

OCA Organizational Task Force

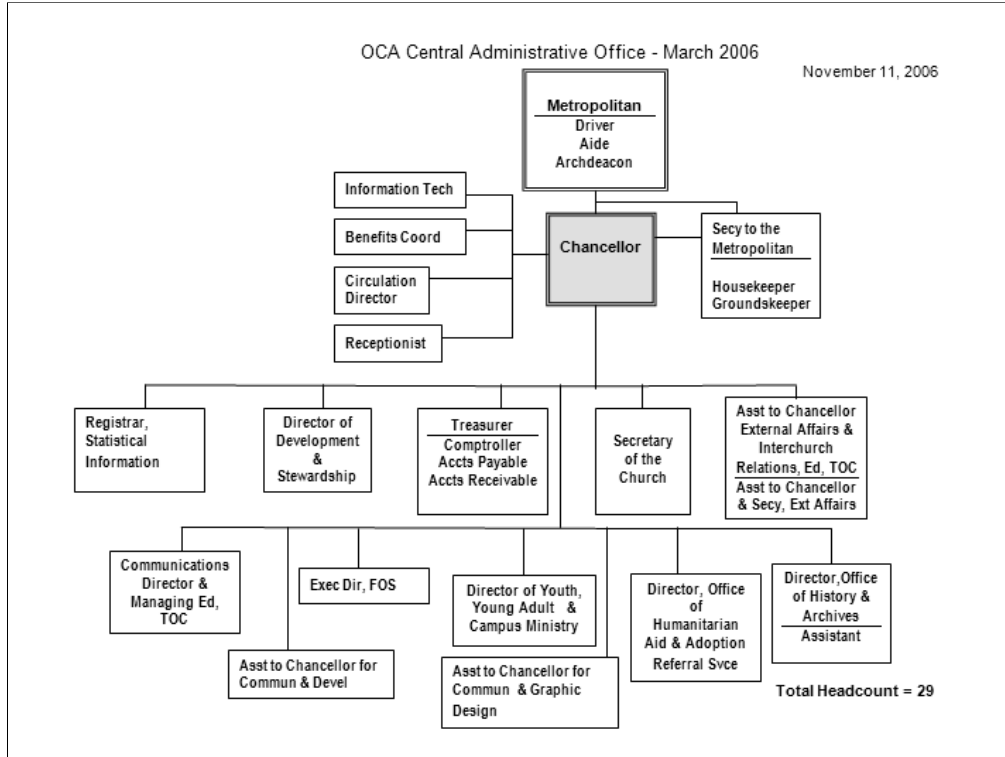
October 16, 2007

Robert Kornafel, Chairman
Deacon John Zarras
Peter Bohlender
Marty Brown
Al Wetmore
Carol Wetmore
Advisors: Archpriest Paul Kucynda,
Protodeacon Peter Danilchick

