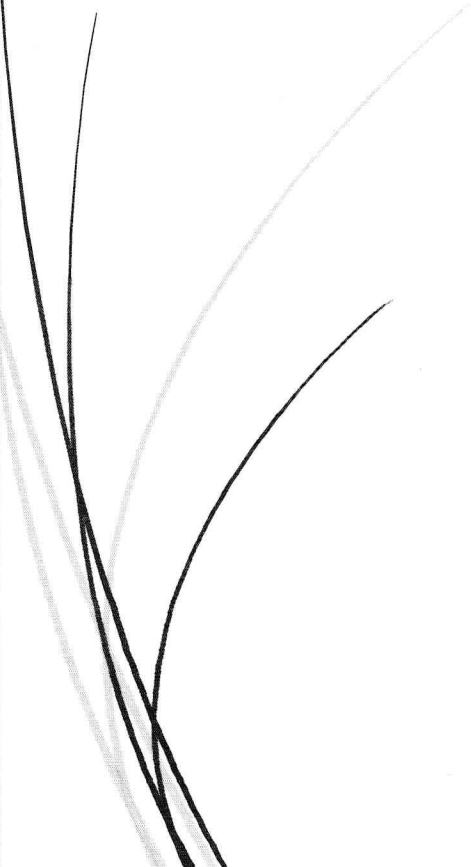




Mai 2019

AUDIT REPORT

Reconstruction of Koimisis Tis Theotokou Greek Orthodox Church



Hellenic Community of Greater Montréal
(HCGM)

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INTRODUCTION

On February 17th, 2019 during a Community General Assembly, we the undersigned, elected officials were mandated to proceed with the Audit concerning the finances of the Hellenic Community of Greater Montreal.

The objective of the audit was to provide reasonable assurance that the Board of Directors management control of the community assets is adequate. The key components examined during this audit included: processes in place to ensure compliance with key requirements outlined in internal by-laws and policies of the Organization, total cost of work performed for the reconstruction of the Church, means and procedures taken to ensure the completion of the work and the adequate administration of the funds.

The results of the audit distinguished certain weaknesses. We have identified the causes and reasons that require immediate management attention. Improvements are required to address these risk exposures and we have made the necessary recommendations in this report.

We discovered that the Organization lacks clarity of roles and responsibilities, is subject to an inadequate documentation processes and requires a more conscientious, prudent and diligent administration of public funds. These flaws warrant timely consideration.

Unfortunately, due to unforeseen delay tactics and time restrains, our committee was only able to examine the file pertaining to the reconstruction of the Koimosis tis Thoetokou, Greek Orthodox Church. We hoped to look over several files but due to time restraints this was impossible.

In addition, the findings described in this report, are the results of our Audit and are based on the documents provided to us for examination. We are uncertain, that we have examined the entire file, as it was impossible to have all documents provided to us at once.

In conclusion, be advised, that many files remain unexamined that require immediate attention. These files must be verified in depth by the future Audit Committee that will be elected on June 9th 2019.

Main Findings

1- Examination of Minutes of General Assembly on file:

Having examined the minutes of meeting from the General Assembly held on June 17th 2015 we have discovered the following discrepancies:

- Minutes of General Assembly dated June 17th 2015, were not signed by President and Treasurer of the meeting. It is mandatory that minutes be signed prior to being submitted as to their integrity.
- Minutes of Meeting were written in the Greek language. All minutes of meeting must be drafted in one of the two official languages of the Province: French or English.
- The Agenda provided for the General Assembly, states "Reconstruction of Panagitsa Church" as a topic. This IMPLIES that the decision to rebuild the church has been granted. However, NO OFFICIAL MOTION OR PROPOSAL was ever put to vote for the members.

WE RECOMMEND:

- That all Minutes of Meetings be signed.
- That all Minutes of Meetings be drafted in either French or English.
- that the Topics on the Agenda be stated clearly and avoid **presuppositions** and **assumptions**
- That the topic "Approval of the Agenda by the Members" be an integral part of every Agenda at a General Assembly.

2- Examination of Decisions of the General Assembly:

- As per the minutes available for review, it seems the members casted a vote for the demolition and cleaning of the site and this for an amount of \$190 000. **267 members unanimously** voted and agreed to the above amount and work.
- No proposal or motion was ever voted by the members, as to proceed with the reconstruction of the church. This was "**implied**" in the Agenda by the Board of Directors by using the following wording for the topic: Reconstruction of Panagitsa church.

