

# **Catholic Mutual... "CARES"**

## **REVIEW OF PARISH ACCOUNTS AND FINANCIAL CONTROL GUIDELINES**

The financial control guidelines outlined below are recommended to all parishes. These guidelines are not intended as an all-inclusive money-handling guide, but have been developed as a guideline, which will prevent the majority of embezzlements from occurring.

### **Internal control**

- All accounts using the parish and/or school's federal ID number must be approved and controlled by the parish council. All account statements must go to the parish and be accessible to the parish finance council.
- The individual who prepares checks should not be authorized to sign checks.
- The person who signs checks should not be allowed to balance monthly bank statements. Monthly bank reconciliations should be submitted with the monthly statements for review by the Finance Council, or review by a knowledgeable individual other than an authorized signer.
- Budgets should be developed and approved. Disbursements not specified in the approved budget should not be allowed without the direct approval of management or the Finance Council.
- Each month, a report comparing the proposed budget to actual one should be made available for the Finance Council. Significant variances should be investigated, explained and resolved.
- Clearly define the type of expenses that can be paid with specific funds. Define expenses that are inappropriate. Define the employee's job function as it relates to the account and disbursement function.
- Each check issued by a parish should be signed by at least two individuals. Again, the person preparing the check should not be an authorized signer.
- Signature stamps should not be used to sign checks.
- Checks should not be signed in advance or be signed without documentation.

- Sequentially numbered checks should be used.
- The individual responsible for preparing checks should be required to take an annual vacation.
- Key responsibilities should be separated. One individual should not handle billing, collections, and bank deposits. One of these tasks should be completed by a second individual.
- Comprehensive pre-employment screening should be conducted, including a criminal background check, the verification of educational data, verification of employment history, and checking of references.

### **Physical control**

- Each parish should own a safe. Collections and all cash should be stored in the safe. The safe must be kept locked at all times (even during parish business hours).
- Deposits should be made on a regular basis. Accumulations of cash and checks totaling \$1,000 or more should not remain in the parish safe for a time period longer than 48 hours.
- If possible, parishes should make arrangements for evening and Sunday deposits. Also, many banks will provide facilities for money counting.
- CHURCH MONEY MUST NEVER BE TAKEN HOME BY ANYONE.

### **Cash Receipts/Money counting**

- Ideally, each parish should have five teams of money counters (consisting of three members per team). If five teams cannot be formed, there must be at least two. There should be at least three members per team. Members of teams must also be shuffled on a periodic basis. Also, husbands and wives should not be allowed on the same team.
- All checks received should be immediately endorsed to the appropriate account. A self-inking endorsement stamp is recommended for this purpose.
- A tape of the cash and checks to be deposited, along with the deposit, should be prepared by one of the individuals. A tape of the receipts of envelopes, along with a summary of totals by account classification should be prepared by the second individual. The totals should then be compared to verify that the amounts are the same. All members of the money counting team should sign the collection summary tape to verify the amount of the collections.

- The recap of the receipts or envelopes along with the tape should then be given to the bookkeeper for entry into the books of record. The deposit slip and second tape should accompany the cash and checks and be deposited intact the day of collection by the team of money counters.
- A comparison of the total of the receipts to the deposit slip must be done by the bookkeeper.
- CASH WITHDRAWAL FROM THE DEPOSITS MUST NOT BE ALLOWED.
- A yearly “giving” statement should be distributed to all parishioners.

### **Annual Financial Review**

- It is strongly recommended that each parish conduct a review of parish accounts on an annual basis. Accordingly, each parish should form a review committee composed of at least two individuals. Signers and preparers of checks should not, under any circumstances, participate nor have the opportunity to be a member of the parish financial review team. Also, trustees or business managers should not be on the review team. It is highly recommended that the parish’s finance committee (unless members are the individuals noted above) be allowed to handle the review.
- The attached Catholic Mutual Parish Financial Review Verification form can be used by the financial review team. Any questions on how to complete the “self” review should be directed to the Risk Management Department at (800) 228-6108.

# Catholic Mutual Parish Financial Review Verification Form

Parish name: \_\_\_\_\_

Parish address: \_\_\_\_\_

Date(s) of review: \_\_\_\_\_

Arch/Diocese: \_\_\_\_\_

1. All parish checking accounts must be inspected by the financial review team for accuracy and irregularities. Examples of parish accounts are home and school accounts, bingo accounts, cemetery accounts, athletic booster accounts.
2. The review team must inspect canceled checks from each account for several months to ensure that checks are written for legitimate purposes and to businesses with which the parish does business. Please ensure that checks have been cashed and that each cashed check was endorsed by the proper party. Also, verify that checks were not altered prior to cashing.
3. The review team should verify that payroll tax returns are being filed on a timely basis. Additionally, it should be verified that payroll taxes are being paid on time.
4. If irregularities are found in parish accounts, on canceled parish checks, on the payment of payroll taxes or tax returns, or if the parish is not complying with the financial control guidelines, contact your Arch/Diocesan financial manager.

Members of Parish Review Team:

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| _____      | _____     | _____ |
| Print name | Signature | Date  |

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