



GEREJA ANGLIKAN SABAH

DIOCESE OF SABAH

聖公會沙巴教區

WISMA ANGLICAN,
JALAN LEE TET PHUI
88000 KOTA KINABALU,
SABAH, MALAYSIA.

POSTAL ADDRESS: P. O. BOX NO. 10811, 88809 KOTA KINABALU, SABAH, MALAYSIA.
TEL: 60-88-245846, 249296 FAX: 60-88-~~245942~~, 261422 E-MAIL: diocesan@tm.net.my

18 October 2012

Mr. George Lim
P O Box 22656, Luyang Post Office
88786 Kota Kinabalu.

Dear Sir,

Management Letter - Financial Year Ended 31 December 2010 & 2011

The Standing Committee ("SC") acknowledges and thanks you for the management letter ("ML") made and referred to in the auditor's report dated 29 August 2012. The SC wants to place on record its appreciation for your contribution as the Honorary Auditor of the Diocese since 2005.

It is most unfortunate that the ML reached the Diocesan office on the eve of the Synod on 29th August 2012 and this did not give the SC sufficient time and opportunity to address the issues raised and the reservations expressed through the audit qualification which was also dated on the same day, i.e. 29th August 2012.

The newly constituted SC takes the matter seriously. Having gathered further information and investigated the matter further, it would like to address the issues raised in your ML and this is discussed in the same sequence of your enquiries as contained in your ML. This compilation of the information requested had taken much time in view that the information you had requested stretched as far back as to 2008 even through your audit covered the period for 2010 & 2011.

The SC has endorsed this reply to you in its 170th meeting on 14 & 15 October 2012. Kindly re-audit those areas which you had mentioned that details were unavailable and for which this letter (and the attachment) has now furnished to you.

passed to George Lim
on
19/10/2012.
by Paul Liew

1. GOOD GOVERNANCE

In the Honorary Auditor's ML, it was expressed as a matter of concern that there is *"unbalance in the standing committee, that is, out of the 5 laity, two are Pastors and one is Bishop's nominee."* Arising thereof, it was concluded that there is *"no balance sound governance control to ensure the accuracy, completeness and transparency of the Diocese."*

Our reply:

- i) The above reservations, the SC believes, were in reference to the position of Pastor Margaret Chong, Pastor Chung Thau Yong and Mr. Tommy Chin (Bishop's Appointee) who sat as members of the House of Laity in the immediate past SC. Incidentally, both Pastor Margaret Chong and Pastor Chung Thau Yong were elected (by the House of Laity) again as SC members in the just concluded Synod. Pastor Margaret Chong was (and still is) a stipend pastor under the employment of the Diocese. Pastor Chung Thau Yong was a non stipend pastor and has ceased to be a Pastor since August 2010. He is now to be addressed as "Mr. Chung Thau Yong," Mr. Tommy Chin is a lay person.
- ii) The comments and reservations made in the ML need to be examined in the context of the Diocesan Constitution. The membership of the SC is provided under Article X of the Diocesan Constitution. The SC actually has at least 6 laity members consisting of the **Secretary, the Treasurer and 4** members elected by the House of Laity. The Bishop is empowered to appoint 3 members into the SC and he may, or may not exercise it. In our Anglican set-up, a "**Pastor**" is only a licensed worker and is not an ordained priest unlike in some other churches. Thus, he/she is not a member of the House of Clergy but a member of the House of Laity. Being a member of the House of Laity, a "Pastor" is entitled to stand for election as a lay member of the SC and, if elected through the democratic process by a majority of the House of Laity according to the Diocesan Constitution, he/she is entitled as of right to sit as a member of SC representing the Laity.
- iii) It is therefore beyond the power and authority of both the Bishop and/or the SC to question the composition of the SC when such person/s is/are duly elected in accordance with the constitution of the Diocese of Sabah. If for any reason, any of the SC members feels that he/she is not able to exercise his/her duties impartially, faithfully, objectively and without fear due to his/her position in relation to the Bishop and/or the Diocese, it is appropriate for that individual to act on his/her conscience and accordingly he/she should decline his/her nomination for election in the Synod.
- iv) Having said that, the SC is aware that beyond the constitution, this is a real issue and resolving the status of "pastors" in the context of their position in the House of Laity is something which requires further discussion with the stakeholders, more so those "pastors" who are directly affected. When that has been undertaken, the SC is of the opinion that, if the Honorary Auditor's opinion is the reflection of the general opinion of the majority of our church members at large, the proper approach to the issue would be for a proposal to be tabled at the Synod to amend the Diocesan's Constitution on this matter. Unless this is effected, it is not within the power and/or authority of the SC to question the composition of its members who are constitutionally elected/appointed.

