

**Diocese of Covington**

Policies & Procedures Manual

Section: Compliance – Accounting

Policy: AUP Audit – Internal Control Questionnaire



**General**

	yes	no	n/a
1. Does the parish have an active Parish Council ( <i>i.e.</i> , which meets at least quarterly)?	___	___	___
2. Does the parish have an active Finance Council (independent of the Parish Council)? If yes, have the members of the Finance Council reviewed the Parish Fiscal Policies and Procedures Manual published by the Diocese?	___	___	___
3. Does the parish have an Audit Committee? If yes, what was the date of the last parish audit? _____	___	___	___
4. Does the parish have a school? If yes, does the school have a school board?	___	___	___

**Accounting System**

5. List all persons, both employees and volunteers, who access accounting records:

_____	_____
_____	_____
_____	_____
_____	_____

6. Does the parish use a computer or a manual bookkeeping system? \_\_\_\_\_

7. If computerized, list all of the software programs the parish is using: (example: PDS Ledgers/Payables, PDS Payroll, PDS Census, Excel, Quickbooks, etc.)

_____	_____
_____	_____
_____	_____
_____	_____

	yes	no	n/a
8. If computerized, is the computer used for:			
• Printing checks	___	___	___
• Cash receipts & cash disbursements journal	___	___	___
• Journal entries	___	___	___
• Parish Financial reports	___	___	___
• Parishioner Contribution records	___	___	___
• Parishioner Contribution reports	___	___	___

9. Who maintains the accounting records? \_\_\_\_\_

10. Does this person have a copy of the Parish Fiscal Policies and Procedures Manual? \_\_\_\_\_

	yes	no	n/a
11. Are there appropriate procedures for back-up and storage of applications and data files?	___	___	___
12. Is off-premises storage maintained for:			
• Master files and transaction files sufficient to recreate the current master files?	___	___	___
• Applications and related documentation?	___	___	___

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**Parish Reports**

	yes	no	n/a
13. Is an annual parish/school budget prepared? If yes, is the current budget a deficit budget?	___	___	___
14. Are parish monthly financial statements prepared? • Do the reports compare actual numbers to budgeted numbers? • Are the reports reviewed by the Parish Finance Council?	___ ___ ___	___ ___ ___	___ ___ ___
15. Are monthly reports prepared for all parish organizations? • Do parish organizations submit budgets? • Do the reports compare actual numbers to budgeted numbers? • Are the reports reviewed by the Parish Council or the Finance Council?	___ ___ ___ ___	___ ___ ___ ___	___ ___ ___ ___
16. Have the most recent year-end financial reports been submitted to the diocese?	___	___	___
17. Is there an annual accounting provided to parishioners?	___	___	___

**Checking Accounts/Petty Cash**

18. Please list all parish and parish organization checking accounts:

Account Name	Bank	Account #	Signatures	Imprest Balance Yes or No

19. Please list all petty cash accounts for the parish and parish organizations:

Organization	Custodian	Amounts

20. Are all of the above cash accounts listed on the parish balance sheet and reported on the Parish Annual Report to the Diocese? \_\_\_\_\_

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**Receipts**

	yes	no	n/a
21. Regarding weekly collections:			
Are parishes following the "Collection Counting Procedures" policy?	___	___	___
Are collections maintained in a secure area?	___	___	___
• Location during Mass _____			
• Location after Mass _____			
Are collections counted by two or more people together?	___	___	___
• Are counters rotated?	___	___	___
• Location where collections are counted? _____			
• Are count sheets prepared and signed during the counting by the counters?	___	___	___
• Are count sheets subsequently reconciled to the deposit?	___	___	___
• On what day of the week is the Saturday/Sunday collection deposited? _____			
• Is there budgeting of contributions that can be reasonably estimated?	___	___	___
• If so, are such budgets periodically compared to actual and significant differences investigated?	___	___	___
22. Are collections posted to individual parishioners' contribution records?	___	___	___
• Done by _____			
• Are contribution acknowledgement forms used for receipts larger than \$250?	___	___	___
• Are annual contributions statements sent to all parishioners?	___	___	___

