

Suggestions for Parish Internal Control Procedures

Cash Receipts

Objectives

1. Limit access to cash receipts to as few persons as possible.
2. Make conversion of church cash to personal use as difficult as possible.
3. Establish record control as early as possible and maintain accountability.
4. Prevent opportunities for concealment of conversion of cash to personal use.

Policies

1. Collections committee members should be established in sufficient numbers to allow for rotation of money counters and two or more members present when counting the parish collection.
2. The collection should be count as expeditiously as possible.
3. Cash count procedures should be in writing and furnished to each member of the Collection Count Committee.
4. The collection should be counted in the presence of two people, who are not related.

Collection Count

- The collections should be counted after each Mass by at least two money counters of the Collection Count Committee.
 - 1 A record should be made of the collection immediately after the count, as follows:
Amount of the offering should be indicated on the outside of the parishioner's envelope for subsequent posting to the parishioner's statements. Loose checks should be listed for subsequent postings to parishioner's statements.
 - 2 Deposit slips should be prepared in duplicate. The original to the bank with the deposit and a copy which remains in the deposit book for use by the parish secretary or bookkeeper.
 - 3 There should be a collection count record book, log, or sheet maintained. The money counters should sign the collection count sheet.
- The collection should be deposited immediately in the night depository at the bank by one of the money counters.

Counting and depositing the collections after Mass is recommended and should not be a problem, especially for the larger parishes, if the Collection Count Committee is properly organized and administered. If, however, this is not practical the pastor or two ushers should control the deposit by placing the collection in an envelope and depositing it in the parish safe. At the time of the actual counting then the above procedure should be followed.

Parishioners' Statements

Objectives

1. Provide parishioners' with a record of their contribution to the parish and a record of special collections.
2. Obtain assurance that the total contributions recorded appear reasonable in relation to the total offertory for the period.

Policies

1. Someone not having the responsibility for counting collections or handling mail receipts should keep a record of each parishioner's contributions.
2. Parishioner's statements should be preprinted with the following confirmation request: "This statement is for your records. Please examine carefully. If it does not agree with your records, please communicate this directly to the pastor".
3. Totals on the parishioner's statements should agree with the totals in the parish records.
4. The statements ideally should be mailed on a quarterly basis to the parishioners' under conditions that would make it impossible for anyone who could manipulate these statements to suppress delivery or intercept replies.

Cash Disbursements

Objectives

1. Make disbursements for personal use as difficult as possible.
2. Make concealment of irregular disbursements as difficult as possible.

Policies

1. An imprest petty cash fund should be used (if petty cash is necessary).
2. Prenumbered checks should be used

3. Checks should be signed by the pastor or assistant and should be reviewed before signing.
4. Checks should be mailed or distributed by someone other than the person preparing the checks.
5. Bank accounts should be reconciled monthly by a member of the audit or finance committee. If this is not practical, the reconciler should be someone who has no access to cash through the disbursements or receipts.

Purchases

Objectives

1. To assure that purchases are properly authorized.
2. To assure that goods were received or services performed.
3. To assure that competitive bidding procedures are in effect.

Policies

1. Purchase requisitions, purchase orders or some purchase authorization document should be used. This document should indicate that prices were received from three or more vendors for any purchases in excess of a set amount. (i.e., \$1,000.00 to \$5,000.00)
2. Some indication in writing that the goods were received or the services were performed.
3. Invoices should be reviewed for terms, prices, and extensions and compared with the purchase authorizations.
4. Invoices should also be approved in writing by the pastor or an assistant when signing the check in payment thereof.
5. Invoices should be filed and maintained for a period of at least seven years in support of payments.

Payroll

Objectives

1. To prevent flagrant attempts at padding payrolls and to make any attempt at conversion to personal use as difficult as possible.
2. To make concealment of conversion difficult.

Policies

1. Use of checks for all payroll disbursements.
2. Payrolls should be reviewed and approved by the pastor or assistant. The review should encompass hours worked, rate of pay, overtime hours and deductions.
3. The payroll bank account should be separate from the regular parish operating account. It should be reconciled monthly by someone other than the preparer as an audit or finance committee member.
4. The pastor or an assistant should sign all payroll checks.
5. The pastor should distribute payroll checks at least one pay period each quarter.
6. Withholding taxes and employment taxes should be deposited in accordance with federal and state requirements.
7. Federal and state W-2's, Federal I-9's should be kept in the employees personnel files. A copy of all health and life insurance benefit forms, salary reduction agreements for 403(b) (TSA's or TDA's) and cafeteria plan information should be kept in the employees personnel files.
8. A committee should be established to advise the pastor on hiring policies, pay rates, job descriptions. Members should have background in human resource or personnel issues.
9. All employees and volunteers who work with funds and/or children have background checks?