2. PROVINCIAL ADVISORY COMMITTEE

In the ML, there was a request for a copy of the Provincial Advisory Committee ("PAC") report and it was mentioned therein that "*this report may change the financial report for Year 2010 and 2011.*"

Our reply:

- i) The PAC was set up specifically with its own "Terms Of Reference" by the House of Bishops ("HOB") of the Province of South East Asia. This differs from the appointment of the Honorary Auditor of the Diocese of Sabah. The SC was not in a position to submit the PAC's report to the Honorary Auditor.
- ii) It is now public knowledge that the PAC's findings and report had been submitted to the HOB and the HOB had rendered a copy of the same to both Bishop Albert Vun and the 5 complainants in strict confidence. The SC understands that this was made sometime in September 2012. The SC (with the exception of Bishop Albert Vun) has not been advised on the contents of the PAC report and it has not received any other report from the PAC/HOB on the matter.
- iii) The absence of the report should not hinder the Honorary Auditor's work as the independent auditor. The SC reiterates and instructs the Treasurer and/or the accounting staff of the Diocese to give the Honorary Auditor the utmost co-operation and/or the full disclosure of documents to facilitate your duties as the Honorary Auditor.

3. PURCHASES OF NEW CARS

The ML stated that there was no resolution on the purchase of the Toyota Alphard (RM129,000.00) and that the money was drawn from the Project Fund. It added that there is no guideline that the project fund can be used to purchase expensive vehicle. There was another vehicle (a new Honda CRV (RM147,793.50) which was paid from the Bishopric fund. The Honorary Auditor stated that the "above vehicles, if required and approved, shall be drawn from operational fund."

Our reply:

- i) The purchase of the new Honda CRV (RM147,793.50) was duly approved by the SC at its 163rd meeting on 20-21 March 2011 (Reference: Paragraph 2175 of SC Minutes).
- ii) The purchase of a used Toyota Alphard (RM129,000.00, from the Project Fund) did not go through the proceedings of any SC meeting and the transaction was not reported to the SC by the Honorary Treasurer. This was purchased for the transportation of visitors and the likes and based on past practice and convention of the Diocese and previous Bishops, the Bishop had sole discretionary authority on the dispensation from the project funds.

4. QUALIFICATION OF ACCOUNT STAFF

It was mentioned that there were no qualified account staff to oversee the accounts as evidenced from the following discrepancies/lack of details

Our reply:

- i) It is correct that the Diocese had not employed professionally qualified accountant or staff. The Diocese accounts section had seen a number of staff turnovers over the past years and this had resulted in the clarity of the accounting transactions being compromised when staff resigned. We will endeavour to look for a qualified and experience accountant and will make efforts to improve our book keeping.

a) Fixed Asset

(The ML stated that there were no details of b/f figures of RM623,452/- (NBV: RM3,885).

Our reply:

The computer system only generates brought forward figures but details are available for extraction from past ledgers. The Diocesan's Accounts Officer is in the process of listing of the fixed assets. These details should also be in your audit file for the purposes of computing the depreciation of the fixed assets. We shall go through the list of fixed assets which your staff had managed to supply to us last week. Any old assets which were depreciated down to a nominal value of RM1 will re-assessed in 2012.

b) Kokol Prayer Summit (KPS)

In the SC's 167th Meeting on 26-27 February 2012 (Reference: Para 2220 of the minutes) , the said discrepancy in the costing of the project as appearing in the KPS Project Account (presented by Mr. Michael Tong as Treasurer of the project) and the Financial Statement of the Diocese of Sabah's was highlighted to the previous Diocesan treasurer, Paul Chong. The SC had instructed that the discrepancy be reconciled in that meeting.

The SC regrets that due to administrative lapses, this was not reconciled in the final audited accounts presented to the Synod. The SC assures the Honorary Auditor that reconciliation has now been carried out pertaining to the difference of RM835,129 in the fixed assets of KPS between the audited Diocesan Account of RM6,007,125 and the separate audited KPS account of RM5,171,996 had been checked.

The audited Diocesan 2011 account on PROPERTY AND EQUIPMENT shown on page 8 (Note 2) under Kokol Prayer Summit of RM6,007,125 are made up of 4 successive years of audit adjustments made by the Honorary Auditor's staff members via the following audit adjustments obtained from your present staff (Mr. Liau JH) on 9 Oct 2012. These journal adjustments were transfer made from Specific Fund to Kokol Prayer Summit as capitalization of funds (Mr Liau has said on 9 Oct 2012 that he will provide the working details later as to how these figures were arrived at):

a) 2008 audit journal adjustment (AJA) no. 30 (“being taken up as fund utilization for Kokol prayer house and as assets during the year”) -	RM 489,872.44
b) 2009 AJA no. 41 (“Being taken up for Kokol prayer house as fund utilization and building under construction during the year”)	RM1,762,234.05
c) 2010 AJA 2 (“Being fixed assets taken up for the year”) –	RM3,216,051.82
d) 2011 AJA 15 (“Being Kokol Prayer Summit fund capitalized taken up for the year”) –	RM 538,966.49
TOTAL COST based on above AJAs made by auditor.	<u>RM6,007,125</u> (Rounded)

We understand from your staff that there are elements of double counting in the above AJAs as some transfer include actual capital expenditure and some were paper transfer from Specific Fund without identifying the itemised payments for the asset. Please note that KPS financial statement (which had been audited by you prior to audit of Diocesan account) is also drawn from the same source of the Diocesan books and therefore the difference should be caused by accounting entry and clerical in nature and cannot amount to any actual cash loss.

