

Parish Financial Review Procedure

The following is the procedures for financial reviews of parishes by the Diocese internal auditor:

- At the end of each fiscal year, the parishes to be reviewed will be discussed by the internal auditor with the Diocese Chief Financial Officer.
- The internal auditor will telephone or email the pastor to introduce themselves and to arrange a timetable for the financial review.
- The internal auditor will contact the business manager to discuss the date to begin the review. The auditor will forward the Parish Review Checklist to the business manager so that the information is available upon arrival.
- During the review, the auditor is free to discuss tentative findings with the pastor and the Diocese Chief Financial Officer.
- Following the financial review, the results will be discussed with the pastor and appropriate members of the parish administration. The purpose of this discussion is to make sure there is agreement on the findings and on the general content of the review report. It is important as it relates to serious control or procedural findings.
- A draft copy of the report will be prepared and sent to the pastor for review and editing. A negative response deadline should be given and if no response by the deadline, the auditor will be free to issue the final report.
- The final report will be issued to the pastor and the Diocese Chief Financial Officer. The CFO will review the findings with the Bishop and/or the Vicar General as appropriate.
- The Diocese Chief Financial Officer will write to the pastor acknowledging the report and requesting the pastor's written response within 30 to 60 days. The response from the parish is to include specific timing for the parish to correct the short comings reported in the financial review.

Parish Financial Review Checklist

The following is a checklist to assist the parish in preparing for a financial review of parish finances by a diocesan internal auditor. These items need to be available to the individual who performs the review upon arrival.

1. General Ledger posted through the end of fiscal year, a trial balance of all account balances, a balance sheet and income statement as of the same date.
2. Cash Receipt and Cash Disbursement Ledger (check register) posted through fiscal year-end.
3. For each checking, savings, and money market account for each parish organization including school, sodality, bingo, carnival, athletic association, St. Vincent de Paul, etc:
 - a. Bank cards and/or records of authorized signers for each bank account.
 - b. A list showing the name of each account, the financial institution, bank account number, and authorized signers on the account.
 - c. Bank statements and returned (see note below) copies of checks for fiscal year.
 - d. All reconciliations of each account statement for fiscal year and the last bank account reconciliations at the time of the audit.
 - e. Copies of the June 30th bank statements and reconciliations for the auditor.
4. For each certificates of deposits, stock certificates, and other investment instruments:
 - a. Copy of the June 30th investment statements for the auditor.
 - b. Bank cards and/or records of authorized signers for each investment account.
5. Complete payroll records for fiscal year including W-4's (withholding tax authorizations) for each employee, payroll journals, earnings record sheets, and wage rate authorization.
6. A statement from pastor or head of finance council that states the details of all cash payments (disbursements) which are not recorded on the books, if any.
7. Payments of insurance premiums for the current period.

8. All federal, state and city tax return for the last calendar year including copies of all IRS form W-2's, W2-G's, W-3's, 941's and 1099's.
9. A copy of any reports sent to the state to make notification of new hires that have been put on the payroll during the fiscal year and current fiscal year. This includes all re-hires that had a 60-day gap in pay.
10. A list of vehicles owned by the parish, copies of titles, and insurance policies, if not purchased through the Diocese.
11. Copy of the parish Articles of Incorporation.
12. For the credit cards issued in the parish name:
 - a. A List of credit cards and authorized signatures.
 - b. Credit cards bank statements for fiscal year.
 - c. All receipts with reasons for the business expenses attached to the payments during fiscal year.
13. A list of employees' credit cards used to pay parish business expenses with all payments during the fiscal year.
14. Original paid invoices and other supporting documents for all expenditures other than payroll for fiscal year.
15. Vouchers in support of all petty cash reimbursements during fiscal year.
16. A list of all accounts or loans payable and receivable as of fiscal year-end including maturity date, rate of interest, and payee.
17. A list of contents of any safe deposit box outside the premises of the parish.
18. Minutes of the Parish Finance Council meetings for the fiscal year to present and the Resolution on Parish Financial Reporting.
19. An aged accounts receivable and accounts payable report as of year-end. Also a list of any deferred tuition as of year-end.
20. A sample copy of the acknowledgement of contribution letter sent out in the last calendar year.
21. List of general ledger chart of accounts.

22. A copy of the annual report (usually a bulletin insert) that all parishioners receive that reports to them the results of operations of the parish for the last fiscal year.
23. Written plan to cover the deficit, if a deficit has been projected for the fiscal year.
24. The Trustees Minute Book with the last lay trustees' election for the church and missions, if any.
25. A list of separate corporation (senior center, etc) operating under the parish "umbrella", if any.
26. A list of restricted and designated funds as of fiscal year-end.
27. Copies of any monthly, quarterly etc. financial reports that are provided to the Parish Finance Council (PFC) for their review. Copy of the last reports sent to the PFC for the Auditor.
28. Certificate of clearance for all employees. Includes school employees, teachers, substitute teachers and aides, etc.
29. Signoff page of the Ethical Standards for Employees and Acceptable Use of Technology Church Personnel Agreement (usually kept in the personnel file). Include school employees, teachers, substitute teachers and aides.
30. List of volunteers for each parish ministry and signed annual Volunteer Covenant forms for all volunteers participating in the parish programs.
31. A copy of the Lay Employee Census Worksheet from previous calendar year.

Note: If copies of checks are not returned but are made available on-line, the auditor may as a random sample, request certain months to be printed.