

Annual Parish Financial Self Review

Why are parishes asked to conduct a self- review?

We know that parishes come in all sizes from less than a hundred families to several thousand. Often, all kinds of related questions are asked about why a parish should conduct an audit. Including: Why a small church with a tiny budget? Why a big church with lots of controls in place and a full staff of professional administrators? And then there's: Why waste the time or money, or both, when everybody knows everyone and everyone is honest?

Perhaps, the best answer to why parishes are asked to conduct an annual self-review is it is part of the practice of good stewardship.

Canon 1284 states that "all administrators are to 'keep well organized books of receipts and expenditures' and draw up a report of the administrators at the end of each year"; additionally, Canon 1287 states that administrators of any ecclesiastical goods whatever are "bound by their office to present an annual report to the local ordinary who is to present it for examination by the finance council; any contrary custom is reprobated." In keeping with these mandates and to assist the bishop in his duty, this Annual Parish Financial Self Review is designed to assist parishes of the Diocese of Owensboro to make a faithful accounting of the stewardship of all fiscal resources. The United States Conference of Catholic Bishops' Accounting Practices Committee (APC), in response to growing concerns over fraudulent fiscal activities in parishes across the nation, has made short and long term recommendations of "best practices" in all dioceses. Incorporating the best practices into diocesan policy ensures effective oversight by the bishop and fulfills the canonical mandates.

Conducting a self-review is not a symbol of distrust.

It is a mark of responsibility.

It is good fiscal responsibility.

It is good stewardship demonstrated for all to see.

Annual Parish Financial Self Review

Parish: _____ **City:** _____

Pastor: _____

This report is designed to insure that the accounting controls and procedures in use in this parish meet acceptable standards for a non-profit organization and follow the account procedures authorized by the Diocese of Owensboro.

Declaration

I verify that the parish accounting records are maintained in a conscientious manner and that these records are preserved as part of the Parochial Archives.

To the best of my knowledge, this examination has been conducted according to the Diocesan guidelines. Based on this examination, I verify that there is an accurate and complete accounting of the temporalities of this parish prepared and maintained in accordance in standards adopted in the Diocese of Owensboro.

I have provided the Pastor and the Diocesan Finance Office a copy of the completed Self Review Questionnaires.

Prepared by: _____ **Date:** _____

Pastor signature: _____ **Date:** _____

Finance chairperson signature: _____ **Date:** _____

This report is to be sent to the Diocese Administration Office together with the Parish Financial Report by the last working day of July. A copy is to be kept with the Parish Financial Report.

General Procedures:

Who performs the following functions?

- A) Maintains the accounting records: _____
- B) Monitors the budget: _____
- C) Counts the collections: _____
- D) Prepares deposits of collections and other cash: _____
- E) Deposits collections in the bank: _____
- F) Prepares the payroll: _____
- G) Prepares checks: _____
- H) List those authorized to sign parish checks: _____

- I) List person who first opens the bank statement: _____
- J) Reconciles the bank statement: _____
- K) Has access to the petty cash: _____

Accounting System & Procedures:

- A) Are backup disks stored in a fireproof locked safe?.....Yes/No
- B) Are printed copies of each ledger kept on file?.....Yes/No
- C) Are all accounting records stored in a locked safe or file cabinet?.....Yes/No
- D) Are unused checks stored in a locked safe or file cabinet?.....Yes/No
- E) Are all disbursements made by pre-numbered checks?.....Yes/No

Cash Receipts and Collections:

- A) Are all cash receipts (e.g. Mass stipends, CCD, etc.)
stored in a locked safe prior to be deposited?.....Yes/No
- B) Are miscellaneous receipts deposited in a timely
manner (at least once a week)?.....Yes/No
- C) Are collections placed in tamper proof bag and secured in an
area before being counted?.....Yes/No
- D) Where and when are collections counted? _____
- E) Are there counting teams?.....Yes/No
How many on a team? _____
- F) Are the members of each team unrelated?.....Yes/No
- G) Is a “count sheet” prepared with a breakdown of
funds collected by type (i.e. envelopes, cash, etc.)?.....Yes/No
- H) Are all checks endorsed for “Deposit Only” to the parish account when
counted?.....Yes/No

- I) Is the “count sheet” compared to the bank deposit ticket?..... Yes/No
- J) Do counters sign off on the “count sheet”?..... Yes/No
- K) Is the “count sheet” retained and filed?..... Yes/No
- L) When is the Sunday collection deposited? _____
- M) Does the Count Team make the Collection Deposit?..... Yes/No
- N) Is a statement of annual contributions mailed - -
 to all who use envelope..... Yes/No
 to all who contribute by check?..... Yes/No
- O) Are all “Special Collections” remitted to the
 diocese within six weeks of being taken up? Yes/No
- P) Are all checking, savings and investments accounts included in the
 Year-end diocesan financial statements? Yes/No
- Q) Have Surplus funds (excess of three months of operating cash) been transferred
 to the Diocese’s Deposit and Loan Account?..... Yes/No
- R) Have all electronic ACH transfers been pre-authorized by the Pastor?..... Yes/No

