

## INTERNAL CONTROL SEGREGATION OF DUTIES GUIDELINES

Two person (2) office		
Bookkeeper	Pastor, Financial Council or Designated Person	
<ul style="list-style-type: none"> <li>Record accounts receivable entries</li> <li>Mail checks</li> <li>Write checks</li> <li>Record general ledger entries</li> <li>Reconcile bank statements</li> <li>Record credit/debits in accounting records</li> <li>Receive cash</li> <li>Disburse petty cash</li> <li>Authorize check requests</li> <li>Authorize invoices for payment</li> </ul>	<ul style="list-style-type: none"> <li>Sign checks</li> <li>Complete deposit slips</li> <li>Perform interbank transfers</li> <li>Reconcile petty cash</li> <li>Process vendor invoices</li> <li>Review bank reconciliations</li> <li>Review list of outstanding accounts receivable</li> <li>Approve all accounts receivable discounts, write offs or adjustments</li> </ul>	

  

Three person (3) office		
Bookkeeper	Office Manager	Pastor or Finance Council
<ul style="list-style-type: none"> <li>Record accounts receivable entries</li> <li>Reconcile petty cash</li> <li>Write checks</li> <li>Record general ledger entries</li> <li>Reconcile bank statements</li> <li>Record credits/debits in accounting records</li> </ul>	<ul style="list-style-type: none"> <li>Process vendor invoices</li> <li>Receive cash</li> <li>Mail checks</li> <li>Approve Invoices for payment</li> <li>Authorize purchase orders</li> <li>Disburse petty cash</li> </ul>	<ul style="list-style-type: none"> <li>Sign checks</li> <li>Complete deposit slips</li> <li>Perform interbank transfers</li> <li>Review bank reconciliations</li> <li>Review list of outstanding accounts receivable</li> <li>Approve all accounts receivable discounts, write offs or adjustments</li> </ul>

# Internal Control Guide

This Appendix should serve as a guide for the parish. The audit points below may all be chosen for the audit with specific focus on the parish's specific areas of need. Parishes should follow the items within this Appendix.

## **Financial Internal Control items that were under audit:**

- All parish funds are kept in parish checking or savings account, a separate school account, PPIT, or the Catholic Foundation
- Bank accounts reconciled monthly
- Blank checks secured appropriately
- Check signers do not prepare checks
- Check preparers cannot sign checks
- Original documentation is properly maintained and used to reconcile
- A minimum three-month operating reserve exists
- Cash balances are sufficient to cover Unremitted Special Collections, Custodial, and Deferred Revenues
- Money and offertory received are by appropriate personnel or volunteers, counted, noted, and locked appropriately with bank deposit slips.
- At least two counters, who are unrelated, count and record offertory
- Counters are rotated and take vacations regularly
- Count sheets are not accessible to those who take deposits to bank
- Money and offertory received are secured appropriately
- Receipts and Safe are not accessible to the Pastor or School Principal
- Offertory is immediately placed in a tamperproof bag after count
- Count sheets are used and prepared in ink
- Count sheets are reconciled to bank account statements
- Bookkeeper and Pastor are not involved in the count
- Donation acknowledgement letters include the "no goods or services provided" disclaimer
- Excess cash is kept in the Parish Pooled Investment Trust (PPIT)
- Restricted funds are accounted for appropriately and in PPIT
- Tuition support scholarships are credited to student accounts
- Revenue exceeds expense
- Current liabilities appear reasonable
- Petty Cash managed appropriately
- Petty cash is not used in lieu of normal fiscal process
- Credit and debit cards are managed appropriately
- Cash received include proper segregation of duties
- Scrip cards are managed appropriately
- Scrip cards are reconciled and inventoried on at least a monthly basis
- PFC holds meetings at least quarterly, reviews financial status, and maintains minutes
- PFC includes at least 3 non-parish employee members plus the pastor and bookkeeper
- Budget reviewed by PFC and approved by Parish Board by June 30th

**Technology Control items that were under audit:**

- Computers were accounted for
- Passwords were used to log onto the computers
- Financial software had passwords that limited the user's ability and administrator passwords were not provided to anyone who could prepare or write checks or have access to cash
- Terminated employees did not have computer or password access
- Employees and volunteers were trained on computer hacking and email fraud protection
- Backups are done timely, and restoration tested periodically
- Backups are stored in a safe, off-site location

**Payroll documentation items that were under audit:**

- Timesheet hours matched hours paid
- Overtime hours were paid correctly
- Timesheets are completed daily
- Timesheet/Earnings reports are signed by the pastor or principal
- Timesheet entries are non-erasable
- Timesheets are signed by employees
- Timesheets are signed by supervisors
- Employee schedules align with timesheets

**HR file documentation items that were under audit:**

- I-9s are kept separately from the employee personnel folders
- W-4 Form Complete
- Benefit Confirmation Form
- Deduction Form - 403b
- ACA - Bishop's Appeal Donation & CTSO - Tuition Support Forms
- Workers Comp code match job description
- Photo ID
- Hire Form
- Annual written performance evaluations are provided to employees
- Correspondence - memorandums of employment (MoE)
- CBC & training up to date
- DPS Card for employee if school, daycare, or after school program
- Pay raise policy for the current fiscal year was appropriate
- Arizona and Federal Compliance Posters are accessible to employees

**Safe Environment documentation items that were under audit:**

- Affirmations are current for employees and volunteers
- Applications & References are on file for employees and volunteers (May 2021 forward in Paycor, prior in parish/school files)
- Criminal history clearances (clearances) are current for employees and high responsibility volunteers (HRVs)
- Documentation is safeguarded
- List of event volunteers is reconciled to those who serve
- Sign-in sheets are used to document employee and volunteer attendance at education sessions
- Name tags are created prior to event and used for all volunteers. - those volunteers who "show up" unplanned not allowed to volunteer at that event?
- Standard Operating Procedures (SOPs) are in writing for high responsibility ministries

- Education of employees and volunteers is provided at least triennially
- Parents are educated in creating a safe environment for children
- Personal Safety Education (PSE) is given to children & youth annually
- Personal Safety Education (PSE) attendance by children and youth is documented
- A plan is in place to ensure that safe environment procedures will continue to be followed if the compliance officer leaves or is away.
- Safe environment is practiced at parish events
- Visiting clergy are screened through the Chancellor's office and Letters of Suitability are retained in perpetuity
- Only Parish/Diocesan email address used for Diocesan and/or church ministry/business
- Proper communication channels exist between the parish and the Diocese and, if applicable, between the parish, school, and the Diocese
- Posters, church bulletin notices, and/or pamphlets exist for children or others to call and report
- Parish/school website linked to the Diocesan web page for the Protection of Children: Our Call to Protect: First, call 911 and tell the Police! :: Diocese of Tucson :: Tucson, AZ (diocesetucson.org)

This audit was designed to provide an overview of compliance with Diocesan policies and procedures. The above findings were determined by examining a sample of documents available at the Pastoral Center, the Parish, and the School (if applicable) as well as discussion with appropriate personnel. Accordingly, this audit does not provide 100% assurance that compliance with applicable Financial Management, Payroll, Personnel Management and Safe Environment policies are always followed, in all procedures, or for all transactions.