23. How often are other receipts deposited in the parish bank account? \_\_\_\_\_

24. Who makes the deposits? \_\_\_\_\_

	yes	no	n/a
25. Are all checks endorsed "For Deposit Only" along with the parish bank account number as soon as they are received in the parish office?	___	___	___
26. Are all receipts accompanied by a deposit slip which identifies:			
• Amount of deposit	___	___	___
• Account to be credited as income	___	___	___
• Date of deposit	___	___	___
• Source of deposit	___	___	___
• Signature of person verifying deposit	___	___	___
27. Does the parish use the Night Depository when necessary?	___	___	___
28. Do adequate physical controls exist over cash receipts (besides offertory collections) from the time of receipt until the time of bank deposit?	___	___	___
29. If receipts remain in the office, where are they kept? _____			

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	yes	no	n/a
30. Do all fund-raising activities and solicitation and acceptance of contributions, gifts, grants, etc., with related restrictions or requirements; receive approval by the pastor prior to acceptance?	___	___	___
31. Regarding non-cash contributions: <ul style="list-style-type: none"> <li>• Are records kept including the donor's name, amount, date, type of donation, and any related restrictions?</li> <li>• Are non-cash contributions acknowledged using appropriate contribution acknowledgment forms/letters?</li> </ul>	___ ___	___ ___	___ ___
32. Are records kept of gifts contingent on future events, such as bequests, and are they periodically reviewed?	___	___	___
33. For cash collected at special events: <ul style="list-style-type: none"> <li>• Do the individuals handling the collections account for all tickets or other receipt forms?</li> <li>• Are cash receipts reconciled to tickets sold or other receipt forms?</li> <li>• Are unused tickets or receipt forms accounted for?</li> </ul>	___ ___ ___	___ ___ ___	___ ___ ___
34. Are persons who collect currency closely supervised	___	___	___
35. Are special collection receipts remitted by the specified date following the collection?	___	___	___
36. Does the parish/school receive grants and/or subsidies from the diocese or other sources?	___	___	___
If yes, are they recorded under accounts set up for grants and subsidies?	___	___	___

**Disbursements**

	yes	no	n/a
37. What method is used for signing checks <ul style="list-style-type: none"> <li>• Hand signature</li> <li>• Check signing device</li> </ul>	___ ___	___ ___	___ ___
38. Is control of the device appropriate?	___	___	___
39. What provision is made for the issuance of checks when the pastor is away? _____			
40. Is there a designated backup check signer?	___	___	___
41. Are extraordinary expenditures, as defined, approved by the bishop?	___	___	___
42. Are blank checks signed in advance of preparation?	___	___	___
43. Do check signers review documentation before signing?	___	___	___
44. Are all disbursements (other than petty cash) made by pre-numbered checks? <ul style="list-style-type: none"> <li>• Does the parish have only one set of numbered checks?</li> <li>• Are voided checks retained and accounted for during Bank Reconciliation?</li> </ul>	___ ___ ___	___ ___ ___	___ ___ ___

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	yes	no	n/a
45. Prior to payment, are invoices reviewed for: <ul style="list-style-type: none"> <li>• An approved check request or approval on the invoice</li> <li>• Receipt of goods and services</li> <li>• Mathematical accuracy</li> <li>• Account distribution</li> <li>• Are payments only made from invoices?</li> <li>• Are all invoices cancelled when paid?</li> </ul>	___	___	___
46. After a check has been prepared for the payment of an invoice, is the check number, account number and date paid indicated on the part retained?	___	___	___
47. Are all petty cash payments and reimbursement checks for imprest accounts supported by receipts?	___	___	___
48. Are unused checks locked in a secure location?	___	___	___
49. Are parish assessments paid when due?	___	___	___

**Bank Reconciliation**

	yes	no	n/a
50. Are all bank statements mailed to the parish office (including all imprest accounts)?	___	___	___
51. Who opens the bank statements? _____			
52. Who performs the parish bank reconciliation? _____			
53. Is the parish bank reconciliation prepared within two weeks of receipt of the bank statements?	___	___	___
54. Are the parish organizations' bank reconciliations done by a member of the organization?	___	___	___
55. Is the bank reconciliation reviewed and approved independently from the preparation?	___	___	___
56. Does the Finance Council review the bank reconciliation: <ul style="list-style-type: none"> <li>• For the parish</li> <li>• For the organizations</li> </ul>	___	___	___
57. Are all bank statements and all reconciliation records retained for future reference?	___	___	___