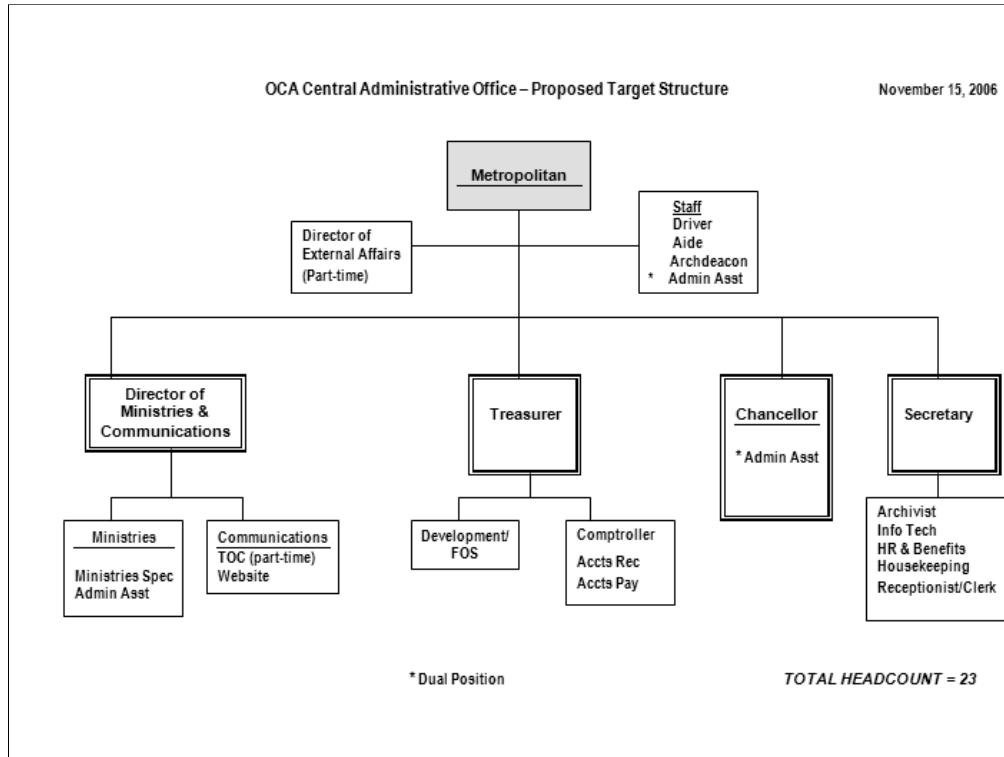


The OCA Organizational Task Force consists of 5 volunteers. Three are Metropolitan Council members: Bob Kornafel, Dn. John Zarras, and Peter Bohlender, plus 2 other volunteer members, Al and Carol Wetmore and Marty Brown. The Task Force has specific expertise in management, human and employee relations, benefits programs, and organizational analysis. They receive input and advice from Fr. Paul Kucynda and Protodeacon Peter Danilchick.

The Task Force began work in September 2006, under a charter from His Beatitude to study the structure of the Chancery and recommend ways to improve efficiency and reduce operational expenses.



This is the organizational structure the Task Force found in place in the Chancery when they started their study. All positions reported through the Chancellor and then to the Metropolitan. Responsibilities were fragmented, overlapping and unclear; checks and balances did not exist.



This is the structure the Task Force recommended in December 2006. The Metropolitan Council and the Holy Synod approved it. The vision is four co-equal and cooperating management positions (“servant leaders”) reporting to the Metropolitan, with clearly delineated responsibilities and staff.

The Chancellor is the Metropolitan’s assistant for all clergy and liturgical matters, including clergy development, ordination, assignment, and support, as well as matters pertaining to the liturgical practices of the Church.

The Secretary is the Church’s Administrative Officer, in charge of the Chancery property, its human resources, and its business practices, and records. The Secretary is the Church’s conference manager and is responsible to coordinate legal matters.

The Treasurer is, quite simply, the Church’s money person, responsible both for fund-raising and for managing the Church’s funds in accordance with Best Practices.

The Director of Ministries and Communications is the Church’s Communications Director and also manager of the work that is accomplished through Departments and Ministries.

Task Force Charter

- **Phase I** – Study the Organization and Recommend Optimum Structure

IMPLEMENTATION

- **Phase II** – Manager Recruitment and Selection
- **Phase III** – Staff Job Descriptions
- **Phase IV** – Mission Statements, HR Policies, HR Handbook



In November 2006, the Metropolitan Council passed a motion that the Task Force continue for 2 years. Since then, they have operated under a second Charter from His Beatitude. It directs the Task Force to implement the structure approved by the Metropolitan Council and Holy Synod in 2006.

That work has fallen into these four phases. Phase I is complete and with the appointment of a Treasurer Phase II will also be complete. Phase III is nearly complete, and Phase IV is in process.

Task Force Activities Mar-Oct

- Support During Transition of New Managers
- Carry Out MC Direction re Treasurer Recruitment
- HR Policies Manual



Since the last Task Force briefing to the Metropolitan Council in June, 2007, the new Chancellor and Director of Ministries and Communications have begun their employment at the Chancery. The Secretary is awaiting processing of his R-1 visa extension application but has relocated to the Long Island area. The Task Force's work has for the most part been involved in supporting that transition and in recruiting for a full-time Treasurer with accounting skills, as the Council directed in June. They have also been working to put together a draft set of Human Resource policies.

Transition Activities

- **Meetings to Assist with Transition**
 - Performance goals created and approved by His Beatitude
 - Some dynamics from new administrative vision
 - Current Staffing is Bare-Bones



Task Force members have taken part individually and collectively in numerous informal exchanges as well as in formal meetings with the Chancellor, Director of Ministries and Communications, as well as with the Secretary-designee, as they learn their new roles. Each of the new managers has developed 45- and 90-day work goals and His Beatitude has approved them.

