Parish Audit Guideline

ISSUED BY THE METROPOLIS FINANCE COMMITTEE
Prepared by the Finance Committee of the Metropolis of Pittsburgh, this audit guide manual is a service to assist your parish audit committee in performing its task. We hope you find it useful. This manual, or the Metropolis Finance Committee, are not responsible for the conduct of your parish audits nor do they provide legal or financial advice to your parish. Parishes are encouraged to seek assistance and advice from local professionals when specific issues arise.

This manual is a service provided by the Metropolis Finance committee for increasing awareness and knowledge in auditing policies and procedures within the parish. Hopefully, it explains a clearer understanding of why audits should be conducted for the health and well being of your parish. Transparency, accountability, and adherence to prudent responsible financial policies and practices are the fiduciary responsibility of all elected officers of the parish.

As a continued work in progress, we encourage comments and suggestions on improving the contents of and practices suggested within this manual. Suggestions should be sent to the chairperson of the Metropolis Finance committee.

A special thank you to The United Methodist Church for granting permission to use their resource.
# Table of Contents

- **Introduction** .............................................................................................................. 3
- **Key Definitions** ........................................................................................................ 3
- **Selecting an Auditor** ................................................................................................. 4
- **Purpose of an Audit** ................................................................................................. 6
- **Groups to Be Included in the Audit** ................................................................. 7
- **Information Required** ............................................................................................ 7
- **Confidential Information** ...................................................................................... 8
- **Conducting the Audit** ............................................................................................ 8
- **Internal Controls Review** ...................................................................................... 9
- **Receipts and Disbursements** ............................................................................... 9
- **Reporting and Review** .......................................................................................... 10
- **Tax Reporting Requirements** ............................................................................. 10
- **Other General Requirements** ............................................................................. 10
- **Auditor’s Written Report** .................................................................................... 11
- **Audit Report Preparation** ..................................................................................... 11
- **Appendix A: Recommended Procedures** ......................................................... 13
- **Appendix B: Internal Control Checklist** ............................................................ 18
LOCAL PARISH AUDIT GUIDE

Introduction

The Greek Orthodox Church Uniform Parish Regulations (UPR) assigns the ultimate responsibility for the annual audit of financial records to the Parish Council. As per the regulations, a Board of Auditors shall be elected at the last Parish Assembly preceding the election. The Board of Auditors shall audit the financial records of the prior year and prepare a report of such audit for presentation to the Parish Assembly. The Parish Council shall submit annually a full and complete report, including the audit report, to the respective Hierarch and Archdiocese no later than May 15 of the following year. The purpose of this audit guide is to assist the Board of Auditors in its work.

Key Definitions

A local parish audit - an independent evaluation of the financial reports, records, and the internal controls of the local parish by a qualified person or persons for the purpose of reasonably verifying the reliability of financial reporting, determining whether assets are being safeguarded.

Audit - the process that provides reasonable assurance that good stewardship is being used in handling and accounting for the funds and assets of the local church. The ultimate goals of the audit include:

• Protection for the individuals the local parish elects to offices of financial responsibility from unwarranted charges of careless or improper handling of funds;

• Trust and confidence of the financial supporters of the parish in the way their money is being accounted for (trust and confidence lead to improved patterns of financial support);

• Fiscal responsibility to assure that through turnover in personnel there will be continuity in accountability and transparency;

• Assurance that gifts made to the parish with restrictions attached are consistently administered in accordance with the donors' instructions and to provide checks and balances for funds received and expended.

