SACRED SAFEGUARDS: IMPLEMENTING EFFECTIVE INTERNAL CONTROLS IN CHURCHES & SCHOOLS

DIOCESE OF ST. PETERSBURG

COURAGEOUSLY
Living the Gospel

REQUIRED INTERNAL CONTROLS TO BE IMPLEMENTED:

Bank provided software to assist in control of vendor payments:

POSITIVE PAY

- Entity provides the bank with a check register containing the check number, payee, and amount per check run.
- If the check presented for settlement to the bank is not included on the submitted check registers, the check will not be honored without approval of a designated parish representative.
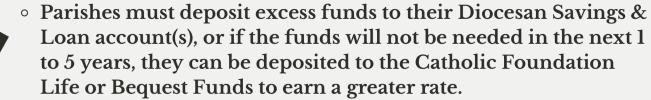- The individual generating the check register should not be the bookkeeper.

ACH FRAUD CONTROL

- Each Pastor-approved ACH vendor has an entity determined maximum amount which can be ACH withdrawn. (ie. $25,000 per day)
- The vendor must supply the required information to the entity to establish the ACH payment portal for that entity.
- The entity should verify the information provided with a vendor representative.
- No changes to the payment information are allowed without Pastor approval.
- An approved person can review and approve withdrawals which exceed the maximum withdrawal amount established for that vendor.
- Changes to bank information are never to be made based on an email.

Should your bank not offer Positive Pay or ACH Fraud Control, the entity will be required to change its banking relationship to a financial institution which offers the software in their suite of services.

- All check requests and reimbursements must be supported by original invoice or receipt.
- All check requests or invoices must be signed and authorized by Pastor or other delegate.
- All deposits should be made within 48 hours of reception.
- Parish Operating Accounts should have no more than enough to cover 60 days of expenses.
  - Parishes must deposit excess funds to their Diocesan Savings & Loan account(s), or if the funds will not be needed in the next 1 to 5 years, they can be deposited to the Catholic Foundation Life or Bequest Funds to earn a greater rate.

SEGREGATION OF DUTIES

- The bookkeeper is not to perform the monthly bank reconciliation. Another employee or a volunteer must perform the reconciliation.
- The person who enters the parishioners' contributions into the parish database should be separate from the person who enters the deposits into the accounting software.
- Ideally, the bookkeeper should record revenue, code, and input invoices for payment. Checks should be printed by another employee, matched to the invoice, and submitted to the pastor for review and signature. In smaller parishes with few employees this can be a challenge. The assistance of volunteers may partially solve this problem (i.e. Finance Council Members for bank recs).
- Weekly reconciliation of family giving records per week (parishioner database) to offertory deposits in the accounting software. (A third person should verify the two match.)

The only bank accounts a parish is to have are an operating account, a stipend account, and auxiliary accounts as necessary.

- Best practice and as proposed in the revised DOSP Financial Operations Manual: auxiliary accounts are to be eliminated by the end of the next fiscal year (June 30, 2025).

Cash Balances Tracking

- Record daily, beginning bank balances for the operating and stipend bank accounts in an Excel worksheet.
- Explain significant changes in balances. Is there a trend? Has revenue decreased or has mass attendance increased or decreased?

Review daily check and ACH withdrawals from bank accounts including the payee to the vendor and the amounts recorded for each cleared transaction in the general ledger.

- This requires online viewing access only to the operating account for the employee selected to perform the daily review.
- The online banking software must provide for viewing of the check images.

Check Your Cancelled Checks

- All cancelled check images or physical cancelled checks need to be reviewed by the Pastor or Finance Council member. Review for:
  - Valid Signatures
  - Legitimate Vendors
  - Original invoice or receipt as backup for payment
  - FLAG any handwritten checks