The Episcopal Diocese of Kentucky

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MEMORANDUM

To: Parish Clergy
Parish Vestry/Bishop's Committee
Parish Internal Financial Review Committee Chair

From: H. Gibbs Reese
Chair, Diocesan Financial Review (Audit) Committee

Date: March, 2024

Re: Parish Financial Review Procedures for FY 2023 Conducted in 2024

Greetings. First let me thank those of you who might have been responsible or have participated in responding to this diocesan required process. Your submission is due by the **September 1st deadline**. This in turn gives our committee time to satisfactorily review all submissions, request other items as may be deemed necessary, and subsequently report our findings to the Diocesan Secretary prior to the convening of the annual 2024 Diocesan Convention.

In summary, there are six (6) documents that are required to complete the Financial Review process. Each is listed below with relative footnote(s). Further, examples of each are attached hereto as well as being available on the Diocesan website at Episcopal Diocese of Kentucky (episcopalky.org) – TAB: Church Administration – TAB: Financial Review Guidelines.

1. Parochial Report, pages 5 and "The Supplemental Page" for the 2023 calendar year.
   - Based on the Canonical requirements, these same two documents are to be submitted to the Diocesan offices by March 1st of each year. We are simply asking that you make another copy of same, review the statistics therein and include these as part of your materials.
2. Balance Sheet
   - This financial data/calculation should have been necessary for you to properly complete "The Supplemental Page" of the Parochial Report.
3. Income and Expense Statement
   - This financial data/calculation should have been necessary for you to properly complete page of the Parochial Report.
4. Property and Liability Insurance – Declaration page(s) only.
   - May be available from your insurance carrier(s).
5. Internal Control Questionnaire
   - Complete responses including comments and notations as appropriate.
6. Internal Financial Review Findings on Policies and Procedures Certificate
   - Complete requested responses, identify Parish Internal Financial Review Committee members and include respective signatures.

As a congregation, **sequentially your financial review requirements are as follows**:

1. Vestry/Bishop's Committee should select your own Internal Financial Review Committee. This Committee should be a minimum of 3 individuals not related by blood or marriage to any check signers.

2. Conduct your individual financial review of the following documents so as to prepare for and subsequently complete the previously stated required documents submission.
   - Bank statements and reconciliations of all accounts, i.e. checking, savings, investments and discretionary funds.
   - Balance sheets and Income/Expense statements for both operating and discretionary accounts. (Financial Reports)
   - Internal Controls Questionnaire.
   - Vestry or Bishop's Committee Minutes relating to financial matters.
   - All cash receipts and cash disbursements along with supporting documentation including authorized signatures, payroll, vouchers, pledge and plate offerings, contracts, etc.
   - Listing of all active insurance policies with corresponding coverage value(s).

3. Prepare the Internal Financial Review Findings on Policies and Procedures form.

4. Vestry/Bishop's Committee accepts the Internal Financial Review Committee's reports. Any challenges and/or modifications to the submitted documents must be done in writing and included with the submission to the Diocese of Kentucky's Financial Review (Audit) Committee.

5. Vestry/Bishop's Committee submits one copy of each of the six (6) aforementioned documents to the Diocese of Kentucky via 1) mail ATTN. - Financial Review Committee, 2) electronically (Brian@episcopalky.org) before September 1st.

On behalf of our entire committee and diocesan staff, we thank you for your cooperation and participation in submitting these materials in a timely manner. Again, we have made every effort to simplify and streamline this process. Should you have any questions regarding this process please feel free to contact Brian Thomas or me.

Respectfully submitted,



H. Gibbs Reese
Chair, Financial Review (Audit)
Committee
2024AuditProceedures.03. 5.2024

Congregation City Diocese

Stewardship and Financial Information of the Reporting Congregation

Giving Information for 2023:					
Please indicate the reporting currency: _____				US DOLLAR	OTHER CURRENCY
Number of Pledges	1.	Number of confirmed pledges/commitments for 2023 report year	(1)		
Total $ Pledged	2.	Total dollar amount pledged for 2023 report year	(2)		
Report of Revenues and Expenses for 2023:					
Operating Revenues	3.	Plate offerings, pledge payments & regular support	(3)		
	4.	Money from investments used for operations in 2023	(4)		
	5.	Other operating income	(5)		
	6.	Unrestricted bequests used for operations	(6)		
		Subtotal Normal Operating Income (3+4+5+6) = A			
	7.	Assistance from diocese for operating budget	(7)		
		Total Operating Revenues (A + 7) = B			
Non-Operating Revenues	8.	Capital funds, gifts & additions	(8)		
	9.	Additions to endowment & other investment funds	(9)		
	10.	Contributions & grants for congregation-based outreach & mission programs	(10)		
	11.	Funds for transmittal to other organizations	(11)		
		Subtotal Non-Operating Revenues (8+9+10+11) = C			
		Total All Revenues (B+C) = D			
Operating Expenses	12.	To diocese for assessment, appointment, or fair share	(12)		
	13.	Outreach from operating budget	(13)		
	14.	All other operating expenses	(14)		
		Subtotal Operating Expenses (12+13+14) = E			
Non-Operating Expenses	15.	Major improvements & capital expenditures	(15)		
	16.	Expenses for congregation's outreach & mission	(16)		
	17.	Funds contributed to Episcopal seminaries	(17)		
	18.	Funds sent to other organizations	(18)		
		Subtotal Non-Operating Expenses (15+16+17+18) = F			
		Total All Expenses (E+F) = G			
At Year-End:	19.	Total cash in all checking & savings accounts	(19)		
As of December 31, 2023	20.	Total investments at market value (not including cash reported in line 19)	(20)		