Designated funds - assets that have been voted by the local parish's governing board, such as its parish council or equivalent body, to be used for a particular purpose because the stipulation for its particular use was made by the parish itself, that stipulation (or designation) can be changed by the action of the body that put it in place.
**Independent Audit** - "The Board of Auditors shall consist of at least three (3) parishioners none of whom are members of the Parish Council. The Board of Auditors shall be elected at the last Parish Assembly preceding an election from among those who have not served on the Parish Council for the year being audited and who are not candidates for election to the Parish Council. The Board of Auditors shall have the financial competency to properly execute its responsibilities." (UPR, Article 33, Section 1). Those elected to the audit position will execute a Conflicts Disclosure Policy Statement as provided within the UPR Addenda Al-A3. These executed documents should be an integral part of the audit work papers. Independent means that the auditor must not be subject to control or influence by anyone who has responsibility for the financial accounts and records of the parish. There should not be even the appearance of a relationship that may dilute the perception of the independence of the auditor. An independent auditor is one who is unrelated to those with financial responsibilities in the church. If a CPA or accounting firm is chosen, the firm should be unrelated and separate from those with financial responsibilities in the parish.

**Internal controls** - policies and procedures that are followed to help minimize financial risks by helping to deter potential fraud, detect errors or omissions, and protect innocent workers.

**Internal control policy** - a policy prepared for a parish that documents the processes and procedures to be followed to help safeguard the financial assets of the parish.

**Permanently restricted funds** - donations to the parish for a particular purpose where the original gift is not spent but the earnings on the gift can be used for that purpose.

**Temporarily restricted funds** - donations to the parish that come with stipulations that limit the use of the funding to a specified purpose. The funding can be spent but just for the intended purpose.

**Unrestricted funds** - donations made to the parish that are for the general use in the ministry of the parish.
The Purpose of an Audit

The purpose of an audit is the summation of the items presented below:

- Independently verify the reports of the treasurer(s) and financial secretary.
- Follow the money and test how it is treated at different steps.
- Document that donated and earned funds of the congregation have been used as stipulated by the donors.
- Reviews accounting controls (systems that reduce the possibility of loss, embezzlement or errors).
- Segregation of duties (assurances that more than one person is involved in critical steps in handling money so that there can be checks and balances).
- Reasonableness of systems and procedures in the light of all factors, including the size of the parish and its budget.
- Records that show donors' stipulations for the use of gifts made to the parish.

It should be noted that a "review" or "compilation" performed by an independent CPA is not considered an acceptable form of an "audit." Both of these types of engagements are significantly less in scope than an audit performed in accordance with professional standards. A "review" only requires the auditor to perform inquiry and analytical procedures. Confirmation of balances and detailed testing are not performed. A "compilation" is simply the compilation of data provided by the church. No actual testing is performed. Both a "review" and "compilation" offer very limited assurance on the accuracy of the underlying financial statements. For these reasons, neither should be performed in the place of an actual audit (or the recommended procedures outlined in this guide).

In addition, the following information should be presented to the parish council of the parish for their consideration.

- Adequacy of insurance coverage.
- Systems for retaining and accessing meeting minutes that have financial implications (i.e. Finance Committee, Trustees, Charge Conferences).

A parish's unique circumstances may suggest that additional steps should be taken. It is important to document the financial processes of the parish.
Groups to be Included in the Audit

The scope of the audit will include not only the financial offices of the local church, but "all" its organizations which use the parish's Federal Employer's Identification Number to obtain its non-taxable status. That means that the treasuries that are to be audited include:

- Trusts if their funds are held separately
- Memorial Fund (if any)
- Local Parish Foundation or Endowment funds
- All other separate treasuries or bank accounts maintained by a group using the same federal tax identification number as the parish, including, for example:
  - Priest's discretionary fund
  - Any Youth organization fund
  - Church schools
  - Others

The parish Philoptochos chapter financial accounts are exempt from audit since they exist, and are exempt, by virtue of their independent Federal 501 C-3 exemption status. They should not use the parish federal identification number.

Information Required for the Audit

For audits performed by a qualified member of the church or other volunteer, the person(s) must obtain access to the following information and materials (at a minimum) during the audit:

1. Copies of all parish policies and procedures related to finance and treasury functions and copies of minutes approving those policies.
2. Copies of all Parish Council and General Assembly minutes for the year being audited.
3. Listing of all bank and investment accounts, including the person authorized to sign on each, and including any special use accounts under the control of the priest(s) and in the name of the church.
4. All financial statements for each month of the year, plus December of the prior year and January of the subsequent year (a fourteen month period).
5. Bank and investment account statements for the same period.
6. Bank reconciliations for that same period.
7. Original books of entry, which will be the general and subsidiary journals; for those books that are computerized, a print-out of all transactions by account for the entire year.
8. All paid invoices, payroll data and files (including 941's, year-end W-2's, 1099's and transmittal forms), income transmittals and deposit records for the fourteen month period.
9. The Financial Secretary's records and other income records for the same period.