- It is mentioned in said minutes, that the insurance company has granted the following amounts:

1) \$ 1 060 682.49 for the contents of the immovable (church)

2) \$ 1 834 286.36 for the reconstruction of the church

3) \$ 627 505.67 other costs and loses (salaries, funds etc...)

TOTAL INSURANCE PAYOUT AMOUNT: \$3 222 036.50

- It is equally stated, that the insurance has notified the HCGM that in the event the members decide **not to move forward with the reconstruction** of the Church, that an inclusive amount will be paid to the HCGM for their loss. Said amount will be inferior to the total payout amount listed above.
- This option was briefly presented to the members during the General Assembly. Based on the minutes available for review, we determined that the Board of Directors neglected to look at this option in depth and provide clear and detailed information to its members about this option.
- ***Very IMPORTANT to note, that during the General Assembly of June 17th 2019, no vote or decision was undertaken by the members as per the cost allocated to the Board of Directors to rebuild the church or that the members agree to the reconstruction of the church.***

WE RECOMMEND:

- That all decisions be put to vote for the members.
- That all possible scenarios, including the possibility of a lump sum payment by the insurance be explained to the members and examined in depth as a possible alternative.
- That the Board of Directors put to vote every scenario, and allow the members to decide.
- That every future expense of over 100 000\$ be presented to the members and put to vote and this as per our internal by-laws. **This WAS NOT RESPECTED.**

3- Examination of Tender Procedure for GENERAL CONTRACTOR:

- Five General Contracting companies showed interest in the bidding process
- Four companies placed a bid for the reconstruction were the following with stated bid amounts:
 - J.L. Priest (3 365 000\$),
 - Construction Triveca (3 320 000\$),

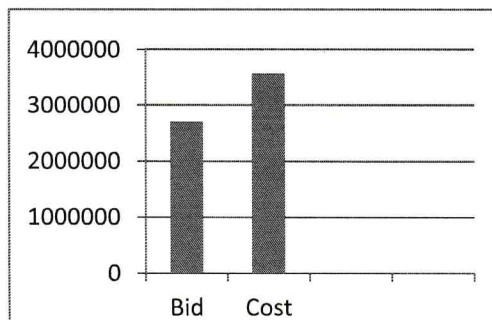
- Rassco Construction (2 950 000\$)
- Ecodomus Construction (2 797 385.30\$)

- The bids per company were available for review in file.
- **An Excel Sheet** was prepared by the secretary of Technical **Committee** of the HCGM as to facilitate the presentation of the bids and pricing to the Technical Committee Members.
- We noticed that Ecodomus Construction Inc. was the **least expensive proposal**. However, his bid was the **less detailed and lacked specifications** as per the work to be performed, and this, based on the **Excel sheet presented to the Technical Committee** for review and examination.
- We also noted, that the **Tender Procedure** was advertised in the Greek Newspaper BHMA as well as the HCGM website. There is no documentation in file, proving that the TENDER request was published in all **popular local newspapers such as: Montreal Gazette, Journal de Montreal, Le Devoir etc...** Nor any proof of advertising on radio.
- Following examinations of PAID invoices and UNPAID invoices we determined that the overall cost and payment to Ecodomus Construction Inc amounted as follows :

Paid Invoices:	\$ 3 270 143.12\$
Outstanding invoices:	\$ 481 217
Prepayments made towards balance:	(\$ 175 000)
Credits:	(\$ 11 251.84\$)
Unpaid:	\$ 294 965.60 as per May 15th 2019
End Cost:	\$ 3 565 108.00

AMOUNT STILL OWING TO Ecodomus Construction Inc: \$294 965.60

- Based on the bid amount originally submitted at **\$ 2 797 385.30** versus the end costs of **\$ 3 565 108.00** we calculated an over cost of **\$767 722. 70** .



WE RECOMMEND:

- That the Board of Directors establish a policy and strict procedure for future tenders.
- That all Tenders be advertised in all popular local newspapers, including French and English urban newspapers, for maximum exposure and bids and proof be documented.
- That all Proposals are subject to the same detailed specifications and that no information is altered by being placed on Excel sheets.
- That all TENDER requests be advertised and announced on radio.
That the Board of Directors avoid conflict of interest situations as per example: bids from previous HCGM Presidents and current Hellenic Congress President.
- That all bids be detailed as per the work to be performed and amount allocated per item and element.
- All undetailed and wide-ranging bids must be disqualified, as they are subject to possible conflict and additional costs. This due to the lack of specifications.
- That the Tender process and advertising be better documented with available proof.