FILE ONLINE AT HTTPS://REPORTS.DFMS.ORG

SUPPLEMENTAL PAGE FOR DIOCESE OF KENTUCKY (NOT ONLINE) - 2023

Congregation	City	Episcopal Diocese of Kentucky

Part II: Report of Congregation's Assets, Liabilities and Insurance
For the year ending December 31, 2022

		1	2	3	4	5
		Unrestricted Assets	**Restricted Assets**			**Other Assets**
		Operating Accounts	**Congregation's Organizations**	**Other Funds**	**Trust/ Endowment Funds**	**Property (Canon I.6.1)**
	Assets					
18.	Petty Cash					
19.	Checking Accounts					
20.	Savings Accounts					
21.	Short Term Investments					
22.	Accounts Receivable					
23.	Temp Loans from Other					
24.	Deferred Expenses					
25.	Long Term Inv. at MV					
26.	Land					
27.	Buildings					
28.	Furniture and Equipment					
29.	Depreciation					
	I. Total Assets *(add 18-28 minus 29)*					
	Liabilities					
30.	Accounts Payable					
31.	Payroll Taxes Payable					
32.	Temp Loans to Other					
33.	Deferred Income					
34.	Long Term Debt					
	J. Total Liabilities *(add 30-34)*					
	K. Net Assets *(I. minus J.)*					

35.	**Insurance Category**	**Name of Primary Ins Carrier** (Canon I.6.1(3))	**Coverage**	
a.	Buildings(s)		**$, ,000**	
b.	Contents of Building(s)		**$, ,000**	
c.	Bonding		**$, ,000**	
d.	Worker's Compensation		**Yes**	**No**

	Audit: Name of Firm/Auditor/Authorized Audit Committee	**Sched Audit Date**
36.		

Balance Sheet
As of December 31, 2018

	Dec 31, 18
ASSETS	
Current Assets	
Checking/Savings	
0100 · Republic Bank Operating	6,259.84
0101 · Republic Bank Restricted	135,496.96
0103 · Republic Bank ACH Account	86.58
Total Checking/Savings	141,843.38
Other Current Assets	
12000 · Undeposited Funds	22,056.07
127 · HL Endowment	435,041.65
Total Other Current Assets	457,097.72
Total Current Assets	598,941.10
Fixed Assets	
150 · Church Campus	1,627,239.88
15000 · Furniture and Equipment	150,415.43
151 · Playground Equipment	19,459.08
153 · Accumulated Depreciation	-196,142.72
Total Fixed Assets	1,600,971.67
Other Assets	
160 · SYB - Diocesan Commingled Fund	10,958.85
Total Other Assets	10,958.85
TOTAL ASSETS	**2,210,871.62**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
210 · Temporary Restricted Funds	135,496.96
Total Other Current Liabilities	135,496.96
Total Current Liabilities	135,496.96
Total Liabilities	135,496.96
Equity	
320 · Equity	1,773,392.96
32000 · Unrestricted Net Assets	315,549.72
Net Income	-13,568.02
Total Equity	2,075,374.66
TOTAL LIABILITIES & EQUITY	**2,210,871.62**

