

INTERNAL CONTROL QUESTIONNAIRE	YES	NO	NA
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GENERAL OPERATIONS				
1.	Please list the names and titles of the employees in school administration: _____ _____ _____			
2.	Do the business manager's activities involve only keeping the records of receipts and preparing the support for disbursements? For example, does the business manager have access to cash before it is deposited? ____ Is the business manager an authorized check signer? _____			
3.	Are all facilities, particularly the business office, locked when not in use? ____ (yes/no) Describe any security system that is in place. _____			
4.	How often does the Board of Trust Administrators meet (quarterly, monthly)? _____			
5.	What documentation does the Board of Trust Administrators review to assess the financial health of the school?			
6.	Do key leaders in the school receive monthly financial reports?			
7.	Are tax statements sent to individuals who donate \$250 or more?			
8.	Are receipts or thank-you letters issued for any non-cash donations?			
9.	Is the school free of any legal issues (such as active lawsuits or pending matters that could result in lawsuits)?			
10.	If no, please provide detailed information of all such issues and indicate whether it is settled or ongoing.			
11.	Does the school have a copy of the Diocesan Construction and Renovation Policy?			
12.	Does the school retain records in accordance with diocesan record retention policies and procedures? ____ yes ____ no Are records kept in a secured, fireproof safe or filing cabinet? ____ yes ____ no			
13.	Does the school allow any for profit businesses to provide private or group lessons or other goods or services such as a gift shop on school property? If yes, provide details.			
DEPOSITS				
14.	List the account names and numbers of all checking accounts in the school EIN. Please also indicate who is the check signer on each account: _____ _____ _____ _____ _____			

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15.	Describe the process for handling tuition or fundraising money that comes in the mail or to the office during the week.			
16.	Are parents required to use checks in making their payments or electronic payment through FACTS? ____ yes ____ no			
17.	Are all checks restrictively endorsed using a rubber stamp "Pay to the Order of (Bank name-school name) For Deposit Only and Account Number"?			
18.	If yes, when are the checks restrictively endorsed?			
19.	How often are deposits taken to the bank?			
20.	If funds are held overnight, describe where, who puts the funds in the holding area, and who has access to the funds on hand.			
21.	Who takes the deposit to the bank?			
22.	Is all cash received deposited in the bank without being reduced by disbursements?			
23.	Is cash collected for items held for resale (spirit wear, etc.), field trips, etc.? If yes, what procedures are in place to ensure that ALL of the cash received from the student makes it to deposit in the bank? _____ _____ _____ _____			
24.	Do <u>all</u> donors receive periodic notices of their contributions <u>at least on an annual basis</u> ?			
25.	Does the school review its temporarily or permanently restricted net asset items on a periodic basis and make adjustments? For example, if a restricted donation was received in the prior year, and the funds are spent for their intended purpose during the current school year, does the school business manager make the proper ledger adjustment to recognize?			
	ASSETS And LIABILITIES			
26.	Is the principal an authorized signer on all of the school accounts? _____ Note that a second signer may be added on a PTG or other similar account, but the principal must be the primary signer. The Business Manager should NEVER be a check signer. At the least, the pastor that is the Chair of the Board of Trust Administrators must be a signer if only used as a backup.			

