

INTERNAL CONTROL QUESTIONNAIRE	YES	NO	NA
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	Does the parish use computer back-up procedures for its financial and census data systems? The procedure should include taking the most recent back-up off-site to ensure its safety and availability in the event of a disaster (flood, fire, etc.) at the parish office. The back-up could be stored on a flash drive or an external back-up to make it easily portable.			
15.	Does the Parish have a copy of the Diocesan Construction and Renovation Policy?			
	WEEKLY OFFERINGS AND COLLECTIONS			
16.	Describe the process for handling collection money that comes in the mail or to the office during the week.			
17.	Are members encouraged to use their offering envelopes?			
18.	Are members encouraged to use checks in making their offerings and other gifts?			
19.	Describe the process for handling the collection from the time it is collected at mass to the time it is counted. Note: It should be taken to a secure, locked counting area by at least two people.			
20.	How many ushers are there per mass?			
21.	What do the ushers do with the offering after they have finished the collection?			
22.	Where is the collection counted?			
23.	Is this area secured during the counting?			
24.	Do the money counters verify that the contents of the offering envelopes are identical to the amounts written on the envelopes by the members?			
25.	Describe how the money counters indicate if there is a difference between what is written on the outside of the envelope and the contents? Note: Any discrepancies should be written on the envelope and initialed by the money counter. If nothing is written on the envelope, the money counter should write the amount on the envelope.			
26.	Are all checks restrictively endorsed using a rubber stamp "Pay to the Order of (Bank name-Parish name) For Deposit Only and Account Number"?			
27.	If yes, when are the checks restrictively endorsed?			
28.	When is the collection deposited?			
29.	If the collection is held overnight, describe where the collection is held, who puts the collection in the holding area, and who has access to the collection.			

INTERNAL CONTROL QUESTIONNAIRE		YES	NO	NA
30.	Who takes the deposit bag to the bank? Note: It should be taken by at least 2 people.			
31.	Is all cash received deposited in the bank without being reduced by disbursements or petty cash?			
32.	Do the counting teams count and complete collection reports detailing currency, coin and checks included in envelopes and monies not included in envelopes?			
33.	If yes, do the counters sign the collection reports?			
34.	How many copies of the collection report are prepared? Note: They should be prepared in triplicate.			
35.	How are they distributed? Note: They should be distributed as follows: to the parish financial secretary along with the open offertory envelopes, to a designated member of the parish finance council and one copy retained by the counting team.			
36.	Do the counters prepare the deposit slip?			
37.	How many copies of the deposit slip are prepared? Note: They should be prepared in triplicate.			
38.	How are the copies distributed? Note: They should be distributed as follows: to the parish financial secretary, to a designated member of the parish finance council and one copy to the bank.			
39.	Does the Parish have assigned money counters?			
40.	How many? _____ Note: At least two people should count the offertory.			
41.	Are money counters rotated?			
42.	Are all of the money counters independent of one another? (i.e none of the counters that count at the same time should be related by blood or marriage)			
43.	Are all of the money counters not employed by the Parish?			
44.	Are contribution records maintained for members?			
45.	If yes, are they kept manually or on the computer?			
46.	Do all members receive periodic notices of their contributions <u>at least on an annual basis</u> ? These should be mailed to the donors, not only made available in the back of the church.			
47.	If manual records are kept, are the statements sent to each member photocopied from the original records so the members' copy couldn't be altered?			
48.	Are members instructed to report any irregularities or errors in their notices to the Finance Council?			
49.	If no, who are they instructed to report differences to? Note: It should not be the Business Manager/Financial Secretary or any individual responsible for recording the contributions in the general ledger.			
50.	If parishioners move, are their accounts marked as inactive, and not deleted from the system?			