The transition has been complicated in a number of ways. The new managers had to deal with all the issues that face anyone new to a job. In this case, we have an entirely new management team learning their jobs. They are working in the absence of written administrative procedures and in a very difficult time for the Church as a whole. Inevitably, some areas of question have arisen. With the help and support of His Beatitude and the Task Force, the new team is working through its questions and issues to make the new vision of 4 co-equal and cooperative servant-leaders a reality.

During recruitment, the Church's new managers saw the approved organization chart with 23 positions. They expected to have a reasonable support staff. Today the Chancery has only 16 employees, 5 of them part-time. In short, we have hired the leaders but have not given them the support we planned to give them. As subordinate staff has retired or resigned, we have not been able to recruit, for financial reasons. The new managers are doing their best, as are the dedicated and hard-working staff that supports them, but we need to give them more help.

Financial Transition Issues

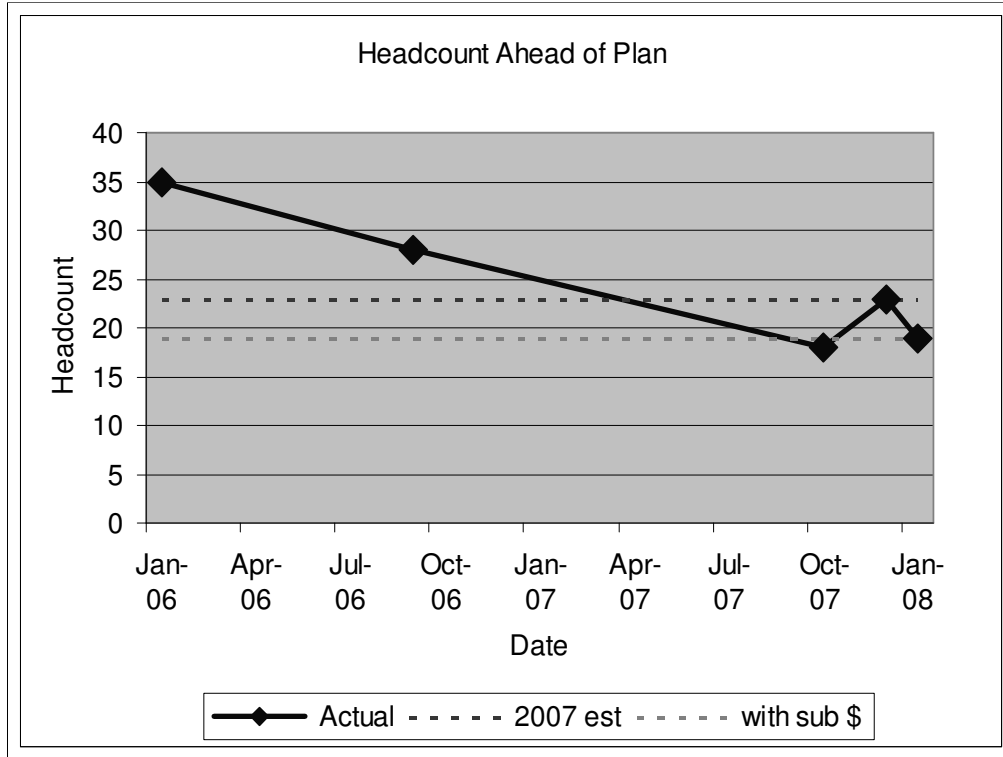
- Completion of 2006 Audit
- Use of Financial Software
- Need for Temporary Accounting Support
- Endowments, Investments and Trusts
- 2nd Quarter Financial Report
- Future Reporting Policies