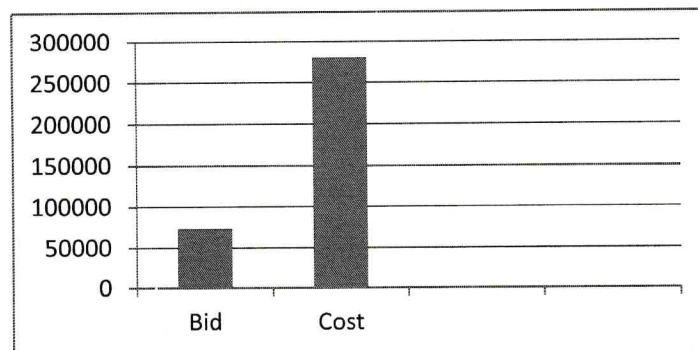
4- Examination of Tender Procedure for ARCHITECTS:

- Five Architectural Firms displayed interest for the project.
- Four Architectural Firms submitted BIDS:
 - 1) Jean Couatte (\$ 120 000)
 - 2) Rucciole and Faubert (\$ 120 000)
 - 3) FGMD Nifakos (\$73 000)
 - 4) Erika Zaphiratos (\$96 000)
 - 5) Tsontakis Architects (No bid Submitted)
- The Technical Committee retained the services of: FGMD (EVOQ) architects in the amount of (\$ 73 000), representing the **lowest bid**.
- We noticed that no documentation was available in file in regards to the advertising and public announcement of the Tender process.
- **We discovered that no official contract** was available for review. The previous was confirmed by Mrs. Sarridis who told us, that the President signed Bid Proposals instead of contracts and to her knowledge this constitutes a contractual agreement. No contract was available for review.

- Following examinations of PAID invoices and UNPAID invoices we determined that the overall cost and payment to EVOQ (FGMD Nifakos) architectural firm amounted to:

Invoices:	\$ 327 238.15
Outstanding invoices:	\$ 109 599.06
Unpaid:	\$ 109 599.06 as per May 15th 2019

- Based on the bid amount originally submitted at **\$73 000** versus the total costs of **\$327 238.15** we calculated an over cost of \$254 238.00 **which represents approximately 400% over cost from initial proposal.**



WE RECOMMEND:

- That the Board of Directors establish a policy and strict procedure for future tenders.
- That all Tenders be advertised in all popular local newspapers, including French and English urban newspapers, for maximum exposure and bids and proof be documented.
- That all Proposals be subject to the same detailed specifications as to avoid additional costs.
- That all TENDER requests be advertised and announced on radio.
- That all bids be detailed as per the work to be performed with individual amounts be allocated per item and element.
- That the Tender process and advertising be better documented and with available proof.
- That a VALID and good eduforme contract be signed with every contractual party.

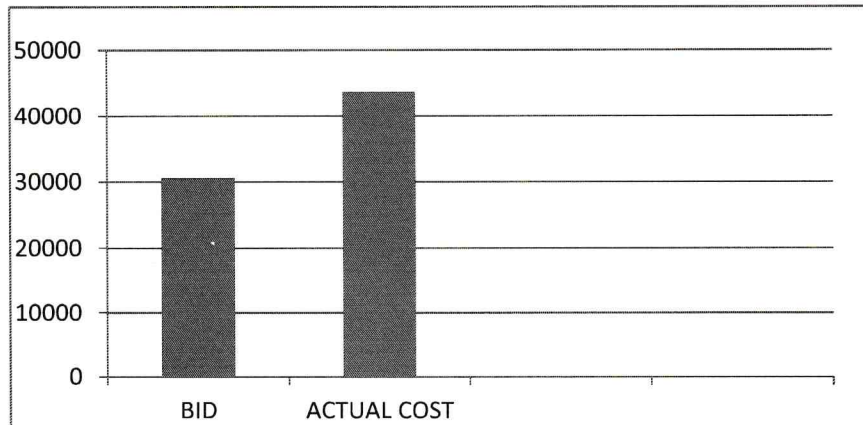
Note: We suggest for future projects, that the Architectural Firm be given a clear and detailed mandate, as well as the allocated budget for the project. The Architectural Plans and Structural Engineer Plans are the foundation of the project and concerned parties should have an accurate idea of the budget allocated for the project. No “carte blanche”.