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	Does the principal have control of the school volunteer organizations operations and funds? _____			
27.	Are all school savings and investment accounts maintained at the Catholic Institute or Catholic Foundation? (If the school owns any securities, stocks, bonds, CD's or other investments, outside of the Catholic Institute or Catholic Foundation, please answer this question as "NO")			
28.	If no, <u>attach a list</u> to provide the name of the institution where the savings account is held and the account number and list each asset held.			
29.	How is money transferred between bank accounts?			
30.	Are all bank accounts reconciled monthly?			
31.	Are all bank account statements sent directly to the school? This should include PTG, fundraising or similar accounts.			
32.	Are all bank accounts using the EIN of the school included in PDS Ledger?			
33.	Who prepares the reconcilements?			
34.	Are bank statements and canceled checks opened, reviewed and initialed by the principal prior to the reconcilements?			
35.	Are the balances in the checkbook compared to the balances in the General Ledger and reconciled bank statement to ensure they all agree?			
36.	Does the school business manager review the outstanding check list at least annually to try to resolve old, outstanding items? Some items may be easily resolved by contacting the vendor or individual and voiding the original check and reissuing a new one. Payments that cannot be resolved should be escheated to the Commonwealth's Bureau of Unclaimed Property, not restored to cash.			
37.	Does the school utilize online banking?			
38.	<p>If the school uses online banking, are the following controls in place: Are transfers prohibited to accounts other than those belonging to the school? 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 within a day?</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/parents.</p> <p>Does the school use online bill paying? Yes_____ No_____ If yes, does the principal 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>			

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	Does the principal have the invoices in front of him/her as they are approving the bank statement to ensure that each online payment was for approved school bills only?			
39.	List all property owned by the school:			
40.	Does the school have any loans?			
41.	Does the school bill all tuition to all students in July, or at the latest, in September and record the revenue and receivable at that time?			
42.	Are all families required to be on FACTS for their tuition payments?			
43.	Is the receivable balance per FACTS reconciled at least annually to the Ledger total?			
44.	What collection procedures are in place for students that have balances owed from previous school years and are still enrolled? _____ _____ _____			
	DISBURSEMENTS (OTHER THAN PAYROLL)			
45.	Does the school use any credit cards?			
46.	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 staff is authorized to use the card.			
47.	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.			
48.	Describe the process for making purchases.			
49.	Who approves the purchases before the orders are placed?			
50.	How is the invoice identified as being approved for payment (example – principal initials)?			
51.	Were all disbursements, except for minor items, made by sequentially numbered checks?			
52.	Do you use computer-generated checks?			
53.	Are invoices provided with the checks when they are given to the check			

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	signer?			
54.	Do you refrain from signing blank checks?_____ If not, when are they used?			
55.	Are all voided checks defaced and retained with the signature portion cut off?			
56.	Where are voided checks retained?			
57.	Do you refrain from making checks payable to cash? _____ If no, when are they used?			
58.	Where are blank, unused checks kept?			
59.	Is this location secured with a lock?			
60.	Has the school had any expenditures as described under the diocesan construction and renovation policy during the fiscal year under review?			
61.	If yes, please describe the project and amount of the expenditure.			
62.	Was Diocesan approval obtained?			
	PAYROLL			
63.	Describe the process for hiring new personnel.			
64.	Do you check applicant references and previous employment?			
65.	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)?			
66.	Does the school employ any religious employees (i.e. Sisters etc.)?			
67.	If yes, are they paid in accordance with the lay equivalency policy?			
68.	Does the school give cash gifts or gift cards/ certificates or other similar items easily exchanged for cash as extra income? Bonuses, stipends, etc. paid to clergy, employees, independent contractors, and volunteers should be included in pay and W-2 with taxes withheld or 1099, as appropriate.			
	FUNDRAISING			
69.	<u>Attach a list</u> of each fundraising activity (bingo, festival, fundraising dinner, auction, gala, raffle tickets) used by the school 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.			
70.	For games of chance other than bingo, can one individual win only less than \$600 <u>and</u> 300 times the amount of the wager?			
71.	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?			
72.	Is a current small games of chance license maintained?			
73.	If small games of chance are done at the school, is the activity run through a separate bank account that is used for small games of chance only, if this separate account is required?			
74.	Does the school use the SCRIPS program? If yes, please attach a description of the process and controls in place over the program.			
	Is SCRIP ever sold on "credit", not paid for at the time of purchase?			