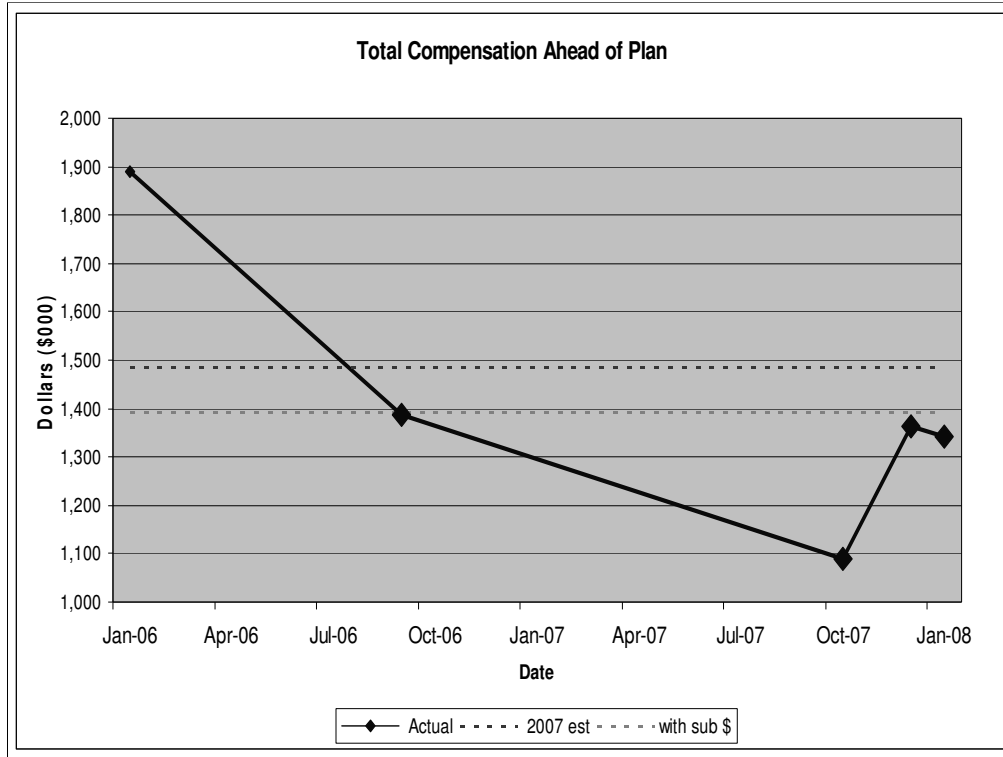
The Transition Officer, Deacon John Zarras, has assisted in the important financial processes that are essential to the reorganization. Since June, the 2006 audit was completed by Lambrides, Lamos, and Moulthrop, LLP.

The Blackbaud financial software is in full use for recording income and expenditure. In the absence of a Comptroller and as we await the hiring of a Treasurer with accounting skills, a temporary accounting firm has been providing assistance and advice.

Endowments and trusts are being managed in a consolidated way through a financial manager at Wachovia. A 2nd quarter financial report, using the Blackbaud software has been issued, and planning is underway for clear policies on future financial reporting – frequency, content, and distribution.



This chart illustrates staffing of the Chancery versus the reorganization target (the red line) as well as the target adjusted for subsequent decisions to outsource some work (the green line). Staffing has reduced from a high of 35 in January 2006 to a current count of 18 (16 at the Chancery in New York or reporting to a Chancery position). Work that has been more economically contracted out includes website maintenance, accounting, and grounds maintenance. Staffing is below target.



Total Chancery compensation (salary and benefits) is also under targets. Starting with a high of \$1.9 million per year, and projecting the hires of all four key leadership positions, the Task Force projects a reduction of approximately \$500,000 per year as a result of the reorganization.

Treasurer of the OCA

- Position Re-announced – Full-time, emphasis on Accounting Skills
- Selection Team Re-constituted
 - Previous: Father Tate, Protodeacon. Danilchick, Ms. Caetta
 - New: (B. Kornafel), Protodeacon Danilchick, Mr. Witkowski, Ms. Buletza
- 6 applicants, 3 interviewed
- 2 Highly Qualified; One Declined



In June, the Task Force recommended hiring a part-time Treasurer and a full-time Comptroller. The Council's direction was to focus instead on a full-time Treasurer with accounting skills. Over a period of several months six applications came in. One applicant did not possess the required accounting skills. One was not Orthodox. One accepted a position at St. Vladimir's Seminary.

We found it necessary to reconstitute the Selection Team because the Chair (Father. Tate) and one member (Ms. Caetta) could not spend the necessary time on the selection process. Robert Kornafel assumed the title of Chair, and he recruited two people with subject-matter knowledge (i.e. accounting and management) – Matushka Mary Buletza Breton and John Witkowski. They are both Orthodox CPA's. Protodeacon Peter Danilchick, Matushka Mary, and John Witkowski did the job of (re-)interviewing and ranking the three remaining candidates.

They recommended on-site interviews for 2 applicants. Their first candidate visited the Chancery on Oct 9th; the second declined the visit, as he had accepted another position.

A Full-Time Treasurer?