5- Examination of Tender Procedure for Mechanical, Electrical and Plumbing:

- Four firms showed interest in the Bid Process
- The following firms presented a service proposal:
 - 1) Groupe Farley Inc. (\$33 000)
 - 2) Groupe Conseil Berman (\$43 600)
 - 3) Petropoulos, Boumis (\$30 500)
 - 4) Dallaire Consultants (\$ 41 100)
- The Technical Committee retained the services of Petropoulos, Boumis which was the lowest bid.
- We noticed that no documentation was available in file in regards to the advertising and public announcement of the Tender process.
- We discovered that no official contract was available for review. We were told by Mrs. Sarridis, that the President signed Bid Proposals instead of contracts and to her knowledge this constitutes a contractual agreement. No contract was available for review.
- Following examinations of PAID invoices and UNPAID invoices we determined that the overall cost and payment to EVOQ (FGMD Nifakos) architectural firm amounted to:

Invoices:	\$ 43 690.50
Outstanding invoices:	\$ 0
Final Cost:	\$ 43 690.50

- Based on the bid amount originally submitted at \$30 500 versus the total costs of \$43 690.50 we calculated an over cost of \$13 690 **which represents approximately an over cost of 45% from initial proposal.**



WE RECOMMEND:

- That the Board of Directors establish a policy and strict procedure for future tenders.
- That all Tenders be advertised in all popular local newspapers, including French and English urban newspapers, for maximum exposure and bids.
- That all Proposals be subject to the same detailed specifications.
- That all TENDER requests be advertised and announced on radio.
- That all bids be detailed as per the work to be performed and amount allocated per item and element.
- That the Tender process and advertising be better documented and with available proof.
- That a VALID and good eduforme contract be signed with every contractual party.

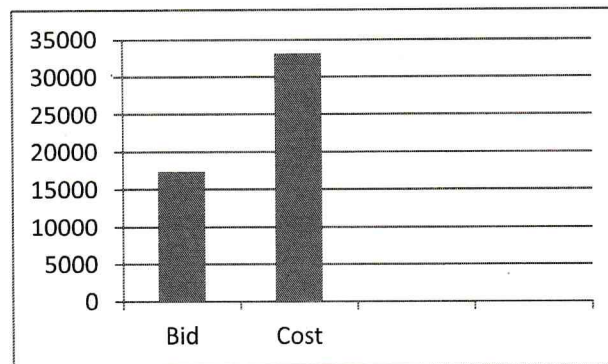
6- Examination of Tender Procedure for Structural Engineer:

- Five Engineering Firms displayed interest for the project.
- Four Architectural Firms submitted BIDS:
 - 1) Boulva, Verganelakis (\$ 17 350)
 - 2) Ingenieur Batiment (\$34 880)
 - 3) Roberto Fillipi (\$17 950)
 - 4) BCA Consultants (\$28 500)
 - 5) John Vathis (DONATION)
- The Technical Committee retained the services of : Boulva,Verganelakis in the amount of (\$ 17 350), representing the lowest bid.

- No explanation was ever produced, regarding the reasons the B.O.D. and Technical Committee did not retain the services of John Vathis and this at no cost. No documentation available in file.
- We noticed that no documentation was available in file in regards to the advertising and public announcement of the Tender process.
- We discovered that no official contract was available for review. We were told by Mrs. Sarridis, that the President signed Bid Proposals instead of contracts and to her knowledge this constitutes a contractual agreement. No contract was available for review.
- Following examinations of PAID invoices we determined that the overall cost and payment to Boulva, Verganelakis engineering firm amounted to :

Invoices:	\$ 33 687.68
Outstanding invoices:	\$ 0
Total Cost:	\$ 33 687.68

- Based on the bid amount originally submitted at \$17 350 versus the total costs of \$33 687.68 we calculated an over cost of \$ 16 337.68 **which represents approximately 200% over cost from initial proposal.**



WE RECOMMEND:

- That the Board of Directors establish a policy and strict procedure for future tenders.
- That all Tenders be advertised in all popular local newspapers, including French and English urban newspapers, for maximum exposure and bids.
- That all Proposals be subject to the same detailed specifications.
- That all TENDER requests be advertised and announced on radio.
- That all bids be detailed as per the work to be performed and amount allocated per item and element.