The KPS FIXED ASSETS are summarised below should be the correct balance as these are supported by documentation and also audited by you. Hence you may need to re adjust your AJAs in 2012 to reconcile with KPS audited fixed assets of RM5,171,996.

FIXED ASSETS	
Building and Structures	: RM4,362,132
General Equipment	: RM 248,167
Furniture and Fittings and Signboard:	RM 283,266
Generator	: RM 66,000
Kitchen utensils and Sanitary Wares :	RM 148,571
Solar Water System	: RM 27,360
Motor Vehicle	: RM 36,500
TOTAL	: <u>RM5,171,996</u>

c) Other Receivables

Please refer to **APPENDIX A** for the detailed explanation and reconciliation on these receivables and payables.

Some of these details are already in your audit files as they are brought forward balances and your new staff had actually not asked for them but these were requested through your ML. Similarly, the rest of the details on the creditors and deposits raised from (d) to (f) are also given.

5. TRUST DEED

The ML mentioned that the Bangkok Garden condominium was purchased on 28 February 2009. Despite this, the trust deed was only created on 23 June 2012. The Honorary Auditor has advised that the trust deed has no legal effect on the true ownership. It was suggested that an entity should be incorporated for religious purposes and to acquire overseas properties, and that 100% shares of the entity can be owned by the Diocese of Sabah.

Our reply:

- i) "Bishop of Sabah (Registered Trustee)" as incorporated under Sabah's Trustees (Incorporation) Ordinance is only authorised to own properties in Sabah and FT Labuan.
- ii) The Bangkok Garden property was purchased on 28 February 2009 at Baht 5.4m (RM596,113.95 include of stamp duty, legal fees, etc) and the transaction was handled directly by a legal firm in Bangkok. The proposed purchase was first reported in SC on 30th November 2008 as follows:
*(SC 155 dated 30 Nov & 1 Dec 2008: The diocese will be buying a property to house our missionaries or to generate rental income to support the work. The property will be held in trust in the Bishop's name and proper documents will be prepared for this purpose.)*The purchase was paid out of the Mission Fund.
- iii) In view of (i) above, the said property was purchased and registered under Bishop's personal name, thus the Bishop's name ("VCF") was used to register the Diocese's ownership interests in the process.
- iv) Even though the property is registered in the name of the VCF, by virtue of the trust deed which is legally valid and binding, it is evidenced that VCF is actually holding the property in trust for the beneficiary who is the Bishop of Sabah (Registered Trustee). Thus, it is clear that the real beneficial owner is the Bishop of Sabah (Registered Trustee) and the registered owner is bound to deal with the trust property as directed by the beneficial owner failing which he commits a breach of the trust and is liable to be prosecuted and sued for damages. This is the standard legal procedure and practice where property is registered in someone else's name but beneficially owned by another.
- vii) It was at the 166th SC meeting in November 2011 when the issue of trust deed was first brought up and Bishop asked the Secretary to check whether the trust deed was done in respect of the property purchased in Thailand under his name. If not, this was to be rectified.
- viii) After checking with Rev. Kenneth Thien (who was the previous Chancellor) it was revealed that only the trust deed was done in respect of the Supalai Studio Apartment, Bangkok, Thailand which was purchased in 2006. No trust deed was done in respect of the Bangkok Garden condominium purchased in 2009. The current Chancellor was then asked to rectify the matter. Hence, it was only done in 2012.
- ix) As regards to the Honorary Auditor's suggestion to incorporate an entity for religious purposes to acquire property overseas, the practicality or otherwise of this has to be looked into in greater detail because even if an entity is created overseas the 100% shares cannot be owned by Bishop of Sabah (Registered Trustee) or the Diocese of Sabah because as mentioned above this legal entity can only own properties in Sabah and F.T of Labuan.

6. VALUATION REPORTS

The Honorary Auditor recommended that independent valuations be obtained before the purchase of landed properties for better decision-making and for arm-length purposes. The Honorary Auditor also requested for the confirmation of the fair value of the Menggatal Land (RM761,800.00) and Sipitang Land (RM850,000.00).