- Cons:
 - Current OCA Financial Status
 - Relatively Small Budget and Low Expenditure Activity



Task Force has concluded that a full-time Treasurer is needed. As the Metropolitan Council suggested in June, routine accounting needs have been met via a part-time accountant contract. Now the need is for someone to take the broader view of the Church's finances.

There are arguments against filling another full-time top-level position. One is the current financial status of the central administration, due to the withholding of assessments. Another factor to consider is that, from an accounting standpoint, the OCA's finances are not complex. The budget is relatively small and categories of expenditure are not numerous.

A Full-Time Treasurer?

Pro's

- Importance of the Position in the OCA now: Sends a Message
- Future Demands of the Position: New Processes; Possible IRS Involvement
- Financial Policies and Procedures Development
- Effective Interaction with MC Committees: Finance, Investment, Internal Audit
- Development, Fund Raising and FOS
- Full-time Management Team Member Needed



The reasons in favor of a full-time Treasurer are convincing. Three of them are related to the current climate of the Church. A dedicated full-time Treasurer signifies the importance the Church places on fiduciary responsibilities.

As we go forward in rectifying the financial malfeasance of the past there may be other investigating agencies. We need to be able to respond professionally.

We need a competent manager to develop proper written financial policies and procedures.

Although the accounting aspects of the job may not be complex, there are other responsibilities that need time and attention, e.g., interaction with the Metropolitan Council Finance, Audit, and Investment Committees.

Then there is the whole development side of the financial work of the church – fund-raising, including FOS. That is also the responsibility of this position.

Finally, the transition process to date has convinced the Task Force that a full-time Treasurer is an important component of the Chancery leadership team, to help implement the vision adopted last fall.

Fr. Michael Tassos

- CPA in California
- 20 Years' Accounting Experience
- Ample Management Experience: Asst VP, CFO, Business Manager (Health Care)
- Attended St. Vlad's Seminary
- Currently in AOC; Ready to Join OCA
- Interviewed – A Good Team Member



Fr. Michael Tassos is the recommended candidate for Treasurer. He has visited the Chancery and met with His Beatitude and the other 3 members of the administrative team, who endorse his appointment. He is a CPA with extensive experience and enthusiasm for the job. He has development experience as well. We have contacted his references and received positive reports. He has been open and candid with the Task Force and the staff, and he has told us he will accept the position if offered. We ask you to endorse his appointment to the Holy Synod.

PHASE III Actions

- Internal Chancery Personnel Changes
 - 3 Retirements/Resignations
 - 1 Termination
- Assignments to Job Descriptions



Also since June, the Task Force has worked to complete assignment of Chancery staff to new job descriptions. Three employees left the Chancery as part of the reorganization: Father. Stavros Strikis, Matushka Gerry Glagolev, and Arlene Kallauer. Arlene will return to work on a temporary basis in support of the Christmas Stocking project.

We notified you two weeks ago about the separation of Father Jonathan Ivanoff and the outsourcing of his work. As the transition continues there may be additional redistributions or outsourcing of work.

At the request of the Finance Committee, in the next few months we will interview and assess the work of two employees in Pennsylvania: the Metropolitan's Archdeacon and Aide, and complete the description and classification of those positions. There is also some unfinished business in relating the pay of part-time positions to our Salary Scale.

Follow-On Actions

- Complete Negotiations with Treasurer Appointee
- Continue Support During Transition of New Managers
- Complete HR Policy Manual, Develop Employee Handbook
- Maintain Focus on Administrative Vision



Task Force plans are summarized here. If the Metropolitan Council and Holy Synod approve, the Task Force will negotiate with Father Tassos to bring him on-board with a salary commensurate with the other members of the team.

An HR policy manual is complete in draft and will be staffed with the Internal Audit Committee. Once the policies are agreed upon, an Employee Handbook will follow.

Throughout, the Task Force intends to keep focused on the structure and principles the Council and the Holy Synod approved at the end of 2006: a lean, economical structure with appropriate checks and balances that serves the membership and mission of the Orthodox Church in America.

Task Force Recommendations

- Reaffirm the Need for Full-Time Treasurer
- Recommend to Holy Synod appointment of Best Qualified Treasurer Candidate:
Fr. Michael Tassos
- Approve Plans for Follow-on TF Work



We ask you to take action on these recommendations: that you reaffirm the need for a full-time Treasurer; that you recommend Fr. Michael Tassos to the Holy Synod for appointment as Treasurer of the Church; and that you approve our work plans for the next 6 months. Thank you.