audits conducted by GCFA and GBGM.
EXHIBIT 1

Appointment of Bishop Ntambo Nkulu as the counsel for the church for the East Africa case by the then President of Africa Central Conference Bishop Eben Nhiwatiwa
Dear Bishop Ntambo

Calvary greetings. I hope that you travelled well back home. I am formally appointing you as the Counsel for the Church to handle the case of allegations against Bishop Daniel Wandabula as per my discussion with you at Victoria Falls. This is in line with Par 2712 item 4 (Trial of a Bishop) which indicates that Counsel for the church shall be a bishop or another clergyperson in full connection.

Let me know that you would have received this email.

By way of this email, Bishop Wandabula will send you the complaint document and all other relevant documents and other materials for your assessment. Let me get your assessment as soon as possible so that we can move forward without delay.

Grace and Peace

Bishop Nhiwatiwa
Re: Report and Accountability to Bishop Ntambo Nkulu

Bishop Ntambo
Counsel for the East Africa Case

Your Bishop Nambo,

RE: EAST AFRICA EPISCOPAL AREA OF THE UNITED METHODIST CHURCH FROM MY CONSECRATION TO THE PRESENT STATE

After my election and consecration as the Resident Bishop for the East Africa Episcopal Area of the United Methodist Church, there was no handover from the caretaker Bishop.

There was no system in place, not even a single file or document was available from the previous administration or in the office. My staff did not receive any orientation or training, so we started everything from scratch with no guidance at all.

The General Board of Global Ministries (GBGM) stopped sending funds to the East Africa Annual Conference (EAAC) before I came to office. Most of the projects had either died or were at standstill. My predecessor had refused the GBGM auditors to come to East Africa because of the untrue information they were circulating about him.

My first commitment was to invite the GBGM auditors to come to the EAAC and carry out their work so that we would do God's ministry in a healthy environment.

A team of GBGM auditors (Nash Vickers and Barbara Jacobsen) came to EAAC in 2008 for auditing. The 2008 GBGM audit report revealed that there was progress in accountability and reporting although I had been in office for just a short time. They stated that things were getting better. (See annexure)

In April 2011, GBGM sent an auditor to EAAC in the names of Kenneth Koomen. The period under review was from 2009 to 2011. The audit report for the period under review was not released until 4th August 2011, after challenging GBGM that it would not be wise to again send the auditors to come for a next audit before knowing the outcome of the first audit (April 2011 audit). GBGM did not want to release the April 2011 audit report for their own reasons.
review (2009-2011). The actual amount that was received by Humble United Methodist school was only $699,000 and not $910,000 as mentioned in the April 2011 audit report.

Three weeks after releasing the April 2011 audit report (on 4th August 2011), GBGM sent another team of auditors to East Africa in September 2011.

This was not fair because it was very difficult for us (EAAC) to implement the GBGM recommendations in the April 2011 audit report within a period of 3 weeks. Remember all the responsibility of training the Church leaders and staff had been left to the Conference office when I took over office in 2006 with no resources to do that.

On the 15th June 2012, we again received a team of 3 auditors (David Guinkpa, Kenneth Koome and Dominic Detoh) from GBGM. The audit exercise lasted 2 weeks up to 30th June, 2012.

The 30th June 2012 GBGM audit report came out on the 7th August 2012 and GBGM immediately suspended the project funds to the EAAC, even before EAAC had made a response to the audit report.

GBGM then circulated the audit report to the delegates who had come to the Africa Central Conference meeting in Nairobi, Kenya. It is during this meeting that I was re-elected for the 2nd time.

We were very surprised when GBGM circulated the June 30th 2012 audit report to the delegates at the Africa Central Conference meeting. This conduct showed that there was no independence in the recently concluded audit of the EAAC financial records.

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**General Board of Global Ministries**

**EAAC Financial Records Review – June 2013**

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The office also borrowed funds from gifts received from a local church which were designated for the purchase of land. This was to meet operational expenses which included air tickets, passports (travel documents) and other related expenses which were urgently needed. Other expenses include the choir training expenses, feeding of the pupils and also paying of salaries to the technical staff.

When East Africa office received the H.A.C.C funds from GBGM in 2009, the office had to pay off the accumulated debts which included the funds borrowed ($100,337) for the land purchase. This makes it appear as though the office used HACC funds to buy land.

The funds received from GBGM was not even enough to meet the expenses incurred to run the choir. The H.A.C.C expenditure was $347,000 while it is only $254,000 which was received from GBGM.

Item 4: $2,900.00

GBGM’s Remarks: Duplicate payment to be reimbursed.

East Africa’s response: The Hope for Africa Children’s Choir (H.A.C.C.) was housed in 2 units at the Nasuuti residential Estate. Each housing unit cost was shs 460,000 per month implying that the monthly rent dues was shs 920,000 for the 2 housing units. The Children’s choir was housed in the premises from 1st September 2007 to February 2011. The tenancy agreement was to effect payment every 6 months.

### SCHEDULE SHOWING RENTAL DUES INCURRED BY H.A.C.C AND PAYMENTS EFFECTED.

<table>
<thead>
<tr>
<th>S no.</th>
<th>Period of stay</th>
<th>Amount due-Ugx shs</th>
<th>Payment effect</th>
<th>Voucher no.</th>
<th>Unpaid dues</th>
<th>Remarks1</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>1st September 2007 to 28th February 2008</td>
<td>5,520,000</td>
<td>5,520,000</td>
<td>3032</td>
<td>-</td>
<td>Clerical error in receipt narration.</td>
</tr>
<tr>
<td>2</td>
<td>1st March 2008 - 31st August 2008</td>
<td>5,520,000</td>
<td>5,520,000</td>
<td>3129</td>
<td>-</td>
<td>Rental dues paid</td>
</tr>
<tr>
<td>3</td>
<td>1st September 2008</td>
<td>5,520,000</td>
<td>5,520,000</td>
<td>3103</td>
<td>-</td>
<td>Rental dues paid</td>
</tr>
</tbody>
</table>
The rent dues for the entire stay of the Children’s choir at the Nasuuti Residential Estate was $20,336.84, but only $14,252.63 was paid (Please see table above). Rental dues totaling $6,084.21 remain unpaid.

It is therefore not practical to ask for a refund of $2,900.00 while you have an obligation to pay $6,084.21. The narrative on the receipt does not make it a double payment. The error on the receipt can be rectified. (See annexure Item 4)

**Item 5: $30,005 Funds unaccounted for.**

GBGM’s audit recommendation: These funds should be reimbursed.

East Africa’s response: The funds were sent to the beneficiaries in South Sudan through 3 forms of disbursement:

1). By wire transfer to KCB Bank Yei branch account no 012402290565 $15,800.00

2). Cash payment through the authorized representatives – Rev Buford Hankins who was the then Sudan District Superintendent who was responsible of getting to the intended beneficiary $13,600.64

3). Paid to the intended beneficiary in the names of Pastor Isaac Sebit $2,500.00

The documents which show the disbursements of funds to the intended beneficiaries in Sudan are attached. It is the obligation for the recipients to show the accountability.
<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Amount in USD</th>
<th>Recipient</th>
<th>Form of Disbursement</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>7th Jan.2009</td>
<td>Various projects</td>
<td>13,600.64</td>
<td>Buford Hankins-The Sudan DS</td>
<td>Cash payment</td>
<td>Accountability to be done by Sudan</td>
</tr>
<tr>
<td>28.Aug.2009</td>
<td>Various programs</td>
<td>6,300.00</td>
<td>Buford Hankins-The Sudan DS</td>
<td>KCB Bank Yei branch Ac no 012402290565</td>
<td>Accountability to be done by Sudan</td>
</tr>
<tr>
<td>26.Nov.2009</td>
<td>Funds for Various programs</td>
<td>7,500.00</td>
<td>Buford Hankins-The Sudan DS</td>
<td>KCB Bank Yei branch Ac no 012402290565</td>
<td>Accountability to be done by Sudan</td>
</tr>
<tr>
<td>25.Jan.2010</td>
<td>Motorcycle</td>
<td>2,500.00</td>
<td>Pastor Isaac Sebit</td>
<td>Cash payment</td>
<td>See voucher</td>
</tr>
<tr>
<td>15.01.2010</td>
<td>Funds for Various programs</td>
<td>2,000.00</td>
<td>Buford Hankins-The Sudan DS</td>
<td>KCB Bank Yei branch Ac no 012402290565</td>
<td>Accountability to be done by Sudan</td>
</tr>
<tr>
<td></td>
<td>Total Including bank charges</td>
<td>31,900.64</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(See annexture for item 5 accountability for $30,005.00)

**Item 6: $31,989 Unresolved transfer to Humble school Capital account no. 0140023969501**

GBGM’s audit recommendation: These funds should be reimbursed.

East Africa’s response:

This is an ongoing difference between GBGM and East Africa Annual Conference (EAAC). Two GBGM wire transfers totaling $51,292.92 ($20,638.92 and $30,654) was received on the EAAC bank accounts. Out of this total $1,899.00 (3,987,900shs) and $21,434.00 (44,368,380shs) totaling $23,333 (48,356,280 shs ) were directed to Humble school capital account.

The rest of the money was for other projects/programs and wired to other Conference bank accounts.

It is therefore not true that a total of $55,322.00 was wired to Humble school capital account by GBGM as alleged in June 30, 2012 audit report page 7, paragraph 1.

This is how the difference comes:

Alleged amount transferred to humble school capital account $ 55,322.00
Less: Actual amount transferred to humble school capital account $ 23,333.00
The amount that was never transferred to humble school capital account $ 31,989.00
expenditure are not available.

Secondly this issue has appeared in all the GBGM audit reports and the same explanation has been provided by East Africa. It is therefore not true to state that Bishop Wandabula did not provide the accountability in a timely manner.

**Item 10: $15,312** Funds used for other purposes other than designated.

**GBGM’s audit recommendation:** These funds should be reimbursed.

**East Africa’s response:**

These funds were used for the purchase of animals like cows, goats and pigs and given to different families.

The original plan of setting up a livestock farm could not be implemented because the funds available were too little for the program.

Before setting the livestock farm we needed land which was not available, we needed to be sure that we would be able to sustain operational expenses for running the livestock farm like salaries for the staff to run the projects, we needed water supply etc, before we could think of setting up the livestock project. The money available $15,312 could only buy animals for the beneficiaries which we did. You may blame the administration of East Africa for the diversion of the funds but this decision was done in good faith. The beneficiaries out there were indeed thankful for the gifts.

**Item 11: $24,796.00** Program Funds that lack evidence of proper use.

**GBGM’s audit recommendation**

These funds should be reimbursed.

**East Africa’s response:**

The person who was involved in this activity is still in coma. We have failed to get more information apart from the report.

The blame of East Africa for relying on one person. However scarcity of resources is one point that should not be over looked. If the resources were available, we would have at least had 2 medical personnel fully attached to the Conference office.
EXHIBIT 2

Bishop Daniel Wandabulas’s report and accountability to the church council
Bishop Ntambo

Counsel for the East Africa Case

RE: EAST AFRICA EPISCOPAL AREA OF THE UNITED METHODIST CHURCH FROM MY CONSECRATION TO THE PRESENT STATE

After my election and consecration as the Resident Bishop for the East Africa Episcopal Area of the United Methodist Church, there was no handover from the caretaker Bishop.

There was no system in place, not even a single file or document was available from the previous administration or in the office. My staff did not receive any orientation or training, so we started everything from scratch with no guidance at all.

The General Board of Global Ministries (GBGM) stopped sending funds to the East Africa Annual Conference (EAAC) before I came to office. Most of the projects had either died or were at standstill. My predecessor had refused the GBGM auditors to come to East Africa because of the untrue information they were circulating about him.

My first commitment was to invite the GBGM auditors to come to the EAAC and carry out their work so that we would do God’s ministry in a health environment.

A team of GBGM auditors (Nash Vickers and Barbara Jacobsen) came to EAAC in 2008 for auditing. The 2008 GBGM audit report revealed that there was progress in the accountability and reporting although I had been in office for just a short time. They stated that things were getting better. (See annexure)

In April 2011, GBGM sent an auditor to EAAC in the names of Kenneth Koome. The period under review was from 2009 to 2011. The audit report for the period under review was not released until 4th August 2011, after challenging GBGM that it would not be wise to again send the auditors to come a next audit before knowing the outcome of the first audit (April 2011 audit). GBGM did not want to release the April 2011 audit report for their own reasons.
review (2009-2011). The actual amount that was received by Humble United Methodist school was only $699,000 and not $910,000 as mentioned in the April 2011 audit report.

Three weeks after releasing the April 2011 audit report (on 4th August 2011), GBGM sent another team of auditors to East Africa in September 2011.

This was not fair because it was very difficult for us (EAAC) to implement the GBGM recommendations in the April 2011 audit report within a period of 3 weeks. Remember all the responsibility of training the Church leaders and staff had been left to the Conference office when I took over office in 2006 with no resources to do that.

On the 15th June 2012, we again received a team of 3 auditors (David Guinkpa, Kenneth Koome and Dominic Detoh) from GBGM. The audit exercise lasted 2 weeks up to 30th June, 2012.

The 30th June 2012 GBGM audit report came out on the 7th August 2012 and GBGM immediately suspended the project funds to the EAAC, even before EAAC had made a response to the audit report.

GBGM then circulated the audit report to the delegates who had come to the Africa Central Conference meeting in Nairobi, Kenya. It is during this meeting that I was re-elected for the 2nd time.

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Transfer of funds from HUMS, with purpose not verified | $36,005 | June 2013 Report page 4

Unsupported disbursements | $18,400 | June 2013 Report page 4

Vouchers lacking receipts | $37,500 | June 2013 Report page 5

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**East Africa's response:**

Hope for Africa Children's Choir (H.A.C.C) was started in September 2007 as an arm for raising funds for projects in the East Africa Annual Conference. There were no funds to kick start this program, so the East Africa Conference office had to look around for ways to kick start this program. Different sources of funds were used which includes loans which had to be repaid when the funds for the choir have come from GBGM.

The office also borrowed funds from gifts received from a local church which were designated for the purchase of land. This was to meet operational expenses which included air tickets, passports (travel documents) and other related expenses which were urgently needed. Other expenses include the choir training expenses, feeding of the pupils and also paying of salaries to the technical staff.

When East Africa office received the H.A.C.C funds from GBGM in 2009, the office had to pay off the accumulated debts which included the funds borrowed ($100,337) for the land purchase. This makes it appear as though the office used HACC funds to buy land.

The funds received from GBGM was not even enough to meet the expenses incurred to run the choir. The H.A.C.C expenditure was $347,000 while it is only $254,000 which was received from GBGM.

**Item 4: $2,900.00**

**GBGM's Remarks:** Duplicate payment to be reimbursed.

**East Africa's response:** The Hope for Africa Children's Choir (H.A.C.C) was housed in 2 units at the Nasuuti residential Estate. Each housing unit cost was shs 460,000 per month implying that the monthly rent dues was shs 920,000 for the 2 housing units. The Children's choir was housed in the premises from 1st September 2007 to February 2011. The tenancy agreement was to effect payment every 6 months.

### SCHEDULE SHOWING RENTAL DUES INCURRED BY H.A.C.C AND PAYMENTS EFFECTED.

<table>
<thead>
<tr>
<th>S no.</th>
<th>Period of stay</th>
<th>Amount due-Ugx shs</th>
<th>Payment effect</th>
<th>Voucher no.</th>
<th>Unpaid dues</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1ST September 2007 to 28TH February 2008</td>
<td>5,520,000</td>
<td>5,520,000</td>
<td>3032</td>
<td>-</td>
<td>Clerical error in receipt narration.</td>
</tr>
<tr>
<td>2</td>
<td>1ST March 2008- 31ST August 2008</td>
<td>5,520,000</td>
<td>5,520,000</td>
<td>3129</td>
<td>-</td>
<td>Rental dues paid</td>
</tr>
<tr>
<td>3</td>
<td>1ST September 2008</td>
<td>5,520,000</td>
<td>5,520,000</td>
<td>3103</td>
<td>-</td>
<td>Rental</td>
</tr>
</tbody>
</table>


The rent dues for the entire stay of the Children’s choir at the Nasuuti Residential Estate was $20,336.84, but only $14,252.63 was paid (Please see table above). Rental dues totaling $6,084.21 remain unpaid.