**Investments**

58. Please list all parish investment accounts and parish organization investment accounts (include stocks, trust funds, savings accounts, diocesan savings, etc.):

Type of Investment	Account #	Signatures

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	yes	no	n/a
59. Are all of these accounts listed on the parish balance sheet?	___	___	___
60. Are investment accounts updated with interest monthly?	___	___	___
61. Are all securities adequately protected, preferably in a safe, bank safety deposit box, or on deposit with a trustee or financial institution? • Location of securities _____	___	___	___
62. Are all securities held in the name of the parish/school?	___	___	___
63. Are detailed records maintained that include the following information: • Description of investment/security? • Date of acquisition and purchase price or fair market value at date of donation? • Physical location of the security; for example, safety deposit box, etc.? • Interest/dividend/income rates and accrual/receipt dates? • Restrictions on segregation or pooling and on disposition or use of income or proceeds?	___ ___ ___ ___ ___	___ ___ ___ ___ ___	___ ___ ___ ___ ___
64. Is it necessary for more than one person to authorize their release from safekeeping or to have access to the safety deposit box? • Are such persons authorized by the pastor? • Are such persons bonded? • Are such persons prohibited from having access to the accounting records? • Is access to computerized investment records limited to those with a logical need for such access?	___ ___ ___ ___	___ ___ ___ ___	___ ___ ___ ___
65. If the parish has a Trust Fund or Restricted Fund, is there documentation on file which specifies its restrictions?	___	___	___

**Parish Property**

	yes	no	n/a
66. Current Diocesan policy is that all parishes are on 'modified accrual' accounting basis. As such, parish property is <b>not capitalized</b> on the balance sheet. However, all properties owned by the parish (e.g. real estate, rental properties) should be listed on a separate sheet or ledger. Does the parish have such a listing of parish property? • If yes, what information was used to record the value (ex. Insurance value, purchase value, assessed value, other): _____ • Is there a copy of all real estate transactions, lease agreements, and easement grants on file in the parish office? • Has the original of the above documents been sent to the Finance Office?	___ ___ ___	___ ___ ___	___ ___ ___
67. Does the Parish Council or Finance Council review the insurance coverage annually to guarantee all properties are properly covered?	___	___	___

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68. Does the parish own or lease any automobiles or other vehicles? \_\_\_\_\_

- If yes, please list:

Automobile/Vehicle	Own or Lease	Insurance Carrier

	yes	no	n/a
69. Is a current inventory list on file recording furniture, furnishings and equipment owned by the parish? <ul style="list-style-type: none"> <li>• Is there a list of property controlled by various organizations on file in the parish office?</li> <li>• Are valuables, such as those in church, photographed and appraised periodically?</li> <li>• Is a list maintained of all persons who have keys to the premises?</li> </ul>	___	___	___
70. Is the parish presently in any phase of renovation and/or new construction? <ul style="list-style-type: none"> <li>• If yes, briefly describe: _____</li> </ul>	___	___	___
71. Does the parish have future plans for renovation and/or new construction? <ul style="list-style-type: none"> <li>• If yes, briefly describe: _____</li> </ul>	___	___	___

**Loans**

	yes	no	n/a
72. Does the parish have a loan through the Diocesan Deposit and Loan Fund?	___	___	___
73. Does the parish have a loan through an outside financial institution? If yes, please provide name and address of financial institution: _____	___	___	___
74. Are all loans recorded on the parish balance sheet?	___	___	___

**Mass Stipends**

	yes	no	n/a
75. Are Mass Stipends recorded in a parish mass intention book by date, intention and amount received?	___	___	___
76. Are Mass stipends recorded in a liability account on the parish balance sheet?	___	___	___
77. Are Mass stipends deposited in the parish general checking account?	___	___	___

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**Postage**

	yes	no	n/a
78. Does the parish have a third class bulk mailing permit for non-profit organizations?	___	___	___
79. Are postage stamps kept in a secure location, such as a safe? Location: _____	___	___	___