SAMPLE

Profit & Loss Unclassified
December 2018

Ordinary Income/Expense		
Income		
4000 · Pledge Income		9,841.00
4001 · Non-Pledge Income		6,767.78
4002 · Plate Cash		656.01
4007 · Dio Support		2,571.50
4008 · Capital Campaign		1,040.00
4020 · Pass Through Donations		
4020-24 · United Thank Offering	271.57	
4020-11 · Priest Pass-Through	1,228.50	
4020-12 · Deacon Pass-Through	1,908.50	
4020-18 · Campus Ministry	60.00	
4020-3 ·	100.00	
Total 4020 · Pass Through Donations		3,568.57
4025 ·		365.00
4026 · Interest Income		2.86
Total Income		24,812.72
Gross Profit		24,812.72
Expense		
6012 · School of Theology - Stipend		500.00
6000 · Pass-Through Donations		
6000-24 · United Thank Offering	271.57	
6000-11 · Priest Pass-Through	1,228.50	
6000-12 · Deacon Pass-Through	1,908.50	
6000-18 · Campus Ministry	60.00	
6000-3 · Need Line Pledge	100.00	
Total 6000 · Pass-Through Donations		3,568.57
6001 · Discretionary Funds		
6001-2 · Discretionary Fund - Deacon	250.00	
6001-3 · Discretionary Fund - Rector	250.00	
Total 6001 · Discretionary Funds		500.00
6002 · Deacon Reimbursement		158.60
6003 · Rector Expense		
6003-4 · Housing Allowance	1,156.00	
6003-1 · Priest Pension	34.00	
6003-3 · Priest Health Insurance	657.62	
6003 · Rector Expense - Other	202.40	
Total 6003 · Rector Expense		2,050.02
6004 · Christian Education		38.37
6005 · Building and Grounds		1,828.77
6008 · Administration		1,501.77
6010 · Worship		1,454.84
6020 · Outreach - Budgeted		
6020-3 · Dio Budget	2,260.00	
6020-1 · Needline - Budgeted	150.00	
Total 6020 · Outreach - Budgeted		2,410.00
6600 · Outside Labor		555.00
66000 · Payroll Expenses		5,236.78
67000 · Capital Campaign Expense		335.85
Total Expense		20,138.57
Net Ordinary Income		4,674.15
Net Income		4,674.15

SAMPLE

CHURCH INSURANCE COMPANY OF VERMONT

DIOCESAN PROGRAM CERTIFICATE

210 South Street
P.O. Box 5000
Bennington, Vermont 05201
Service: 800.293.3525
Claims: 800.223.5705

Certificate Number: **Master Policy Number:**

Diocese Number:

Participant:

Diocese of: Diocese of Kentucky and The Bishop Dudley Memorial Fund, Inc

Mailing Address:

Agency: CIC of Vermont
Region: 06
Service: 1-800-293-3525

Certificate Period: From: 10/08/2018 **To:** 10/08/2019

In return for the payment of the premium and subject to all terms and conditions, we agree with you to provide the insurance as stated in your Diocesan policy.

Description:		Limit:
Blanket Buildings and Contents		$101,825,300
Flood		Included
Foreign and Domestic Terrorism		Included
Water Backup and Overflow		$50,000
Equipment Breakdown		Included
Earthquake Blanket		Not Applicable
Fine Arts		$1,000,000
Ordinance or Law		$250,000
Commercial Liability	**per Occurrence**	$1,000,000
	Aggregate	$5,000,000
Pastoral Counseling		Included
Hired and Non-Owned Auto		Included
Products/Completed Work Liability		Included
Personal Injury/Advertising Injury		$1,000,000
Employee Benefits Liability		$1,000,000
Fire Legal Liability		$1,000,000
Medical Payments		$30,000
Sexual Misconduct Liability	**per Occurrence**	$1,000,000
	Aggregate	$2,000,000
Directors' and Officers' Liability (including Educator's E&O) and Employment Practices Liability	$1,000,000 per claim / $1,000,000 aggregate	
Accident Medical Expense	**per Occurrence**	$15,000
	Aggregate	$60,000

(Limits continued on next page)

(See Specific Coverage sections for complete descriptions of coverage, definitions, retentions, deductible, schedules, exclusions and limits.)

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CHURCH INSURANCE COMPANY OF VERMONT

DIOCESAN PROGRAM CERTIFICATE

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Diocese Number:

Participant:

Diocese of: Diocese of Kentucky and The Bishop Dudley Memorial Fund, Inc

Mailing Address:

Agency: CIC of Vermont

Region: 06

Service: 1-800-293-3525

Certificate Period: From: 10/08/2018 **To:** 10/08/2019

Premises Number: 1 **Location:**

Building Number: 1

Description:
CHURCH/PARISH HALL

Coverage Type	Limit
Building	$9,038,200
Personal Property	$625,600
Earthquake	Included

Protective Device Credit Applies

Valuation: Replacement Cost

Deductibles:	Hurricane	Flood	EQ	Wind/Hail (other than Hurricane)	Crime	Sinkhole Collapse	All Other Property
	$1,000	2%	2%	$1,000	1%	2%	$1,000

Equipment Breakdown Spoilage	Equipment Breakdown Service Interruption
24 hours	24 hours

Percent deductible for Hurricane, Flood, Earthquake, Sinkhole Collapse or Windstorm/Hail is the indicated percentage of the building and contents limits shown on this Declarations page. If an Earthquake Sublimit is provided, the Earthquake deductible is the indicated percentage of the Earthquake Sublimit shown on this Declarations page.