It is therefore not practical to ask for a refund of $2,900.00 while you have an obligation to pay $6,084.21. The narrative on the receipt does not make it a double payment. The error on the receipt can be rectified. (See annexture Item 4)

**Item 5: $30,005 Funds unaccounted for:**

**GBGM’s audit recommendation:** These funds should be reimbursed.

**East Africa’s response:** The funds were sent to the beneficiaries in South Sudan through 3 forms of disbursement:

1) By wire transfer to KCB Bank Yei branch account no 012402290565 $15,800.00

2) Cash payment through the authorized representatives – Rev Buford Hankins who was the then Sudan District Superintendent who was responsible of getting to the intended beneficiary $13,600.64

3) Paid to the intended beneficiary in the names of Pastor Isaac Sebit $2,500.00

The documents which show the disbursements of funds to the intended beneficiaries in Sudan are attached. It is the obligation for the recipients to show the accountability.
<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Amount in USD</th>
<th>Recipient</th>
<th>Form of disbursement</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>7th Jan.2009</td>
<td>Various projects</td>
<td>13,600.64</td>
<td>Buford Hankins-The Sudan DS</td>
<td>Cash payment</td>
<td>Accountability to be done by Sudan</td>
</tr>
<tr>
<td>28. Aug. 2009</td>
<td>Various programs</td>
<td>6,300.00</td>
<td>Buford Hankins-The Sudan DS</td>
<td>KCB Bank Yei branch Ac no 012402290565</td>
<td>Accountability to be done by Sudan</td>
</tr>
<tr>
<td>26. Nov. 2009</td>
<td>Funds for Various programs</td>
<td>7,500.00</td>
<td>Buford Hankins-The Sudan DS</td>
<td>KCB Bank Yei branch Ac no 012402290565</td>
<td>Accountability to be done by Sudan</td>
</tr>
<tr>
<td>25. Jan. 2010</td>
<td>Motorcycle</td>
<td>2,500.00</td>
<td>Pastor Isaac Sebit</td>
<td>Cash payment</td>
<td>See voucher</td>
</tr>
<tr>
<td>15.01.2010</td>
<td>Funds for Various programs</td>
<td>2,000.00</td>
<td>Buford Hankins-The Sudan DS</td>
<td>KCB Bank Yei branch Ac no 012402290565</td>
<td>Accountability to be done by Sudan</td>
</tr>
<tr>
<td>Total</td>
<td>Including bank charges</td>
<td>31,900.64</td>
<td></td>
<td></td>
<td>(See annexture for item 5 accountability for $30,005.00)</td>
</tr>
</tbody>
</table>

Item 6: $31,989 Unresolved transfer to Humble school Capital account no. 0140023969501

GBGM's audit recommendation: These funds should be reimbursed.

East Africa's response:
This is an ongoing difference between GBGM and East Africa Annual Conference (EAAC). Two GBGM wire transfers totaling $51,292.92 ($20,638.92 and $30,654) was received on the EAAC bank accounts. Out of this total $1,899.00 (3,987,900shs) and $21,434.00 (44,368,380shs) totaling $23,333 (48,356,280 shs) were directed to Humble school capital account.

The rest of the money was for other projects/programs and wired to other Conference bank accounts.

It is therefore not true that a total of $55,322.00 was wired to Humble school capital account by GBGM as alleged in June 30, 2012 audit report page 7, paragraph 1.

This is how the difference comes:
Alleged amount transferred to humble school capital account $55,322.00
Less: Actual amount transferred to humble school capital account $23,333.00
The amount that was never transferred to humble school capital account $31,989.00
expenditure are not available.

Secondly this issue has appeared in all the GBGM audit reports and the same explanation has been provided by East Africa. It is therefore not true to state that Bishop Wandabula did not provide the accountability in a timely manner.

**Item 10: $15,312** Funds used for other purposes other than designated.

**GBGM’s audit recommendation:** These funds should be reimbursed.

**East Africa’s response:**
These funds were used for the purchase of animals like cows, goats and pigs and given to different families.

The original plan of setting up a livestock farm could not be implemented because the funds available were too little for the program.

Before setting up the livestock farm we needed land which was not available, we needed to be sure that we would be able to sustain operational expenses for running the livestock farm like salaries for the staff to run the projects, we needed water supply etc, before we could think of setting up the livestock project. The money available $15,312 could only buy animals for the beneficiaries which we did. You may blame the administration of East Africa for the diversion of the funds but this decision was done in good faith. The beneficiaries out there were indeed thankful for the gifts.

**Item 11: $24,796.00** Program Funds that lack evidence of proper use.

**GBGM’s audit recommendation**

These funds should be reimbursed

**East Africa’s response:**

The person who was involved in this activity is still in coma. We have failed to get more information apart from the report.

The blame of East Africa for relying on one person. However scarcity of resources is one point that should not be over looked. If the resources were available, we would have at least had 2 medical personnel fully attached to the Conference office.
Item 2, Questionable Expenditure $ 8,781.00.pdf
497K

Item 4 Alleged Duplicated Payments Nassuti $ 2,900.00.pdf
5118K

Item 5 accountability for $30,005.pdf
7313K

Item 6 unresolved transfer $ 31,989.pdf
1846K

barbara jacobsen letter.docx
16K

1371K

1268K

Audit Report - EAAC 8.2.2012.pdf
474K
EXHIBIT 3

The church council Bishop Ntambo Nkulu's letter dated May 13th, 2016 to Rev Thomas Kemper General Secretary General Board of Global Ministries and Dr Moses Kumar General Secretary General Council of Finance and Administration
Dear Rev. Thomas Kemper and Dr. Moses Kumar,

Receive greetings from North Katanga Episcopal Area of the United Methodist Church at the ascension of our Lord, Jesus Christ!!

I am writing to inform you that during our Africa College of Bishops meeting which took place at Victoria Falls in Zimbabwe, the Africa College of Bishops met and had further discussions on the complaint which GBGM/GCFA filed against Bishop Daniel Wandabula, the resident Bishop of the East Africa and Burundi Annual Conferences of the United Methodist Church. After that meeting, the President of Africa Central Conference, Bishop Eben Nhiwatiwa informed me that I was appointed as the counsel for the Church to handle the complaint against Bishop Daniel Wandabula. This is in line with Par 2721 item 4 (Trial of a Bishop) which indicates that counsel for the church shall be a bishop or another clergyperson in full connection.

Bishop Nhiwatiwa briefed me on how further the complaint has gone and informed me that it was still part of the supervisory response process which is detailed in the Book of Discipline.

As a counsel for the Church, it is my hope and prayer to work toward a just resolution in this case, which would avoid a church trial. As you already know, the Book of Discipline defines a just resolution as “one that focuses on repairing any harm to people and communities, achieving real accountability by making things right in so far as possible and bringing healing to all the parties.”

Please note that in case we fail to reach a just resolution on this case and because of the nature of this complaint, the Africa Central Conference might ask the committee on
independent audit. The Committee on Investigation is the body which was created by the Africa Central Conference to determine whether there is sufficient substance to a charge to warrant a church trial. The Committee on Investigation works independently of the bishop, the cabinet and the Board of Ordained Ministry. The Committee's process for determining its decision is informal and confidential.

On September 22nd, 2015 Bishop Daniel Wandabula sent to my office, the GBGM/GCFA complaint and other relevant documents and materials for my study and assessment. He also sent me answers/proofs to all concerns, allegations to the statements and issues raised in your complaint.

According to the GBGM/GCFA complaint filed with the President of Africa Central Conference, the chargeable offences in the complaint are:-

1. "Disobedience of the order and discipline of the United Methodist church"
2. "Immorality"
3. "The commission of crimes"

I am writing to ask you to send me any evidence you might have to support the above allegations.

I also recommended to the President of Africa Central Conference that an audit of the East Africa books of accounts for the period in dispute be carried out by an independent International audit firm as soon as possible. A report from an independent International credible audit firm would help us to decide objectively on the next steps and fair hearing.

I take this opportunity to update you on the progress we have made with regards to the audit process by an international Audit firm.

Six firms where contacted for this task and after a rigorous vetting process, BDO East Africa which is an international audit firm was selected to do the job. They started their work on 6th April, 2016 and completed the task on May 2nd, 2016.

After going through the audit report which BDO sent to me, I am writing to request you to provide me with all the funds transfer information from GBGM to East Africa Episcopal Area for the period of 1st January 2009 to 31st December 2011. This information should include the following details:
1. Date of funds transferred.
2. Purpose and amount of funds transferred.
3. Name of Bank to which the funds were transferred.

I would like to get this information ASAP to enable me compile my findings and hand them over to the President of the Africa Central Conference.

Thank you so much for your help in this matter and please note that time for compiling my findings to this complaint is overdue, therefore your quick response will be highly appreciated.

Blessings,

Bishop Ntambo,
EXHIBIT 4

BDO international Audit report and Accountability statement for the funds from the General Board of Global Ministries (GBGM) to the East Africa Annual Conference of the United Methodist Church for the period from January 1st, 2009 to December 31st, 2011
The United Methodist Church, East Africa Annual Conference

General Board of Global Ministries (GBGM) funding to United Methodist Church, East Africa Annual Conference for the period from January 1, 2009 to December 31, 2011

Audit Report and Fund Accountability Statement
Audit Report and Fund Accountability Statement for the Period Ended December 31, 2011

Please find enclosed Six (6) signed copies of the audit report and fund accountability statement of the Global Board General Ministries funding to the United Methodist Church, East Africa Annual Conference projects for the period ended December 31, 2011.

We take this opportunity to express our appreciation to you and your staff for your cooperation, hospitality and assistance accorded to us during the course of our work.

Yours faithfully,

Kenneth Makanga
Associate Partner
For and on Behalf of BDO East Africa
The GBGM funding to the UMC, EAAC projects
Audit Report and Fund Accountability Statement for the period January 1, 2009 to December 31, 2011

LIST OF ACRONYMS

UMC United Methodist Church,
EAAC East Africa Annual Conference
GBGM General Board of Global General Ministries
HACC Hope for Africa Children’s choir
FAS Fund Accountability Statement
USD United States Dollar Currency
UGX Uganda Shillings Currency
PV Payment Voucher
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1. Introduction

1.1 Background

The United Methodist Church of East Africa and Burundi Annual Conference started as the World Gospel Mission Church. The East Africa and Burundi Annual Conference covers six sovereign nations namely Burundi, Ethiopia, South Sudan, Rwanda, Kenya and Uganda. The Episcopal office or head office of the Burundi and East Africa Annual Conference is in Kampala. And this is where the current Resident Bishop Daniel Wandabula sits.

In 1835, missionaries came to Burundi and established World Gospel Mission. The World Gospel Mission opened its first field mission at Kayero in Rutana. In 1980 Rev. Alfred Ndoricimpa was elected and consecrated as Bishop of the World Gospel Church. Later the church switched to the Evangelical Episcopal Church, Burundi. In 1982, the Evangelical Episcopal Church, Burundi sought to become part of the United Methodist Church.

In May 1984 at the United Methodist Church General Conference held in Baltimore, Maryland, the Evangelical Episcopal Church in Burundi was admitted and it became a part of the United Methodist Church worldwide. In August 1984, Burundi Annual Conference became a part of the Africa Central Conference.

In 1991 the United Methodist Church in Burundi spread to Uganda, following an application to join the Africa Central Conference which met in Zimbabwe by Rev Solomon Muwanga, and then serving as the Church leader in the Methodist Church of Kenya. With its admission into the Africa Central Conference, the United Methodist Church in Uganda became part of the Burundi Annual Conference of the United Methodist Church. The United Methodist Church in Uganda started with three United Methodist districts, Jinja district, Arua district and Busia district.

In 1993, after learning about the work of the United Methodist Church in Uganda, Pastors Carol Alois Ososo and Ferdinand Egesa, took a decision to register the United Methodist Church in Kenya. The UMC in Kenya was in the process of applying for membership with the Africa Central Conference when the civil war in Burundi forced Bishop Alfred Ndoricimpa to shift to Kenya with all his staff. The Burundi Annual Conference transferred their head office to Nairobi and with that action Kenya became part of the Burundi Annual Conference.

In Rwanda, the United Methodist Church was introduced by refugees who were returning home from Congo, Burundi and Tanzania. The returnees had experienced the love and support of the United Methodist Church through the work of UMCOR in the respective countries. The returnees decided to start the church back home and by 1995 they had registered the United Methodist Church and opened up churches. They also requested to join the Burundi Annual Conference.

In Sudan, the church was started in 1993 by returning refugees led by Rev William Soloba Upendo who had served the United Methodist Church while in Uganda. The Church in South Sudan was supervised by the United Methodist Church in Uganda.

In Ethiopia too, the church was started in 2012 by Pastor Gezu Mossissa Ageimo.

The United Methodist Church in each of the five countries was received and incorporated in the then Burundi Annual Conference apart from the United Methodist Church in Ethiopia which was admitted in the East Africa Annual Conference in August 2012 at the Africa Central Conference which met in Nairobi, Kenya.
The GBGM funding to the UMC, EAAC projects
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The Burundi Annual Conference of 1996 in Naivasha, Kenya, resolved to change the name from Burundi Annual Conference to East Africa Annual Conference to take care of the composition and growth of the church. This development turned East Africa Annual Conference into a unique conference, with the largest geographical area in the United Methodist Church.

In 2005 Bishop Alfred Ndoricimpa died and Bishop João Somane Machado was appointed the caretaker Bishop until 2006 when Bishop Daniel Wandabula was elected as new Bishop of the East Africa Annual Conference at a special session of the Africa Central Conference in Mutare, Zimbabwe.

At the 2012 General Conference, Burundi Annual Conference was created. The East Africa Episcopal Area is now composed of two Annual Conferences namely Burundi Annual Conference and the East Africa Annual Conference. Daniel Wandabula is the resident Bishop of the East Africa Episcopal Area of the United Methodist Church.

The Resident Bishop of the East Africa and Burundi Annual Conference was re-elected in 2012 at the Africa Central Conference meeting which was held in Nairobi, Kenya. According to the United Methodist Church constitution or Book of Disciple, he has the mandate to head until the retirement age.

Hope for Africa Children’s Choir (HACC)
HACC started in September 2007 under the Hope for Africa Children’s Ministries with a vision of sharing God’s love and hope by healing, developing, equipping, and empowering Africa children, through them and their families.

The HACC aims at meeting the physical, educational, psychological, and spiritual needs of children in East Africa through building a healing centre for abused children and providing education through the HUMBLE school.

As ambassadors of this ministry, the HACC has toured the US on a number of occasions since 2008. Young orphans from some of the most war torn countries in the region such as Uganda, Burundi, Rwanda, Kenya and South Sudan share their newfound joy, faith, and hope through dance, songs and drama. The children raise awareness of the great needs in their countries as well as fundraising to supply those needs.

The specific project goals include:
- Support youths and children-life skills training.
- Support vocational education initiatives.
- Promote safe water access.
- Assist the families of foster children to become more self-sufficient.
- Support Construction, equipment and improvement of schools infrastructure.
- Promote child rights awareness and community support for vulnerable children.
- Support provision of quality health care for orphans and vulnerable children.
- Scale-up HIV/AIDS measures.

HIV/AIDS Project
The UMC, EAAC HIV/AIDS project began in 2008 with a mandate of promoting HIV prevention with a focus on behavioural and structural drivers of the epidemic targeting young people, individuals in multiple and concurrent sexual relationships, business people, boda boda cyclists, video sites and lodges.

The project team utilized community-based peer education, peer to peer interpersonal communication, home visits, interactive community dialogue sessions, community music, dance
and drama shows, influential community leaders, peer support interventions, a system of active referrals, linkages and networks to generate demand for all the HIV prevention interventions.

The areas of intervention include Mayuge, Namutumba, Jinja, Mukono and Kaliro districts.

The specific project objectives are:
- To promote risk reduction counselling i.e. facts about HIV/AIDS, abstinence, be faithful and information on correct and consistent condom use.
- To target couples through home-to-home visits, couple dialogue sessions, fidelity seminars covering topics such as sexual networking, couples communication, family planning, parent-child communication, reproductive health issues and condom use.
- To promote vital knowledge of one’s sero-status and actively facilitate mutual disclosure to sexual partners and appropriate household members and referral for HIV testing and counselling services.
- To promote beneficial disclosure through individual and couple counselling, couple support clubs, discordant couples’ clubs.
- To engage men and boys in social support systems such as youth clubs, post circumcision clubs, fathers’ unions and community groups as agents of change.
- To support community dialogue sessions on Sexual Gender Based Violence (SGBV), promoting social cohesion and supporting women and girls, reduce inequalities and discrimination against girls and women.
- To empower volunteers to promote mutual respect and spousal communication which impacts on societal social and gender norms.
- To support skills building among youth, youth couples, clarification of values, negotiation skills, critical thinking, assertiveness and decision making skills for healthy informed choices through BCPs.
- To support empowerment of married and/or cohabiting couples with focus on negotiation, critical thinking and decision making skills for healthy informed choices.

2. Audit objectives and Audit Scope

2.1 Overall objective

BDO East Africa was engaged by UMC to carry out an audit of Global Board of General Ministries (GBGM) funding to United Methodist Church, East Africa Annual Conference for the period from January 1, 2009 to December 31, 2011.

The overall objective of the audit is to report to the Council of Africa Central Conference and the management of the United Methodist Church (East Africa Annual Conference) whether in our opinion, the Fund Accountability statement of the General Board of Global Ministries (GBGM) funding to the United Methodist Church, East Africa Annual Conference for the period January 1, 2009 to December 31, 2011 gives a true and fair view of the incomes received and expenditure incurred for the period then ended: The specific objectives are to:
- Review and confirm all fund transfers from the General Board Global Ministries (GBGM) to the organization during the period of January 1, 2009 to December 31, 2011.
- Review and verify funds utilized in the Hope for Africa Children’s choir during the period of January 1, 2009 to December 31, 2011.
- Review and verify funds utilized in Southern Sudan (currently South Sudan) during the period of January 1, 2009 to December 31, 2011.
The GBGM funding to the UMC, EAAC projects
Audit Report and Fund Accountability Statement for the period January 1, 2009 to December 31, 2011

- Review and verify funds utilized in the HIV Program during the period of January 1, 2009 to December 31, 2011.
- Examine on the test basis, the existence of valid third party supporting documents relating to reported expenditure.
- Physically visit a sample of projects implemented and supported by General Board of the General Ministry (GBGM) funding to the United Methodist Church.
- Review the legal titles of assets acquired by the United Methodist Church using funding from the General Board of the General Ministries (GBGM).

The financial audit shall be carried out in accordance with International Standards on Auditing and included such tests and controls, as the auditor considered necessary under the circumstances.

