Catholic Diocese of Memphis
Parish Visit Internal Control Checklist
A: 06.30.08

Parish: ____________________________________________________________

Pastor: ___________________________________________________________

Associate Pastor(s): ________________________________________________

Does the parish have a:

School? _________________________________________________________

Cafeteria? _________________________________________________________

Parish Visit Date: _________________________________________________

GENERAL QUESTIONS

   X   if Management Letter Comment

   ____  1) Are accounting personnel required to take vacations? _______
   Who performs the accounting duties during their absence? ______________

   ____  2) Are journal entries authorized? _____________________________

   ____  3) Who initiates purchases? _________________________________

   ____  4) Who authorizes purchases? ________________________________

   ____  5) Are due to or due from accounts reconciled monthly? _________
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CASH

X if Management Letter Comment

List all bank accounts maintained, their account numbers and the authorized signers:

<table>
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<tr>
<th>Bank</th>
<th>Account Number</th>
<th>Authorized Signer</th>
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1) Are bank statements mailed directly to the rectory by the bank? Yes _____ No _____

2) Are bank statements reconciled timely? Yes _____ No _____
   By whom? __________________________________________________________

3) Type of bookkeeping system used:
   Standard Diocesan Journals _____ One-Write _____
   Batch-Process _____ PDS _____
   Other (Describe) __________________________________________________

4) Are accounting records and checks maintained in a safe or locked file cabinet when not in use? Yes _____ No _____

5) Is the pastor an authorized signer for all parish and organization bank accounts? Yes _____ No _____
   If not, why not? __________________________________________________

6) Have all signature cards been recently reviewed at the bank by the pastor and do they all contain the currently authorized signatures only? Yes _____ No _____
Catholic Diocese of Memphis
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X if Management Letter Comment

7) Does the parish have a petty cash fund(s)? Yes _____ No _____
   If yes, how many? _________________________________________________
   If yes, how does it function and what is the amount of each fund?
   ________________________________________________________________
   How often is cash replenished? _________________________________
   Do the fund amounts agree to the general ledger? Yes _____ No _____

8) Does the parish use wire transfers or automated clearing house (ACH) transfers? Yes _____ No _____
   If yes, how are the transfers documented and authorized?
   ________________________________________________________________

INVESTMENTS

1) Does the parish maintain in their possession any investments (CD’s, stocks, and bonds)?
   ________________________________________________________________
   ________________________________________________________________

2) Are all of the above investments listed on the general ledger? Yes _____ No _____

3) Is investment/interest income recorded monthly (or when paid)? Yes _____ No _____

LOANS, SUBSIDIES, AND ASSESSMENTS

1) Does the parish have any loans from the Diocese or with an outside financial institution? Yes _____ No _____

2) Has the parish made any personal loans to employees or others? Yes _____ No _____

3) Are all loans and interest expense properly recorded on the general ledger? Yes _____ No _____

4) Does the parish have a debt reduction plan? Yes _____ No _____

5) Does the parish have a copy of their debt amortization schedule(s)? Yes _____ No _____
Catholic Diocese of Memphis
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6) Does the parish/school receive any subsidies? Yes _____ No _____ If Yes, are they properly accounted for? Yes _____ No ______

7) Is the new Cathedraticum methodology (effective January 1, 2008) being used? Yes _____ No ______
Are assessments paid to the Diocese within 30 days after month-end? Yes _____ No _____

OFFERTORY COLLECTIONS

Briefly describe the offertory collection procedures: ________________________________
                                                                                       ________________________________
                                                                                       ________________________________
                                                                                       ________________________________

1) Is the offertory secure after the collection? Yes _____ No _____
   How? ________________________________

2) When is the offertory counted? ________________________________
   By whom? ________________________________

3) Is tally sheet total and bank deposit receipt compared? Yes _____ No _____
   By whom? ________________________________

4) When is offertory deposited? ________________________________
   By whom? ________________________________

5) If receipts remain in the rectory, are they kept:
   In an operational safe? ________________________________
   Locked file cabinet? ________________________________
   Other (describe)? ________________________________

6) Who records deposits to the accounting records? ________________________________

7) Is there a comparison of the tally sheet to the receipted deposit ticket? Yes _____ No _____

8) Who records offertory to the parishioner contribution records? ________________________________
TUITION

Briefly describe the procedures involved in collecting, recording, and depositing tuition payments:

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

X if Management Letter Comment

____ 1) Is unearned tuition revenue and tuition receivable recorded at the beginning of each school year?

________________________________________________________________________

____ 2) Is a detail tuition receivable sub-ledger maintained?

________________________________________________________________________

____ 3) Are the receivables aged monthly?

________________________________________________________________________

____ 4) Is the receivable detail reconciled to the general ledger on a regular basis and if so, how often? By whom?

________________________________________________________________________

____ 5) Who investigates overdue payments?

________________________________________________________________________

____ 6) At year end, is uncollectible tuition written off? Who authorized this?

________________________________________________________________________

____ 7) Are the duties of reconciling the receivable detail to the general ledger and recording/depositing tuition payments separated?