- That the Tender process and advertising be better documented and with available proof.
- That a VALID and in good eduforme contract be signed with every contractual party.
- That when refusing a “donation” from a member of the HCGM, that a detailed explanation be available in file.

7- Technical Advisory Committee:

- The technical committee met and discussed the bids submitted. They decided, that since all bids are above the amount granted by the insurance policy, that a "verbal" negotiation shall be undertaken with the lowest bidder in this case Ecodomus Construction; prior to signing a final contract with this company. It is understood, that the purpose of said negotiation had the objective of getting discounts in order for the quote to meet the insurance premium amount.
- No other meeting was held by the technical committee of the HCGM as per minutes available for review during the Auditing Process.
- The technical committee reviewed and examined all bids submitted and opted on accepting the lowest bids.
- The technical committee overlooked that the Ecodomus Construction proposal was the least detailed, allowing the contractor to negotiate and impose additional costs.
- The technical committee avoided to object against the decision of the Board of Directors to put an end to the services of John Vathis, Engineer, whom had offered his services for free.
- Based on documentation available in file, the Technical Committee’s main objective and responsibility was to advise and recommend their opinion for the selection of the bids.

WE RECOMMEND:

- That the Technical Committee be given the proper tools and information required to make an educated decision. In addition, they were given limited power and no oversight rights to the project.
- That the Technical Committee be consulted on every aspect and step of the reconstruction process.
- That the Technical Committee be given clear and specific instructions as per their role and responsibility.

- That the Technical Committee be granted the power to present all future projects at General Assemblies on behalf of the Board of Directors.
- That the Technical Committee be a resource person for all future projects of the HCGM immovable parc.
- That the Technical Committee be responsible for site supervision of all future projects and have decisional powers.

8- Auditing Committee:

- The Auditing Process took place at the offices of the Hellenic Community Of Greater Montreal
- The Auditors present were the following individuals:
 - 1 – Vicky Kompogiannis
 - 2- George Plessas
 - 3- Antonios (Tony) Papayiannakis
 - 4- John Vathis
 - 5- Dimitris Alexopoulos
 - 6- John Vlachos (**was absent and did not attend the Audit Process**)
- We were given **restricted** access to files and documents. All requests had to be submitted to the Accounting Control via email.
- The entire file was never submitted to us at once. Probably in fear that we would remove, alter or copy documents.
- The collaboration of Andre Abella, Accounting Control was satisfactory, even though the process of obtaining documents was very difficult at times.
- We collaborated also with Mr. Apostolis, employee of the accounting department. Said individual displayed professionalism and great initiative to assist us.
- The Audit and its findings are the result of the documentation available to us.
- We had requested to meet with the Board of Directors on an individual basis to have some details and inquiries answered. Unfortunately they REFUSED to meet with us.

9- General Observations:

In summary we would like to state again the following main points:

- Based on our findings, **NO OFFICIAL DECISION OR VOTE** was ever taken by the Members in regards to the reconstruction of the Church or budget Allocated. No such documentation is available.
- There have been several disbursements / expenditures of over **\$100 000** without the consent and vote of the members
- The present Board of Directors omitted to respect the internal bylaws of the organization, confirming an abuse of power
- The subject file, was **poorly documented** and we have reasons to believe that we were not given all documents and access to information
- **The Tender process and policies in effect are very doubtful and lack transparency**
- The Technical Committee omitted to oppose the inadequate decisions and careless spending of the Board of Directors
- The Board of Directors have exercised a high level of secrecy and has kept the members uninformed of the costs and options available to them
- The Board of Directors have taken agreements that make them vulnerable to a conflict of interest : "Ecodomus Construction"
- It is obvious, that the Board of Directors in force, did not have the necessary experience and knowledge to undertake such an endeavour
- A soil test report was available in file for our perusal however; there was no report or expert opinion in regards to the foundation walls.
- Originally the project was supposed to be built on the existing foundation, but during the course of the project this changed, and foundations were removed. No clear explanation or report available.
- The Architectural Firm should have been notified of the allocated amount for the reconstruction and make plans according to said amount; instead of being given "Carte Blanche"
- The Services offered by John Vathis, Engineer on a volunteer basis and as a donation should not have been rejected.