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ASSETS And LIABILITIES				
51.	Is the pastor the only authorized signer on the parish accounts? Under Canon Law, the pastor is to be the only signer on parish accounts. The area Dean would be the back-up signature if the pastor was unavailable.			
52.	Are all Parish savings and investment accounts maintained at the Catholic Institute or Catholic Foundation? (If the Parish owns any securities, stocks, bonds, CD's or other investments, outside of the Catholic Institute or Catholic Foundation, please answer this question as "NO")			
53.	If no, attach a list to provide the name of the institution where the savings account is held and the account number and list each asset held.			
54.	Are bank transfers prohibited?			
55.	If no, when do transfers occur?			
56.	How is money transferred between bank accounts?			
57.	Are all bank accounts reconciled monthly?			
58.	Who prepares the reconcilements?			
59.	Are bank statements and canceled checks opened and reviewed by the Pastor prior to the reconcilements?			
60.	Are the balances in the checkbook compared to the balances in the General Ledger and reconciled bank statement to ensure they all agree?			
61.	Does the parish utilize online banking?			
62.	<p>If the parish uses online banking, are the following controls in place: Are transfers prohibited to accounts other than those belonging to the parish? Yes_____ No _____</p> <p>Is remote deposit (check scanner) used? Yes_____ No_____ If remote deposit is used, is the deposit prepared by an individual other than the bookkeeper/business manager?</p> <p>If remote deposit is used, are the day's deposit batches balanced to the count sheet(s) and is that documentation maintained?</p> <p>If remote deposit is used, is all cash still taken to the bank immediately by the counters?</p> <p>If remote deposit is used, are the physical checks that have been scanned maintained in a safe location? After each audit, the checks should be properly destroyed to protect the donors.</p> <p>Does the parish use online bill paying? Yes_____ No_____ If yes, does the pastor still initial all of the invoices before they are entered for payment?</p> <p>If using online bill paying, are the invoices marked "PAID" or otherwise cancelled to prevent duplicate payment?</p> <p>If paying bills online, is a report printed for each batch of payments made, similar to a check register, that would list the date of payment, vendor paid and amount?</p> <p>Is the pastor the only individual with the ability to approve payments online? The bookkeeper/business manager may be able to enter a batch of invoices to be paid but should not be able to release any payments to vendors or other accounts. This is similar to how the pastor is the only individual that is</p>			

INTERNAL CONTROL QUESTIONNAIRE		YES	NO	NA
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	permitted to sign a parish check. Does the pastor have the invoices in front of him as he is approving each online payment to ensure that only parish bills are paid?			
63.	Do you reconcile the number of outstanding masses to the number of masses that can be said in one year and send any excess to the Missions Office or another priest?			
64.	Is the individual who records the masses in the mass book separate from the individual who reconciles the mass account?			
65.	Does the Parish have a safe-deposit box?			
66.	If yes, are two signatures required for access to the safe-deposit box?			
67.	List all property owned by the Parish:			
68.	Does the Parish have any loans?			
69.	If yes, with what institution? _____			
	DISBURSEMENTS (OTHER THAN PAYROLL)			
70.	Does the parish always receive receipts or other supporting documentation from the pastor or other priest for payments from the Business Expense Reimbursement Account?			
71.	Does anyone (for example, an individual from Finance Council or the Dean.) review and sign off on the expenses paid from the Business Reimbursement Account?			
72.	Does the Parish use any credit cards?			
73.	If yes, is the balance of the card paid in full in each month so that no finance charges are incurred? <u>Attach a listing</u> of all cards held. Include in the listing for each card, the card number, the institution held, and what member of the parish staff is authorized to use the card.			
74.	If cards are held, describe the procedures to ensure detailed receipts are turned in for each purchase and how use of the card is monitored.			
75.	Describe the process for making purchases.			
76.	Who approves the parish purchases before the orders are placed?			
77.	Who approves invoices for goods and services before payment is made?			
78.	How is the invoice identified as being approved for payment (example – Pastor initials)?			

INTERNAL CONTROL QUESTIONNAIRE		YES	NO	NA
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79.	Were all disbursements of cash, except for minor items, made by sequentially numbered checks?			
80.	Do you use computer-generated checks?			
81.	Are invoices provided with the checks when they are given to the check signer?			
82.	Do you refrain from signing blank checks? _____ If not, when are they used?			
83.	Are all voided checks defaced and the signature portion cut off and retained?			
84.	Where are voided checks retained?			
85.	Do you refrain from making checks payable to cash? _____ If no, when are they used?			
86.	Where are blank, unused checks kept?			
87.	Is this location secured with a lock?			
88.	How much money is kept in the Petty Cash Fund?			
89.	Is the Petty Cash Fund only used for minor disbursements of cash?			
90.	Are vouchers prepared for all disbursements from the Petty Cash Fund?			
91.	Are receipts kept in the Petty Cash Fund?			
92.	Has the Parish had any expenditures in excess of \$15,000, if total ordinary and extraordinary income is \$250,000 or less; or \$30,000, if total ordinary and extraordinary income is greater than \$250,000?			
93.	If yes, please describe the project and amount of the expenditure.			

94.	Was Diocesan approval obtained?			
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PAYROLL				
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95.	Describe the process for hiring new personnel.			
96.	Do you check applicant references and previous employment?			
97.	Do you retain personnel files in accordance with the record retention schedule (3 years for applications/7 years for all other payroll or personnel records)?			
98.	Does the Parish employ any religious employees (i.e. Sisters etc.)?			
99.	If yes, are they paid in accordance with the lay equivalency policy?			