Our reply:

As regards the Honorary Auditor's recommendation to obtain independent valuations before the purchase of landed properties, the SC takes note of the recommendation and will implement it where appropriate. However, in the case of acquisition of property from established developers where the selling prices are fixed, the necessity for independent valuation may be redundant.

i) **Menggatal Land - 30,710 sq. ft (RM761,800.00).**

The purchase of this property, of which Vun Cheong Fui was holding ½ share, was endorsed in the SC's 160th Meeting on 07-08th March 2010 and the offered price of RM761,800.00 was accepted after the necessary due process, including the commissioning of 2 independent valuation by CH Williams Talhar & Wong (Valued At RM770,000) and JS Valuers Property Consultant (RM600,000);

ii) **Sipitang Land – 2 Acres (RM850,000.00)**

The proposed purchase of the land was made at the 159th Standing Committee meeting on 1st & 2nd November 2009. The proposal to purchase the land was made at the 159th meeting on the 1st Nov 2009. There was no valuation undertaken for the purchase of this land. Although the Honorary Secretary, who is a registered valuer, had advised that at the material time the land was expensive and had no direct road reserve access, it was decided to purchase the land due to its good location, close proximity to town and scarcity of suitable land for church planting in Sipitang. The purchase, was concluded at end of 2009 was reported to the 160th Standing Committee meeting in March 2010.

7. PROJECT FUNDS

The Honorary Auditor wanted detailed accounts for the utilisation of the project funds amounting to RM3.960m in 2010 and RM6.704m in 2010. In addition, a detailed account outlining the expenditures should be presented and audited, and annexed to the Diocesan Financial Statement. Furthermore, the Honorary Auditor noted that:

- there was no budget presented to the Synod for approval.
- RM85,000.00 was transferred to the Bishop's account in Bangkok as "deposit for application for Bishop Visa for Thailand my 2nd home" program. The Honorary Auditor wanted to know if this amount had been refunded to the Diocese.

Our reply:

i) Details of Project Funds

The detailed accounts for the utilization of the project fund are shown in **APPENDIX B**. The SC's authorisation and resolution meetings and dates are collaborated in the **APPENDIX B**, where applicable.

ii) Budget

This Project Funds are part of Specific Funds that are designated for utilization as intended. Therefore, they are already prepared in the form of a budget or provision for future spending. General / Central Fund are designated specific fund and before any transfer is made to Specific Funds they must be authorised by the SC e.g., the designation of rental and interest income from Central Fund (Non-Ministry Income) to Development Fund was approved by the 164th SC meeting on 19th & 20th June 2011. Consequently, the rental income (RM425,070.75) and interest income (RM 688,816.01) for 2011 were transferred to the Development Fund in the 2011 accounts.

iii) **Bishop's Visa Deposit RM85,000.00**

In 2011, the Mission Director and the Bishop wanted to explore with the assistance of the Anglican Church of Thailand the possibility of challenging retired couples to serve in Thailand with our young long-term missionaries. They wanted to try out if they can apply for long stay visa for retired couples - and to do so a deposit in the Bank Account of around RM85,000.00 is required. If this was successful, retired couples will be challenged to serve in Thailand. This deposit for visa application is not an expense but a deposit and a letter was signed in the office that till end of 2012, this deposit will be refunded. In November 2012, when our Mission Director and the Bishop visit Thailand, the deposit with interest will be brought back as planned.

8. PAYMENT TO OWNERS

The Honorary Auditor warned that under declaring the purchase consideration is both unethical and illegal and subject to anti-avoidance tax law.

Our reply:

- i) The purchase of the Tenom shoplot was decided by the SC (159th Meeting On 01 & 02 November 2009 & 160th Meeting On 7 & 8 March 2010) and the sale consideration was eventually agreed at **RM415,000.00**
- ii) The actual price showed in the development fund was RM472,030.25 and not RM473,000 and this is made up as follows:

Purchase price	RM415,000.00
Stamp duty / Survey Plan	RM 7,030.25
SC Renovation grant	RM 50,000.00

	RM472,030.25
Add:	
Legal fee paid by St Peter's Church, Tenom (Absorbed By Diocese)	RM 3,405.00

- iii) However, in the Sale and Purchase Agreement and the Memorandum of Transfer, the sale consideration was stated as RM 365,000.00. Admittedly, the sale consideration in the Sale and Purchase Agreement and the Memorandum of Transfer was understated by RM50,000 at the request of the Vendor, who wanted to give the sum to charity. However, the SC will ensure that such practice will not be repeated. The Sale & Purchase Agreement was handled by a legal firm in Keningau
- iv) Notwithstanding the above, the SC confirms that the actual amount paid to the vendor was **RM415,000.00** through crossed cheque. There was no cash transaction.