2.2 Audit Scope and terms of reference

The audit scope required us to carry out sufficient audit steps and procedures to ensure that the audit objectives were met for the period up to December 31, 2011. Details of the steps, procedures and our work performed are given below.

- Tested the income received on a 100% basis by checking the transferred amounts to the bank statements and confirmation received from GBGM.
- Reviewed the expenses incurred in the execution of the funded project activities to ensure that they are in line with the specific purposes identified by the donors and the GBGM.
- Determined that the Fund Accountability Statement and transactions made accurately reflect the operations of the funded projects.
- Determined that the account description to which expenditure was posted is appropriate.
- Obtained a sufficient understanding of the funded projects and their environment, including their internal control, to assess the risk of material misstatement of the Fund Accountability Statement whether due to error or fraud, and to design the nature, timing and extent of further audit procedures. In obtaining this understanding, we evaluated the design of the internal controls related to the funded projects and determined whether they have been placed in operation.
- Tested the operating effectiveness of the entity’s internal control structure policies and procedures in preventing or detecting material misstatements in the Fund Accountability Statement.
- Spot checked the Financial Policies and Procedures for compliance, with specific regards to staff recruitment and salary routines and other accounting routines.
- Obtained information whether the organisation has an accounting system or if manual books/spreadsheets is used and the possible effect on the internal controls.
- Assessed the inherent and control risk that material non-compliance could occur at UMC, EAAC and determined the nature, timing and extent of audit steps and procedures to test for errors, fraud, and illegal acts that could have a material effect on the FAS.
3. INDEPENDENT AUDITOR'S REPORT

To the Council of Africa Central Conference and the management of United Methodist Church, East Africa Annual Conference

We have audited the Fund Accountability Statement (FAS) of the GBGM funding to the UMC, EAAC projects for the period January 1, 2009 to December 31, 2011, which comprises the FAS and other explanatory notes. The Fund Accountability Statement is prepared by management based on the accounting policies described in note 5.1 and in accordance with the requirements governing the use of funds between GBGM and UMC, EAAC.


The Management of UMC, EAAC is responsible for the preparation of the Fund Accountability Statement that gives a true and fair view in accordance with accounting policies described in note 5.1, which is considered an acceptable basis and in accordance with the obligations between the GBGM and UMC, EAAC. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the FAS free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Fund Accountability Statement based on our audit. We have conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Fund Accountability Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Fund Accountability Statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the Fund Accountability Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the UMC, EAAC's preparation and presentation of the Fund Accountability Statement that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of UMC, EAAC's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the overall presentation of the Fund Accountability Statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.
Basis for qualified opinion

1) UMC has several bank accounts used in receipt of funds from GBGM and other funding sources. The receipts from GBGM and other donors are com mingled on two bank accounts. As part of our audit procedures we requested for a confirmation from GBGM to ascertain the total funding sent to UMC and EAAC projects during the period under audit and at the time of drafting this report we had not yet received a response from GBGM. Accordingly, due to inadequacies in the record keeping, we were unable to obtain sufficient appropriate audit evidence that the receipts from GBGM of UShs 3,790,154,200 (USD 1,848,698) are not materially misstated.

2) The results of our tests disclosed significant costs amounting to UShs 79,657,487 (USD 38,059) reported in the Fund Accountability Statement that are not supported with adequate documentation. In the absence of adequate support documents, we are unable to satisfy ourselves as to whether the amount recorded in the books of UMC and EAAC projects and included in the fund accountability was made towards implementation of the church or project activities.

Qualified Opinion

In our opinion, except for the effects of the matters described in the Basis for the Qualified Opinion paragraph, the Fund Accountability Statement of the GBGM funding to the UMC, EAAC projects gives a true and fair view of the income and the expenditure of the GBGM funding for the period January 1, 2009 to December 31, 2011 in accordance with the accounting policies described in note 5.1.

Emphasis of Matter

Without further qualifying our opinion above, we draw your attention to note 5.1.1 to the FAS which describe that the FAS has been prepared with a view to assist UMC, EAAC in reporting the results of GBGM funding. Consequently, the FAS may be unsuitable for other purposes.
The GBGM funding to the UMC, EAAC projects
Audit Report and Fund Accountability Statement for the period January 1, 2009 to December 31, 2011

4. Fund Accountability Statement for the period from January 1, 2009 to December 31, 2011

<table>
<thead>
<tr>
<th>Description</th>
<th>Notes</th>
<th>Actual USDshs</th>
<th>Actual USD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance brought forward January 1, 2008</td>
<td>5.2</td>
<td>3,931,936</td>
<td>2,028</td>
</tr>
<tr>
<td>-Receipts from GBGM</td>
<td>5.3</td>
<td>3,790,544,200</td>
<td>1,848,698</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td></td>
<td>3,794,087,070</td>
<td>1,850,726</td>
</tr>
<tr>
<td><strong>Expenditure</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hope for Africa Children’s Choir</td>
<td>5.4</td>
<td>671,675,000</td>
<td>337,123</td>
</tr>
<tr>
<td>Sudan programs</td>
<td>5.5</td>
<td>124,779,564</td>
<td>64,040</td>
</tr>
<tr>
<td>HIV/AIDS and Malaria project</td>
<td>5.6</td>
<td>47,280,500</td>
<td>24,795</td>
</tr>
<tr>
<td>Humble United Methodist School</td>
<td>5.7</td>
<td>1,372,467,047</td>
<td>695,721</td>
</tr>
<tr>
<td>Vocational school</td>
<td></td>
<td>188,072,400</td>
<td>88,807</td>
</tr>
<tr>
<td>Burundi Programs</td>
<td></td>
<td>158,606,985</td>
<td>82,996</td>
</tr>
<tr>
<td>Women projects</td>
<td></td>
<td>41,729,816</td>
<td>20,664</td>
</tr>
<tr>
<td>SPSARV- workshop David Muwaya</td>
<td></td>
<td>39,543,150</td>
<td>18,664</td>
</tr>
<tr>
<td>Kenya programs</td>
<td></td>
<td>168,988,585</td>
<td>84,164</td>
</tr>
<tr>
<td>United Methodist Empowerment Center, Jinja</td>
<td></td>
<td>30,256,310</td>
<td>13,180</td>
</tr>
<tr>
<td>Person In Mission - Stipends</td>
<td></td>
<td>158,379,050</td>
<td>75,098</td>
</tr>
<tr>
<td>Agricultural Production and Livestock training</td>
<td></td>
<td>13,925,697</td>
<td>6,502</td>
</tr>
<tr>
<td>Rwanda Programs</td>
<td></td>
<td>66,287,665</td>
<td>33,822</td>
</tr>
<tr>
<td>Primary Healthcare, Nutrition and Sanitation</td>
<td></td>
<td>1,339,800</td>
<td>628</td>
</tr>
<tr>
<td>Re-designated funds for Alice Clinic mission team</td>
<td></td>
<td>2,237,922</td>
<td>3,923</td>
</tr>
<tr>
<td><strong>Gifts</strong></td>
<td></td>
<td>27,340,781</td>
<td>13,032</td>
</tr>
<tr>
<td>Slum Kiosk Credit program</td>
<td></td>
<td>10,500</td>
<td>5</td>
</tr>
<tr>
<td>Support to 600 Pastors</td>
<td></td>
<td>17,650,500</td>
<td>8,405</td>
</tr>
<tr>
<td>Animal livestock and Bee keeping</td>
<td></td>
<td>42,294,087</td>
<td>19,926</td>
</tr>
<tr>
<td>GBGM Scholarships</td>
<td></td>
<td>47,156,339</td>
<td>22,355</td>
</tr>
<tr>
<td>Youth programs</td>
<td></td>
<td>1,559,300</td>
<td>747</td>
</tr>
<tr>
<td>Motor cycles for 40 District Superintendants</td>
<td></td>
<td>13,020,000</td>
<td>6,200</td>
</tr>
<tr>
<td>Proceeds from beads and necklaces</td>
<td></td>
<td>13,073,505</td>
<td>6,684</td>
</tr>
<tr>
<td>EAAC treasurer training</td>
<td></td>
<td>19,110,000</td>
<td>9,100</td>
</tr>
<tr>
<td>Comprehensive rural health project</td>
<td></td>
<td>1,308,300</td>
<td>623</td>
</tr>
<tr>
<td>Bank fees reimbursement</td>
<td></td>
<td>2,823,202</td>
<td>1,281</td>
</tr>
<tr>
<td>Scouts</td>
<td></td>
<td>75,975,900</td>
<td>33,033</td>
</tr>
<tr>
<td>GBCS Expenses</td>
<td></td>
<td>1,868,080</td>
<td>983</td>
</tr>
<tr>
<td>Mission travel and upkeep expenses</td>
<td></td>
<td>69,622,456</td>
<td>35,980</td>
</tr>
<tr>
<td>COB Representatives</td>
<td></td>
<td>19,000,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Tree planting</td>
<td></td>
<td>5,294,591</td>
<td>2,744</td>
</tr>
<tr>
<td>Famine and agriculture</td>
<td></td>
<td>67,137,405</td>
<td>35,305</td>
</tr>
<tr>
<td>Land Purchase in Gulu</td>
<td></td>
<td>57,511,100</td>
<td>30,296</td>
</tr>
<tr>
<td>Uganda advance/undesignated</td>
<td></td>
<td>11,278,356</td>
<td>5,616</td>
</tr>
</tbody>
</table>
The GBGM funding to the UMC, EAAC projects
Audit Report and Fund Accountability Statement for the period January 1, 2009 to December 31, 2011

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Notes</th>
<th>Actual UShs</th>
<th>Actual USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Life Center in Uganda</td>
<td></td>
<td>3,463,453</td>
<td>1,823</td>
</tr>
<tr>
<td>Health and Safe water</td>
<td></td>
<td>1,168,500</td>
<td>675</td>
</tr>
<tr>
<td>Disaster response to Bududda landslide</td>
<td></td>
<td>56,580,000</td>
<td>24,600</td>
</tr>
<tr>
<td>North Georgia Interns Programs to Uganda</td>
<td></td>
<td>21,925,900</td>
<td>9,533</td>
</tr>
<tr>
<td>Ssubi Prison Ministry</td>
<td></td>
<td>1,469,700</td>
<td>639</td>
</tr>
<tr>
<td>United Methodist Global AIDS Fund</td>
<td></td>
<td>16,100,600</td>
<td>7,000</td>
</tr>
<tr>
<td>United Methodist Mobile Bible School</td>
<td></td>
<td>575,000</td>
<td>250</td>
</tr>
<tr>
<td>Total UMC, EAAC Expenditure</td>
<td></td>
<td>3,685,886,406</td>
<td>1,796,886</td>
</tr>
</tbody>
</table>

Surplus                                                   |         | 108,200,664 | 53,841     |

This Fund Accountability Statement was approved by UMC, EAAC management on .................. 2016 and signed on its behalf by:

Resident Bishop

Conference Treasurer

Date

The notes set out on page 13 form an integral part of the Fund Accountability Statement.
5. Notes to the Fund Accountability Statement

5.1 Basis of accounting and principal accounting policies
The principal accounting policies adopted in the preparation of the Fund Accountability Statement are set out below:

5.1.1 Basis of preparation
The Fund Accountability Statement has been prepared under the modified cash basis; income is recorded when received, while expenditure is recorded when paid for and modified to accrue for outstanding obligations incurred and advances are booked as claimable until accountabilities/documentation for expenses incurred have been provided. This is a comprehensive basis of accounting for the project other than generally accepted accounting principles (GAAPs) as the Fund Accountability Statement is not intended to be in conformity with GAAP.

5.1.2 Income
Income represents cash contributions made by the GBGM to the funded projects. These funds were transferred from the GBGM to the UMC, EAAC account 9501020001282 and Sudan account 9501020001327 in Bank of Baroda up to June 2009 and to the GBGM UMC account 0240063643101 and Humble United Methodist School account 0140024310601 in Stanbic bank.

5.1.3 Currency and foreign exchange
The Fund Accountability Statement is recorded and prepared in USD and Uganda shillings. UMC, EAAC incurs expenses for the projects in USD and Uganda Shillings and translates the USD expenses to the monthly exchange rates ruling during the month of the transaction. The average exchange rates used in the translation of income and expenses in UGX to USD during the period were as follows:

<table>
<thead>
<tr>
<th>Period</th>
<th>Description</th>
<th>Exchange rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>Average exchange rate used in reporting in USD</td>
<td>1,900</td>
</tr>
<tr>
<td>2010</td>
<td>Average exchange rate used in reporting in USD</td>
<td>2,100</td>
</tr>
<tr>
<td>2011</td>
<td>Average exchange rate used in reporting in USD</td>
<td>2,300</td>
</tr>
</tbody>
</table>

5.1.4 Expenditure
Expenditure represents payments made by UMC, EAAC for costs incurred during the implementation of the funded projects activities and direct transfers to beneficiaries of the projects as instructed by GBGM.

5.1.5 Fixed assets
Fixed Assets are expensed in the Fund Accountability Statement in the period of purchase. This Fund Accountability Statement does not, therefore, reflect the value of fixed assets at the end of the period.
5.2 Balance brought forward
This amount represents the carryovers of unspent funds for the period ended December 31, 2008. This balance has been traced to the UMC bank account number 0240063643101 on January 1, 2009.

5.3 Income

<table>
<thead>
<tr>
<th>Period</th>
<th>Description</th>
<th>Amount (USD)</th>
<th>Exchange rate</th>
<th>Amount (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>Transfer from the GBGM</td>
<td>823,399</td>
<td>1,900</td>
<td>1,564,458,100</td>
</tr>
<tr>
<td>2010</td>
<td>Transfer from the GBGM</td>
<td>662,458</td>
<td>2,100</td>
<td>1,391,161,300</td>
</tr>
<tr>
<td>2011</td>
<td>Transfer from the GBGM</td>
<td>362,841</td>
<td>2,300</td>
<td>834,534,300</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>1,848,698</td>
<td></td>
<td>3,790,154,200</td>
</tr>
</tbody>
</table>

5.4 Hope for Africa Children’s Choir

<table>
<thead>
<tr>
<th>Description</th>
<th>Actual “US$”</th>
<th>Actual “USD”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent and utilities</td>
<td>39,963,000</td>
<td>19,030</td>
</tr>
<tr>
<td>Salaries and allowances</td>
<td>73,548,300</td>
<td>35,023</td>
</tr>
<tr>
<td>Welfare and medical expenses</td>
<td>33,379,500</td>
<td>15,895</td>
</tr>
<tr>
<td>Visas, air tickets and travel expenses</td>
<td>342,266,400</td>
<td>162,984</td>
</tr>
<tr>
<td>Promotion expenses</td>
<td>62,773,200</td>
<td>29,892</td>
</tr>
<tr>
<td>Registration and website fees</td>
<td>5,352,900</td>
<td>2,549</td>
</tr>
<tr>
<td>Education expenses</td>
<td>156,105,900</td>
<td>71,749</td>
</tr>
<tr>
<td>Total</td>
<td>707,389,200</td>
<td>337,123</td>
</tr>
</tbody>
</table>

5.5 Sudan transfers

<table>
<thead>
<tr>
<th>Description</th>
<th>Actual “US$”</th>
<th>Actual “USD”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yei primary school</td>
<td>22,115,100</td>
<td>10,531</td>
</tr>
<tr>
<td>Bicycles for pastors</td>
<td>9,536,100</td>
<td>4,541</td>
</tr>
<tr>
<td>Salary support for pastors</td>
<td>1,092,000</td>
<td>520</td>
</tr>
<tr>
<td>Women’s desk and ministry</td>
<td>7,837,200</td>
<td>3,732</td>
</tr>
<tr>
<td>Advance funds and PIM grants</td>
<td>44,814,000</td>
<td>21,340</td>
</tr>
<tr>
<td>Yei Community Health Care Program</td>
<td>12,119,100</td>
<td>5,771</td>
</tr>
<tr>
<td>Scholarships</td>
<td>11,130,000</td>
<td>5,300</td>
</tr>
<tr>
<td>Bari Bibles</td>
<td>8,565,900</td>
<td>4,079</td>
</tr>
<tr>
<td>Transport and travel</td>
<td>7,969,500</td>
<td>3,795</td>
</tr>
<tr>
<td>Relief support</td>
<td>6,287,400</td>
<td>2,994</td>
</tr>
<tr>
<td>Southern Sudan College of Voc studies</td>
<td>3,017,700</td>
<td>1,437</td>
</tr>
<tr>
<td>Total</td>
<td>134,484,000</td>
<td>64,040</td>
</tr>
</tbody>
</table>
The GBGM funding to the UMC, EAAC projects
Audit Report and Fund Accountability Statement for the period January 1, 2009 to December 31, 2011

5.6 HIV/AIDS and Malaria project

<table>
<thead>
<tr>
<th>Activity</th>
<th>Actual “UShs”</th>
<th>Actual “USD”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying out situation analysis and needs assessment</td>
<td>1,327,200</td>
<td>632</td>
</tr>
<tr>
<td>Identify and train community resource persons</td>
<td>1,602,300</td>
<td>763</td>
</tr>
<tr>
<td>Mobilizing target beneficiaries of the project</td>
<td>4,911,900</td>
<td>2,339</td>
</tr>
<tr>
<td>Follow up on the beneficiaries</td>
<td>5,040,000</td>
<td>2,400</td>
</tr>
<tr>
<td>Linkages and networking with CSOs</td>
<td>8,843,100</td>
<td>4,211</td>
</tr>
<tr>
<td>Conducting meetings with project teams &amp; stakeholders</td>
<td>10,500,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Implementation of the activities</td>
<td>2,144,100</td>
<td>1,021</td>
</tr>
<tr>
<td>Community music, dance and drama sessions</td>
<td>2,984,100</td>
<td>1,421</td>
</tr>
<tr>
<td>Interactive community dialogue sessions</td>
<td>7,956,900</td>
<td>3,789</td>
</tr>
<tr>
<td>Integrated HIV awareness camp</td>
<td>3,536,400</td>
<td>1,684</td>
</tr>
<tr>
<td>Monitoring and evaluation</td>
<td>2,431,800</td>
<td>1,158</td>
</tr>
<tr>
<td>Documentation of information on activities implemented</td>
<td>795,900</td>
<td>379</td>
</tr>
<tr>
<td>Total</td>
<td>52,073,700</td>
<td>24,796</td>
</tr>
</tbody>
</table>

5.7 Humble United Methodist School

These costs represent transfers to the school located in Nama village, Mukono district. The school operates both a primary and vocational section. The expenses were as follows:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Actual “UShs”</th>
<th>Actual “USD”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Humble United Methodist School and Vocational school</td>
<td>1,310,664,943</td>
<td>626,213</td>
</tr>
<tr>
<td>Humble school capital development</td>
<td>61,802,104</td>
<td>29,508</td>
</tr>
<tr>
<td>Total</td>
<td>1,372,467,047</td>
<td>655,721</td>
</tr>
</tbody>
</table>
The GBGM funding to the UMC, EAAC projects
Audit Report and Fund Accountability Statement for the period January 1, 2009 to December 31, 2011

6. Management letter

We have completed the audit of the GBGM funding to UMC and EAAC projects for the period January 1, 2009 to December 31, 2011 and accordingly wish to record our appreciation for the assistance accorded to us by management.