FUNDRAISING				
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100.	Attach a list of each fundraising activity (bingo, festival, fundraising dinner, raffle tickets) used by the parish on a separate sheet and state the dates of each that the activity was held during the fiscal year. Please also describe the controls over cash at each of these events.			
101.	For Bingo, can any one individual win only less than \$1,200?			
102.	For games of chance other than bingo, can one individual win only less than \$600 <u>and</u> at least 300 times the amount of the wager?			
103.	If no (that is, the thresholds listed above can be exceeded), is a W2-G Form issued to the winner and filed with the IRS?			

INTERNAL CONTROL QUESTIONNAIRE		YES	NO	NA
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104.	Is a current small games of chance license maintained?			
105.	If small games of chance are done at the parish, is the activity run through a separate bank account that is used for small games of chance only, if this separate account is required?			
106.	<p>Information Technology Controls</p> <p>Does the parish have anti-virus, anti-malware, spam filter installed on all devices with updates happening automatically?</p> <p>Automatic updating of the operating system?</p> <p>Does the parish have a password policy – (must be strong, not shared and changed at the very minimum once per year)?</p> <p>Are there backups locally, offsite or in the cloud?</p> <p>Are all mobile devices be secured with power-on password?</p> <p>Is there a current inventory of devices & infrastructure?</p> <p>Are wireless WPA2 keys used if wireless infrastructure is in place with NO sharing of passwords with non-employee or non-secured devices?</p>			
	We, the undersigned Pastor and Members of the Parish Finance Council, hereby certify that the responses provided in this Internal Control Questionnaire provide an accurate representation of the financial operations of our Parish.			
	NOTE: Each signor must sign their name and then print their name on the line beside.			
	Pastor			
	Finance Council Chairperson			
	Finance Council Member			
	Finance Council Member			
	Finance Council Member			
	Finance Council Member			
	Finance Council Member			
	Finance Council Member			
	Date prepared			

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INTERNAL CONTROLS		
<p>1. Obtain completed and certified (via completion of the signature section of the questionnaire) internal control questionnaire. Note that at least two finance council members must sign the checklist before it can be submitted. Summarize any internal control weaknesses noted for the report. Through discussion with parish staff, obtain an understanding of the parish/cemetery cash receipts and cash disbursement procedures.</p> <p>Attach completed questionnaire as an exhibit to the formal parish report.</p>		
CASH		
<p>2. Perform the following procedures for cash receipts for five judgmentally selected days including three Sunday offerings. Obtain these cash receipts from the cash account on the parish general ledger. If exceptions are found in the following procedures for any of the Sunday offerings, select one additional Sunday offering and test the procedures below.</p> <p>a. Agree listing of checks and cash deposited to the validated bank deposit slip.</p> <p>b. Note any differences of more than 7 days between the date the support for the deposit indicates that the deposit originated and the date of the actual deposit per the bank validated deposit slip or bank statement posting</p> <p>c. Trace cash receipt to the appropriate monthly general ledger activity report, noting posting to the proper account (“proper” defined as being the account to be posted per the deposit supporting documentation) and to the appropriate bank statement. Trace monthly totals to the various cash and revenue</p>		

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<p>accounts to ensure proper posting in the general ledger.</p> <p>d. For Sunday offerings, agree the deposit slip total to the collection report and the collection report to the contribution listing totals.</p>		
<p>3. For the Parish operating account, review 3 bank reconcilements – prior fiscal year-end, current fiscal year-end, and most recent reconcilement prior to fieldwork date, for completeness (defined as accurately agrees the bank balance to recorded general ledger balance with mathematical accuracy, and review for stale-dated checks and unusual items) and timeliness (defines as being prepared within 30 days of the month reported on the bank statement).</p> <p>For all other bank accounts held in the Parish’s tax identification number per the list of such bank accounts provided by the Parish as part of the internal control questionnaire (this does not include any accounts held with the Catholic Institute or Catholic Foundation), excluding the mass account, review one bank reconciliations selected from current fiscal year-end for completeness (defined as accurately agrees the bank balance to recorded general ledger balance with mathematical accuracy, and review for stale-dated checks and unusual items) and timeliness (defines as being prepared within 30 days of the month reported on the bank statement).</p>		
<p>4. Obtain the fiscal year-end bank reconcilement that coincides with the latest annual report filed for Parish and Cemetery Operating accounts. Agree bank reconcilement to Cash Balance on Hand at June 30th on the annual report.</p>		