9. MISSION FUND

The Honorary Auditor queried the use of Mission Fund for academic purposes amounting approximately RM600,000.00 but warned that there was no records or report in the (SC) meetings for the progress report of the project. The same applies for the China and Bangkok (project) of approximately RM650,000.00

Our reply:

- i) We are not able to understand how the above sums were arrived at. However, please refer to **Appendix B** where the analysis are itemised for your audit.

10. DIOCESE SUPPORTING MINISTRY

The Honorary Auditor had requested for copies of the audited accounts of the ministries supported by the Diocese and stated that such accounts should be annexed to the Diocese Financial Report.

Our reply:

- i) **AUDITED ACCOUNTS COMPLETED:**
 - Kokol Prayer Summit Building Fund– This in fact had been audited by you and signed off by the Bishop and the project's treasurer, Michael Tong.
- ii) **AUDITED ACCOUNTS TO BE SUBMITTED TO YOU:**
 - The ARK
 - Sekolah Rendah Vision School
 - Sekolah Menengah Vision School
 - Vision School Building fund
 - All Saints Anglican Academy
 - Faith Anglican Academy
 - St Patrick's Anglican Academy

These Diocesan entities have their own treasurers and auditors. At the time of the Synod, despite the audit being in progress by these entities, no final audited statements were submitted to the Diocesan Treasurer. We will endeavour to deliver the audited accounts as soon as possible. In the future, the new Diocesan Honorary Treasurer will ensure that the deadlines are met for submission of audited accounts.

11. PURCHASE OF LAND FOR CHURCH PLANTING

The Honorary Auditor had queried that the re-allocation of fund from “purchase of land” to “Development Fund” amounting to RM6m had departed from the original purpose as disclosed in year 2009 account which was to purchase land in the interior. The Honorary Auditor mentioned that the purchase of properties for investment purposes rather than for church planting, in particular the Wisma D’Sulaman Shop (RM3.6m) and I-Peak Business Centre, Lahad Datu (RM961,919.03) did not fulfil the objective of “mission to the interior.”

Our reply:

- i) The use of the Development Funds was never intended solely for the purchase of land for the interior. We have allocated funds from this Development Funds for:
 - a) Rectory building in Beluran and St. Stephen Silabukan (including infrastructures and furnishing) – around \$300,000 per building.
 - b) House of Blessing - Telupid @ RM2 Million
 - c) We built a new church with Rectory – Tambilidon
 - d) We have also built several new churches in the Interior
- ii) The Development Funds is now more than just the original amount allocated. We have now topped up the Development Funds with funds from our assessments, rental and FD interest income. The SC in its 164th meeting in June 2011 approved that FD interests and rental income from diocesan properties be channelled into the Development Funds because the government grant received is not sufficient to cover some of the project costs in our churches. Furthermore, the rental income is from our properties and it would be better to use it for our churches rather than for operational costs.
- iii) There is therefore no restriction for the SC to use the Development Funds solely for the purchase of lands in the interior.

12. CASH BALANCE

The cash certificate is enclosed for your attention.

CONCLUSION

The SC wishes to thank you for your audit observation and the issues raised. Indeed the SC looks forward to each other's cooperation in the settling of the current audit management letter and of future diocesan accounts early and expediently. The SC will endeavour to clear any reservation within a reasonable time frame and will make the best efforts to answer your audit queries. We look forward to your visit soon to audit the above information and to confirm whether or not the accounts for 2010 and 2011 are in order.

With effect from this year, we shall endeavour to have the diocesan accounts ready for auditing on yearly basis after 31 March of each calendar year and to have it audited by 30 June.

Thank You.

Yours truly in Christ,
For and on behalf of the Standing Committee of The Diocese Of Sabah