CONCLUSION

Following our mandate and this as requested by the members, We, the Auditing Committee took all necessary measures to perform a fair, objective and impartial Audit concerning the Reconstruction Project of Koimoisis tis Theotoukou (Panagitsa Church).

According to our findings, the total cost, not including the amounts spent for the interior content and decoration of the church, amount to:

Ecodomus Construction:	\$ 3 565 108.00
FGMD (EVOQ) Architects:	\$ 279 426.25
Boulva, Verganelakis, eng.	\$ 33 687.68
Mechanical, electrical, Plumbing:	\$43 690.50
<u>TOTAL COST (Exterior):</u>	<u>\$ 3 921 912.43</u>

Based on the allocated amount of the Insurance Company of \$ 1 834 286.36 (strictly for reconstruction) , the OVERCOST for this project amounts to \$ 2 087 626.07, almost double the amount foreseen by the insurance adjusters. If we apply the insurance amount allocated for loss of wages, services etc... In the amount of \$627 505.67 the total OVERCOST of, this project is still \$1 460 120.40.

Consequently, if we add the amount allocated for the content of the church in the amount of \$ 1 060 682.49 to the TOTAL COST OF RECONSTRUCTION: 3 921 912.43 this project amounted to \$4 982 594.43. TOTAL OVER COST OF PROJECT: \$ 1 760 557.93

Our findings are EXTREMELY WORRISOME and the matter requires serious consideration. Especially since there is additional amounts that have been collected but not documented such as sale of church items, sale of religious offerings ...etc In addition, the Board of Directors have declared publicly that we expect returns and rebates from the application of refund of GST and QST taxes. No supportive documentation available for this matter.

The details mentioned in the report, confirm that there was a flagrant mismanagement of funds and a complete oversight as per the cost. This, we believe, is mainly due, to a lack of experience and knowledge of the current Board of Directors to undertake such a project.

In addition, we have concluded that there was obvious carelessness and negligence on the part of the Board of Directors. Not all necessary procedures and policies were respected resulting to a disrespect of the internal bylaws that govern our organization.

More specifically, they have omitted to obtain and document, consent of the members to move forward with the reconstruction project. Payments amounting to over \$100 000 have been granted without the authorization or vote at a General Assembly. They have omitted to comply with the basic internal bylaws.

This is proof of the excessive abuse of power and atrocious disregard for the members of the organization. Their actions have resulted to creating an additional debt for the Hellenic Community of Greater Montreal, estimated at over **\$ 1.5 million dollars.**

All files must be well documented and comprised of all necessary proof, as to avoid creating doubts and promoting transparency.

Additionally, acting in good faith, we requested to interview the members of the Executive Board, to have our interrogations and questions answered. They refused our invitation to meet, alleging that it is beyond our authority/mandate and comparing our request to a "Hollywood Movie Police Interrogation".

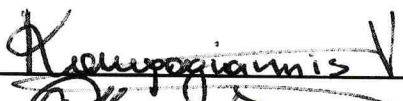



Overall, we noted a systematic sloppiness and a lack of structure in this file. The preceding supports our theory, that the current Board of Directors has inadequate experience, lack of knowhow and poor management control. It is evident, that careless, irresponsible spending and misuse of funds are the major contributing factors to our increased debt. To which, there is \$ 404 564.66 still owing.

It seems that the current Board of Directors have forgotten their duties and obligations imposed by law:

The duties imposed by law require that a director must act

- **personally (no substitutes);**
- **within the limits of the powers conferred on him;**
- **in compliance with the law, the constituting act and the by-laws;**
- **with prudence and diligence;**
- **with honesty and loyalty, in the interest of the legal person;**

In conclusion, we, the Audit Committee, request that an Urgent Community Meeting be convened, prior to the foreseen elections, with the sole purpose of presenting this report and our findings. We also believe that the Board of Directors shall be held personally accountable for their decisions, as outlined in Part III of the Companies Act, under the Civil Code of Quebec for Non-Profit Organizations. We strongly recommend, due to the complexity of the matter, that a forensic investigation be performed for all remaining files of the organization.

	Vicky Kompogiannis – President
	George Plessas – Secretary
	Tony Papagiannakis – Member
	John Vathis – Member

N.B: Mr. D. Alexopoulos and J. Vlachos , Audit Committee Members have REFUSED to sign the report . Mr. J. Vlachos did not participate as he was on a prescheduled vacation. Mr. Alexopoulos stated that he did not feel comfortable to sign the report but did not validate his reasoning.