For audits performed by an independent external auditor, similar information will be requested.

Confidential Information

The person(s) conducting the audit may obtain access to confidential information and must treat that information accordingly. The auditor's work papers may contain confidential information. These work papers as well as all financial records should be retained for at least seven years in a secure, limited access, storage area.

Conducting the Audit

As discussed above, the audit may be performed via the following based on the amounts of the funds received (averaged over the prior three years):

- Procedures conducted by an independent member of the parish or volunteer.
- Procedures conducted by an independent accountant hired by the parish.
- Financial Statement Audit performed by an independent CPA hired by the parish.

For recommended procedure evaluations, the auditor (either a volunteer or CPA) should meet with parish leadership (including the finance or audit committee) and determine the procedures to be performed to ensure all necessary financial information is included in the scope of the procedures. It is worth noting that parish leadership will be responsible for identifying all financial information and processes to be included in the scope of the procedures. As part of an AUP (Agreed Upon Procedure) engagement, the auditor should work to understand the parish's internal controls within the processes being audited and then communicate any deficiencies identified during the performance of the procedures.

For financial statement audit engagements, the CPA will conduct the audit in accordance with generally accepted auditing standards to obtain reasonable assurance that the financial statements are not materially misstated. As part of the audit, the CPA will communicate any significant internal control deficiencies identified during the audit.
Internal Controls Review

As part of the audit, it is essential that the internal control structure for receipts and disbursements procedures be reviewed regardless of the size of the parish. The internal control structure is the process that assures the local parish’s operational efficiency and effectiveness, that its financial reporting is reliable, that it is complying with laws, and that its assets are safeguarded. The internal control process should be in place on paper as well as in practice. Internal control systems that are only policy and are not enforced are no better than having no system at all.

The following guidelines are intended to assist those with financial responsibilities in the parish to identify and implement basic internal control procedures. These minimum standards should be increased for parishes with higher volumes of transactions, and should be considered for lower volumes of transactions. Ideally, all parishes will meet these minimum standards and these procedures should be reviewed to ensure practice of each of these during the annual evaluation.

Receipts and Disbursements

• Treasurer and Financial Secretary should not be the same person and should not be in the same immediate family residing in the same household
• Counting team (at least two unrelated persons) should count offerings and document totals - not treasurer and not financial secretary
• Offerings should be deposited the same or next business day
• Offering count details should be given to financial secretary for recording
• Offering totals should be given to the treasurer or financial secretary to record deposit
• The Financial Secretary's deposit log should be compared to the bank statement to verify deposits (by bank reconciliation reviewer)
• At least two persons should be listed as authorized signatures on all accounts. This should also be the case for setting up electronic payments (or EFTs). For EFTs, one of those individuals should be a member of the Parish Council (other than the Secretary or Treasurer).
• The Treasurer is authorized to make electronic payments of bills. The Treasurer shall maintain support for every electronic payment just as with the support for paper checks.
• Financial policy and authority guidelines should be written and approved by the Finance Committee.
• Invoices should be required for all payments from all accounts
• Someone other than the treasurer (with authority by Parish Council) should approve invoices for payment
• Typically, the Treasurer should make payments only after the invoice is approved. A policy may be implemented where routine, budgeted expenses (i.e., rent/mortgage, electric bill, etc.) may be paid without recurring approval; non-routine expenses must be approved prior to payment.
Reporting and Review

- All accounts should be reconciled monthly
- Someone other than treasurer should review bank reconciliation at least semiannually including bank statements, invoices, checks written, and financial reports
- The Treasurer should make detailed report of budget and designated fund activities to the Parish Council at least quarterly.

Tax Reporting Requirements

- W-2s must be issued for employees, including pastors, and 1099s issued for nonemployee compensation by January 31 for preceding year (federal law requirement)
- Payroll tax forms and deposits done as required for payroll amount (federal law requirement) - payroll reporting should be completed for the IRS and SSA by appropriate due date for filing method
- Housing allowance or exclusions approved annually at charge conference and kept on file (federal law requirement)

Other General Requirements

- Prepare list of all parish property for insurance purposes - include item description, serial number and value
- Prepare list of safety deposit box contents - update authority as needed - access should be allowed by two unrelated people
- Computer records are backed up and password protected for security
- Ideally, four individuals are required for regular financial procedures: financial secretary, treasurer, person to review and approve invoices and person to review bank reconciliations. It is possible for this to be accomplished with 3 individuals if proper segregation is achieved.

The steps outlined in this section have been compiled into a checklist for easier use during an audit. This checklist is included as Appendix B. When all the audit review steps have been completed, the auditor should review the work done with the church treasurer and financial secretary, endeavor to answer any lingering questions, then consider preparation of the report of the audit.
Auditor's Written Report

The type of report provided at the conclusion of the audit will be dependent on the type of audit performed. For agreed upon procedure and financial statement audits performed by an independent CPA, professional audit standards will dictate the reporting provided by the auditor.

For audits performed by church member, the reporting ideally will provide the following, at a minimum:

1. Listing of Procedures Performed and Related Results
2. Statement of Financial Position (balance sheet or listing of all assets and liabilities if full financial statements are not prepared for the parish)
3. Statement of changes in net assets (statement of activities or listing of all income and expenses if full financial statements are not prepared for the parish)
4. Comments, if any, on internal control deficiencies or issues with parish procedures noted during the evaluation

The reporting should be provided in written format to the Parish Council to disclose the results of testing and any findings or observations during the audit.

Audit Report Preparation

While the audit report is in draft format, the auditor should meet with the audit committee and parish council to discuss the audit findings. The final audit report, along with any responses the parish council may choose to add, should then be presented to the Parish Assembly and delivered to the Metropolis Finance committee. The UPR requires that the report ultimately be delivered to the Metropolis Hierarch and Archdiocese no later than May 15th.
Local Parish Audit Guide
Recommended Procedures

1) Obtain a copy of (1) the previous year end's balance sheet (statement of financial position) and "statement of income and expenses" (statement of activities) for the year then ended and (2) the balance sheet and year-to-date statement of income and expenses available as of the end of the current year (the "Test Period"). For both sets of statements, agree each amount on such financial statements to the corresponding amounts in the church's general ledger. (Note: The statements used should be the same ones provided to and used by the Parish Council.)

2) Using the balance sheet as of the end of the Test Period, identify any "credit" account balances included in the "Assets" section of the church's balance sheet or "debit" balances included in the "Liabilities" or "Equity" or "Net Assets" sections of the balance sheet. For all such balances identified, obtain an explanation from the church's accountant of the nature of the account and why it has a "credit" (for asset accounts) or "debit" (for" liability" or "net assets" accounts) balance. Summarize such explanation(s) in your report to the Parish Council.

3) If the balance sheet at the end of the Test Period reflects an accumulated deficit, ask the parish's accountant to explain the source or sources of the funding for that deficit, and provide the explanation in the final report to the Parish Council. (Note: sources of funding for the deficit might include one or more of the following: bank borrowings, negative working capital (e.g., accounts payable and other short-term liabilities exceed cash balances), restricted assets used to support ongoing parish operations).

