

# Roman Catholic Diocese of Raleigh



## **Top 10 Audit Recommendations**

### **Fiscal Year 2022**

# FY 2022 Audit Recommendations

Number of recommendations made:		
Mass Collection & Other Income		219
Disbursements & Checking Accounts		188
Fiscal Management & Oversight		78
Mass Stipends		51
Employment		37
Accounting Methodology & Financial Reporting		22
Other		56
		<b>651</b>

Number of FY 2022 audits performed = 47



# Top 10 Audit Recommendations

## 1. Income Handling

Mass offerings must be secured in sealed tamper-evident bags between collection and the performance of the count as well as between the performance of the count and the deposit of the funds in the bank. A tamper-evident bag control log should be generated and maintained to track the single-use tamper-evident bags.

Reasons: Securitization of assets; segregation of duties; to protect against false accusations

**FY 2022 Recommendations = 66**

Category: Mass Collections



# Top 10 Audit Recommendations

## 2. Supporting Documentation

Original documents are to be used as authorization to disburse funds. Payments should never be made from credit card statements as this often leads to duplicate payments. Receipts or invoices must be provided to support all expenditures and must be maintained on file in accordance with Diocesan Records Retention policy.

Reasons: Transparency of financial activities; to protect against false accusations; support for sales and use tax refund claims

**FY 2022 Recommendations = 59**

Categories: Disbursements, Fiscal Management & Oversight



# Top 10 Audit Recommendations

## 3. Mass Collection Count

A collection report must be compiled during the counting process. The collection report is the original source document which supports the amount of offertory and other collections counted, deposited and recorded in the parish financial statement. All members of the count team should sign the completed collection report to evidence participation in and agreement on the totals resulting from the count.

Reasons: To provide an audit trail for the parish's primary source of income; to protect against false accusations

**FY 2022 Recommendations = 30**

Categories: Mass Collections, Fiscal Management & Oversight

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# Top 10 Audit Recommendations

## 4. Income Handling

Mass collections, particularly offertory, should be under dual control from the time they are taken up through deposit of the counted funds in the bank.

Reason: Securitization of assets; segregation of duties; to protect against false accusations; to increase safety for those transporting funds

**FY 2022 Recommendations = 28**

Category: Mass collections



# Top 10 Audit Recommendations

## 5. Mass Collection Count

A member of the Parish Finance Council is to compare the signed Mass collection count worksheets to the monthly bank statement.

Reason: Independent verification of funds collected and deposited in a timely manner; to protect against false accusations

**FY 2022 Recommendations = 27**

Categories: Mass Collections, Fiscal Management & Oversight



# Top 10 Audit Recommendations

## 6. Mass Collection Count

An odd number of count teams are to be used, count team members are to be rotated among different teams, and the same Mass collection count team should not always count the same Sunday each month. This can be accomplished with as few as three teams. Each team should consist of at least three unrelated individuals, and the pastor, parish finance council members and parish staff should not be members of the Mass collection count teams.

Reasons: Securitization of assets; separation of duties; to prevent collusion; to protect against false accusations

**FY 2022 Recommendations = 36**

Category: Mass Collections

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# Top 10 Audit Recommendations

## 7. Wage and Earnings Reporting

Compensation paid (cash, cash-equivalent gifts, bonuses) by the parish/school must be properly reported on an employee's W-2 Form or on a Form 1099 for an independent contractor when a contractor is paid \$600 or more in a calendar year. A completed Form W-9 should be obtained and maintained on file in the parish/school for four years.

Reason: Compliance with Internal Revenue code

**FY 2022 Recommendations = 25**

Categories: Employment, Mass Stipends



# Top 10 Audit Recommendations

## 8. Checking Account Reconciliation

The monthly reconciliation between the checking account bank statement and the financial system prepared by the business manager / bookkeeper is not reviewed or does not bear evidence of review by an individual who is not part of the invoice approval and check signing processes.

Reasons: Transparency; financial management and oversight; separation of duties; to protect against false accusations

**FY 2022 Recommendations = 25**

Category: Checking Accounts



# Top 10 Audit Recommendations

## 9. Transfer of Funds to Savings

All funds in the checking account in excess of six weeks of operating expenses and any restricted funds received for use in the long-term should be deposited in a Diocesan savings account.

Reason: To support the Diocesan Deposit and Loan program; to separate restricted funds from day-to-day operating funds

**FY 2022 Recommendations = 24**

Category: Checking Accounts



# Top 10 Audit Recommendations

## 10. Finance Council Meetings

The finance council should meet at least quarterly to assist with and advise the pastor on the financial administration of and reporting for the parish and mission/school, if applicable.

Reasons: Transparency; financial management and oversight; securitization of assets; to protect against false accusations

**FY 2022 Recommendations = 21**

Category: Fiscal Management & Oversight

