



DIOCESE OF
Jefferson City

BETTER
TOGETHER

RECOMMENDED INTERNAL CONTROLS

For parishes in the Diocese of Jefferson City

REVISED MAY 20, 2015

CASH

1. Any parish bank account or investment account should be under the parish's federal tax id.
2. All bank accounts and investment accounts should be included in the parish Annual Report.
3. The finance committee should authorize, annually, all bank accounts and check signers.

CASH RECEIPTS

1. Checks should be endorsed "for deposit only" when received.
2. Receipts should be deposited intact on a daily basis.
3. Collections should be counted and deposited by a team of at least two persons who are not related and are independent of the accounting functions.
4. Parish finance committee should approve the counting teams.
5. There should be multiple counting teams that are rotated.
6. Counting team should prepare and sign the count sheet and forward it and the deposit ticket to the bookkeeper for recording in the general ledger.
7. For cash collected at special events (picnics, socials, etc.):
8. Individuals handling cash should account for all tickets sold and unsold.
9. Persons who collect cash should be supervised and separate from the accounting functions.
10. Receipts for special parish events should be handled, counted and deposited by a team of at least two persons who are not related and are independent of the accounting functions.
11. All receipts should be recorded on the Annual Report.

DISBURSEMENTS CONTROL

1. All disbursements (including payroll), except petty cash disbursements, should be made by check.
2. Checks should be pre-numbered and used in sequence.
3. Blank check stock should be controlled.
4. Checks should be prepared by specified employees who are independent of invoice approval.
5. Parishes should develop a clearly defined approval process for invoices/bills to be paid.
6. Voided/spoiled checks should be retained after having the signature portion removed.
7. Checks should be made payable to specified payees and never to cash or bearer
8. Payments should be made from actual invoices, not statements unless a statement is the only option.
9. All supporting documentation should accompany checks presented for signing.
10. Supporting documents should be properly canceled at time of signature to prevent duplicate payment.
11. Additional check signers, other than the pastor, should be authorized by the finance committee.

12. Parish should maintain a list of the current authorized check signers.
13. Authorized check signers should be independent of
 - a. Invoice/bill preparation and approval for payment.
 - b. Check preparation, cash receiving, and petty cash.
 - c. Purchasing and receiving.
 - d. Timekeeping for payroll checks.
14. Signing blank checks is prohibited.
15. Signature stamps, if used, should be stored in a secure location and access restricted to those persons independent of the accounting functions.

BANK ACCOUNT RECONCILIATION

1. Bank accounts should be formally reconciled within a timely specified period after the end of the month.
2. Reconciliations should be made by someone other than the person who participates in the receipt or disbursement of cash.
3. Checks outstanding for over 90 days, should be periodically investigated.
4. Record in-transit deposits and/or outstanding disbursements in the proper period.
5. Compare monthly, bank reconciliation balances to actual general ledger balance.

PETTY CASH

1. Responsibility for each petty cash fund should be assigned to only one responsible person.
2. Petty cash funds should be maintained on an imprest basis (only reimbursed for actual receipts turned in).
3. Petty cash funds should be segregated from other cash.
4. Petty cash disbursements should be prohibited over a specific amount.
5. Petty cash custodian should not have access to the accounting records.
6. Disbursements from the petty cash fund should be supported by receipts (i.e. bills of sale, cash register receipts, invoices, etc.).
7. Petty cash should not be used for non-current or unusual expenditures.
8. Petty cash fund should be periodically counted by someone independent of the custodian.
9. Do not cash employee checks out of petty cash.

INVESTMENTS/SECURITIES

1. All investments/securities should be held in the name of the parish.
2. All investments/securities should be held by the Diocese of Jefferson City Fund unless other arrangements have been approved in writing.
3. For locally held investments, the finance committee should authorize the purchase and sale of investments.
4. Locally held investments/securities should be adequately protected, preferably in a fireproof safe, safety deposit box, or on deposit with a trustee or financial institution authorized by the finance committee.
5. Maintain detailed records of all investments that include the following information:
6. Description of investment.
7. Date of acquisition and purchase price (or fair market value at date of donation).
8. Physical location of item (i.e. safety deposit box, etc.).
9. Record keeping functions for securities and investment income should be performed by employees who have no access to the securities, cannot authorize security transactions, and have no duties in the cash area.
10. All investments should be included in the parish annual report.

PAYROLL

1. Classes of positions and pay rates for should be periodically reviewed for compliance with the provisions of the personnel practices or other documents designating rate of pay of employees.
2. Personnel files maintained that contain information on employment application, date employed, pay rates, changes in pay rates and position authorizations for payroll deductions, earnings records, W-4 form, elective deferral and insurance elections, and termination data where appropriate.
3. Immigration I-9 forms should not be stored in the personnel files but kept separately.
4. Termination notices are required to be approved and properly document reasons for termination.
5. Personnel records should be controlled to prevent their loss or use by unauthorized personnel (i.e. maintenance in locked files accessible only to authorized persons).
6. Payroll runs should be subject to final approval before payment by a responsible person who is independent of payroll preparation and timekeeping.
7. Payroll checks should be drawn on a separate account, operated on an imprest system.
8. Paychecks should be distributed by someone independent of timekeeping or preparing payroll checks.

9. All bonuses should be included in the employees' salaries for federal and state reporting purposes and retirement calculations.
10. Quarterly 941s should be reconciled to the general ledger before submission. Any adjustments should be reviewed for the impact for retirement (Whose Where)
11. Vendors should be analyzed to determine whether they are a vendor or employee (1099 vs W-2).

DEBT AND OTHER LIABILITIES

1. Debt agreements and lease documents should be in the custody of a responsible individual and regularly updated for any changes.
2. All borrowing should be discussed and documented by the parish's finance committee and follow Diocesan procedures.
3. Invoices that carry over from one fiscal year to the next should be reviewed for reasonableness by the finance committee.
4. Agree debt and other liability balances listed on the Annual Report to supporting documents.

DISBURSEMENTS AND EXPENSES

1. Paid invoices should be filed separately from the unpaid invoices.
2. Paid invoices should be removed from the files at the end of the fiscal year and stored in a secure location separate from all unpaid invoices.
3. Bills and invoices should be paid promptly and on time.
4. All disbursements should be recorded and accounted for on the parish annual report.

FINANCE COMMITTEE

1. Parish should have an active finance committee.
2. Minutes of the finance committee meetings should be maintained and available for review.
3. Meeting minutes should be signed by the recording secretary.
4. Minutes should note any capital expenditure items being made by the parish.

FINANCIAL REPORTING

1. Financial statements should be prepared and distributed on a regular basis.
2. Summarized financial statements should be periodically published in the bulletin.
3. Budget amounts should be compared to actual amounts and reported in the bulletin.

OTHER

1. Parish should notify Diocese for any capital campaigns and/or capital improvements.
2. Parish should have a formal capital budget looking forward two to three years that identifies and lists anticipated capital projects and their source of funding.
3. Computer systems should have regular backups and backups should be stored off-site.
4. Maintain printed copies of reports and ledgers, preferably in a fireproof cabinet.
5. Cemeteries should be analyzed to determine if adequate resources are available for perpetual care (and if the cemetery is part of the parish or separately incorporated).