Bank Reconciliations

- A) Who is the first person to open bank statements and review them? _____
- B) Are bank reconciliations prepared within
 15 days of receipt of the bank statement?..... Yes/No
- C) Are bank reconciliations prepared for
 all bank accounts?..... Yes/No
- D) Are bank reconciliations approved by the Pastor Yes/No
- E) By whom: _____
- F) Are bank reconciliations, bank statements, deposit tickets
 and canceled checks retained and filed in a systematic manner?..... Yes/No

Disbursements

- A) Is there a petty cash fund?..... Yes/No
- B) How much is the petty cash fund? \$ _____
- C) Are all withdrawals from petty cash supported by documentation?..... Yes/No
- D) Is petty cash reconciled on a monthly basis?..... Yes/No
- E) Is there limited access to the petty cash fund?..... Yes/No
- F) List those authorized to access the petty cash fund:

- G) Are ALL requests for reimbursement supported with documentation? Yes/No
If no, then why not: _____
- H) Who reviews and approves invoices presented for payment:
Receipt of services or goods: _____
Accuracy: _____
Account distribution: _____
- I) Who reviews and approves invoices for payment? _____
- J) Are invoices initialed as evidence of approval for payment? Yes/No
By whom: _____
- K) Are account codes, check number and
date paid indicated on the copy of the invoice? Yes/No
- L) Are invoices filed in a manner that
would make it easy to reference back to them? Yes/No
- M) Has prior approval of the Ordinary been obtained
for all non-operational expenditures of \$5,000 or more? Yes/No
- N) Are these approvals kept on file? Yes/No
- O) Is the payroll information prepared from time cards? Yes/No
- P) If not, is there a system for written approval? Yes/No
- Q) Is the signer of checks the same person making out the check? Yes/No
- R) Are blank checks ever signed? Yes/No
- S) Are all checks properly and timely mailed to the payee? Yes/No
- T) Are voided checks marked as void and filed in a voided check file? Yes/No
- U) Does the parish have a credit card to make purchases? Yes/No
How many cards are there? _____
What is the credit limit? _____
Who has the authority to use the card(s)? _____
Who maintains the credit card log? _____
- V) Is the credit card bill reviewed by **both** the pastor and
bookkeeper for accuracy and any irregular activity? Yes/No
- W) Are there approved receipts on file to document ALL credit card purchases? Yes/No

Payroll & Compensation Matters

- A) Are personnel files made on each employee?.....Yes/No
- B) Does the personnel file include the following:
- ☐ Application or resume
 - ☐ Background check report and release
 - ☐ Performance evaluations
 - ☐ Salary change documents
 - ☐ Copy of Federal W-4 and KY K-4
 - ☐ Copy of “Employee Acknowledgment” page from handbook
 - ☐ Copies of all employee benefits enrollment forms
 - ☐ Letters of commendation
 - ☐ Disciplinary Action Documents
 - ☐ Federal I-9 (Filed in a separate file)
- C) Do you have any employees or personnel that are issued a 1099-miscellaneous for earned income?.....Yes/No
- D) Is Payroll processed thru Paycor?.....Yes/No
- E) Is the Paycor cash requirement report approved by the Pastor?.....Yes/No
- F) Have payroll entries from Paycor been downloaded and recorded in the accounting system?.....Yes/No
- G) Have Paycor payroll reports been downloaded, printed and filed in secure filing cabinet?.....Yes/No
- H) Have all employees and clergy been issued a W-2 from Paycor at year end?.....Yes/No
- I) Are employees who work 20 hours or more each week enrolled in diocesan benefits plan?..... Yes/No

Other Matters

- A) Does the parish prepare an annual budget?Yes/No
- B) Are copyright laws followed?.....Yes/No
- C) Are all fundraising laws as imposed by the State of Kentucky followed?Yes/No
- D) Do you have groups with separate bank accounts that use the parish federal identification number (EIN) that do not report to the pastor?.....Yes/No
- E) Is there an inventory of parish assets on file and a copy filed offsite?.....Yes/No
- F) Does the parish permit the use of tax exemption only to those organizations or individuals purchasing items strictly for the use of the parish?.....Yes/No
- G) Does the parish have the “Diocesan Policy Manual” handy for reference?.....Yes/No

- H) Is the “Diocesan Policy Manual” up-to-date?.....Yes/No
I) Does the parish have an ongoing capital campaign?.....Yes/No
J) Is the parish planning to do any major projects
(i.e. renovate or build) during the coming year?.....Yes/No
K) Has Catholic Mutual been notified of all new building construction?.....Yes/No

Comments:
