

**GUIDELINES FOR
INTERNAL
FINANCIAL
CONTROLS**

for

**THE DIOCESE
OF**

Table of Contents

GENERAL CONCEPTS	1
I. PARISH FINANCIAL RESPONSIBILITY.....	1
II. REQUIREMENTS.....	1
III. SECURITY	1
IV. BANK SELECTION	1
PROCESSING OF CASH RECEIPTS.....	1
I. SUNDAY OFFERINGS	1
A. Collection.....	1
B. Money Counting.....	1
C. Deposit of Funds.....	1
D. General Ledger Recording.....	1
E. Contribution/Stewardship Recording.....	1
F. Record Retention	1
II. CASH RECEIPTS FROM ALL OTHER SOURCES.....	2
A. Receiving and/or Collecting of Cash	2
B. Handling of Funds.....	2
C. Money Counting and Preparation of Deposit.....	2
D. General Ledger Recording.....	3
E. Record Retention	3
PROCESSING OF DISBURSEMENTS	1
I. CHECK SECURITY.....	1
II. CHECK APPROVALS.....	1
III. CHECK PREPARATION.....	1
IV. CHECK SIGNATURES	1
V. CHECK DISTRIBUTIONS	2
VI. CHECK RECORDING	2
VII. RECONCILIATION OF BANK STATEMENTS	2
VIII. PETTY CASH DISTRIBUTIONS	2
IX. RECORD RETENTION	2
SEPARATE ACCOUNTING CENTERS	1
I. PARISH ACTIVITY CENTERS	1
II. SECURITY POLICY.....	1

Exhibits

Contribution Summary.....	Exhibit I
Collection Summary	Exhibit II
Record of Receipts	Exhibit III

GENERAL CONCEPTS

I. PARISH FINANCIAL RESPONSIBILITY

The Pastor/Pastoral Administrator is ultimately responsible for all financial matters within the parish, including implementing all security policies.

II. REQUIREMENTS

All parishes are expected to have the following:

- A. Fireproofed, locked storage facilities on premises to safeguard monies, sacramental and financial records, computer backups and valuables.
- B. Written policies defining:
 - 1. Which persons have access to safekeeping areas?
 - 2. Security practices for handling all monetary transactions.
- C. A process for developing and approving an annual parish budget and a written policy addressing procedures for handling unbudgeted requests.
- D. Written policies regarding receipts and disbursements.

III. SECURITY

- A. It is recommended that safe combinations and storage area locks are changed periodically.
- B. Security alarm systems and sprinkler systems might be considered for office areas where valuables are kept.

IV. BANK SELECTION

In selecting a bank, or institution for financial services, consideration is to be given to:

- A. What service charges, if any, will be assessed?
- B. What loan and deposit rates are available?
- C. The FDIC and FSLIC insurance and limits in effect.
- D. The location of the bank, with priority given to local institutions.

PROCESSING OF CASH RECEIPTS

I. SUNDAY OFFERINGS

A. Collection

1. Ushers rotate in their assigned aisles for collection; special attention is required for those areas that have “blind spots” created by pillars, statues, etc.
2. All contents of the collection baskets are to be transferred to security areas in the presence of at least two delegated persons, preferably on a rotating basis.
3. When money is stored to be counted later, use of tamper proof bags is **REQUIRED**. At least 2 delegated persons will transfer the money to the bags, using a rotation for working together.
4. Use of a security log is an excellent way of monitoring the money bags.
5. If monies need to be transferred from parish to parish, the use of tamper proof bags is **REQUIRED**.

B. Money Counting

1. Money counters are recruited by the Pastor and/or the supervisor; counters rotate in schedules. Bookkeeping personnel are **NEVER** involved in any money counting/handling procedures.
2. Uncounted funds are retrieved from the storage area by the authorized personnel, and delivered to the working area.
3. Counters work at least in pairs, with no one person dealing alone with funds. It is recommended that another person observe the money counting process.
4. Plate donations and unopened envelopes are sorted and counted separately.
5. Worksheets are used to record amounts of currency, coin, and checks (see Exhibit I as an example).
6. Envelopes are opened and verified; content amounts are recorded on the outside of each envelope. Content amounts are totaled, and adding machine tapes are attached to each batch of envelopes; corresponding amounts are listed on the worksheets. It helps to note if the donation was in check or cash form.
7. Pairs of workers exchange places, recount monies, and verify entries on the worksheets; counters then initial the worksheets, vouching for entry accuracy.

8. A composite record of all plate and envelope donations is made by summarizing the data on all of the worksheets from all of the workers. Sheet totals must agree with the total of all coin, currency, and checks being counted.
9. The summary sheet (see Exhibit II as an example) becomes the document used in the stewardship/contribution recording process.

