

## Internal Control Checklist

Numerous internal control procedures are included in this manual. However, the following checklist highlights the most important internal control procedures which are recommended for all parishes. Please refer to this checklist to ensure that your parish is using the proper control procedures.

- ✓ The Finance Council should meet at least four times per year, approve the annual budget, and review the most recent parish financial report. Parish financial statements should be prepared monthly on a timely basis. Any variances from the budget should be analyzed. Minutes should be maintained for all meetings. The Finance Council must be aware of all bank or investment accounts and their activity.
- ✓ The pastor or the parochial vicar should sign all checks. If signature stamps are used, they should be maintained at a secure location which is only accessible by the pastor or temporary administrator. The unused checks should be stored in a locked safe or file cabinet accessible only by the pastor and the bookkeeper.
- ✓ A person independent of the accounting process (e.g., a member of the Finance Council) should periodically review the bank reconciliations, as well as all disbursements, on a random basis. This should be performed for all parish and parish organization bank and investment accounts at least four times a year and include a review of the copies of the cleared checks from the bank statements.
- ✓ A person independent of the payroll and accounting process should review the payroll and the related tax returns at least semiannually. This should include the examination of the cancelled checks and tracing of wire transfers to the bank statements as evidence of tax and withholding remittance.
- ✓ All monies received, from any income source, must be deposited intact on a prompt basis. The individuals counting and/or depositing the monies should not be maintaining the financial system.
- ✓ Tamper-evident bags and rotating teams of at least three non-related counters are required to count all of the collections on Sunday including any special account (e.g., Capital Drive and Catholic Services Appeal) payments, prepare the deposit slip(s) and make the bank deposit(s). A parish may request a dispensation from this requirement if necessary. The entire amount collected should be deposited, i.e., change should not fund the petty cash fund or be given directly to the pastor. The count sheets should track the collections of each Mass separately and be signed by the counters.
- ✓ The bookkeeper or business manager who prepares the checks should not be an authorized signer on the checking and savings accounts.
- ✓ All Parish financial records should be maintained and stored at the parish office for at least 7 years.
- ✓ The pastor should be listed as a signer on all parish, school, organization, and society bank and investment accounts. All parish/school organization and society bank or investment statements should be mailed directly to the parish office. After the transactions have been reviewed, the statements can be given to the particular organization.
- ✓ All employees should be placed on the formal payroll. A written policy should exist regarding vacation and sick time. All time off should be approved and accounted for on a timely basis.
- ✓ Personnel files should be maintained for all workers. The files should contain the completed application form, I-9, compensation information, vacation and sick time usage, and a description of the job duties.
- ✓ There should be an active Parish or Pastoral Council which meets on a regular basis.