4) Cash balances - Obtain copies of the monthly bank statements and corresponding bank reconciliations for each parish bank account for the end of the Test Period and for one other month end during the Test Period, and perform the following:

   a) Agree the "balance per bank" from the reconciliation to the corresponding ending balance of the bank statement, and the "balance per books" (or general ledger) to the corresponding amount in the parish's general ledger.

   b) Obtain written confirmation of such balances directly from the bank or banks.

   c) If there are deposits in transit included in the bank reconciliations, agree such amounts to the following month's bank statements. If such deposits are not recorded by the bank in the parish's bank statements in the following month within three business days following the preceding month end, obtain an explanation for the delay from the parish's accountant, and include that explanation in the final report to the Parish Council.
d) If there are outstanding checks included in the reconciliations, select fifteen checks from the following month's bank statement(s) that have dates on or before the date of the end of the bank reconciliation tested. Agree the amounts of selected checks to the corresponding outstanding check amounts included in the list of outstanding checks included in the bank reconciliation being tested. (For example, to test the completeness of the list of outstanding check list used in the bank reconciliation for December 2013, select checks from the January 2014 bank statement with dates on or before December 31, 2013) and agree them to the corresponding amounts included on the December 2013 bank reconciliation.)

e) Prove the mathematical accuracy of the total dollar amount of outstanding checks included in the bank reconciliation(s) by adding the list(s) of outstanding checks and agreeing that amount to the total amount used in the bank reconciliation(s).

f) Include a listing of outstanding checks that have been outstanding more than six months in your final report to the Parish Council.

g) Obtain an explanation of any other reconciling items used in the bank reconciliation(s), and include the explanation of any significant reconciling items in the final report to the Parish Council.

h) Agree each General Ledger cash balance as of December 31 of the prior year (for example, if these procedures are performed in 2014, use balances as of December 31, 2013) to the corresponding year-end cash amount included in a copy of the parish's signed "cash" report filed with the Conference office.

5) Investments - Obtain a listing of individual investments comprising the balance or balances of any investments included in the church’s balance sheet as of the end of the December of the previous year and as of the end of the Test Period, and perform the following procedures as of the end of the Test Period (It would be unusual if the church has no "investment" account(s)). At least a small number of members in larger churches sometimes give stocks or bonds to their churches in lieu of or in addition to cash gifts due to the tax advantages associated with such gifts. However, if the Parish does not have such account or accounts, skip this step.):

a) Add the individual investment amounts comprising each investment account included on the parish's balance sheet, and agree each such amount to the corresponding amount in church's balance sheet.

b) Agree the amount of each individual investment on the listing to the corresponding amount on the appropriate reports received from the investment custodian(s) or trustee(s) used by the parish.

c) Obtain written confirmation of all investment balances from the investment custodian(s) or trustee(s), including the number of shares or bonds held for each security, the cost basis for each security, and the market value for each security as of the end of the testing period.
d) Select five "withdrawal" transactions at random from the monthly or quarterly investment reports received from the investment trustee(s) or custodian(s) for the Test Period. Agree the proceeds from such withdrawals to corresponding deposits recorded in the parish's cash account(s).

e) Understand where invested funds are held (i.e., the custodian) and ensure that a Service Organization Control report is received from the custodian, or some other assurance is provided that the funds are accounted for accurately and the custodian has adequate and effective internal controls.

6) Parish Property - Obtain a listing of all property owned or occupied by the church and perform the following:

   a) Request the title and/or deed to the land, building and vehicles.
   b) Determine and report where the title and deeds are maintained.
   c) Determine through discussions with management whether insurance is in place for all of the identified assets. Report the amount of coverage and the type of insurance.

7) Parish Credit/Purchasing Cards - Some churches provide credit cards to staff and certain committee chairpersons or members to use to purchase products and services for the church. If the church uses such credit cards, perform the following:

   a) Obtain a copy of the credit card statement(s) as of the end of the Test Period and for one other month-end during the period. Using the statements provided by the card issuer, confirm the any card balance(s) from the previous month(s) were paid in the statement months. For example, if the end of the Test Period is April 2014 and the other month selected at random for testing is September 2013, confirm that any beginning of the month card balances due (i.e., card balances as of the end of March 2014 and August 2013) were paid in the months of April 2014 and September 2013. If not, confirm that the unpaid balances were reflected in the appropriate church balance sheet, and include any such unpaid balances in your report to the Parish Council.

   b) Additional credit and procurement card transaction testing should be performed as part of 11.c. below.