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<p>5. Select 5 parishioners haphazardly from the parish member donation records. Trace 1 judgmentally selected contribution for each of the five parishioners from the member records and agree that deposit into the parish general ledger.</p>		
<p>6. Perform the following procedures for 11 cash disbursements (exclusive of payroll checks). Include in the sample one check payable to Petty Cash; one payable to the Diocese for their monthly consolidated billing; 5 large (> \$2,500) and unusual items; 4 others (scan cash ledger for repeat payees to an individual to test for any 1099 issues). Obtain these disbursements from the cash account of the parish general ledger. If the parish does not have a petty cash account or enough vendor payments over the \$2,500 threshold, haphazardly choose additional disbursements to complete the sample of 11 disbursements.</p> <p>a. Examine invoice in support of disbursement and compare with voucher and canceled check for agreement of amount and payee.</p> <p>b. Examine invoice for proper approval and for a church-related expense.</p> <p>c. Note cancellation of invoice or other supporting documentation as being paid.</p> <p>d. Examine cancelled check noting signature of authorized official and endorsement of payee. If cancelled checks not returned with the bank statements, the parish will need to obtain the checks selected in the sample prior to the fieldwork date.</p> <p>e. Trace disbursement to inclusion in the appropriate monthly general ledger activity</p>		

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report, noting posting to the proper account (“proper” defined as being the account to be posted per the disbursement supporting documentation)		
7. Obtain a reconciliation of the Mass account to the bank statement and a reconciliation of masses schedule prepared by the parish to determine if the parish is in accordance with the Policy of Mass Offerings and Stole Fees. This schedule should include number of masses outstanding at the most recent calendar month end, then comparing this number to the amount in the reconciled bank account at this same month end. The outstanding masses will need to be quantified according to the dollar amount of the stipend submitted to the parish for the mass.		
8. Review activity through any other Small Games of Chance or Society accounts by scanning <u>all</u> cancelled checks for the fiscal year, and determine if income is recorded on general ledger if the society made a profit in their fundraising efforts and transferred the funds to the Parish Operating Account. NOTE: All fundraiser, festival or “special” accounts were mandated by the Bishop to be closed as of July 1, 2012. Parishes are only permitted to have an operating, mass, cemetery, small games of chance and society bank accounts. Youth group, senior group, or choir accounts, as well as any other “special” accounts are no longer permitted. As of January 27, 2014, only entities with small games of chance that net \$40,000 or more during a calendar year are required to have the separate bank account. Please recommend in the report issued that the small games bank accounts be closed if the parish does not conduct that level of small games of chance annually.		

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<p>Determine if expenses are only for appropriate account activity (i.e. bingo prizes, other small games of chance costs, society expenses, etc.). Request supporting documentation for any large or unusual items noted on the cancelled checks. Large items would be any disbursements over \$5,000 <u>other than to the parish</u>. Unusual disbursements would be items such as checks made payable to individuals, or checks made payable to vendors that don't seem to provide small games-type or Society-type services. NOTE: The report cannot be issued until this procedure is completed. Please do not issue a finding that the parish did not provide this information. If the parish does not initially provide this information, please notify the Diocese Finance Office, either Missy Bair or Mara Bradford so that the parish can be contacted to provide this data.</p> <p><u>Do not include non-Diocesan societies such as St. Vincent DePaul Society and Knights of Columbus.</u></p>		
<p>9 . Obtain the two semi-annual TCTH disbursements that the parish received from the Diocese. Disbursements are made in June and December each year, with the exception of Blessed Sacrament Cathedral, Mother of Sorrows, and St. Margaret Mary, as those parishes receive quarterly disbursements. Inquire of the parish how the funds were spent. Verify how the funds were spent is in accordance with the parish case statement, which is published on our website: http://www.dioceseofgreensburg.org/parishes/pages/parishinformationdirectory.aspx?id=C01. It is possible for the parish to change an element of its original case statement to a new project. If a change is made, the pastor</p>		