**Gaming and Affiliated Activities**

	yes	no	n/a
80. If the parish conducts bingo/gaming:			
• How often does the parish/school conduct the bingo? _____			
• Has a copy of all laws and regulations been made available to all members of the parish council and bingo/gaming committee?	___	___	___
• Is bingo being held "on site"?	___	___	___
• Have bingo/gaming workers been properly trained?	___	___	___
• Have parish representatives attended Kentucky Department of Charitable Gaming training sessions?	___	___	___
• Are quarterly reports submitted to the Kentucky Department of Charitable Gaming?	___	___	___
• Is a separate checking account maintained for bingo/gaming?	___	___	___
• Is the bingo/gaming administered, conducted and promoted by volunteer personnel who receive <b>no remuneration</b> of any kind (even tuition)?	___	___	___
• Have Kentucky gaming rules been implemented at gaming and fundraising events?	___	___	___
• Is the bingo/gaming account listed on the parish balance sheet?	___	___	___
• Has the parish received any fines or violation reports from the Kentucky Department of Charitable Gaming?	___	___	___
• Have steps been taken to ensure that such violations do not recur?	___	___	___



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**Employment Practices**

	yes	no	n/a
81. Personnel, employment, and rate authorizations:			
• Are requests for new personnel originated only by the pastor or other responsible employees?	—	—	—
• Is completion of an employment application required for new employees?	—	—	—
• Is an investigation made including checking employee’s background, former employers, and references?	—	—	—
• Does the pastor or a responsible person periodically review classes of positions and pay rates for compliance with the provisions of salary and wage ordinances, personnel practices, or other documents designating rate of pay of employees?	—	—	—
• Are employees notified in writing of the parish’s personnel policies and performance reviews?	—	—	—
• Are personnel files maintained?	—	—	—
• Do personnel files contain information on employment application and new employee investigation, date employed, pay rates, changes in pay rates and position, authorizations for payroll deductions, earnings records, W-4 form, immigration documentation, specimen signatures, and termination date where appropriate?	—	—	—
• Are written termination notices required that properly document reasons for termination and require approval of an appropriate person?	—	—	—
• Have appropriate notifications been made in order to cover the insurance requirement that legal counsel be consulted prior to any involuntary job separations?	—	—	—
• Do physical controls exist over personnel records that prevent their loss or use by unauthorized personnel; e.g., maintenance in locked files accessible only to authorized persons?	—	—	—
• Is access to computerized employment records limited to those with a logical need for such access?	—	—	—
• Are notices of changes in personnel data reported promptly to the payroll accounting function (i.e., Diocesan centralized payroll processing)?	—	—	—

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	yes	no	n/a
82. Payroll preparation and timekeeping:			
• Are attendance and time records used?	___	___	___
• Is timekeeping separate from payroll preparation?	___	___	___
• Are time cards or other attendance records signed by the employees and approved by supervisors prior to payment?	___	___	___
• Were all payments to employees (other than direct reimbursement for legitimate business expenses) reported/paid through the parish's normal payroll process (i.e. properly included in W-2 reporting)?	___	___	___
• Is parish adhering to IRS Guidelines related to contractor versus employee classifications for payroll reporting/payment purposes?	___	___	___
• Does parish have all required VIRTUS compliance paperwork on file for every employee/volunteer?	___	___	___

**For Parishes with a Cemetery**

	yes	no	n/a
83. Are cemetery records (perpetual care, lots, etc.) maintained in the parish office?	___	___	___
• Are they maintained in a safe or locked fireproof cabinet?	___	___	___
• Are there duplicate records stored at another location?	___	___	___
If yes, where: _____			

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**Inquiries about Fraud Risks for Management of a Parish**

<b>Required Inquiry of the Pastor</b>	<b>Pastor's Response</b>
84. Pastor's knowledge of any actual fraud or suspicions of fraud affecting the parish.	
85. Pastor's awareness of any allegations of fraud or suspected fraud affecting the parish.	
86. Pastor's understanding of the risks of fraud within the parish, including any specific fraud risks the parish has identified or account balances or transaction classes that may be susceptible to fraud.	
87. How does the pastor communicate to employees the importance of ethical behavior and appropriate business practices?	
88. What programs and controls has the parish implemented to address identified fraud risks or otherwise help prevent, deter, and detect fraud, and how are those programs and controls monitored?	
89. What is the nature and extent of monitoring of multiple locations, where relevant? Do any of these have a higher level of fraud risk?	
90. Has the pastor reported to the Parish Council and Parish Finance Council about how the parish's internal control serves to prevent, deter, and detect material misstatements due to fraud?	

Questionnaire prepared by \_\_\_\_\_

Date \_\_\_\_\_