The primary purpose of our audit was to enable us express an opinion as to whether or not the Fund Accountability Statement of the GBGM funding UMC and EAAC presents a true and fair view in all material respects of the financial position and performance during the period.

We reviewed and evaluated systems of internal accounting controls only to the extent we considered necessary in order to establish the nature, timing, and extent of auditing procedures necessary for expressing an opinion on the financial Fund Accountability Statement.

Our audit of the Fund Accountability Statement for the period ended December 31, 2011 therefore would not necessarily disclose all weaknesses in the system because it is based on selective tests of accounting records.

This Management Letter summarises certain observations and recommendations which resulted from our audit. The implementation of these recommendations should assist management in improving internal accounting controls.

Finally, we shall be pleased to discuss and explain the recommendations and to provide any assistance and support you may require to put them into effect.
The GBGM funding to the UMC, EAAC projects
Audit Report and Fund Accountability Statement for the period January 1, 2009 to December 31, 2011

7. Overall commentaries on the accounting records, systems and controls examined and other specific procedures executed during the audit

As highlighted in section 6 above, we reviewed and evaluated systems of internal accounting controls only to the extent we considered necessary in order to establish the nature, timing and extent of auditing procedures necessary for expressing an opinion on the GBGM funding to the UMC, EAAC projects Fund Accountability Statement. We now provide our brief commentary on our findings.

Our overall assessment is that UMC, EAAC has put in place an internal control environment that can enable management to prevent, detect and correct material errors in the Fund Accountability Statements, ensure compliance with the terms and conditions of the obligations between UMC, EAAC and the GBGM and ultimately safeguard UMC, EAAC’s assets and resources from loss and misappropriation. Consequently, we identified instances where there were no controls in place and the available controls were not operating effectively as designed. These are detailed in a separate management letter attached.

7.1 General control environment

UMC, EAAC has a clear organisation structure and reporting lines are clearly communicated to staff. All project staff members have employment contracts and are aware of their job descriptions, within UMC, EAAC. The overall financial management should comply with UMC, EAAC’s finance policies.

7.2 Operating effectiveness of internal controls

We identified key controls management has put in place over key transaction streams and reviewed them to establish whether or not they were operating effectively throughout the period of the audit. Despite the notable strengths in 7.3 below we identified instances where management controls were still inadequate.

A summary of our assessment of specific controls is provided in a section 8 included in this report

7.3 Review of internal controls

7.3.1 UMC, EAAC’s financial and procurement systems

UMC, EAAC has a documented Finance Manual and procurement and disposal of assets guidelines to provide a basis for implementation of activities at UMC. The existing systems enable preparation of separate Fund Accountability Statements for the GBGM funding to the UMC, EAAC projects on a cash basis of accounting. The financial procedures also enable adequate segregation of duties within the payment cycle.

7.3.2 Budget monitoring

Management of UMC, EAAC does not rely on budgets since funding is based on needs identified by the donors and no commitments are made by donors on the specific amounts to be raised.

7.3.3 Accounting systems

UMC, EAAC operates QuickBooks accounting software. Expenditure is recorded in the cashbook register when incurred. However during the period under audit, this accounting system was not yet implemented and the accounting records were manually maintained using the physical cashbook and Ms. excel.
The GBGM funding to the UMC, EAAC projects
Audit Report and Fund Accountability Statement for the period January 1, 2009 to December 31, 2011

7.3.4 Approval of payments
All payments are initiated by the Assistant Treasurer, approved by the Conference Treasurer and authorized by the Resident Bishop. The Resident Bishop is the principle signatory and the Conference Treasurer and Assistant Treasurer are also signatories to this account as two signatures (principle and one of the others) are needed for the transaction to be successfully executed. Our review did not identify instances where expenditure was incurred without the appropriate approvals.

7.3.5 Bank account
UMC, EAAC maintains a consolidated bank account 0240063643101 in Stanbic Bank that is also designated to receive funding from the GBGM. The bank account is reconciled on a monthly basis and reviewed by the Conference Treasurer. In addition the GBGM funds were sent to the bank account designated for the school operations.

7.3.6 Review of legal titles of assets acquired during the period
We noted that the following land was acquired using GBGM funding during the period. We reviewed and verified the validity of land titles in the UMC, EAAC names and also obtained copies of verifications from the Ministry of Lands Housing and Communication.

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Block</th>
<th>Plot No.</th>
<th>Size (Hectares)</th>
<th>Amount “UShs”</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>08-Mar-11</td>
<td>Land at Ibungu West village, Buwagi parish, Budondo Sub-county Jinja district</td>
<td></td>
<td></td>
<td>68x75 0x275</td>
<td>13,000,000</td>
<td>No land title</td>
</tr>
<tr>
<td>07-Jan-09</td>
<td>Leasehold agreement for 49 years in Gulu</td>
<td>Agule Francis</td>
<td>3-5</td>
<td>0.634</td>
<td>35,000,000</td>
<td>Leasehold agreement exists</td>
</tr>
<tr>
<td>25-Jan-09</td>
<td>Land at Lacankite village, Lonyi Division, Gulu</td>
<td></td>
<td></td>
<td>49x15</td>
<td>5,000,000</td>
<td>No land title</td>
</tr>
</tbody>
</table>

However, we noted that UMC, EAAC has not obtained land titles for the land at Ibungu and Lacankite which may expose the organization to a risk of challenge to ownership of the acquired land.

7.3.7 Physical visits to GBGM funded projects
We visited three (3) projects implemented by UMC, EAAC as shown below:

<table>
<thead>
<tr>
<th>Project title</th>
<th>Date of visit by BDO</th>
<th>Location</th>
<th>BDO Observations and comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Humble United Methodist School (HUMS)</td>
<td>April 20, 2015</td>
<td>Nama village, Kyaggwe county, Mukono district</td>
<td>The school is running and we visited classrooms and the school compound. We also interacted</td>
</tr>
</tbody>
</table>
The GBGM funding to the UMC, EAAC projects
Audit Report and Fund Accountability Statement for the period January 1, 2009 to December 31, 2011

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Date of visit by BDO</th>
<th>Location</th>
<th>BDO Observations and comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wanyange Women’s Empowerment Project</td>
<td>April 20, 2015</td>
<td>Wanyange, Jinja District</td>
<td>We observed volunteer students attending tailoring classes. We saw products produced for sale like Bitengi garments and art works on display.</td>
</tr>
<tr>
<td>United Methodist Empowerment Centre of Jinja (UMECJ) and Hope Nursery and Primary School</td>
<td>April 20, 2015</td>
<td>Buwagi parish, Budondo Sub-county Jinja district</td>
<td>The school is running and we visited classrooms and the school compound. We also interacted with teachers, pupils and the head teacher.</td>
</tr>
</tbody>
</table>

We have attached photos taken during the project visits. (Refer to appendix IV of this report)

7.3.8. Review and verification of funds utilized in South Sudan
UMC, EAAC was responsible for receiving fund transfers from the GBGM and transmitting those funds to the Donor Designated Projects and Global Ministries Projects in South Sudan until June 2010 when the Sudan Office opened an account in Kenya Commercial Bank (KCB) Yei branch account 012402291067.

We have verified funds reported as transfers to Southern Sudan projects by cash and transfers as shown below:

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Mode of Disbursement</th>
<th>Recipient</th>
<th>Amount USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>19-Feb-09</td>
<td>Land lease in Yei</td>
<td>Cash</td>
<td>Elias Iddi</td>
<td>2,236</td>
</tr>
<tr>
<td>19-Mar-09</td>
<td>Construction of borehole in Yei</td>
<td>Cash</td>
<td>Rev. Upendo William</td>
<td>9,700</td>
</tr>
<tr>
<td>17-Mar-09</td>
<td>Upkeep for 2 &amp; a half weeks in Kampala</td>
<td>Cash</td>
<td>Pastor Edna Tumalu</td>
<td>500</td>
</tr>
<tr>
<td>25-Mar-09</td>
<td>PIM Grant for Mission Dev’t Officers</td>
<td>Cash</td>
<td>Rev. Upendo William</td>
<td>717</td>
</tr>
<tr>
<td>31-Mar-09</td>
<td>Transport to &amp; from Kampala for computer training</td>
<td>Cash</td>
<td>Pastor Edna Tumalu</td>
<td>300</td>
</tr>
<tr>
<td>1-Jul-09</td>
<td>Funds for clinic, bicycles, salaries, women’s desk &amp; Yei primary school</td>
<td>Cash</td>
<td>Rev. Buford Hankins</td>
<td>13,601</td>
</tr>
<tr>
<td>21-Jul-09</td>
<td>Barl Bibles &amp; PIM grant for Mission Dev’t Officers</td>
<td>Cash</td>
<td>Rev. Upendo William</td>
<td>4,079</td>
</tr>
</tbody>
</table>
### The GBGM funding to the UMC, EAAC projects
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<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Mode of Disbursement</th>
<th>Recipient</th>
<th>Amount &quot;USD&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td>28-Aug-09</td>
<td>Funds for wells, bicycles, education, motorcycle and vegetable projects</td>
<td>KCB bank transfer</td>
<td>Rev. Upendo William</td>
<td>6,300</td>
</tr>
<tr>
<td>31-Aug-09</td>
<td>Air tickets from Harare for Pr. Conis Towongo &amp; Ochan Hannington</td>
<td>Cash</td>
<td>Pastor Conis</td>
<td>1,995</td>
</tr>
<tr>
<td>2-Sept-09</td>
<td>Martha’s education from Twins Hotel Yei</td>
<td>Cash</td>
<td>Martha</td>
<td>500</td>
</tr>
<tr>
<td>19-Oct-09</td>
<td>Yei Community Health Centre</td>
<td>Western union transfer</td>
<td>Pastor Isaac Sebit</td>
<td>1,070</td>
</tr>
<tr>
<td>5-Nov-09</td>
<td>Yei Primary School, Bicycles for pastors, Health Clinic &amp; Youth desk &amp; ministries</td>
<td>Cash</td>
<td>Pastor Conis</td>
<td></td>
</tr>
<tr>
<td>26-Nov-09</td>
<td>Funds for wells, bicycles, education, motorcycle and vegetable projects</td>
<td>KCB EFT</td>
<td>Rev Burford Hankins</td>
<td>7,500</td>
</tr>
<tr>
<td>15-Jan-10</td>
<td>Transfer of funds to Yei KCB bank for vegetable project, gurnery and grinder</td>
<td>KCB EFT</td>
<td>Rev. Buford Hankins</td>
<td>2,000</td>
</tr>
<tr>
<td>25-Jan-10</td>
<td>Funds for wells, bicycles, education, motorcycle and vegetable projects</td>
<td>Cash</td>
<td>Pastor Isaac Sebit</td>
<td>2,500</td>
</tr>
<tr>
<td>20-Aug-10</td>
<td>Martha’s education from Twins Hotel Yei</td>
<td>Cash</td>
<td>David Muwaya</td>
<td>500</td>
</tr>
<tr>
<td>6-Sep-10</td>
<td>Yei Community Health Care Programme &amp; College of Vocational Studies</td>
<td>Western Union transfer</td>
<td>767-263-6967</td>
<td>2,290</td>
</tr>
<tr>
<td>9-Dec-10</td>
<td>Transport for 3 people</td>
<td>Cash</td>
<td>Pastor Isaac Sebit</td>
<td>300</td>
</tr>
<tr>
<td>10-Feb-11</td>
<td>Yei Community Based Health Care program</td>
<td>Cash</td>
<td>Pastor Isaac Sebit</td>
<td>1,100</td>
</tr>
<tr>
<td>10-Feb-11</td>
<td>Scholarship for Robert Mawa</td>
<td>Cash</td>
<td>Robert</td>
<td>2,400</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td>63,850</td>
</tr>
<tr>
<td><strong>Per Ledger (note 5.5)</strong></td>
<td></td>
<td></td>
<td></td>
<td>64,040</td>
</tr>
<tr>
<td><strong>Variance</strong></td>
<td></td>
<td></td>
<td></td>
<td>190</td>
</tr>
</tbody>
</table>

*The variance is attributed to bank charges and western union money transfer charges.*
The GBGM funding to the UMC, EAAC projects  
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8. Detailed reports on internal findings  
All the findings in the management letter have been ranked according to the following criteria:

- **Class A**: A major weakness or a recurring issue that must be addressed soon.
- **Class B**: An important matter that if implemented will significantly improve the control environment the accounting system or the operations of the organisation but is not very serious or prevalent as to be considered a major weakness.
- **Class C**: A minor (or isolated) weakness that should never the less be addressed to improve the control environment the accounting system or the operations of the organisation.

8.1 Class A findings

8.1.1 Funds transfers from the GBGM  
*Observation*

We reviewed all fund transfers from the GBGM for the period from January 1, 2009 to December 31, 2011. Our review revealed that UMC has designated two bank accounts out of five used in receipt of funds from GBGM and other funding sources as summarized below.

<table>
<thead>
<tr>
<th>Account title</th>
<th>Bank</th>
<th>Account Number</th>
<th>Currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Methodist Church</td>
<td>Bank of Baroda</td>
<td>95010200001282</td>
<td>USD</td>
</tr>
<tr>
<td>United Methodist Church, Yei District</td>
<td>Bank of Baroda</td>
<td>95010200001327</td>
<td>USD</td>
</tr>
<tr>
<td>East Africa Annual Conference, GBGM*</td>
<td>Stanbic Bank</td>
<td>0240063643101</td>
<td>USD</td>
</tr>
<tr>
<td>United Methodist Church, Capital account</td>
<td>Stanbic Bank</td>
<td>0140023969501</td>
<td>UGX</td>
</tr>
<tr>
<td>Humble United Methodist School*</td>
<td>Stanbic Bank</td>
<td>0140024310601</td>
<td>UGX</td>
</tr>
</tbody>
</table>

* Bank account used in receipt of funds from the GBGM

The receipts from GBGM and other donors are not all adequately supported by acknowledgement receipts raised by UMC or remittance instructions from donors.

*Risk*

The total receipts from GBGM may not be accurate and in absence of remittance instructions it is difficult to ascertain that all funds from the GBGM are accurately reported.

*Recommendation*

Management should ensure that all receipts are supported by acknowledgement receipts raised by UMC or remittance instructions from donors.

<table>
<thead>
<tr>
<th>UMC Management response</th>
<th>Staff responsible</th>
<th>Due date</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Conference account receives funds from various sources namely; GBGM, GCFA, individual churches, individuals and also from the Conference. All receipts have supporting documents ranging from remittances, bank instructions or credit advice, emails etc.</td>
<td>Conference Treasurer</td>
<td>May 2, 2016</td>
</tr>
</tbody>
</table>
8.1.2 Unsupported choir expenses

Observation

We noted unsupported choir expenses amounting USD 19,424 as shown below.

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Cheque No</th>
<th>PV No</th>
<th>Amount &quot;USD&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td>29-May-09</td>
<td>Petition letters for the choir to USA</td>
<td></td>
<td>3033</td>
<td>8,781</td>
</tr>
<tr>
<td>05-Oct-10</td>
<td>Registration of choir in USA</td>
<td></td>
<td>1304</td>
<td>2,000</td>
</tr>
<tr>
<td>14-Jul-09</td>
<td>Processing passports for 22 choir children@ USD 113 (UShs 220,000)</td>
<td>005963</td>
<td>3209</td>
<td>2,482</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>13,263</td>
</tr>
</tbody>
</table>

Risk

In the absence of adequate support documents, we are unable to satisfy ourselves as to whether the amount recorded in the books of UMC and included in the project fund accountability was made towards costs incurred in the implementation of the Church or project activities.

Recommendation

Management should ensure that all expenses are adequately supported by adequate support documents like invoices, receipts, e.t.c. and all information relating to the expenses is maintained and stored in a manner that eases the audit trail.