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	Where is the SCRIP inventory held? _____ How often is the SCRIP inventory reconciled? _____ Who has access to the SCRIP cards? _____ Is the program run by a volunteer? _____			
75.	Information Technology Controls Does the school have anti-virus, anti-malware, spam filter installed on all devices with updates happening automatically? Automatic updating of the operating system? Does the school have a password policy – (must be strong, not shared and changed at the very minimum once per year)? Are there backups locally, offsite or in the cloud? Are all mobile devices secured with power-on password? Is there a current inventory of devices & infrastructure? Are wireless WPA2 keys used if wireless infrastructure is in place with NO sharing of passwords with non-employee or non-secured devices?			
	We, the undersigned, hereby certify that the responses provided in this Internal Control Questionnaire provide an accurate representation of the financial operations of our school.			
	NOTE: Each signor must sign their name and then print their name on the line beside.			
	Chairman of the Board of Trust Administrators			
	Principal			
	Business Manager			
	Date prepared			

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Procedure	W.P. Reference	Initials
INTERNAL CONTROLS		
<p>1. Obtain completed and certified (via completion of the signature section of the questionnaire) internal control questionnaire. Note that at least one pastor from the Board of Trust Administrators must sign the checklist before it can be submitted. Summarize any internal control weaknesses noted for the report. Through discussion with school staff, obtain an understanding of the cash receipts and cash disbursement procedures.</p> <p>Attach completed questionnaire as an exhibit to the formal school report.</p>		
CASH		
<p>2. Perform the following procedures for cash receipts for five judgmentally selected days. Obtain these cash receipts from the cash account on the school general ledger.</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, such as accounts receivable or fundraising income) and to the appropriate bank statement.</p> <p>d. For tuition payments, trace the payment to posting to the student’s tuition balance in the FACTS or other record-keeping system.</p>		
<p>3. For the School operating account, review 3 bank reconcilements – prior fiscal year-end,</p>		

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<p>current fiscal year-end, and most recent reconciliation at 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 School's tax identification number per the list of such bank accounts provided by the School as part of the internal control questionnaire (this does not include any accounts held with the Catholic Institute or Catholic Foundation), review one bank reconciliation from each account 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 (greater than 90 days) and unusual items) and timeliness (defines as being prepared within 30 days of the month reported on the bank statement).</p> <p>Note that checks over 3 years old should be escheated to the PA Bureau of Unclaimed property, if they cannot be reissued to the vendor/recipient.</p>		
<p>4. Obtain the fiscal year-end bank reconciliation that coincides with the latest annual report filed. Agree bank reconciliation balance to Cash Balance at June 30th on the annual report.</p>		
<p>5. Review the Tuition payment process:</p> <p>a. Select 5 students and trace to FACTS tuition report to test for completeness.</p> <p>b. Select students who have received reduced tuition and examine authorization of reduced</p>		

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<p>rate. This could be in the form of the approved financial aid schedule which lists each student and the type of any aid given.</p> <p>c. Review reconciliation of students listed in FACTS to enrollment records to ensure completeness of FACTS records and if the reconciliation is reviewed by the principal.</p> <p>d. Review the most recent FACTS delinquency report to identify payment issues and investigate if the principal reviews the report regularly and how they manage payments issues (assistance offered, payment plans created, etc.)</p> <p>If tuition remains unpaid at fiscal year-end, ensure a receivable from the family is recorded in the general ledger accounts receivable at year end.</p> <p>e. Trace 1 judgmentally selected tuition payment for each of the five students from the student record and agree that deposit into the school general ledger.</p>		
<p>6. Test the before/after school program (only if gross revenue is over \$5,000 on annual report).</p> <p>a. Document the process for recording attendance and billing parents for the before/after school program.</p> <p>b. Determine if there is proper segregation of duties between the persons who record attendance, collect the money, prepare the deposit, and record the entries in the general ledger.</p> <p>Select one week for testing before/after care fees: Perform the following:</p>		

