Updated Internal Control Checklist

September,2024

Segregation of Financial Duties

Episcopal Diocese of Bethlehem

***Please note that each question 1 - 14, as stated, describes the procedure or situation as it should be with the proper control in place. If that is not the case, an opportunity for an alternative explanation is provided so that the parish may explain why the recommended control is not in place. For questions 15 –20, please provide the answers to the best of your ability.***

1. Segregation of duties (S.O.D.) is a key element of internal control.  Where resources do not provide for effective segregation of duties, it is imperative that mitigating controls, which will help to improve the level of oversight, are established, understood, and in place.  “Management Review Controls” can be implemented that provide a measure of control where S.O.D. controls are inadequate.

Are the bookkeeper and treasurer two separate positions held by unrelated persons? It is imperative that the person who reviews invoices, signs checks, approves credit card expenses, and performs the bank reconciliations, for example, is not the person who deposits funds or pays bills. (A bookkeeper deposits checks and pays standard bills while a treasurer approves the bank account reconciliation and authorizes request for non-ordinary bill payment by reviewing the whole invoice and supporting documentation against the check. Parishes may have different titles for such positions, but it is critical that separate and unrelated individuals perform the duties in order to assure financial controls are in place.)

Yes \_\_ No\_\_

If no, explain \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Is the bookkeeping function separate from the custody of assets function?

Yes \_\_ No\_\_

If no, explain \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

3. Is the bookkeeper an authorized signer on any parish bank or investment accounts?

Yes \_\_ No\_\_

If yes, explain \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

4. Does the bookkeeper count or otherwise handle cash or make bank deposits?

Yes \_\_ No\_\_

If yes, explain \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

5. Does the bookkeeper prepare a signed and dated reconciliation report for each bank?

and investment account within 15 days of statement date?

Yes \_\_ No\_\_

If no, explain \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

6. Are reconciling items older than 60 days researched and resolved?

Yes \_\_ No\_\_

If no, explain \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

7. Are checks for non-standard payments prepared only after expenditure is documented (including the invoice, supporting documentation, and any late fees) and approved for payment by treasurer or other named authorized individual?

Yes \_\_ No\_\_

If no, explain \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

8. Does the treasurer have access to making entries into the general ledger?

Yes \_\_ No\_\_

If yes, explain \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

9. Does the treasurer control access and approve all online accounts and transactions?

Yes \_\_ No\_\_

If no, explain \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

10. Does the treasurer review, sign, and date all bank reconciliation reports in a timely fashion?

Yes \_\_ No\_\_

If no, explain \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

11. Does the treasurer approve all journal entries?

Yes \_\_ No\_\_

If no, explain \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

12. Do counting teams consist of at least two unrelated persons (not to include the bookkeeper or person that makes the bank deposit) who are rotated regularly?

Yes \_\_ No\_\_

If no, explain \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

13. Do you have an accounting procedures manual in place?

Yes \_\_ No\_\_

If no, explain \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

14. Do you have any internal audit controls in place?

Yes \_\_ No\_\_

If yes, explain \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

15. What kind of bookkeeping system do you have in place?

Manual \_\_\_ Computer \_\_\_

16. If computer, which software program do you use?

17. Do you keep a back- up?

Yes \_\_ No\_\_

If yes, explain \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Where is it stored? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

18. Who are the individuals who handle parish finances? (For example, bank deposits, bank reconciliations, contribution statements, check authorizations, check writing, financial statements, etc.)

Please provide names, positions, and backgrounds

Name Position Background

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19. Do you have a list of all holders of keys to the property?

Yes \_\_ No\_\_

If no, explain \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

20. Do all key holders have current Safe Church and Criminal Background Checks on file?

Yes \_\_ No\_\_

If no, explain \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_