UMC Management response

Staff responsible | Due date

Petition letters:

We have copies of affidavits that were done by the lawyers. We availed them to the auditor. We shall be getting in touch with the lawyers for acknowledgment.

Registration of the choir in USA:

The person who was responsible for the registration of the choir is Rebecca. We are trying to get in touch with her for the confirmation and also inform us of how far she has done her work.

Processing of passports:

The breakdown of processing the passports was as follows:

<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
<th>Amount (UShs)</th>
<th>Staff responsible</th>
<th>Due date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Payments to Uganda Revenue Authority</td>
<td>50,000</td>
<td>Conference Treasurer</td>
<td>May 2, 2016</td>
</tr>
<tr>
<td>2.</td>
<td>Payments to the Immigration office</td>
<td>80,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Passport photos</td>
<td>25,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>155,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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This amounts to UShs 155,000 x 22 = UShs 3,410,000 or USD 1,751.41.

Other expenses associated with the procurement of the passports include:
Local authority documents at UShs 15,000 per pupil.
This amounts UShs 15,000 x 22 UShs 330,000 or USD 169.50

8.1.3 Absence of supporting documents - HIV/AIDS and Malaria Program

Observation
We noted that there were no supporting documents for expenses incurred amounting to USD 24,796 as shown below:

<table>
<thead>
<tr>
<th>Expense line</th>
<th>Actual  USD</th>
<th>Budget USD</th>
<th>Variance %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying out situation analysis and needs assessment</td>
<td>632</td>
<td>632</td>
<td>-</td>
</tr>
<tr>
<td>Identify and train community resource persons</td>
<td>763</td>
<td>763</td>
<td>-</td>
</tr>
<tr>
<td>Mobilizing target beneficiaries of the project</td>
<td>2,339</td>
<td>2,339</td>
<td>-</td>
</tr>
<tr>
<td>Follow up on the beneficiaries</td>
<td>2,400</td>
<td>2,400</td>
<td>-</td>
</tr>
<tr>
<td>Linkages and networking with CSOs</td>
<td>4,211</td>
<td>4,211</td>
<td>-</td>
</tr>
<tr>
<td>Conducting meetings with project teams &amp; stakeholders</td>
<td>5,000</td>
<td>5,000</td>
<td>-</td>
</tr>
<tr>
<td>Implementation of the activities</td>
<td>1,021</td>
<td>1,021</td>
<td>-</td>
</tr>
<tr>
<td>Community music, dance and drama sessions</td>
<td>1,421</td>
<td>1,421</td>
<td>-</td>
</tr>
<tr>
<td>Interactive community dialogue sessions</td>
<td>3,789</td>
<td>3,789</td>
<td>-</td>
</tr>
<tr>
<td>Integrated HIV awareness camp</td>
<td>1,684</td>
<td>1,684</td>
<td>-</td>
</tr>
<tr>
<td>Monitoring and evaluation</td>
<td>1,158</td>
<td>1,158</td>
<td>-</td>
</tr>
<tr>
<td>Documentation of information on activities</td>
<td>379</td>
<td>378</td>
<td>-</td>
</tr>
<tr>
<td>Implemented</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>24,796</td>
<td>24,796</td>
<td>-</td>
</tr>
</tbody>
</table>

Risk
In the absence of adequate support documents, we are unable to satisfy ourselves as to whether the amount recorded in the books of UMC and included in the project fund accountability was made towards costs incurred in the implementation of the Church or project activities.

Recommendation
Management should ensure that all expenses are adequately supported by adequate support documents like invoices, receipts, e.t.c. and all information relating to the expenses is maintained and stored in a manner that eases the audit trail.
The GBGM funding to the UMC, EAAC projects

<table>
<thead>
<tr>
<th>Staff responsible</th>
<th>Due date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conference Treasurer</td>
<td>Unspecified</td>
</tr>
</tbody>
</table>

8.1.4 Absence of a funding framework

Observation

We noted that there is no funding framework between the GBGM and UMC, EAAC to govern the utilization of the GBGM funds.

Risk

In absence of the funding framework, misunderstanding between the parties may be difficult to resolve. In addition this undermines the desired financial control and consistency leading to a risk that project objectives may not be achieved due to lack of sufficient guidelines and KPI’s.

Recommendation

Management should put in place a funding framework with the GBGM to guide the utilization of GBGM funds.

<table>
<thead>
<tr>
<th>Staff responsible</th>
<th>Due date</th>
</tr>
</thead>
<tbody>
<tr>
<td>GBGM and EAAC</td>
<td>Unspecified</td>
</tr>
</tbody>
</table>

8.1.5 Inadequate segregation of duties

Observation

A fundamental element of internal control is the segregation of duties of certain key activities. The basic principle of segregation of duties is that no employee or group should be in position both to perpetrate and to conceal errors or fraud in the normal course of business. In principal the incompatible duties to be segregated are:

- Custody of assets
- Authorization and approval of related transactions.
- Recording or reporting of related transactions.
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We observed and noted that for most of the transactions under the funded projects are executed and recorded by the conference treasurer. In addition, the conference treasurer maintains the custody of cash and bank instruments and is responsible for recording and extracting the financial reports related to this project.

Risk
This exposes the organization to a risk of errors going undetected for a long time and undermines the entity's overall control environment.

Recommendation
Management should ensure that proper safeguards are put in place to segregate duties related to custody of assets, authorization, and recording of the related transactions in the general ledger.

<table>
<thead>
<tr>
<th>UMC Management response</th>
<th>Staff responsible</th>
<th>Due date</th>
</tr>
</thead>
<tbody>
<tr>
<td>After the introduction of the internal control measures, the segregation of duties was clearly stated or put in place. The risks mentioned above can easily be avoided. We shall however take note of all other loopholes.</td>
<td>Conference Treasurer</td>
<td>May 2, 2016</td>
</tr>
</tbody>
</table>

8.2 Class B findings

8.2.1 Untaxed staff salaries

Observation
We noted that choir staff salaries were not subjected to PAYE as required by the Income Tax Act. Similarly, no NSSF was deducted from the staff salaries and no employer contributions were submitted during the period as shown below:

<table>
<thead>
<tr>
<th>Ref</th>
<th>Staff Name</th>
<th>Designation</th>
<th>Gross pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Tony Hannington Mbowa</td>
<td>Choir director</td>
<td>1,300,000</td>
</tr>
<tr>
<td>2</td>
<td>Lydia Namagembe</td>
<td>Choir conductor</td>
<td>400,000</td>
</tr>
<tr>
<td>3</td>
<td>Winston Mukasza</td>
<td>Choir trainer</td>
<td>250,000</td>
</tr>
<tr>
<td>4</td>
<td>Mpanja Juliet</td>
<td>Child sponsorship specialist</td>
<td>300,000</td>
</tr>
<tr>
<td>5</td>
<td>Musasizi Benjamin</td>
<td>Choir trainer</td>
<td>250,000</td>
</tr>
</tbody>
</table>

Risk
This leads to non-compliance of statutory regulations and in case of an NSSF or Uganda Revenue Authority audits, the organisation may be liable to fines and penalties.
The GBGM funding to the UMC, EAAC projects
Audit Report and Fund Accountability Statement for the period January 1, 2009 to December 31, 2011

Recommendation
Management should ensure that all statutory deductions are submitted in time to avoid fines and penalties.

<table>
<thead>
<tr>
<th>UMC Management response</th>
<th>Staff responsible</th>
<th>Due date</th>
</tr>
</thead>
<tbody>
<tr>
<td>We could not put in place or register the staff with P.A.Y.E and N.S.S.F because the program (H.A.C.C) was still in infant stages or not yet established. It would have been risky to register when we were uncertain of the future of the program because everything was on trial. In future, if the program is restarted, we ensure all those modalities are observed to avoid would be penalties.</td>
<td>Conference Treasurer</td>
<td>May 2, 2016</td>
</tr>
</tbody>
</table>

8.2.2 Failure to update the finance and operations manual

Observation
Best practice requires that organizations should maintain an updated Finance and operations manual which guides consistent flow of organizational operations and activities in the changing times.

However, we noted the UMC’s finance manual has never been updated and lacks detailed procedures and process flows to guide the operation of the organization.

Risk
Absence of an updated finance and operations manual exposes the organization to operational and control risks which may lead to fraud.

Recommendation
Management should update the Finance policies and procedures document to guide the daily activities and operations.

<table>
<thead>
<tr>
<th>UMC Management response</th>
<th>Staff responsible</th>
<th>Due date</th>
</tr>
</thead>
<tbody>
<tr>
<td>We plan to update our finance and operational manual which will be operationalized in the whole conference. This will give us a clear direction as we carry on our duties.</td>
<td>Conference Treasurer</td>
<td>May 2, 2016</td>
</tr>
</tbody>
</table>

26
8.2.3 Regular financial reports not prepared

Observation

We noted the organization doesn’t prepare regular financial reports for the GBGM funded projects.

Financial reports should be prepared on a regular basis. This helps to monitor project and organizational performance and keeping all stakeholders informed.

Risk

This exposes the organization to failure to monitor the performance of the organization and project and ultimately may lead to project objectives not being achieved.

Recommendation

Management should ensure that financial reports are prepared to show the financial performance of the organization and projects on a regular basis.

<table>
<thead>
<tr>
<th>UMC Management response</th>
<th>Staff responsible</th>
<th>Due date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial reports are prepared regularly on a quarterly basis and sent to GBGM. However, they include only transfers from the GBGM to the various projects in the conference. Going forward the financial reports will be updated to include income and expenditure as advised.</td>
<td>Conference Treasurer</td>
<td>May 2, 2016</td>
</tr>
</tbody>
</table>

8.2.4 Absence of a detailed fixed asset register

Observation

Best practice requires that an entity maintains a complete and fully updated fixed asset register detailing:

- The asset code or identification number;
- the description of the asset; (if applicable)
- the date of acquisition;
- historical cost/depreciable amount of the asset;
- the asset location and;
- the net book value at the end of a each period (if applicable).

We however noted that the organization’s fixed asset register is not comprehensively furnished with all the above information.

Risk

It may be difficult to monitor and locate organizational assets leading to misuse or loss of the assets.
The GBGM funding to the UMC, EAAC projects
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Recommendation
Management should put in place a detailed fixed asset register to avert the risk of misappropriation of assets.

<table>
<thead>
<tr>
<th>UMC Management response</th>
<th>Staff responsible</th>
<th>Due date</th>
</tr>
</thead>
<tbody>
<tr>
<td>The asset register is in place and we are still in the process of updating it. The information comes from various parts of the country.</td>
<td>Conference Treasurer</td>
<td>May 2, 2016</td>
</tr>
</tbody>
</table>

8.2.5 Accounting system
Observation
We noted that UMC, EAAC installed QuickBooks accounting software in 2010 but it has not been operational. Consequently, UMC uses excel and a manual cashbook register for the preparation of the Fund Accountability Statement for the period under audit. For all the funds received from the GBGM, UMC maintains a detailed cash book register and excel spreadsheets where all income and expenditure is posted and reconciled.

Risk
Using excel spreadsheets for the maintenance of the cashbook and preparation of FAS increases the risk of generating inaccurate reports as the records can be changed without any audit trail. There is also a high risk of manipulation of data and loss of information.

Recommendation
It is recommended to use an accounting system to prepare the FAS such as QuickBooks or Tally Software.

<table>
<thead>
<tr>
<th>UMC Management response</th>
<th>Staff responsible</th>
<th>Due date</th>
</tr>
</thead>
<tbody>
<tr>
<td>At the moment we are using QuickBooks for projects accounting. We have been using excel for conference expenses. We were in process of introducing QuickBooks for all other expenses when these issues started. We intend to start on the exercise as soon as the office is fully operational.</td>
<td>Conference Treasurer</td>
<td>May 2, 2016</td>
</tr>
</tbody>
</table>
8.2.6 Inconsistent review of bank reconciliations

**Observation**

We noted that there is no consistent independent review of the bank reconciliations prepared by the conference treasurer during the months as indicated below:

<table>
<thead>
<tr>
<th>Year 2009</th>
<th>Year 2010</th>
<th>Year 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>February</td>
<td>January</td>
<td>May</td>
</tr>
<tr>
<td>March</td>
<td>February</td>
<td>June</td>
</tr>
<tr>
<td>June</td>
<td>April</td>
<td>August</td>
</tr>
<tr>
<td>August</td>
<td>July</td>
<td>October</td>
</tr>
<tr>
<td>October</td>
<td>September</td>
<td>November</td>
</tr>
</tbody>
</table>

**Risk**

There is a risk that errors in bank reconciliations may go unnoticed for a long time.

**Recommendation**

Management should institute an independent review of bank reconciliations to reduce the likelihood of errors, being processed in the financial statements.

<table>
<thead>
<tr>
<th>UMC Management response</th>
<th>Staff responsible</th>
<th>Due date</th>
</tr>
</thead>
<tbody>
<tr>
<td>The bank reconciliations are made on a monthly basis however, it we acknowledge this finding and we shall address with weakness going forward.</td>
<td>Conference Treasurer</td>
<td>May 2, 2016</td>
</tr>
</tbody>
</table>

8.2.7 Lack of cash advance and accountability forms

**Observation**

We noted that UMC doesn't have cash advance and accountability forms to facilitate disbursement and accountability of cash for implementation of project activities.

**Risk**

There is a risk that cash advances and refunds may be misappropriated and not fully accounted for.
The GBGM funding to the UMC; EAAC projects
Audit Report and Fund Accountability Statement for the period January 1, 2009 to December 31, 2011

Recommendation
Management should introduce cash advance and accountability forms to facilitate easy tracking and accountability of cash advances.

<table>
<thead>
<tr>
<th>UMC Management response</th>
<th>Staff responsible</th>
<th>Due date</th>
</tr>
</thead>
<tbody>
<tr>
<td>We have taken your recommendation seriously because it will help us follow up with the accountability</td>
<td>Conference Treasurer</td>
<td>May 2, 2016</td>
</tr>
</tbody>
</table>

8.2.8 Lack of procurement policy and quotations during procurements

 Observation
During our audit, we noted that the organization does not have procurement guidelines. In addition, we did not obtain documented evidence for selection of various suppliers/contractors and neither did we obtain any evidence of obtaining competitive bids ensuring value for money and transparency in the procurement process.

Examples of some procurement executed without evidence of competition are shown below:

<table>
<thead>
<tr>
<th>Date</th>
<th>PV No.</th>
<th>Description</th>
<th>Supplier</th>
<th>Invoice No./ Receipt No.</th>
<th>Amount (UShs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>8-Apr-10</td>
<td>950</td>
<td>Dell Inspiron laptop for choir music training</td>
<td>My Computers Ltd</td>
<td>6544</td>
<td>1,200,000</td>
</tr>
<tr>
<td>14-May-09</td>
<td>1118</td>
<td>CDs &amp; final recorded album</td>
<td>Black Smith Records</td>
<td>101</td>
<td>2,500,000</td>
</tr>
<tr>
<td>19-Nov-09</td>
<td></td>
<td>60 pairs of uniforms for choir academy@ 56,000</td>
<td>General Merchandise</td>
<td>6487</td>
<td>3,360,000</td>
</tr>
<tr>
<td>4-Mar-09</td>
<td>3262</td>
<td>Printing of 1000pcs of full colour brochures</td>
<td>Crane Crafts &amp; Engravers Limited</td>
<td>2637</td>
<td>3,000,000</td>
</tr>
<tr>
<td>9-Apr-09</td>
<td>1176</td>
<td>Costumes, props &amp; decorations &amp; balance on video production</td>
<td>Centrix Films</td>
<td>063</td>
<td>3,000,000</td>
</tr>
<tr>
<td>12-Nov-09</td>
<td></td>
<td>Assorted. cultural and traditional items for performances</td>
<td>Afrique Cultural Troupe</td>
<td>6867</td>
<td>7,250,000</td>
</tr>
</tbody>
</table>
The GBGM funding to the UMC, EAAC projects
Audit Report and Fund Accountability Statement for the period January 1, 2009 to December 31, 2011

Risk

There is a risk that value for money may not be obtained when procuring goods and services.

Recommendation

Management should design and develop a procurement policy and ensure at least two quotations are obtained when procuring significant goods and services to ensure that value for money is realized during the purchases decision.

<table>
<thead>
<tr>
<th>UMC Management response</th>
<th>Staff responsible</th>
<th>Due date</th>
</tr>
</thead>
<tbody>
<tr>
<td>We shall put in place a procurement policy to enable us pre-qualify suppliers and obtain competitive bids from the suppliers.</td>
<td>Conference Treasurer</td>
<td>May 2, 2016</td>
</tr>
</tbody>
</table>

8.3 Class C findings

8.3.1 Failure to engrave non-current assets

Observation

From our physical inspection of non-current assets, we noted that the non-current assets are not engraved with unique identities as assets belonging to the organization.

Risk

Lack of asset engraving impairs management’s ability to safeguard organization’s assets and increases difficulty in tracking and monitoring of the organization’s assets.

Recommendation

Management should ensure that the non-current assets are engraved with unique identifiers.

