



PARISH INTERNAL AUDIT PROCESS

1. Audit dates are selected based primarily on the last completed internal audit performed at the parish, but depending on need and availability, Pastors may request an audit.
2. An email notification is sent to the Pastor and Business Manager explaining the basics of the audit with two potential weeks offered during which the internal audit would be scheduled.
3. Once a mutually agreeable date is confirmed, the Internal Auditors from the Archdiocese Finance Office contact the parish Business Manager/Bookkeeper with a detailed email covering most aspects of the internal audit. This includes an on-line audit questionnaire to be completed prior to the audit, confirmation of the two months selected to review, and details regarding the areas to be tested.
4. Roughly ten days prior to the audit, the Business Manager/Bookkeeper is contacted with the list of the requested test selections. Six transactions from each of the two months selected are requested from the following areas:
 - Deposits and Contributions
 - Payments
 - Journal Entries
 - Bank Statements and Reconciliations (general, school, gaming, cafeteria, cemetery)
 - Charitable Gaming account and most recent report
 - Payroll files (10-12 employees will be selected to test both personnel files and payroll posting.)
 - Tuition rates & Student Rosters from the most recently completed school year
5. If a school is to be audited, once a School Roster is provided, the Internal auditors will request that the school provide detail payment records for selected families, along with Tuition Assistance Summary, published tuition rates and fees, and any available discounts, along with a report of all past due accounts.
6. One or two days before the audit, a reminder email is sent to the Business Manager/Bookkeeper.
7. On the day of the audit a meeting is held with the Archdiocesan auditors, the Pastor, the Business Manager/Bookkeeper and any other key individuals. The on-site review process and the final reporting process are discussed.
 - a. The audit testing of records is conducted. Depending on the size of the parish the on-site review is one to two days. If time permits, an on-site tour is requested. The parish financial entries are reviewed as outlined in #4.
8. At the conclusion of the audit, all tested documents are scanned and emailed to the Finance Office.
9. The Internal Auditors begin the audit report write-up in the Finance Office.
 - a. The assessments, loan payments, medical and property insurance payments, and DLS activity are reviewed and balanced to the parish balance sheet where appropriate.
 - b. The balance sheet, income statement, and general ledger reports are reviewed.
 - c. The overall parish financials are analyzed, typically reviewing 5-6 years of history, focusing on cash growth, net income, savings, and collections. Financial trends are identified and discussed if possible.



(PARISH INTERNAL AUDIT PROCESS CONT.)

10. A preliminary report is sent to the Pastor and Business Manager/Bookkeeper to review and suggest any change requests. Typically, the parish is given 10-15 days to review and respond with concerns, changes, and other explanations.
11. The final report is generated, and if desired, the parish responses can be included for distribution.
12. When the preliminary report is agreed upon a final report is sent as an attachment to an email to:
 - The Pastor
 - The Business Manager/Bookkeeper
 - The Finance Committee Chairperson
 - The Archbishop
 - The Chancellor
 - The Director of Human Resources
 - Superintendent of Schools (when a school is audited)
 - The Chief Financial Officer
 - The Controller
 - The Archdiocese auditors (& Parish Audit File)
13. The parish has 30 days after the final report to send their written response to the Archdiocese Finance Office.
14. If the response does not adequately address corrective action on the internal control issues, the auditors will follow up with the parish Business Manager/Bookkeeper.
15. For parishes that have several high-risk internal control findings the Finance Office will perform an on-site follow-up review of the parish.

Parish Audit includes testing records detailed under #4, as well as a review of:

- Segregation of duties
- Vendor and Personnel files
- Payments to Cash, Staff bonuses, mileage reimbursements, and Pastor reimbursements
- Gift card inventories
- Petty cash and cash drawers
- Savings and investments
- Parish council and Finance committee minutes
- Reporting process to parishioners, committees, and pastor
- Parish organizations