________________________________________________________________________

____ 8) How often are tuition payments deposited?
Catholic Diocese of Memphis
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OPERATING DISBURSEMENTS

X if Management Letter Comment

1) Who initially receives and reviews all mail?

2) Are invoices reviewed and approved for receipt of goods or services, and accuracy? Yes _____ No _____ By whom? ____________________________

3) Who prepares checks? (Checks should be prenumbered) ____________________________

4) Who signs checks? (Check signing should require dual signatures over specified dollar amounts). ____________________________

5) Is a signature stamp used? (It is recommended that no signature stamp be used)
   Yes _____ No_____ If yes, where is it stored? ____________________________

6) Does the pastor review prepared checks and invoices before signing?
   Yes _____ No _____

7) Are paid invoices:
   Retained? Yes _____ No _____
   If yes, are paid invoices cancelled? Yes _____ No _____
   How? ____________________________

8) Are checks written in sequence and recorded in a check register and cash disbursements journal? Yes _____ No _____

9) Is the supply of unused checks safeguarded? Yes _____ No _____
   How? ____________________________
Catholic Diocese of Memphis
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PAYROLL DISBURSEMENTS

X  if Management Letter Comment

1) Describe procedures for capturing hours for hourly employees, e.g. time cards, time sheets, etc. ____________________________________________________________
   ____________________________________________________________
   ____________________________________________________________

2) Are time sheets approved by an appropriate supervisor and in writing? Yes _____ No _____

3) Are I-9s and W-4s properly maintained for each employee? Yes _____ No _____

4) Are vacation accounting records maintained for each eligible employee? Yes _____ No _____

5) Are W-2s issued for each employee (including the pastor) by January 31? Yes _____ No _____

6) Is a reconciliation of the W-2 Transmittal to the 941 Quarterly Federal Reports performed for the calendar year? Yes _____ No _____

FIXED ASSETS

1) What is the parish’s policy for capitalizing major fixed asset purchases (or is everything expensed?) AND for recording fixed asset disposals? ____________
   ____________________________________________________________
   ____________________________________________________________
   ____________________________________________________________
   ____________________________________________________________
   ____________________________________________________________

2) Were there any significant purchases made during the current year? ____________
   ____________________________________________________________
   ____________________________________________________________
   ____________________________________________________________
   ____________________________________________________________
   ____________________________________________________________

3) Are all properties (i.e., real estate, rental properties) owned by the parish listed on the general ledger? Yes _____ No _____
   What information was used to record the value (i.e., insured values, cost, assessed value, other)? ________________
   ____________________________________________________________
   ____________________________________________________________
   ____________________________________________________________
   ____________________________________________________________
   ____________________________________________________________
X if Management Letter Comment

Is there a copy of all real estate transactions/deeds, lease agreements, and easement grants on file in the parish office? Yes _____ No _____

4) Does the parish rent any property or facilities to third parties? Yes _____ No _____

<table>
<thead>
<tr>
<th>Property name/location</th>
<th>Rented to</th>
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5) Is there a signed lease agreement on file in the parish office? Yes _____ No _____

6) Is there a copy of proof of insurance on file from the lessee or renter? Yes _____ No _____

7) Is rental income recorded properly on the general ledger? Yes _____ No _____

8) Is there a current detailed list of furniture, fixtures, and equipment owned by the parish/school? Yes _____ No _____

If yes, does it reconcile to the general ledger? Yes _____ No _____
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INFORMATION TECHNOLOGY

X if Management Letter Comment

1) What procedures are in place to make sure that all software on systems is legally licensed?

2) Does everyone have a unique user name and password for their system and for the accounting and bank software? Yes _____ No _____

3) Are any passwords shared among personnel? Yes _____ No _____

4) Are passwords required to be changed at regular intervals? Yes _____ No _____
   Automated or initiated by the user? ____________ How often? ____________

5) Do all workstations and servers have a firewall and virus protection (especially those with internet access)? Yes _____ No _____

6) Is surge protection installed for all equipment? Yes _____ No _____

7) If you have a server does it have a battery backup? Yes _____ No _____

8) Who is the systems administrator for the server (if applicable) and the accounting software? Server: ________________ Accounting: ________________

9) For entities with a server, is it in a secure location (get description)? ________________
   How often and how many backups are made? __________________________
   How many copies? ________________
   Where are they stored? __________________________

10) Is all data required to be stored on the server? Yes _____ No _____

11) How often and how many backups are made? __________________________
    How many copies? ________________
    Where are they stored? __________________________

Prepared by __________________________  Date __________________________

Reviewed by __________________________  Date __________________________