<table>
<thead>
<tr>
<th>UMC Management response</th>
<th>Staff responsible</th>
<th>Due date</th>
</tr>
</thead>
<tbody>
<tr>
<td>This has been an oversight on the part of the management. We do welcome this recommendation as it will in safe guarding the church property as well as the integrity of the staff involved</td>
<td>Conference Treasurer</td>
<td>May 2, 2016</td>
</tr>
</tbody>
</table>
The GBGM funding to the UMC, EAAC projects

APPENDIX I: Fund Accountability Statement for the GBGM Funding to UMC, EAAC Projects (UShs 1,534,458,822/ USD 823,399) for the period January 1, 2009 to December 31, 2009

<table>
<thead>
<tr>
<th>Description</th>
<th>Actual UShs</th>
<th>Actual USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance brought forwards 1 January 2008</td>
<td>3,161,312</td>
<td>1,664</td>
</tr>
<tr>
<td>Receipts from the GBGM</td>
<td>1,564,458,822</td>
<td>823,399</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td>1,567,620,134</td>
<td>825,063</td>
</tr>
<tr>
<td><strong>EXPENDITURE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Humble United Methodist School-operational, capital and vocational</td>
<td>357,717,582</td>
<td>188,272</td>
</tr>
<tr>
<td>Hope for Africa Children’s Choir</td>
<td>425,191,709</td>
<td>223,785</td>
</tr>
<tr>
<td>Vocational school</td>
<td>34,283,000</td>
<td>18,044</td>
</tr>
<tr>
<td>Burundi Programs</td>
<td>130,631,992</td>
<td>68,754</td>
</tr>
<tr>
<td>GBCS Expenses</td>
<td>1,868,080</td>
<td>983</td>
</tr>
<tr>
<td>Mission travel and upkeep expenses</td>
<td>20,016,500</td>
<td>10,535</td>
</tr>
<tr>
<td>Sudan programs</td>
<td>94,281,743</td>
<td>49,622</td>
</tr>
<tr>
<td>COB Representatives</td>
<td>19,000,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Tree planting</td>
<td>4,630,300</td>
<td>2,437</td>
</tr>
<tr>
<td>Hunger alleviation Kenya</td>
<td>19,000,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Famine and Agriculture</td>
<td>63,547,305</td>
<td>33,446</td>
</tr>
<tr>
<td>Pastors stipend</td>
<td>10,830,000</td>
<td>5,700</td>
</tr>
<tr>
<td>Land Purchase in Gulu</td>
<td>57,511,100</td>
<td>30,269</td>
</tr>
<tr>
<td>Person In Mission (PIM)</td>
<td>39,349,000</td>
<td>20,710</td>
</tr>
<tr>
<td>Proceeds from beads</td>
<td>9,146,505</td>
<td>4,814</td>
</tr>
<tr>
<td>Women program</td>
<td>19,000,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Travel expenses</td>
<td>3,012,887</td>
<td>1,586</td>
</tr>
<tr>
<td>Rwanda Programs</td>
<td>8,417,000</td>
<td>4,430</td>
</tr>
<tr>
<td>Uganda Advance</td>
<td>7,787,853</td>
<td>4,099</td>
</tr>
<tr>
<td>Mission trip</td>
<td>39,348,069</td>
<td>20,710</td>
</tr>
<tr>
<td>Clinic construction in Migori</td>
<td>47,381,250</td>
<td>24,938</td>
</tr>
<tr>
<td>Burundi Relief</td>
<td>19,047,253</td>
<td>10,025</td>
</tr>
<tr>
<td>Hope Children Naivasha</td>
<td>11,700,447</td>
<td>6,158</td>
</tr>
<tr>
<td>Orphanage Children Nakuru</td>
<td>2,338,900</td>
<td>1,231</td>
</tr>
<tr>
<td>Women in Kenya</td>
<td>3,642,300</td>
<td>1,917</td>
</tr>
<tr>
<td>Health and Safe water</td>
<td>1,168,500</td>
<td>615</td>
</tr>
<tr>
<td>Giribe Women</td>
<td>1,947,500</td>
<td>1,025</td>
</tr>
</tbody>
</table>
The GBGM funding to the UMC, EAAC projects
Audit Report and Fund Accountability Statement for the period January 1, 2009 to December 31, 2011

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Actual &quot;Ushs&quot;</th>
<th>Actual USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women ground nuts farming</td>
<td>1,995,000</td>
<td>1,050</td>
</tr>
<tr>
<td>New Life Center in Uganda</td>
<td>3,463,453</td>
<td>1,823</td>
</tr>
<tr>
<td>Rwanda Water and Sanitation</td>
<td>32,394,715</td>
<td>17,050</td>
</tr>
<tr>
<td>Agriculture production and Livestock</td>
<td>1,520,000</td>
<td>800</td>
</tr>
<tr>
<td>HIV/AIDS and Malaria programs</td>
<td>45,970,500</td>
<td>24,195</td>
</tr>
<tr>
<td>Comprehensive Rural program Migori</td>
<td>3,800,000</td>
<td>2,000</td>
</tr>
<tr>
<td>Youth for Jesus</td>
<td>279,300</td>
<td>147</td>
</tr>
<tr>
<td>Scholarships</td>
<td>13,490,000</td>
<td>7,100</td>
</tr>
<tr>
<td>John Wesley Project in Kenya</td>
<td>19,000,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Gifts for Kapanga</td>
<td>250,781</td>
<td>132</td>
</tr>
<tr>
<td>Women tailoring</td>
<td>95,000</td>
<td>50</td>
</tr>
<tr>
<td><strong>Total expenditure</strong></td>
<td><strong>1,573,960,524</strong></td>
<td><strong>828,400</strong></td>
</tr>
<tr>
<td><strong>Deficit for the year</strong></td>
<td><strong>(6,340,390)</strong></td>
<td><strong>(3,337)</strong></td>
</tr>
</tbody>
</table>
The GBGM funding to the UMC, EAAC projects
Audit Report and Fund Accountability Statement for the period January 1, 2009 to December 31, 2011

APPENDIX II: Fund Accountability Statement for the GBGM Funding to UMC, EAAC Projects (UShs 1,391,161,800 / USD 662,458) for the period January 1, 2010 to December 31, 2010

<table>
<thead>
<tr>
<th>Description</th>
<th>Actual &quot;Usds&quot;</th>
<th>Actual USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance brought forward 1 January 2008</td>
<td>695,902</td>
<td>331</td>
</tr>
<tr>
<td>Receipts from the GBGM</td>
<td>1,391,161,989</td>
<td>662,458</td>
</tr>
<tr>
<td>Total income</td>
<td>1,391,185,891</td>
<td>662,789</td>
</tr>
</tbody>
</table>

**EXPENDITURE**

<table>
<thead>
<tr>
<th>Description</th>
<th>Actual &quot;Usds&quot;</th>
<th>Actual USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Humble United Methodist School-operational, capital and vocational</td>
<td>634,020,207</td>
<td>301,914</td>
</tr>
<tr>
<td>Hope for Africa Childrens Choir</td>
<td>149,029,692</td>
<td>70,967</td>
</tr>
<tr>
<td>Vocational school</td>
<td>94,150,200</td>
<td>44,833</td>
</tr>
<tr>
<td>Burundi Programs-Mosquito nets from mosquito prevention</td>
<td>8,108,940</td>
<td>3,861</td>
</tr>
<tr>
<td>Wanyange women</td>
<td>12,600,000</td>
<td>6,000</td>
</tr>
<tr>
<td>Sudan programs</td>
<td>27,967,821</td>
<td>13,318</td>
</tr>
<tr>
<td>SPSARY- workshop David Muwaya</td>
<td>35,520,450</td>
<td>16,915</td>
</tr>
<tr>
<td>Children of Africa Hope Center Naivasha</td>
<td>9,876,300</td>
<td>4,703</td>
</tr>
<tr>
<td>Youth for Jesus</td>
<td>420,000</td>
<td>200</td>
</tr>
<tr>
<td>Tree planting project</td>
<td>431,991</td>
<td>206</td>
</tr>
<tr>
<td>Giribe women heifer project</td>
<td>724,500</td>
<td>345</td>
</tr>
<tr>
<td>Women Groundnuts and Bakery project</td>
<td>1,346,100</td>
<td>641</td>
</tr>
<tr>
<td>United Methodist Empowerment Center of Jinja</td>
<td>598,500</td>
<td>285</td>
</tr>
<tr>
<td>Person In Mission - STIPEND</td>
<td>60,065,250</td>
<td>28,603</td>
</tr>
<tr>
<td>Agricultural Production and Livestock training</td>
<td>7,434,000</td>
<td>3,540</td>
</tr>
<tr>
<td>Rwanda Water and Sanitation</td>
<td>18,270,000</td>
<td>8,700</td>
</tr>
<tr>
<td>Primary Healthcare, Nutrition and Sanitation</td>
<td>1,339,800</td>
<td>638</td>
</tr>
<tr>
<td>Orphans and Vulnerable Children Boarding school Nakuru</td>
<td>52,500</td>
<td>25</td>
</tr>
<tr>
<td>Women Farming Naivasha</td>
<td>106,050</td>
<td>51</td>
</tr>
<tr>
<td>Re-designated funds for Alice Clinic mission team: Attn Alice Oloo</td>
<td>8,237,922</td>
<td>3,923</td>
</tr>
<tr>
<td>Gifts from Russell Spring UMC for Church construction/bicycles</td>
<td>27,090,000</td>
<td>12,900</td>
</tr>
<tr>
<td>Rwanda Pastor Salary</td>
<td>2,436,000</td>
<td>1,160</td>
</tr>
<tr>
<td>Nasuti Women Goat Rearing project</td>
<td>304,500</td>
<td>145</td>
</tr>
<tr>
<td>Slum Kiosk Credit program</td>
<td>10,500</td>
<td>5</td>
</tr>
<tr>
<td>Support to 600 Pastors</td>
<td>17,650,500</td>
<td>8,405</td>
</tr>
<tr>
<td>Animal livestock</td>
<td>7,612,500</td>
<td>3,625</td>
</tr>
<tr>
<td>Animal livestock and Bee keeping</td>
<td>29,511,762</td>
<td>14,053</td>
</tr>
<tr>
<td>GBGM Scholarship for Paul Kibenge</td>
<td>9,450,000</td>
<td>4,500</td>
</tr>
<tr>
<td>Yei Community based health care program</td>
<td>3,649,800</td>
<td>1,738</td>
</tr>
<tr>
<td>Mukono and Namunanakanda HIV/AIDS and Malaria</td>
<td>735,000</td>
<td>350</td>
</tr>
</tbody>
</table>
The GBGM funding to the UMC, EAAC projects
Audit Report and Fund Accountability Statement for the period January 1, 2009 to December 31, 2011

<table>
<thead>
<tr>
<th>Description</th>
<th>Actual &quot;Ushs&quot;</th>
<th>Actual USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Youth Passion Fruit Growing project</td>
<td>630,000</td>
<td>300</td>
</tr>
<tr>
<td>Purchase of motor cycles for 40 DS's</td>
<td>13,020,000</td>
<td>6,200</td>
</tr>
<tr>
<td>Proceeds from necklaces - David Muwaya</td>
<td>3,927,000</td>
<td>1,870</td>
</tr>
<tr>
<td>GBGM Scholarship for Robert Kayobyo</td>
<td>5,460,000</td>
<td>2,600</td>
</tr>
<tr>
<td>Easter Africa Annual Conference Treasurer training</td>
<td>19,110,000</td>
<td>9,100</td>
</tr>
<tr>
<td>Comprehensive rural health proj</td>
<td>1,308,300</td>
<td>623</td>
</tr>
<tr>
<td>Reimbursement of May-Sept bank charges</td>
<td>1,289,148</td>
<td>614</td>
</tr>
<tr>
<td><strong>Total expenditure</strong></td>
<td>1,213,495,233</td>
<td>577,855</td>
</tr>
<tr>
<td><strong>Surplus for the year</strong></td>
<td>178,362,658</td>
<td>84,935</td>
</tr>
</tbody>
</table>
APPENDIX III: Fund Accountability Statement for the GBGM Funding to UMC, EAAC Projects (UShs 834,534,300/ USD 362,841) for the period January 1, 2011 to December 31, 2011

<table>
<thead>
<tr>
<th>Description</th>
<th>Actual UShs</th>
<th>Actual USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance brought forwards 1 January 2008</td>
<td>74,722</td>
<td>32</td>
</tr>
<tr>
<td>Receipts from the GBGM</td>
<td>834,534,323.00</td>
<td>362,841</td>
</tr>
<tr>
<td>Total income</td>
<td>834,609,045</td>
<td>362,873</td>
</tr>
<tr>
<td><strong>EXPENDITURE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Humble United Methodist School-operational, capital and vocational</td>
<td>380,729,258</td>
<td>165,534</td>
</tr>
<tr>
<td>Scouts</td>
<td>75,975,900</td>
<td>33,033</td>
</tr>
<tr>
<td>Hope for Africa Childrens Choir</td>
<td>97,453,599</td>
<td>42,371</td>
</tr>
<tr>
<td>Vocational school</td>
<td>59,639,200</td>
<td>25,930</td>
</tr>
<tr>
<td>Uganda undesignated</td>
<td>3,490,503</td>
<td>1,518</td>
</tr>
<tr>
<td>School fees courtesy of Dr Caroline</td>
<td>3,806,339</td>
<td>1,655</td>
</tr>
<tr>
<td>Nakuru UM Boarding school</td>
<td>9,924,500</td>
<td>4,315</td>
</tr>
<tr>
<td>United Empowerment Center</td>
<td>22,080,000</td>
<td>9,600</td>
</tr>
<tr>
<td>Nasuti Women Goat rearing prj</td>
<td>460,000</td>
<td>200</td>
</tr>
<tr>
<td>Tree planting</td>
<td>232,300</td>
<td>101</td>
</tr>
<tr>
<td>Giribe Women</td>
<td>3,412,188</td>
<td>1,484</td>
</tr>
<tr>
<td>Youth Passion fruit growing</td>
<td>115,000</td>
<td>50</td>
</tr>
<tr>
<td>Children of Africa Hope Center</td>
<td>14,539,680</td>
<td>6,322</td>
</tr>
<tr>
<td>Animal Livestock and Bee keeping</td>
<td>5,169,825</td>
<td>2,248</td>
</tr>
<tr>
<td>Yei Community -Based Health Care Program</td>
<td>2,530,000</td>
<td>1,100</td>
</tr>
<tr>
<td>Comprehensive Rural program Migori</td>
<td>3,877,800</td>
<td>1,686</td>
</tr>
<tr>
<td>Burundi Animal livestock</td>
<td>818,800</td>
<td>356</td>
</tr>
<tr>
<td>Women ground nuts farming</td>
<td>943,000</td>
<td>410</td>
</tr>
<tr>
<td>Rwanda water and Sanitation</td>
<td>1,150,000</td>
<td>500</td>
</tr>
<tr>
<td>Agriculture production and Livestock</td>
<td>4,971,657</td>
<td>2,162</td>
</tr>
<tr>
<td>Mukono and Namunkanaga HIV-AIDS</td>
<td>575,000</td>
<td>250</td>
</tr>
<tr>
<td>Person In Missions stipends(PIM)</td>
<td>55,315,000</td>
<td>24,050</td>
</tr>
<tr>
<td>Disaster response to Bududda landslide in Mbale</td>
<td>56,580,000</td>
<td>24,600</td>
</tr>
<tr>
<td>United Empowerment Center</td>
<td>7,577,810</td>
<td>3,295</td>
</tr>
<tr>
<td>Nasuti Women Goat rearing prj</td>
<td>304,750</td>
<td>133</td>
</tr>
<tr>
<td>Wesley Mission Health Clinic Nakuru</td>
<td>517,500</td>
<td>225</td>
</tr>
<tr>
<td>GBGM Scholarships to Paul Kibenge</td>
<td>14,950,000</td>
<td>6,500</td>
</tr>
<tr>
<td>North Georgia Interns Programs to Uganda</td>
<td>21,925,900</td>
<td>9,533</td>
</tr>
<tr>
<td>Ssubi Prison Ministry</td>
<td>1,469,700</td>
<td>639</td>
</tr>
<tr>
<td>Youth brick making</td>
<td>115,000</td>
<td>50</td>
</tr>
<tr>
<td>SPSARV care of David Muwaya</td>
<td>4,022,700</td>
<td>1,749</td>
</tr>
<tr>
<td>Bank fee reimbursement</td>
<td>1,534,054</td>
<td>667</td>
</tr>
</tbody>
</table>
The GBGM funding to the UMC, EAAC projects
Audit Report and Fund Accountability Statement for the period January 1, 2009 to December 31, 2011

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Actual &quot;Ushs&quot;</th>
<th>Actual USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Methodist Global AIDS Fund</td>
<td>16,100,000</td>
<td>7,000</td>
</tr>
<tr>
<td>Kenya Undesignated release to Dr B.T. Cooper UMC Academy</td>
<td>13,527,220</td>
<td>5,881</td>
</tr>
<tr>
<td>Wanyange Women's project Jinja</td>
<td>4,681,466</td>
<td>2,035</td>
</tr>
<tr>
<td>United Methodist Mobile Bible School</td>
<td>575,000</td>
<td>250</td>
</tr>
<tr>
<td>Sudan round trip expenses to Robert Kisubi</td>
<td>3,795,000</td>
<td>1,650</td>
</tr>
<tr>
<td>Ester Nabwies Travels expenses to Zimbabwe</td>
<td>3,450,000</td>
<td>1,500</td>
</tr>
<tr>
<td>Total expenditure</td>
<td>898,335,649</td>
<td>390,581</td>
</tr>
<tr>
<td>Deficit for the year</td>
<td>(63,726,604)</td>
<td>(27,707)</td>
</tr>
</tbody>
</table>
The GBGM funding to the UMC, EAAC projects
Audit Report and Fund Accountability Statement for the period January 1, 2009 to December 31, 2011

Appendix IV: Photos of the implemented projects visited by BDO

Humble United Methodist School, Nama village, Mukono district
The GBGM funding to the UMC, EAAC projects
Audit Report and Fund Accountability Statement for the period January 1, 2009 to December 31, 2011
The GBGM funding to the UMC, EAAC projects
Audit Report and Fund Accountability Statement for the period January 1, 2009 to December 31, 2011

Pictures of Wanyange Women’s Empowerment Project, Wanyange
The GBGM funding to the UMC, EAAC projects
Audit Report and Fund Accountability Statement for the period January 1, 2009 to December 31, 2011
The GBGM funding to the UMC, EAAC projects
Audit Report and Fund Accountability Statement for the period January 1, 2009 to December 31, 2011

Pictures of United Methodist Empowerment Centre of Jinja (UMECJ) and Hope Nursery and Primary School
The GBGM funding to the UMC, EAAC projects
Audit Report and Fund Accountability Statement for the period January 1, 2009 to December 31, 2011
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EXHIBIT 5

The church council Bishop Ntabo Nkulu’s report on the General Board of Global Ministries (GBGM) and General Council of Finance and Administration (GCFA) complaint and recommendations
Calvary greetings Bishop Nhanala.
I thought of forwarding the report on the East Africa issue from Bishop Ntambo for your file.
Bishop Nhiwatiwa

On Tuesday, 23 August 2016, 14:03, Ntambo Nkulu <nmtambo@gmail.com> wrote:

Dear Bishop Wandabula,

Hope that you are fine.