C. Deposit of Funds

1. A deposit slip is prepared in duplicate by the counting supervisor, who verifies that the deposit agrees with the supporting documents of the counters. The original deposit slip is enclosed with the deposit; the other copy is attached to the supporting documents that will be used in recording the contributions in the contribution stewardship records.
2. Locked bags are used to transport the deposits to the bank, immediately after counting. Bookkeeping personnel should **NEVER** transport money to the bank.
3. For personal safety reasons, to rotate the persons, the vehicle used, and the time of day that the money is transported from church premises to the bank is highly recommended.

D. General Ledger Recording

1. No person involved with the money counting process should make the journal entries for the receipts.
2. Journal entries are made, either manually or with the data processing procedures, using the documents generated during the money counting procedures.
3. The Pastor or his delegate regularly reviews the journal entries of income. The Finance Council may also review the journal entries.

E. Contribution/Stewardship Recording

1. No person involved with money counting should be assigned to work with the contribution/stewardship records.
2. As entries are made into the contributor/stewardship files, either with manual record keeping or data processing, a comparison is required between the amounts entered and the adding machine tape that accompanies the batch of envelopes being recorded.

F. Record Retention

1. Contribution envelopes are retained for at least one year following the close of the calendar year in which they are recorded.

2. Stewardship records, general ledgers, and bank deposits are retained for seven years.

II. CASH RECEIPTS FROM ALL OTHER SOURCES

A. Receiving and/or Collecting of Cash

1. Mail
 - a. It is recommended that two persons working together open the general parish mail which may contain money.
 - b. Amounts of money enclosed in envelopes are recorded on a data sheet (see Exhibit III).
2. Personal Delivery
 - a. Receptionist receiving cash during office hours gives the donor the original of a receipt that has been prepared in duplicate.
 - b. The amount, purpose, and receipt number are recorded on a data sheet.
3. Department Receipts
 - a. Each parish department that collects funds for departmental activity is responsible for the security of such funds.
 - b. Specific procedures regarding handling of money collections are included in the written security policies of the parish.
4. Coin Boxes
 - a. Coin boxes for votive lights, magazine racks, poor fund donations, etc., should be secured to a permanent wall or attached to a permanent fixture.
 - b. Control of keys for such monetary depositories is articulated in the written security policies of the parish, as is the manner in which monies are retrieved from these depositories.

B. Handling of Funds

1. In all cases, after cash is received, and the initial data recordings are made, the money and the accompanying documentation is either given to the persons assigned to prepare the deposit, or are transmitted to the secured area for safekeeping.
2. Offerings for Masses require special recording by the Pastor and/or the designated delegate.

C. Money Counting and Preparation of Deposit

1. The person preparing the deposit verifies that the money received agrees with the appropriate documentation, and with the data sheet prepared by the person who received the funds.
2. Deposit slips are prepared and a copy attached to the information given to the person who will be making the journal entries.

III. General Ledger Recording

1. The persons receiving the cash and preparing the deposits are not involved in making the journal entries.
2. Depending on the nature of the contribution, those persons or departments are given appropriate information and documentation regarding the cash receipts.
3. The bookkeeper checks that the deposit receipt from the bank agrees with the deposit slip used in preparing the deposit.

IV. Record Retention

1. Supporting records of major gifts, bequests, and endowments, etc., are kept to perpetuity.
2. Supporting records for department incomes and other receipts are retained for a minimum of seven years.

PROCESSING OF DISBURSEMENTS

I. CHECK SECURITY

- A. All payments (other than petty cash distributions) are made by check.
- B. Prenumbered voucher checks, with multiple copies, are used for appropriate document and filing purposes.
- C. Blank checks are safeguarded in a secure storage place.
- D. All cancelled and/or copies of voided checks are retained and filed for a minimum of seven years

II. CHECK APPROVALS

- A. The Pastor or Pastor's delegate approves all check distributions.
- B. Use of a purchase order system is strongly recommended; either a purchase order or a written request form will initiate the payment process.
- C. The person placing the order is responsible for receipting the goods and initiating the payment process.
- D. All requests for payment include the designation of account numbers, amount due, discounts available and other pertinent footings, extensions, etc.

III. CHECK PREPARATION

- A. The person preparing the checks is not the same as the one making the purchases or receiving the goods.
- B. The person preparing the checks is not an authorized signatory of parish checks.
- C. All checks must be substantiated by an invoice, purchase order, receipt, and/or written request form.

IV. CHECK SIGNATURES

- A. The Pastor is responsible for signing all checks; this function may be delegated by him to a Trustee, or to a staff person other than the check preparer. **No stamped signatures are allowed.**
- B. As per the established parish policy, more than one signature is required for checks written in amounts above a limit specified in the parish policy.

