

## REVIEW OF PARISH/SCHOOL ACCOUNTS AND FINANCIAL CONTROL GUIDELINES

The financial control guidelines outlined below **must be followed by all parishes and schools**. These guidelines are not intended as an all-inclusive money-handling guide, but have been developed as a guideline, which will prevent the majority of embezzlements from occurring.

### ***Internal Control***

- All accounts, including society accounts, using the parish and/or school's federal ID number must be approved and overseen by the parish council. All account statements, including society accounts, must go to the parish and be accessible to the parish finance council.
- EACH CHECK ISSUED BY A PARISH SHOULD BE SIGNED BY THE PASTOR OR IN HIS ABSENCE, A MEMBER OF THE PARISH FINANCE COUNCIL. THE INDIVIDUAL WHO PREPARES CHECKS SHOULD NOT BE AUTHORIZED TO SIGN CHECKS.
- Checks, including society accounts, should never be signed without the appropriate supporting documentation attached for the check signer's review. All check signers should initial the supporting documentation to signify their review and cancel the invoice.
- The person who signs checks should not be allowed to balance monthly bank statements. Monthly bank reconciliations, including society accounts, should be submitted with the monthly statements for review by the Finance Council, or review by a knowledgeable individual other than an authorized signer.
- All supporting documentation for checks should be kept and filed. This includes society accounts.
- Budgets should be developed and approved. Disbursements not specified in the approved budget should not be allowed without the direct approval of management or the Finance Council.
- Each month, a report comparing actual to budget should be made available for the Finance Council. Significant variances should be investigated, explained, and resolved.
- Clearly define the type of expenses that can be paid with specific funds. Define expenses that are inappropriate. Define the employee's job function as it relates to the account and disbursement function.
- Signature stamps should not be used to sign checks.
- Checks should not be signed in advance or be signed without documentation.
- Sequentially numbered checks should be used. Voided checks should be mutilated and kept in a file. Voided checks should also be recorded in the cash disbursement ledger/check register.
- The individual responsible for preparing checks should be required to take an annual vacation.
- Parishes may **NOT** have debit cards.

- Parishes should not be using bill payer services
- Parishes that have credit cards should keep a record of who has access to credit card use. Limits should be placed on all credit cards. The Pastor or the finance council should approve all applications for credit cards. All credit card purchases should have proper documentation that can be reconciled to the monthly credit card statement.
- Key responsibilities should be separated. One individual should not handle billing, collections, and bank deposits. One of these tasks should be completed by a second individual.
- Comprehensive pre-employment screening should be conducted, including a criminal background check, the verification of educational data, verification of employment history, checking of references and completion of all required employment forms.

### ***Physical Control***

- Change the locks on the church and rectory, change the combination to all safes and change passwords on all computers, when a new pastor/administrator is assigned or when there is a personnel change involving key employees or volunteers with access to confidential and/or financial matters.
- Access to keys, safe combinations and passwords should be limited to persons with direct financial and/or confidential responsibility.
- Each parish should own a safe. Collections and all cash may be stored temporarily in the safe. The safe must be kept locked at all times (even during parish business hours).
- All check stock (unused checks) should be locked in a secure location at all times.
- Parishes shall make arrangements for evening and Sunday deposits. Also, most banks will provide facilities for money counting.
- CHURCH MONEY MUST NEVER BE TAKEN HOME BY ANYONE.

### ***Cash Receipts/Money Counting***

- Ideally, each parish should have five teams of money counters (consisting of three members per team). If five teams cannot be formed, there must be at least two. There should be at least three members per team. Members of teams must also be shuffled on a periodic basis. Husbands and wives or immediate family members should not be allowed on the same team.
- All checks received should be immediately endorsed to the appropriate account. A self-inking endorsement stamp is recommended for this purpose.
- A tape of the cash and checks to be deposited, along with the deposit, should be prepared and initialed by one of the individuals. A tape of the receipts of envelopes, along with a summary of totals by account classification should be prepared and initialed by the second individual. The totals should then be compared to verify that the amounts are the same. All members of the money counting team should sign the collection summary tape to verify the amount of the collections.

- The recap of the receipts or envelopes along with the tape should then be given to the bookkeeper for entry into the ParishSOFT Offering module. The deposit slip and second tape should accompany the cash and checks and be deposited intact the day of collection by the team of money counters. At least two of the money counters shall make the deposit at the bank. CHURCH MONEY MUST NEVER BE TAKEN HOME BY ANYONE.
- A comparison of the total of the receipts to the deposit slip must be done by the bookkeeper.
  - Tie-out counters tape to the bank deposit receipt
  - Tie-out of the bank receipt to the ParishSOFT Batch report
  - Tie-out of the ParishSOFT Funds totals to general ledger journal entry in either Quick Books or ParishSOFT Accounting
- CASH WITHDRAWAL FROM THE DEPOSITS MUST NOT BE ALLOWED.
- An annual “giving” statement should be distributed to all parishioners.

### ***Annual financial review***

It is required that each parish conduct a review of parish accounts on an annual basis. Accordingly, each parish should form a review committee composed of at least two individuals. Signers and preparers of checks should not, under any circumstances, participate nor have the opportunity to be a member of the parish financial review team. Also, trustees or business managers should not be on the review team. It is highly recommended that the parish's finance committee (unless members are the individuals noted above) be allowed to handle the review.

The attached Catholic Mutual Parish Financial Review Verification form can be used by the financial review team. Any questions on how to complete the “self” review should be directed to our Claims/Risk Manager at Catholic Mutual at (866) 833-3090.

\*PLEASE NOTE: Procedure on the Internal Control Checklist should be followed at all times. (See Parish Finance Manual Fin.II.C.page 1-6)