I am sending the report to the you as president of Africa Central Conference and a copy to Bishop Nhiwatiwa.
Congratulations on the birth of the new baby and to Mrs Wandabula.

Blessings
Bishop Ntambo Nkulu Ntanda
REPORT ON THE GBGM/GFCA COMPLAINT FILED AGAINST BISHOP DANIEL WANDABULA, THE RESIDENT BISHOP OF THE EAST AFRICA EPISCOPAL AREA

Dear Bishop Nhiwatiwa,

Greetings from North Katanga. I am writing to inform you that I have finalized the work which the Africa Central Conference gave me as council of the church on the complaint which GBGM/GCF A filed against Bishop Daniel Wandabula. Below please find my report and recommendations.

1.0 Introduction

On March 1st, 2013, the General Council on Finance and Administration and the General Board of Global Ministries filed a complaint against Bishop Daniel Wandabula in Pursuant to Paragraphs 413 and 2702 of The United Methodist Book of Discipline—2008 (“Discipline”), the General Council on Finance and Administration (“GCFA”), by its President, Bishop Michael Coyner, and its General Secretary A. Moses Rathan Kumar, and the General Board of Global ministries by its President, Bishop Hope Morgan Ward and its General Secretary, Thomas Kemper, made the following complaint against Daniel Wandabula, a bishop of the Church and the resident bishop of the East Africa Annual Conference, for the chargeable offenses of: 1) disobedience of the order and discipline of The United Methodist Church; 2) immorality; and 3) the commission of crimes.

On March 2nd, 2013, Bishop Eben Nhiwatiwa sent an e-mail to Bishop Daniel Wandabula informing him that the General Council On Finance and Administration of the United Methodist Church and the General board of global Ministries of the United Methodist Church submitted a formal written complaint regarding the allegations of anomalies in the audit report.

Bishop Nhiwatiwa informed Bishop Daniel Wandabula that he, in his capacity as President of the Africa Central College of bishops, notified the other bishops who are members of the Africa Central Conference and the chairperson of the Episcopacy Committee of the Africa Central Conference about this complaint and that because of the nature of the complaint two Bishops from Central Conference were going to be appointed by his office to consult with each other in reviewing this complaint. Bishop Nhiwatiwa also informed Bishop Wandabula that following the due process of the complaint, a committee might be sent to visit the East Africa Area and also work with the Committee on Investigation of East Africa annual conference as outlined by a conference Committee on Investigation in the book of discipline paragraph 2624 page 656 (specifying chargeable offenses which may be brought against a Bishop); Paragraph 413 page 256 and paragraph 2625 page 656 (which provide guidelines by which a bill of charges may be
filed; including paragraph 2626 on page 656 which makes provisions for the convening of a committee to investigate the charges for reasonable grounds for continuation to a trial or not. Here is why:

The Committee on Investigation is the body created by the annual conference to determine whether there is sufficient substance to a charge to warrant a church trial. The Committee on Investigation works independently of the bishop, the cabinet and the Board of Ordained Ministry. The Committee's process for determining its decision is informal and confidential.

Bishop Nhiwatiwa requested Bishop Daniel Wandabula to work with the Episcopal staff and put together responses/proofs to all concerns, allegations to the statements and issues raised in the GBGM/GCFA complaint.

During the meeting of the bishops of the Central Conferences of Africa gathered at the Elephant Hills Resort, Victoria Falls, Zimbabwe from September 7th – 11th, 2015, the Africa Central Conference college of Bishops met and appointed me to serve as the counsel for the church and handle the complaint which was filed against Bishop Daniel Wandabula, Resident Bishop of the East Africa Episcopal Area of the United Methodist Church by GBGM and GCFA. This is in line with Par 2721 item 4 (Trial of a Bishop), which states that the counsel for the church shall be a bishop or another clergyperson in full connection. The complaint was still in supervisory response process.

I was assigned this responsibility so that I would study the GBGM/GCFA documents and also study the submissions made by Bishop Daniel Wandabula in order to determine whether there were reasonable grounds to bring charges against Bishop Daniel Wandabula to church trial.

My office analyzed the GBGM/GCFA complaints against bishop Daniel Wandabula based on the GBGM audit reports of April 2011, September 2011, the 30th June 2012 and the subsequent financial review reports of February 18th 2013 and June 18, 2013. The period under review is 2009-2011. After studying the GBGM documents plus the submissions made by Bishop Wandabula, I recommended that an independent audit be carried out by an international credible audit firm so that we could get an impartial and objective audit report since the submissions from GBGM and those from East Africa where not in agreement. This is in line with Para 363 c, under Just resolution which states:

The supervisory response may include a process that seeks a just resolution in which the parties are assisted by trained impartial third party facilitator(s) or mediator(s) in reaching an agreement satisfied by all parties.
In my analysis of this complaint, I noticed that the Africa Central Conference in consultation of the President and Secretary of the Council of Bishops has tried to work with GBGM/GCFA to resolve the complaint at Seattle, CA and Oklahoma, OK but both Mediation Processes which took place in Seattle, CA and in Oklahoma City, Oklahoma were not successful.

My office in addition, recommended to the President of Africa Central Conference that an audit of the East Africa books of accounts for the period in dispute be carried out by an independent International audit firm as soon as possible. A report from an independent international credible audit firm would help us to decide objectively on the next steps and fair hearing.

In my capacity as council of the church, I recommended that an international Audit should be made for the period in conflict between GBGM/GCFA and EAAC. Six firms where contacted for this task and after a rigorous vetting process, BDO East Africa international audit firm was contracted to audit the books of East Africa for the period under review (2009 to 2011). They started their work on 6th April, 2016 and completed the task on May 2nd, 2016.

In the BDO report, I did not find any serious issues about the East Africa Audit for the period in dispute. In my correspondence dated 12th May 2016 to Rev. Thomas Kemper and Dr. Moses Kumar, I asked them to provide me with all the funds transfer information from GBGM to East Africa Episcopal Area for the period of 1st January 2009 to 31st December 2011. This request was also to include the following details:

1. Date of funds transferred.
2. Purpose and amount of funds transferred.
3. Name of Bank to which the funds were transferred.

To date, my office hasn’t received the information which I requested from both GBGM and GCFA.

The only document which was presented as evidence when filing the complaint to the President of Africa Central Conference was the 30th June 2012 GBGM audit report which has been challenged by East Africa on a number of grounds before the denomination’s Judicial Council.

The supervisory response under article 361 (b) is a pastoral and administrative process to be directed toward a just resolution among all parties. The complaint shall be treated as an allegation or allegations during the supervisory process.

Therefore the allegations by GBGM/GCFA were found to be lacking the relevant and related support.
In his response to the GCFA/GBGM complaint against East Africa Annual Conference, the
Africa Central Conference, Bishop Daniel Wandabula responded that GCFA/GBGM correctly
spelt out the specific duties and responsibilities of a bishop of The United Methodist Church,
which they claim he has failed to fulfill or perform.

Bishop Daniel Wandabula however pointed out that GBGM/GFCA fell short of providing any
evidence from any of the East Africa Episcopal Area districts to support the allegations of his
purported failure to perform his duties. This is yet an example of the boards and agencies in
question not meeting the burden of proof.

On the contrary, facts show that Bishop Wandabula in concert with East Africa and Burundi
annual conferences show that the Bishop has been able to fulfill his mandate as a Bishop of The
United Methodist Church inter alia as below:

1. The Episcopal committees of both East Africa and Burundi Annual conferences have
reported that Bishop Wandabula has undertaken a number of development projects in the East
Africa Episcopal Area since his election in 2006 such as the Humble United Methodist School,
the Hope for Africa Children’s choir, Wanyange Women’s Empowerment project and the
churches that have been constructed under his leadership Like Trinity United Methodist Church
Wanya gage among others including meeting the day to day needs of refugees from South Sudan,
Burundi and Congo.
2. Under the duty of strengthening the local church (¶414.2), Bishop Wandabula has shown
how the bishop has worked to strengthen the local churches by:
   i) Working with partners to train the local pastors through securing for them scholarships
      abroad for further studies.
   ii) Establishing a bible college at Humble United Methodist School at Mukono which has
       helped train pastors to better fulfill their duties.
   iii) The membership of the church in East Africa has increased and even expanded to reach
       Ethiopia. This is a clear indication that the United Methodist Church is becoming stronger
       year by year because of his leadership.
3. In order to provide general oversight for the fiscal operations of the annual conference
and to ensure that the annual conference and general church policies and procedures are
followed, he has undertaken the following:
   i) Overseen peaceful and successful annual conferences on a rotational basis in Uganda,
      Kenya and Rwanda since 2006.
   ii) Ordination of those who have fulfilled the ordination process and dully approved by the
      Board of Ordained Ministry.
4. To obey the order and discipline of the United Methodist Church, in both letter and spirit;
Bishop Daniel Wandabula has shown that he has been following the order and discipline of the
United Methodist church in carrying out his duties, such as:
i) The ordinations of the pastors following the approved procedures.

ii) The holding of the annual conferences sessions on an annual basis under strenuous circumstances.

iii) The election of clergy and lay delegates to the General and Central Conferences as per Para 33 Article II of Discipline.

iv) If truth be said, no evidence has been brought forward to show that Bishop Daniel Wandabula has not followed the order and discipline.

5. To act morally and exhibit the highest moral and ethical example for all.
   Bishop Daniel Wandabula argues that there is no requisite evidence that has been brought forward which shows that has acted to the contrary.

6. To maintain complete and accurate financial records documenting the receipt and expenditure of all General Church Fund.

   Bishop Daniel Wandabula has met his episcopal office's responsibilities. His episcopal office reported that complete and accurate financial records documenting the receipts and expenditure are maintained by the Episcopal office and were availed to the GBGM and the independent auditors. These are in form of wire transfers documents, payment vouchers, receipts, invoices, purchase agreements and bank statements.

7. To cooperate fully with auditors from the General Board of Global ministries (GBGM).

   The bishop challenges GBGM to provide evidence to the effect that he has not been co-operative with the GBGM Auditors.

8. Title to all real and personal, Tangible and intangible properties of the East Africa Annual Conference of the United Methodist Church are held in trust for the benefit of the entire denomination, and ownership and usage of church property is subject to the discipline. (¶ 2501.1)

   The bishop explained that it should be noted that titling of the Conference properties requires funds to do so. The Episcopal Office has endeavored to secure titles for Church properties whenever funds are available. Certified Copies of land titles were availed to the auditors during the audit.

3. The Unaccounted for funds amounting to $767,275.00

   General Board of Global Ministries


   Reimbursement Sought due to Lack of Accountability

   Funds to be reimbursed

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Review Report Reference</th>
</tr>
</thead>
</table>

   5
Return property to Seller and receive reimbursement | $461,250 | June 2013 Report page 1
Questionable expenditure | $8,781 | June 2013 Report page 2
Hope for Africa Children’s Choir funds used for purchase of land | $100,337 | June 2013 Report page 3
Duplicate payment to be reimbursed | $2,900 | June 2013 Report page 3
Funds unaccounted for | $30,005 | June 2013 Report page 4
Unresolved transfer | $31,989 | June 2013 Report page 4
Transfer of funds from HUMS, with purpose not verified | $36,005 | June 2013 Report page 4
Unsupported disbursements | $18,400 | June 2013 Report page 4
Vouchers lacking receipts | $37,500 | June 2013 Report page 5
Funds used for purposes other than designated | $15,312 | June 2013 Report page 5
Program funds that lack evidence of proper use | $24,796 | June 2013 Report page 6
Total Funds to be Reimbursed | $767,275

4. Accountability of the $767,275.00 by East Africa.
   a)-Purchase of land near Humble United Methodist School at $ 461,250.00

The East Africa Annual Conference trustees reported that land was bought for the Church near Humble United Methodist School at a cost of USD 461,250. This project was undertaken as a direct partnership between the Donors and the East Africa Annual Conference. The funds that were used to purchase this land did not go through the connectional system of the General Board of Global Ministries.

The USD 461,250 incurred on the land purchase is not General Advance Special Gifts or “General Funds” of the Church, as defined in ¶810.1. They are funds from local churches. This differentiation of designated funds was made and acknowledged as such.
The trustees pointed out that GBGM/GCFA is supposed to follow up on General Advance special Gifts or General Funds of the church processed through its system.

The treasury argues that the inclusion of the USD 461,250 on the list of unaccounted for funds by GBGM was misleading because these project funds ($461,250.00) were not managed through the connectional systems in the General Board of Global Ministries or authorized as an "Advance" of the denomination.

The treasury also refers us to the Judicial Council ruling No.1238 in the case of East Africa versus the Western Pennsylvania Annual Conference. The Western Pennsylvania Annual Conference could not seek supervisory action because the projects' funds were not managed through the General Board of Global Ministries or authorized as an "Advance" of the denomination.

Again on page 12 of the BDO East Africa audit report, an international audit firm it is revealed that GBGM did not send the $461,250 to buy the land. This was a misrepresentation from both GBGM and GCFA. This amount was therefore erroneously included in the GBGM list of the unaccounted funds ($767,275.00).

The treasury asserts that GBGM is only mandated to only monitor funds which go through the connectional system. In other words, neither GBGM nor GCFA or Annual conferences like Western Pennsylvania are above accountability. It should be noted that equally important is the need to keep the church in America accountable lest power continues to be abused.

For that matter, the GBGM had no authority to question the land purchase transaction since they never disbursed any funds for that purpose.

b). Questionable expenditure - $8,781.00

i) The GBGM internal auditor questioned the expenditure on visas and travel documents amounting to USD 8,882 and petition letters amounting to USD 8,781. See section C of the June 18, 2013 financial review report. This is because he was not able to obtain receipts for the same.

The treasury reported that copies of the visas for the entire team that travelled to USA were availed to the GBGM auditors, which is enough evidence that visa expenses were incurred. He asserted that there is no place where Visas are given for free.

In addition, copies of affidavits from the lawyers were availed to support the expenses incurred on petition letters for the children.
The United Methodist Church in Uganda had to get clearance for the travel of Hope for Africa children Choirs to USA. The affidavits were used to get clearance from the Ministry of Labor and social Development. No receipts were provided for this expense. Thus was a matter of processes and procedures in the country therefore, GBGM and GCFA have a responsibility to respect the reality on the ground and to understand that Africa even in a global economy does not always function like America or Europe for that matter. The question of diversity and absence of uniformity should have been factored into the audit process.

PETITION EXPENSES FOR HOPE FOR AFRICA CHILDREN'S CHOIR FOR THE PERIOD OF 2007-2011.

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost in Ug Shs</th>
<th>Cost in USD</th>
<th>No of persons</th>
<th>Amount in USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Petition oath for choir pupils</td>
<td>150,000</td>
<td>83.00</td>
<td>43</td>
<td>3,569.00</td>
</tr>
<tr>
<td>2. Petition oath for the technical staff on the choir team</td>
<td>329,400</td>
<td>183.00</td>
<td>12</td>
<td>2,196.00</td>
</tr>
<tr>
<td>3. Petition -3 fees in USA</td>
<td>NA</td>
<td>1,830.00</td>
<td>NA</td>
<td>1,830.00</td>
</tr>
<tr>
<td>4. Legal fees for the process</td>
<td>2,134,000</td>
<td>1,186.00</td>
<td>NA</td>
<td>1,186.00</td>
</tr>
<tr>
<td><strong>Grand total</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>8,781.00</strong></td>
</tr>
</tbody>
</table>

c). $100,337.00 Children's funds allegedly used for purchase of land.

Schedule for Hope for Africa Children’s Choir expenses.