PAUL LIEW
Hon. Secretary
Dated: 18 October 2012

Attachment
Appendix A
Appendix B

APPENDIX A

No	Your letter ref (Page)	Auditor's Query	Explanation	Our letter ref (Page)
1	P2.#4C	<p><u>Other Receivables accounts:</u></p> <p>MQ10 Renovation (Christ Church)</p> <p>RM11,141.53</p> <p>ASAA Renovation</p> <p>RM12,464.00</p> <p>Cafeteria Renovation</p> <p>RM103,302.26</p> <p>Cafeteria Equipment / Utensils</p> <p>RM20,963.05</p> <p>Consignment (Life Book Centre)</p> <p>RM1,080</p> <p>The Olive Tree</p> <p>RM22,239.55</p>	<p>Mission Quarter 10 represent the renovation costs incurred in 2006 on this house which Christ Church, Likas had agreed to take possession with the approval of the Bishop via letter dated 6th December 2007 under reference PAR/2a/02/AV.eh/8260 & PROP/9C/09. The renovation costs was treated as a loan to Christ Church which will be repaid over 4 years. The loan repayment had been made but was credited to Short-term Loan to Churches (Christ Church) account. This renovation loan balance will be transferred to Christ Church account as the loan had been fully paid in 2012.</p> <p>This is a computer grant given to ASAA out of the Project Fund in 2006 and will be transferred to the correct account. (PV00082/08 HSBC484932 refers)</p> <p>This account represented capital expenditure for Year 2006 - 2008 (Year 2006 @ RM40,735.90; Year 2007 @ RM5,876.16; Year 2008 @ RM56,690.20). This will be capitalized in 2012 as fixed assets.</p> <p>This account represented capital expenditure and cafeteria expenses from Year 2007 - 2009. (Year 2007 @ RM2,792; Year 2008 @ RM11,318.40; Year 2009 @ RM6,852.65). The 2007 & 2008 costs will be capitalized as fixed assets while the 2009 being operating costs will be expensed off in 2012.</p> <p>(This amount represented book costs on "Pastor's wife Handbook" which were placed on consignment but had now been distributed as gifts to the pastors' wives. This item will be expensed off in 2012.</p> <p>This is a separate cost centre for dealing with sacramental and sanctuary articles like priests' robes, candlesticks, Holy Communion wine, glass wares, wafers etc. The amount represented advances to purchase such stocks for sale to parishes etc</p>	

APPENDIX A

No	Your letter ref (Page)	Auditor's Query	Explanation	Our letter ref (Page)
	KK Land Sales RM236,500.00		This was an interest-free loan made to Christ The King, Kingfisher Park in 2005 for the purchase of shoplot for set up of the church. The loan was to be paid off in 10 equal instalments. Loan repayment were made and taken up in Short-term Loan to Churches (Christ the King) account and this account will be closed and transferred to the Short-term Loan to Churches.	
	Project Fund RM45,000		These amount were incorrectly posted here in 2006 and will be transferred to Government Grant account.	
	Other debtors RM40,350		This list is now being prepared and available for your auditor to check at our office.	
	Utilities Deposits RM15,081.63		<p>The total correct deposits updated should be RM22,500 and made up as follows:</p> <p>i) Electricity: RM18,400.00</p> <p>(1) Kokol Prayer Summit: RM1,800/=</p> <p>(2) Wisma Anglican: RM12,500/=</p> <p>(3) Pastor Apartment: RM2,500/=</p> <p>(4) Bishop House: RM1,600/=</p> <p>ii) Water: RM1,000.00</p> <p>(1) Wisma Anglican (A/c # 02704780270478) RM1,000/=</p> <p>iii) Telephone: RM3,100.00</p> <p>(1) Office telephone # 261422 @ RM400.00</p> <p>(2) Office telephone # 245846 @ RM800.00</p> <p>(3) Office telephone # 249296 @ RM400.00</p>	

APPENDIX A

No	Your letter ref (Page)	Auditor's Query	Explanation	Our letter ref (Page)
			<p>(4) Office telephone # 247008 @ RM400.00</p> <p>(5) Office bamba line # 257781 @ RM400.00</p> <p>(6) Bishop house telephone # 219129 @ RM100.00</p> <p>(7) Office telephone # 214923 @ RM600.00</p> <p>* Note: To be journal addition RM7,418.37 to Utilities deposit in year 2012.</p>	
		Kunak Shoplot RM181,956	This net amount represented the Diocese's contribution to purchase 2 lots (4 & 5) double-storey shophouses which were acquired at a cost of RM 250,000 per lot for the kunak church ministry out of which St Patrick's Church contributed RM320,000 in March 2009. The net amount will be taken up in the Development Fund account in 2012.	
		Sales of Penampang Shoplot (This Should Be Sale Of Putatan Shop - Ex Logos premises) RM41,000	Deposit received from Voo Kuet Leang (RT 13187) on 28 July 2009; refer BR#92/July 2009,	
	P2.#4d	Other payables & provision a/cs RM11,189.51	* Note: To be journal this amount in year 2012 into projects' fund	
	P3.#4e	Creditors RM149,233.53	The majority balances are provisions and accruals and will be reversed out as payments were made in the following year such as all the provision of epf, socso etc	
	P3.#4f	Short-term Loan - RM1.7 million Year 2011 (RM)	The detailed listings are available for your auditors to check at our office.	

APPENDIX A

No	Your letter ref (Page)	Auditor's Query	Explanation	Our letter ref (Page)
	Churches: Priests: Staff:	1,334,467 361,631 54,405	The listings are now prepared and be made available for your auditors.	

APPENDIX B

No	Your letter ref (Page)	Auditor's Query	Explanation	Our letter ref (Page)																																																																																												
1	Pg3.# 7	<p>Project Funds No details accounts for utilization for RM3,960,354 (2010) and RM6,704,484 (2011)</p>	<p>As you would notice from note 6 page 10 of the 2011 audited accounts, these are <u>not</u> Project Funds alone but it should be correctly described as SPECIFIC FUNDS. We give below a detailed list and breakdown of these accounts as you had erroneously stated that "there is no detailed accounts for utilization of the project funds..." These Specific Funds are listed from (A) to (G) and summarised as follows:</p> <table border="1" data-bbox="470 537 1404 862"> <thead> <tr> <th colspan="2" data-bbox="470 537 1101 571">(A) Mission fund</th> <th data-bbox="1101 537 1260 571">Year 2011</th> <th data-bbox="1260 537 1404 571">Year 2010</th> </tr> </thead> <tbody> <tr> <td data-bbox="470 582 494 616">1</td> <td data-bbox="494 582 1101 616">Rangsit (Thailand)</td> <td data-bbox="1101 582 1260 616">251,361.57</td> <td data-bbox="1260 582 1404 616">266,906.61</td> </tr> <tr> <td data-bbox="470 616 494 649">2</td> <td data-bbox="494 616 1101 649">Nunukan & Tarakan (Indonesia)</td> <td data-bbox="1101 616 1260 649">91,321.92</td> <td data-bbox="1260 616 1404 649">95,977.65</td> </tr> <tr> <td data-bbox="470 649 494 683">3</td> <td data-bbox="494 649 1101 683">KK, Mission districts (Sabah)</td> <td data-bbox="1101 649 1260 683">265,308.87</td> <td data-bbox="1260 649 1404 683">207,690.49</td> </tr> <tr> <td data-bbox="470 683 494 716">4</td> <td data-bbox="494 683 1101 716">FCC, PJ (West Malaysia)</td> <td data-bbox="1101 683 1260 716">13,785.62</td> <td data-bbox="1260 683 1404 716">75,037.12</td> </tr> <tr> <td data-bbox="470 716 494 750">5</td> <td data-bbox="494 716 1101 750">Miri (Sarawak)</td> <td data-bbox="1101 716 1260 750">-</td> <td data-bbox="1260 716 1404 750">4,977.00</td> </tr> <tr> <td data-bbox="470 750 494 784">6</td> <td data-bbox="494 750 1101 784">Overseas Ministry Works</td> <td data-bbox="1101 750 1260 784">299,755.44</td> <td data-bbox="1260 750 1404 784">141,519.36</td> </tr> <tr> <td colspan="2" data-bbox="470 784 1101 817" style="text-align: right;">TOTAL MISSION FUND EXPENDITURE (A): RM</td> <td data-bbox="1101 784 1260 817" style="border-top: 1px solid black;">921,533.42</td> <td data-bbox="1260 784 1404 817" style="border-top: 1px solid black;">792,108.23</td> </tr> </tbody> </table> <p data-bbox="470 862 1404 896">Note: The detail listing breakdown will be provided to you for your audit.</p>	(A) Mission fund		Year 2011	Year 2010	1	Rangsit (Thailand)	251,361.57	266,906.61	2	Nunukan & Tarakan (Indonesia)	91,321.92	95,977.65	3	KK, Mission districts (Sabah)	265,308.87	207,690.49	4	FCC, PJ (West Malaysia)	13,785.62	75,037.12	5	Miri (Sarawak)	-	4,977.00	6	Overseas Ministry Works	299,755.44	141,519.36	TOTAL MISSION FUND EXPENDITURE (A): RM		921,533.42	792,108.23																																																													
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7			Grant to support New Ministry - Telipok Church	- 5,000.00
8			Grant to support New Academy - Faith Anglican Academy, PJ	- 100,000.00
9			Grant to Church of Holy Saviour, Labuan - New Hall	- 30,000.00
			* Standing Committee # 162 (7-8 Nov 2010)	
10			Grant - Valley of Blessings (Upgrade Accomodation)	- 30,000.00
11			Grant - Membakut Church drive way (thru St Paul Beaufort)	40,000.00 -
12			Grant - Faith Christian Centre ,PJ (front porch/entrance)	80,000.00 -
			* Standing Committee # 163 (20-21 Mar 2011)	
13			Grant - St Andrew's Tuaran (Front Porch & renovation)	10,000.00 -
14			Grant - Dongondo New Church (thru Epiphany Mission)	60,000.00 -
15			Fund Trsf fr Development F to Hse of Celebration	2,000,000.00 -
			* Approval by SC # 166 (13 - 14 Nov 2011)	
16			Fund Trsf fr Development F to Hse of Blessing	2,000,000.00 -
			* Approval by SC # 166 (13 - 14 Nov 2011)	
17			Gift to Tambilidon Church - Communion Table	- 1,800.00
			TOTAL DEVELOPMENT FUND EXPENDITURES (B): RM	4,881,526.76 2,240,316.75
			(C) Scholarship Fund	Year 2011 Year 2010
			1 Samuel Vun (Bishop Vun's Eldest Son)	12,005.00 10,275.00
			2 Irene Kong (Rev Jeffery Kong's daughter)	14,387.00 15,000.00
			3 Jonathan Leong (Rev Victor Leong's Son)	13,730.00 11,360.00
			4 Sarah Vun (Bishop Vun's daughter)	15,000.00 15,000.00
			5 Samuel Lo Qi Feng (Rev Philip Lo's Eldest son)	4,200.00 6,360.00
			6 David Lo (Rev Philip Lo's 2nd son)	5,953.00
			TOTAL SCHOLARSHIP FUND EXPENDITURES (C): RM	65,275.00 57,995.00
			(D) Welfare Fund	Year 2011 Year 2010
1			Salaries & Allowances	61,915.80 94,035.50
2			Grant / Sponsor:	
			* St Michael - Literacy Centre (Sugundon)	36,000.00 36,000.00
			* Prison Fellowship Malaysia (Sabah)	20,000.00 -
			* Scholarship Grant	3,500.00 -
			* Flood relief - Tongud	- 14,300.00
			* Flood relief - Rangsit, Bangkok	20,090.00 -
			* Japan Earthquake & Tsunami Relief fund, US5k	15,316.50 -
			* New Zealand Earthquake & Tsunami Relief fund, US5k	15,316.50 -
3			Medical Camp Expenses	
			* Nangoh Medical camp	- 3,819.40
			* Kg Inarad Medical camp	1,850.50 -
			* Medical Camp Nangoh (Nov 2011)	10,917.60 -
			* Medicines	12,252.50 -
			* Walking sticks	- 1,250.00