8) Stewardship and offerings received:

   a) Select six Sundays from the Test Period. For each Sunday selected, obtain a copy of the summary counting sheet prepared by the counters for that Sunday. Agree the amounts received as shown on the counting sheet to the corresponding amounts recorded in the parish's general ledger for that Sunday.

   b) Select twelve "credit" entries from the parish's various "revenue" accounts recorded in the 'General Ledger or Cash Receipts Journal (or similar accounting record) during the Test Period. Agree the amounts selected into the corresponding bank deposit recorded in the parish's bank statements and to giving records of the parish. (Note: the amount selected will likely be one of several entries that together add to the total deposit reflected in the bank statement. If that is the case, agree the specific general ledger entry from the general ledger to the list of entries that
comprise the total deposit, and prove the arithmetic accuracy of the listing to ensure the total of the list of entries agrees with the total deposit reflected in the bank statement.)

c) Verify with the parish's accountant (i.e., the staff person responsible for maintaining the general ledger and other accounting records for the church) that he or she has no ability to record entries in or otherwise alter the individual giving records of the church or distribute annual or interim individual giving statements provided to members or others who contribute money or other gifts to the church. Also, confirm such individual does not participate in counting the Sunday offerings.

d) Verify that the church's financial secretary (the person responsible for maintaining the individual giving records of the church used to provide church members with annual giving statements at year-end) that he or she has no ability to record entries in the accounting records (general ledger, payroll ledger, and other subsidiary accounting records other than the individual records of the church) or otherwise alter such records. Also, confirm such individual does not participate in counting the Sunday offerings.

e) Select five (5) journal entries in the general ledger recorded to revenue accounts during the Test Period from sources other than cash receipts or cash disbursements. Agree the amounts of such journal entries to supporting documentation, and determine the propriety of such journal based on the supporting documents reviewed. Include in your report a description of any journal entries for which supporting documentation was not available, or where you could not conclude entries were appropriate and necessary.

9) Other income - If the church has other sources of income (e.g., child care or preschool tuition and fees, property rentals, and such amounts exceed ten (10) percent of the church's total revenues for any of the preceding three years, develop limited procedures to test the completeness and accuracy of such amounts, and describe the procedures performed and the results of such procedures in the final report to the Finance Committee. (Note: Any such procedures should be reviewed with and approved by the Finance Committee or its designee prior to any such procedures being performed.)

10) Donations - For significant donations to the church (to be determined based on the size of each church), confirm with the donor the amount and intended purpose of the donation. Review to ensure the donation is being used in accordance with its intended purpose and has been accounted for completely and accurately.

11) Church expenses/expenditures and cash disbursements - Judgmentally select twenty-four (24) expenditures recorded during the Test Period from the general ledger (if individual cash disbursements are recorded directly in the general ledger) or from the cash disbursements journal or register and payroll register or records (if the church posts a summary of expenses from such journals or registers.) In addition, judgmentally select 18 cash disbursements selected from bank statements covering the Test Period. (Note: Care should be taken to select a wide variety of expenditures for testing, and at least one entry for each month of the Testing Period.) For each individual expenditure or cash disbursement selected, perform the following:
a) For salary or wage payments selected, agree the pay rate used to determine the payment to the applicable schedule of salaries and pay rates approved by the Staff Parish Relations Committee. Recalculate the salary or wages paid based on such approved salary and wage rates and if applicable, the approved time card or sheet (or similar record) approved by the employee's supervisor.

b) For payroll tax or benefit payments, recalculate the amount of expense recorded and payment made or remitted based on approved tax or benefit rates in effect at the time of the payment.

c) For expenditures paid for using a church credit or procurement card, agree the charge to a copy of the supplier receipts submitted as support for the charge, and determine the appropriateness of the specific expense account to which the charge was recorded. Confirm the credit card charge was approved for payment in accordance with the established practices of the church. Also, agree the charge for the month to inclusion in the monthly credit card statement received by the church and used as a basis to pay the monthly credit or procurement card charge.

d) For expenditures paid using church-issued checks, agree the amount of the expenditure selected to the supporting documentation (typically, this will be an invoice issued by the supplier of the products or services purchased or a supplier contract). Recalculate the charges on the invoice based on the quantities and unit costs listed on the invoice. Confirm the purchase was approved for payment in accordance with the established practices of the church. Agree the appropriate details (dollar amount of the purchase and the supplier's name) to the cancelled check or appropriate details provided in the bank statement received from the bank.

e) For all expenditures, determine the account in which the expenditure was recorded was appropriate given the nature of the expenditure and consistent with the established practices of the church.