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<p>c. Select two students from the week and review attendance records. Document whether the method used to determine the amount owed per family each week and / or month is accurately calculated.</p> <p>d. Document whether there are accurate records of payment and balance owed.</p> <p>e. Trace the week's fees to a deposit. Document any negative findings for all steps.</p>		
<p>7. Cafeteria revenue testing:</p> <p>a. Document the procedure to pay for lunches, including the service provider's name, if applicable.</p> <p>b. Determine if there is proper segregation of duties between those who collect the money, verify the amount, prepare the reconciliation, and review the reconciliation.</p> <p>c. Tie one month's cafeteria sales reports or detail records to the deposit(s) on the bank statement and the general ledger.</p>		
<p>8. Perform the following procedures for 10 cash disbursements (exclusive of payroll checks). Include in the sample 5 large (> \$1,000) and unusual items; 5 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 school general ledger. If the school does not have enough vendor payments over the \$1,000 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>10-23-19 change- take out the pymt to the diocese</p>	

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<p>b. Examine invoice for proper approval and for a school-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 school 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 report, noting posting to the proper account (“proper” defined as being the account to be posted per the disbursement supporting documentation)</p> <p>f. For payments to individuals, other than vendors, examine approved request for reimbursement, expense report, FACTS statement and/or receipts.</p> <p>g. Review the invoice to ensure that sales tax was not paid as the school is tax exempt.</p>		
<p>9. Examine one month’s credit card statement to determine if school credit cards are used general school operations and not for personal expenses.</p>		
<p>10. Review activity through any other Small Games of Chance, PTG, Scrip, Cafeteria or other school accounts by scanning <u>all</u> checks issued for the fiscal year.</p> <p>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</p>		

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<p>school does not conduct that level of small games of chance annually.</p> <p>Determine if expenses are only for appropriate account activity (i.e. bingo prizes, other small games of chance costs, school expenses, etc.). Request supporting documentation for any large or unusual items noted. Large items would be any disbursements over \$5,000 <u>other than to the school</u>. Unusual disbursements may 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 school-type services. If there are more than 10 disbursements from the account for the year, please pick the largest payment to the three largest vendors per account to test. NOTE: The report cannot be issued until this procedure is completed. Please do not issue a finding that the school did not provide this information. If the school does not initially provide this information, please notify the Diocese Finance Office, either Cheryl Smith or Mara Bradford so that the school can be contacted to provide this data</p> <p>For schools with SCRIPS activity, also perform the following:</p> <ol style="list-style-type: none"> a. Evaluate whether the log balance is approximately the total of the value of cards on hand as of your on-site visit date. b. Scan the log and document whether it is used routinely and properly. c. Document whether cards are used for purposes other than sales; e.g., charity disbursements or school expenses. 		

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<p>d. Tie the log balance to a PDS asset account (if recorded on annual report) at June 30; document any difference.</p>		
<p>11. Examine proof provided by the school that their Bingo & Small Games of Chance license is active. If, per the representation of the School, 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>Inquire if the school has its SGOC records from the last two years. Ask to see the records. The school payroll contacts were provided with the detailed requirements of recordkeeping on 1-18-16. If the school does not have records, include this as a finding.</p>		
<p>12. Select one month for payroll testing. Ask the business manager for all payroll worksheet(s) submitted to the diocese for that specific month. Obtain the signed time records that support the hours/days given to the diocese to pay.</p> <p>Note that salaried employees will not have time records because they are paid the same each pay period.</p> <p>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/business manager pays the time on the employee email, that implies their approval. If the time to be paid is reported via email to the diocesan payroll coordinator, the principal should be included on the email.</p>		

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13. Obtain a signed representation letter from the school principal and the business manager.		
14. Prepare a report outlining the results of aforementioned procedures performed and include any recommendations for improvement for the principal, Diocese and Board of Trust Administrators that, purely in judgment of the independent accountant, should be reported. After the initial year, include Prior Year Findings as one group in the report. Format the report to provide the AUP step, finding, recommendation and then Principal Response for each step.		