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			* Bibles	12,031.20	-
			* Sundries	595.68	-
4			Committees' travel claims - board meeting	2,883.50	578.00
5			Welfare fund envelopes printing	1,944.60	1,787.50
6			Support for medical fees		
			* Anilissa thru Sabah Agape Councelling Association	436.00	-
			* Flora Bamasang (Epiphany Mission Tongud)	2,400.00	-
			* Patient medical fees	-	459.10
7			Scholarship Loan - Mina Chin Mui Lan	1,500.00	-
8			Wreath	300.00	-
			TOTAL WELFARE FUND EXPENDITURES (D): RM	219,250.38	152,229.50
			(E) Education Fund	Year 2011	Year 2010
1			BSI - Contribution (Granite signage,booklet,....)	-	10,470.00
2			Education board meeting / visit exps	12,709.50	44,509.71
3			Allowances	26,400.00	29,026.00
4			Sundries	172.50	266.00
5			Grant - Faith Anglican Academy, PJ:		
			a] 2nd hand Vehicles	-	70,500.00
			b] rental deposit & agreement	-	28,964.00
			c] Grant for Renovation & others	100,000.00	200,000.00
6			Gift / Honorarium	-	3,000.00
7			All Saints' School Private Fund	-	10,000.00
8			ACE Training	3,446.00	-
9			Cash in hand - Ren Min Bi (Office kept by Cynthia Kong)	30,019.00	-
10			Contra - Cheque unrepresented & replaced (Yr. 2010 a/c)	6,202.95	-
			TOTAL EDUCATION FUND EXPENDITURES (E): RM	178,949.95	396,735.71
			(F) Theological Fund	Year 2011	Year 2010
1			Theological Students' allowances & expenses	99,097.90	127,361.20
2			Salaries / Allowances (included EPF & SOCSO)	34,580.00	-
3			Students' College fees	77,908.00	90,486.00
4			SOMM Expenses: enrollment fees, meals,...	54,577.75	-
5			Grant - Trinity College Bristol Ltd Ministry Works in UK	24,938.00	-
6			Grant - Ps Judy Berinai tuition fees in UK	4,993.40	-
7			Annual membership fees - Sabah Theological Seminari	-	6,000.00
8			Vocation Camp / Interview expenses	1,042.00	2,718.50
9			Rev Lin Khee Vun - UK studies & other expenses	4,418.00	59,337.31
10			Subsidy to attend conference / training	73,556.50	944.90
11			Subsidy to ELDP Training	24,691.48	-
12			Video Camera & others	29,511.00	-
13			Billy Graham Christian Works handbooks	4,168.70	-
14			Printing - Vocation Sunday Envelopes	2,629.60	2,400.00

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			15 Alpha Training Expenses	343.00	
			TOTAL THEOLOGICAL FUND EXPENDITURES (F) : RM	436,455.33	
				289,247.91	
			(G) Medical Fund	Year 2011	Year 2010
			1 Medical fees	1,494.00	31,721.00
			TOTAL MEDICAL FUND EXPENDITURES (G) : RM	1,494.00	31,721.00
			GRAND TOTAL EXPENDITURE (A) to (G):	6,704,484.84	3,960,354.10