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<p>is required to consult with both the pastoral and finance councils, as well as communicate the change in intentions in writing to the Bishop's Office. Lastly, if approval for a change was granted by the Bishop, the change must be communicated to the parish at large. If the parish has changed an element of their case statement from the original document on our website, please ensure the appropriate steps were followed.</p>		
<p>10. Examine proof provided by the parish that their Bingo & Small Games of Chance license is active. If, per the representation of the Parish no such license is maintained or required, so note within the formal report. Ensure that a W-2G was issued if the amount of the payout that the license was held for was in excess of the W-2G limits as set forth by the Internal Revenue Service.</p> <p>This step should be performed in reviews of periods ending June 30, 2016 and 2017. Please skip it for reviews of periods ending June 30, 2018 and 2019. We will be rotating this step with testing of leasing records in step 3 of page 8.</p> <p>Inquire if the parish has its SGOC records from the last two years. Ask to see the records. The parish payroll contacts and priests were provided with the detailed requirements of recordkeeping on 1-18-16. If the parish does not have records, include this as a finding.</p>		
<p>11. Obtain a reconciliation of the petty cash account prepared by the parish and review for accuracy. Ensure that there is a review and approval by an individual other than the person who performed the reconciliation.</p>		
<p>12. Determine if the parish is utilizing online banking. If they are, obtain an</p>		

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understanding of the related internal controls in place and include recommendations for any internal control weaknesses identified.		
13. Obtain the detail of the Business Expense Reimbursement Account. Select a sample of two transactions haphazardly. Agree the sample items to supporting documentation. Supporting documentation must include original receipts or invoices, not copies. Meal receipts must list the individuals in attendance at the meal and the business purpose. Determine, via inspection of the supporting documentation, that the expenses are proper business reimbursement type expenses. Please use the Priest food and travel reimbursement policy dated July 1, 2012 as well as the original diocesan policy. Generally speaking, items are considered to be proper business reimbursements if the pastor could claim them as an unreimbursed business expense deduction on his personal taxes if reimbursement was not received from this account. Also, ensure that the total business expense reimbursement paid does not exceed the guidelines, which is \$5,250 for 2015 or \$5,350 for 2016.		
GENERAL		
1. Obtain all 52 parish bulletins for the fiscal year. Trace one deposit of a fundraiser from a count sheet or fundraiser summary sheet (i.e. summary of fish fry profits) into the Parish Operating Account. For 2 weeks (one per six month period haphazardly selected), agree the weekly offertory totals per the bulletin to the general ledger.		
2. Select one month for payroll testing. Ask the business manager for the payroll worksheet(s) submitted to the diocese for that specific month. Obtain the signed time records that support the hours given to the diocese to pay. Note that salaried employees will not have		

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<p>time records because they are paid the same each pay period. Also, the time records may be in the form of time sheets, signed by both the employee and supervisor, or an email from the employee to the supervisor. If the supervisor pays the time on the employee email, that implies their approval.</p>		
<p>3. The U.S. Department of Labor issued a new ruling regarding exempt/non-exempt employees that is effective 12/1/16. Exempt employees are not required to be paid overtime and are generally management positions. However, there is also a “ministerial” exemption if the employee provides ministry to others or participates in the liturgy. Inquire of the parish if there are any exempt employees on the parish staff other than the pastor, director of religious education, youth minister, or directors of music ministry (organists, choir directors, etc.). Business managers, financial secretaries, maintenance staff or other clerical positions would not meet this requirement.</p> <p>If there are exempt staff at the parish as a result of this ministerial exemption, other than these specific positions, ask to speak to the employee and inquire what ministry services they are performing in their work day. Please document the discussion in the report with the employee’s name and title and their response.</p> <p>The parish and pastor received communication from the Director of Human Resources on 10/27/16 that this testing would occur.</p>		
<p>4. This step should not be performed in reviews of periods ending June 30, 2016 or 2017. Please skip it and add it back for reviews of periods ending June 30, 2018. We will be rotating this step with testing</p>		

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<p>of small games of chance records in step 10 on page 6.</p> <p>Inquire if the parish is leasing any real property. If so:</p> <ul style="list-style-type: none"> a. Obtain copy of lease for our records b. Verify that permission was granted by the Diocese inspection of the appropriate <u>Alienation of Property</u> form c. Verify via inspection of the certificate of insurance that the parish has on file a current certificate of insurance from the lessee that names the Parish, Diocese and Bishop as additional insured. 		
<p>5. Read the Finance Council minutes for the fiscal year. Note any debt or capital projects mentioned within the minutes. Verify approvals were obtained in accordance with the DIOG Construction Policy.</p>		
<p>6. Obtain a signed representation letter from the parish priest and the business manager.</p>		
<p>7. Prepare a report outlining the results of aforementioned procedures performed and include any recommendations for improvement for Pastor, Parish Finance Council and Bishop that, purely in judgment of the independent accountant, should be reported. Include Prior Year Findings as one group in the report. Format the report to provide the AUP step, finding, recommendation and then Pastor Response for each step. Include a schedule of Assessable Income that lists income that was not reported as ordinary or extraordinary income on the Annual Report. Examples may be Festival Profit, Catholic Institute Interest, Donations, etc.</p>		