12) Review all insurance policies in effect (according to church leadership) and ensure adequate types and levels of coverage are in place for local church needs. If minimum requirements for coverage are set by the annual conference, ensure policy levels comply with these minimum levels.

13) If bonding is mandated by the Parish Assembly or Council, review to ensure bonding is in place for the appropriate individuals. Further, review the bond amount with church leadership to ensure the bonding is appropriate for the assets held by the church. Review the current policy and payment information to ensure the bonding policy is current.
During the performance of the audit/procedures, the auditor should review to determine whether the following internal controls are in place within the parish.

<table>
<thead>
<tr>
<th>Control Description</th>
<th>Control in Place (Y/N)</th>
<th>If “No”, describe any deficiencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts and Disbursements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Treasurer and Financial Secretary should not be the same person and should not be in the same immediate family residing in the same household</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Counting team (at least two unrelated persons) should count the offerings and document totals – not treasurer and not financial secretary</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Offerings should be deposited the same or next business day</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Offering count details should be given to the financial secretary to record deposit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Offering totals should be given to the treasurer of financial secretary to record deposit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. The Financial Secretary’s deposit log should be compared to the bank statement to verify deposits (by reconciliation reviewer)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. At least two persons should be listed as authorized signatures on all accounts. This should also be the case for setting up electronic payments (or EFT’s). For EFT’s, one of those individuals should be a Trustee or a member of the Finance Committee (other than the Financial Secretary or Treasurer)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. The Treasurer is authorized to make electronic payments of bills. The Treasurer shall maintain support for every electronic payment just as with the support for paper checks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Financial policy and authority guidelines should be written and approved by the Finance Committee.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Invoices should be required for all payments from all accounts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Someone other than the Treasurer (with authority by the Finance Committee) should approve invoices for payment</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Local Parish Audit Guide
### Internal Control Checklist

<table>
<thead>
<tr>
<th>Control Description</th>
<th>Control in Place (Y/N)</th>
<th>If “No”, describe any deficiencies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Receipts and Disbursements (continued)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Typically, the Treasurer should make payments only after the invoice is approved. A policy may be implemented where routine, budgeted expenses (i.e. rent/ mortgage, electric bills, etc) may be paid without recurring approval; non-routine expenses must be approved prior to payment</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Reporting and Review</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. All accounts should be reconciled monthly</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Someone other than the treasurer should review bank reconciliations at least ideally semiannually (but at least annually) – including bank statements, invoices, checks written, and financial reports</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. The Treasurer should make detailed report of budget and designated fund activities to the Parish Council on a routine basis as the council meets</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Tax Reporting Requirements</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. W-2’s must be issued for employees including priests and 1099’s issued for non-employee compensation by January 31 for the preceding year (federal law requirement)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Payroll tax forms and deposits done as required to payroll amount (federal law requirement) – payroll reporting should be completed for the IRS and SSA by appropriate due date for filing method</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Housing Allowance or exclusions approved annually at charge conference and kept on file (federal law requirement)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Local Parish Audit Guide
### Internal Control Checklist

<table>
<thead>
<tr>
<th>Control Description</th>
<th>Control in Place (Y/N)</th>
<th>If “No”, describe any deficiencies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Other General Requirements</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Prepare list of all parish property for insurance purposes – include item description, serial number and value</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Prepare list of safety deposit box contents – update authority as needed – access should be allowed by two unrelated people</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Computer records are backed up and password protected for security</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Ideally, four individuals are required for regular financial procedures; financial secretary, treasurer, person to review and approve invoices and person to review bank reconciliations. It is possible for this to be accomplished with three individuals if proper segregation is achieved.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>