<table>
<thead>
<tr>
<th></th>
<th>Actual “USD”</th>
<th>Budget “USD”</th>
<th>Variance %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent and utilities</td>
<td>19,030</td>
<td>19,030</td>
<td>-</td>
</tr>
<tr>
<td>Salaries and allowances</td>
<td>35,023</td>
<td>35,023</td>
<td>-</td>
</tr>
<tr>
<td>Welfare and medical expenses</td>
<td>15,895</td>
<td>15,895</td>
<td>-</td>
</tr>
<tr>
<td>Visas, air tickets and travel expenses</td>
<td>162,984</td>
<td>162,984</td>
<td>-</td>
</tr>
<tr>
<td>Promotion expenses</td>
<td>29,892</td>
<td>29,892</td>
<td>-</td>
</tr>
<tr>
<td>Registration and website fees</td>
<td>2,549</td>
<td>2,549</td>
<td>-</td>
</tr>
<tr>
<td>Education expenses</td>
<td>71,749</td>
<td>71,749</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>337,123</strong></td>
<td><strong>337,123</strong></td>
<td>-</td>
</tr>
</tbody>
</table>

8
Bishop Daniel Wandabula explained that Hope for Africa Children's Choir (HACC) was started in September 2007 as a ministry whose intent was to meet the needs of the most vulnerable and orphaned children in the Annual Conference. There were no funds to kick start this program when it started, so the office had to look around for funds to start this program. Different fundraising events and approaches were used including loans which had to be repaid when the funds for the choir came to lay the groundwork for the ministry. The reality is that neither GBGM nor GCFA were happy with this effort hence the allegations.

This was done in order to meet the choir needs which included air tickets, travel documents and related expenses which were urgently needed. Other expenses included the choir training expenses, feeding of the pupils and also paying staff salaries.

When the H.A.C.C received funds from GBGM in 2009, the funds borrowed project had to be repaid. There was no way the office could use choir funds to buy the land because in the first place the choir did not even have enough funds to meet its obligations to vulnerable children.

It is therefore not true that the office used the choir funds to buy land because HACC received only $254,000 from GBGM while the total amount spent on the requirements for the children's choir was $337,000 (see the table above), which is in excess of $83,000 of what was received from GBGM.

**Hence it is not right to allege that the Episcopal office used choir funds to purchase land.**

d). Duplicate payment for rent $2,900.00

GBGM auditor questioned the fairness of the rent charged for two apartments each costing UShs 460,000 at the Nasuuti residential estate. In addition, the auditor noted a double payment for rent for the choir amounting to USD 2,900 (UShs 5,520,000) for the six months from September 2007 to February 2008 as shown below:

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Receipt No.</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-Sep-07</td>
<td>Rent for Sep-2007 through to Feb 2008</td>
<td>1479</td>
<td>5,520,000</td>
</tr>
<tr>
<td>10-Feb-9</td>
<td>Rent for Sep-2007 through to Feb 2008</td>
<td>2971</td>
<td>5,520,000</td>
</tr>
</tbody>
</table>
The rent dues for the entire stay of the Children’s choir at the Nasuuti Residential Estate was $20,336.84, but only $14,252.63 was paid. The unpaid Rental dues are $6,084.21.

The treasury explained that this was purely a clerical error which can be corrected. Nasuuti residential estate remained a creditor to HACC in 2012 when GBGM funding was halted.

e) **$30,005 Funds unaccounted for Sudan Expenses**

It was alleged in the GBGM audit report of June 30, 2012 page 6, that funds amounting to USD 30,005 that were sent to Bank of Baroda Sudan account remained unaccounted for.

It is reported that the treasury provided the funds transfer documents to the GBGM auditors which include the bank wire transfers and payment vouchers duly signed by the beneficiaries. This was enough confirmation that the funds were paid to the beneficiaries. For that matter, this issue should not have been raised in the audit report.

The funds were sent to the beneficiaries in South Sudan through 3 forms of disbursements:

1. Through KCB Bank Yei branch account no 012402290565
2. Through the authorized representatives – Rev. Burford Hankins the then Sudan District Superintendent.
3. Direct payment to the beneficiary as was in the case of Pastor Isaac Sebit.

The transfer of these funds to the beneficiaries in Sudan was also confirmed by the international auditors report. (See the BDO East Africa audit report on page 15).

It is now the obligation for the recipients who are the beneficiaries to account for the funds and not East Africa. This would be a witness to both truth, facts and figures.

**A table below shows how and where received the gifts.**

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Amount in USD</th>
<th>Recipient</th>
<th>Form of disbursement</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>7th Jan.2009</td>
<td>Various projects</td>
<td>13,600.64</td>
<td>Burford Hankins- The Sudan DS</td>
<td>Cash payment</td>
<td>Accountability to be done by Sudan</td>
</tr>
<tr>
<td>28.Aug,2009</td>
<td>Various programs</td>
<td>6,300.00</td>
<td>Burford Hankins-</td>
<td>KCB Bank Yei branch Ac no</td>
<td>Accountability to be done by</td>
</tr>
<tr>
<td>Date</td>
<td>Description</td>
<td>Amount</td>
<td>Bank Details</td>
<td>Notes</td>
<td></td>
</tr>
<tr>
<td>------------</td>
<td>-----------------------------</td>
<td>--------</td>
<td>--------------------------------------------------</td>
<td>--------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>26 Nov'09</td>
<td>Funds for Various programs</td>
<td>7,500.00</td>
<td>Burford Hankins-The Sudan DS KCB Bank Yei Branch Ac no 012402290565</td>
<td>Accountability to be done by Sudan</td>
<td></td>
</tr>
<tr>
<td>25 Jan'10</td>
<td>Motorcycle</td>
<td>2,500.00</td>
<td>Pastor Isaac Sebit Cash payment See voucher</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 Jan'10</td>
<td>Funds for Various programs</td>
<td>2,000.00</td>
<td>Burford Hankins-The Sudan DS KCB Bank Yei Branch Ac no 012402290565</td>
<td>Accountability to be done by Sudan</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>30,296.64</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

It is very clear that the treasury works as a conduit for the beneficiaries. The claim that funds were not accounted for is misleading. Besides no complaint has been made by any claimants for failure by the East Africa Annual Conference to disburse those designated funds.

1) **Unresolved transfer of $31,989.00 to Humble School Capital account no. 0140023969501**

The allegation that GBGM wired a total of USD 55,322 to the Stanbic bank (Humble school capital account) and that it remains unaccounted for is not true. (See page 7 paragraph 1 of the June 30, 2012 audit report)

The only documents which show the transfers of funds are representative, the former Area Financial Executive (Mr. David Guinkpa), who was in charge of transferring funds to all the East Africa Bank account.

This is an ongoing difference between GBGM and East Africa Annual Conference (EAAC). Two GBGM wire transfer totaling $51,292.92 ($21,234 and $30,000.92) were received by EAAC. Out of this $1,899.00 (3,987,900 shs) and $21,434.00 (44,368,380 shs) totaling $23,333 (48,356,280 Shs) were wired to Humble United Methodist School capital account. The rest of the money was for other projects/programs and wired to other Conference accounts.

This is how the difference comes:

- Alleged amount transferred to Humble School capital account: $55,322.00
- Less: Actual amount transferred to Humble School capital account: $23,333.00
The on-going difference $31,989.00

<table>
<thead>
<tr>
<th>Date of transfers</th>
<th>Amounts to Humble school capital account by GBGM in USD</th>
<th>Amounts wired in Ug.shs</th>
<th>Description</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 28th, 2009</td>
<td>1,899.00</td>
<td>3,987,900</td>
<td>Humble school capital development</td>
<td>The wire transfer was effected by the GBGM - Area Financial Executive. Mr. David Guinkpa</td>
</tr>
<tr>
<td>June 5th, 2009</td>
<td>21,434.00</td>
<td>44,368,380</td>
<td>Humble school perimeter wall</td>
<td>The wire transfer was effected by the GBGM - Area Financial Executive. Mr. David Guinkpa</td>
</tr>
<tr>
<td>Total funds received on school account</td>
<td>23,333.00</td>
<td>48,356,280</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

No other supporting document has been provided by GBGM/GCFA to the contrary nor has GBGM disputed the documents presented by East Africa.

g) $36,005 Transfer of funds from HUMS, allegedly with purpose not verified.

These funds were transferred to Centenary bank and later used for land purchase at Mukono.

h) $18,400 Unsupported disbursements

These funds were used for various construction purposes and the supporting documents are available on the expense files.

i) $37,500 Vouchers lacking receipts

It should be noted that the local informal dealers who sell bricks, sand and aggregate in Uganda don’t issue invoices or receipts. This is customary. It is only construction companies that issues
bills of quantities and invoices for construction projects; which companies charge highly for their services.

The receipts for the vouchers were not available because the office did not receive any for such purchases. GBGM and GCFA should be aware of this reality on the ground.

j) $15,312 Funds used for other purposes other than designated
These funds were used for the purchase of animals like cows, goats and pigs and given to different families.

The original plan of setting up a livestock farm could not be implemented because the funds available were too little for the program to be effected. This is more a question of who makes decisions affecting an annual conference? In other words, what is GBGM and GCFA's role in Central Conference? I think the church had a responsibility to steer clear of neocolonialism.

Before setting up the livestock farm we needed land which was not available, we needed to be sure that we would be able sustain operational expenses for running the livestock farm like salaries for the staff to run the projects, we needed water supply etc. before we could think of setting up the livestock project. The money available was $15,312 only enough to buy animals for the beneficiaries and this is what we did.

k) HIV/AIDS and Malaria Project $24,796.00

It was assumed by the GBGM auditor that the Mukono and Namunkanage HIV/AIDS and Malaria funds amounting to USD 24,796 were not supported.

The treasury reported that the Humble United Methodist School nurse who co-ordinated the project didn't avail any accountability. She however, provided a report of utilization of funds. Unfortunately, she passed on before she could provide the accountability.

It was the responsibility of the GBGM/GCFA to perform alternative audit procedures to confirm that project activities were implemented such as interviewing beneficiaries and visiting the project sites.

5. The GBGM Audit team

It should be noted that the GBGM audit was conducted by internal auditors from the GBGM audit department led by Mr. David P. Guinkpa, the former Area Financial Executive of the East Africa Episcopal Area. The auditors are employees of GBGM and for that matter this was not an
independent audit and the findings alleged. The auditors failed to resist managerial pressures of GBGM to carry out their work objectively, transparently and honestly.

Therefore, the GBGM audit committee should not have approved a motion in February 2013 to continue its recommendation to suspend funding to the East Africa Annual Conference on the basis of an internal audit report.

Bishop Daniel Wandabulawas certainly entitled to a fair process before drastic decisions like suspending funding to East Africa and writing articles about the complaint by the United Methodist News service. This is totally against our Book of Discipline.

6. Responses to the GBGM audit reports

The responses provided by the Resident Bishop were not put under consideration before a decision was made to halt conference funds thus there was no fair and just hearing which is a fundamental principle under the rules of natural justice and due process.

One also wonders why GBGM/GCFA decided to use the 30th June 2012 audit report whereas there were the subsequent financial review reports of February and June 2013, where some of the issues raised earlier had been consequently resolved by the EA's Africa Annual conference.

7. Nature of the GBGM audit reports

The GBGM audit reports were more of a bias than a normal audit assessment of internal controls and utilization of GBGM/GCFA designated funds.

The report did not categorically state areas of internal control weakness, risks, and recommendations that should be part and parcel of a professional audit report.

For that matter, the report included various misrepresentations that should not have been relied upon to halt funding to the conference. Above all, the independent auditor’s report has undermined most of the findings of the report.

Conference Property and Assets

On page 9 of the audit report, it was reported that “A search for properties at the Land registry office in Mukono revealed that there were no documents in their files for any properties presented during the audit”
This was an erroneous statement because no evidence was provided by the GBGM auditors to confirm that they conducted a search at the Land registry in Mukono district.

On the contrary, the East Africa Annual conference provided certified documents from the Ministry of Lands and Housing to confirm the legal ownership of the properties.

The trustees have land titles and lease agreements for all the land purchased and they are in the process of updating the asset register as advised by the GBGM and Independent auditors. With the exception of a few properties like land at Ibungu and Lacankite for which they are still processing land titles, they have endeavored to attain legal documents of ownership for all conference assets. Refer to the independent audit report page 18.

**I also noted inconsistencies in the GBGM audit reports as indicated below:**

In the April 2011 report, it was noted that a total of USD 920,000 had been wired to HUMS in the period under review (2009-2011).

In the September 2011 audit report, the amount reported to have been wired to Humble School was reported USD 842,000.

In the June 30, 2012 audit report, the amount wired to Humble School, was reported to be USD 699,000.

I have not received any confirmation and supporting documents from GBGM/GFCA showing the amounts, purpose and date of transfer of all funds in the period under review which could help to verify the correct amounts disbursed.

These inconsistencies which showed that funds sent to the school in a particular period kept on changing from one report to another raising glaring inconsistencies could render the GBGM audit reports unreliable.

**Humble United Methodist School staff salaries**

On Page 2, paragraph 2 of the audit report of June 2012, it was reported that there were always salary delays for the staff at Humble United Methodist School.

Payrolls and bank statements were availed to the auditors that clearly indicate that the staff at Humble United Methodist School was always paid in time until GBGM halted funding to the conference in February 2012.
Conclusion of my findings:

In my communication dated 12th May 2016 to Rev. Dr. Thomas Kemper and Dr. Kumar Moses, I requested for the following:

a) Any evidence available to support the three (3) chargeable offenses brought against Bishop Daniel Wandabula.

b) Information showing all the funds sent to East Africa in the period under review (2009-2011), with the following details:

1. Date of funds transferred.
   2. Purpose and amount of funds transferred.
   3. Name of Bank to which the funds were transferred.

As I finalize compiling my findings in the complaint against Bishop Daniel Wandabula, I have not received any information or communication from GBGM or GCFA concerning my request for over two calendar months.

The Book of Discipline in paragraph 362 f, states that: failure to respond to supervisory requests or requests from official administrative committees, such actions or inactions shall not be used as an excuse to avoid or delay any Church processes, and such processes may continue.

The only information available to support the GBGM/GCFA claims is the April 2011 audit report, the September 2011 audit report, the 30th June 2012 audit and the financial review reports for February and June 2013.

The weight of evidence Paragraph 2711.2 of the 2012 Discipline states:

The burden of proof for a vote to convict shall be “clear and convincing”.

My task was to evaluate whether the available evidence determines to be credible and is clear and convincing in establishing the 3 charges brought against Bishop Daniel Wandabula.

The evidence should also be relevant, reliable and thus admissible.

The East Africa Annual Conference has challenged and objected to the only available document being used as evidence on the following grounds:

a) The GBGM audit reports were found to be unreliable.

b) The audit reports were found not to be relevant to the charges brought Bishop Daniel Wandabula.
c) The reports were found to be full of misrepresentations.
d) The reporting of GBGM was reported not to be objective.
e) The reports were found to be inconsistent. The judicial council decisions 698 and 704 notes that consistent record is required for “fair process”.
f) There was lack of independence by the auditors.
g) The GBGM audit reports had multiple fundamental uncertainties.

All of these are FUNDAMENTAL requirements which are necessary for a standard audit report that can be used to make decisions.

The East Africa Annual Conference administration have demonstrated that GBGM was not fully cooperative in resolving these issues: They filed the complaint on 1st March 2013, but did not provide information about the unaccounted for funds which was $888,000 and later $767,275.00. This information was only made available in January 2015 after a petition was filed with the Judicial Council. This omission of a fundamental requirement not only delayed the issue but also made it difficult for East Africa to account or respond to the query.

Bishop Daniel Wandabula argues that there was an improper motive in delaying this case by GBGM/GCFA, by not providing the necessary information which was fundamental in accounting for the allegedly unaccounted for funds - $767,275.00 way back in 2013 when the complaint was filed.

Therefore the allegation of failure by East Africa to account for $767,275.00 is without merit. However, enough detail and sufficient accountability for the amount allegedly unaccounted for funds $767,275.00 has been provided by East Africa Annual Conference.

The United Methodist Communication services with the help of GBGM/GCFA published information concerning the ongoing supervisory process. This was in violation of the supervisory confidentiality process as guided by the Church’s Book of Discipline. The confidentiality protects the integrity of the process and provides the best hope of the parties reaching a just resolution and offering healing to the Church.

The auditor’s inability to express an honest and impartial conclusion and also the inability of reporting reality to users further makes the GBGM audit report unreliable.

The last GCFA press release from their Spring Board meeting dated 20th, May 2015 contains the following excerpt:

"The GCFA Board Committee on Audit and Review, following consultation with representatives of the General Board of Global Ministries (GBGM), again reported to the full GCFA Board that
the East Africa Annual Conference has continued to fail to provide complete and accurate financial audits of general Church funds it has received. Until the East Africa Annual Conference can provide satisfactory explanations of how those funds were spent, funding from GCFA, GBGM, and other general Church entities will not be forwarded to that annual conference or related organizations. The Committee on Audit and Review of GCFA has the responsibility to review audits of all treasuries receiving general Church funds, and the utilization of financial assets in achieving the stated mission of the entity as defined by General Conference, the governing board, and donor designations (¶805.4b). This has not been the case in the East Africa Annual Conference, and the council deems it necessary to continue the funding suspension”. I strongly recommend that the embargo to be lifted by GCFA and allow Ministry in East Africa to move forward as we make disciples of Jesus Christ and transform the world.

The offenses in the GBGM/GCFA complaint lack “sufficient evidence” to raise an inference that Bishop Daniel Wandabula’s actions constitute chargeable offenses committed knowingly in bad faith.

Based on the above submission, it is evident that The Episcopal office of the East Africa Annual Conference did not receive a fair and just hearing as provided for in provisions of 413 of the Book of Discipline. Without the provision of evidence, the bill of charges against Bishop Daniel Wandabula are without any legal or factual basis and therefore do not constitute a basis for chargeable offenses. I therefore recommend that this complaint be dismissed.

Respectively submitted by:

Bishop Ntambo Nkulu
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LIST AND ADDRESSES OF INTERESTED PARTIES.

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