V. CHECK DISTRIBUTIONS

- A. The person who distributes or prepares checks for mailing is not the same as the one who has prepared the checks.
- B. Ordinarily, the checks are mailed the same day as they are signed.

VI. CHECK RECORDING

- A. Journal entries and all other recording procedures are done immediately following check preparation.
- B. The Pastor or his delegate regularly reviews the journal expense activity.

VII. RECONCILIATION OF BANK STATEMENTS

- A. Reconciliation of the monthly bank statement is a required function performed by someone other than the one who has prepared the checks or made the journal entries.
- B. Reconciliations and cancelled checks are regularly reviewed by the Pastoral Leader or on occasion by someone so delegated.

VIII. PETTY CASH DISTRIBUTIONS

- A. Documentation is required for each usage from the petty cash fund. This includes date, purpose, amount, receipt, and the name of the person who distributed the funds.
- B. Petty cash funds are replenished with written documentation provided by those who have used the funds.
- C. Written parish policies define the purposes of petty cash funds and regulate its usage.

IX. RECORD RETENTION

- A. Copies of checks, together with related documentation of purchase orders, invoices, receipts, and request forms, are filed in fiscal year sequence.
- B. These records are retained for a minimum of seven years.

SEPARATE ACCOUNTING CENTERS

I. PARISH ACTIVITY CENTERS

It is highly recommended that **ALL** parish activity centers, such as oratories, cemeteries, CCW, schools, day cares, and housing units, have accounts that are **INCORPORATED INTO** the general parish bookkeeping system which includes one parish checking account. The preceding guidelines outlining security procedures are then applicable.

II. SECURITY POLICY

Those activity centers which have **SEPARATE** accounting systems are required to have written security policies that address:

- A. Receiving of funds
- B. Handling/storage of funds
- C. Counting and depositing of funds
- D. General ledger entries and record keeping
- E. Check security
- F. Check approvals, preparation, signatures, distribution, and recording
- G. Bank reconciliation
- H. Petty cash

EXHIBIT I CONTRIBUTION SUMMARY

CHURCH OF _____
Address _____
City, State, Zip _____

Date: _____ Mass: _____

Counters: _____

Checked By: _____

CONTRIBUTION SUMMARY

<u>Contribution Type</u>	<u>Envelopes</u>	<u>Plate</u>	<u>Total</u>
Currency	_____ + _____	_____ = _____	_____
Coin	_____ + _____	_____ = _____	_____
Checks	_____ + _____	_____ = _____	_____
TOTAL =			<u>_____*</u>

CONTRIBUTION TALLY

ENVELOPES

Currency: \$100.00 _____
50.00 _____
20.00 _____
10.00 _____
5.00 _____
1.00 _____

TOTAL⁽¹⁾

PLATE

Currency: \$100.00 _____
50.00 _____
20.00 _____
10.00 _____
5.00 _____
1.00 _____

TOTAL⁽³⁾

Coin: \$100.00

50.00 _____
20.00 _____
10.00 _____
5.00 _____
1.00 _____

TOTAL⁽²⁾

Coin: \$100.00

50.00 _____
20.00 _____
10.00 _____
5.00 _____
1.00 _____

TOTAL⁽⁴⁾

* Contribution Summary Total = Totals ⁽¹⁾+⁽²⁾+⁽³⁾+⁽⁴⁾

EXHIBIT II COLLECTION SUMMARY

CHURCH OF _____
Address _____
City, State, Zip _____

Date: _____ Mass: _____

Counters: _____

Checked By: _____

ENVELOPES

	<u>Currency</u>	+	<u>Coin</u>	+	<u>Checks</u>	=	<u>Total</u>
Batch I	_____		_____		_____		_____
Batch II	_____		_____		_____		_____
Batch III	_____		_____		_____		_____
Batch IV	_____		_____		_____		_____

TOTAL ENVELOPES = _____ (1)

PLATE

	<u>Currency</u>	+	<u>Coin</u>	+	<u>Checks</u>	=	<u>Total</u>
Batch I	_____		_____		_____		_____
Batch II	_____		_____		_____		_____
Batch III	_____		_____		_____		_____
Batch IV	_____		_____		_____		_____

TOTAL PLATES = _____ (2)

DEPOSIT SUMMARY

	<u>Currency</u>	+	<u>Coin</u>	+	<u>Checks</u>	=	<u>Total</u>
Total Envelopes	_____		_____		_____		_____ (1)
Total Plate	_____		_____		_____		_____ (2)

TOTAL FOR DEPOSIT = _____