Coinsurance: Coinsurance Waiver / Agreed Amount

SAMPLE

CHURCH INSURANCE COMPANY OF VERMONT

DIOCESAN PROGRAM CERTIFICATE

210 South Street
P.O. Box 5000
Bennington, Vermont 05201
Service: 800.293.3525
Claims: 800.223.5705

Certificate Number: **Master Policy Number:**

Diocese Number:

Participant:

Diocese of: Diocese of Kentucky and The Bishop Dudley Memorial Fund, Inc

Mailing Address:

Agency: CIC of Vermont

Region: 06

Service: 1-800-293-3525

Certificate Period: **From:** 10/08/2018 **To:** 10/08/2019

Premises Number: 2 **Location:**

Building Number: 1

Description:
RECTORY

Coverage Type	Limit
Building	$220,300
Personal Property	$9,000
Earthquake	Included

Valuation: Replacement Cost

Deductibles:	Hurricane	Flood	EQ	Wind/Hail (other than Hurricane)	Crime	Sinkhole Collapse	All Other Property
	$1,000	2%	2%	$1,000	1%	2%	$1,000

Equipment Breakdown Spoilage	Equipment Breakdown Service Interruption
24 hours	24 hours

Percent deductible for Hurricane, Flood, Earthquake, Sinkhole Collapse or Windstorm/Hail is the indicated percentage of the building and contents limits shown on this Declarations page. If an Earthquake Sublimit is provided, the Earthquake deductible is the indicated percentage of the Earthquake Sublimit shown on this Declarations page.

Coinsurance: Coinsurance Waiver / Agreed Amount

SAMPLE

CHURCH INSURANCE COMPANY OF VERMONT

DIOCESAN PROGRAM CERTIFICATE

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Claims: 800.223.5705

Certificate Number: **Master Policy Number:**

Diocese Number:

Participant:

Diocese of: Diocese of Kentucky and The Bishop Dudley Memorial Fund, Inc

Mailing Address:

Agency: CIC of Vermont

Region: 06

Service: 1-800-293-3525

Certificate Period: **From:** 10/08/2018 **To:** 10/08/2019

Description:		Limit:
Crime Insuring Clauses		
Employee Theft Coverage		$50,000
Premises Coverage		$25,000
In Transit Coverage		$25,000
Forgery Coverage		$50,000
Computer Fraud Coverage		$50,000
Funds Transfer Fraud Coverage		$50,000
Money Orders and Counterfeit Currency Fraud Coverage		$25,000
Credit Card Fraud Coverage		$25,000
Client Coverage		N/A
Expense Coverage		$10,000
(Retention of 1% of the applicable Limit applies to all Crime Coverage)		
Commercial Umbrella		
	per Occurrence	$4,000,000
	Aggregate	$4,000,000
Sexual Misconduct	per Occurrence	$1,000,000
	Aggregate	$1,000,000
Retained Limit (applies only to Coverage U)		$10,000
Underlying Insurance for Umbrella		
Commercial Liability	Church Insurance Company	
Auto Liability	Any Admitted Insurer	
Employers Liability Limits	Any Admitted Insurer	
Directors and Officers Liability	Church Insurance Company	

(See Specific Coverage sections for complete descriptions of coverage, definitions, retentions, deductible, schedules, exclusions and limits.)

SAMPLE

The Episcopal Diocese of Kentucky

Internal Control Questionnaire

Manual of Business Methods in Church Affairs

The following Internal Control Questionnaire provides guidance for setting up an accounting system and a checklist for periodic review and evaluation of an existing system. The questionnaire is designed also to assist a congregation's internal audit committee. The questions largely refer to some recommended internal control. The normative answer to a question will be positive. A negative response suggests an area that needs to be strengthened. Developing a narrative description is suggested to provide documentation of a current review and should be retained for reference in future evaluations.

General: The following items provide general information to aid in understanding the overall accounting and internal control system.

1.	Are prior internal control questionnaires and auditors' recommendations available?	Yes☐ No☐
2.	Have recommendations of prior reports on internal controls been implemented?	Yes☐ No☐
3.	Is a complete and current chart of accounts, listing all accounts and their respective account numbers, available?	Yes☐ No☐
4.	Is there an accounting policy and procedure manual? Is it up to date?	Yes☐ No☐
5.	Is a current edition of this manual available?	Yes☐ No☐
6.	Is the accounting system using a double-entry bookkeeping method?	Yes☐ No☐
7.	Have the findings of external auditors been reported to the Vestry?	Yes☐ No☐

Budget: The development and use of a budget is a critical management tool that will aid in the stewardship and administration of church resources and program.

1.	Is the budget approved by the Vestry?	Yes☐ No☐
2.	Are all changes to the budget authorized by the Vestry and recorded in the minutes of the meetings?	Yes☐ No☐
3.	Is there a periodic review of the budget by the Vestry?	Yes☐ No☐

Reporting: The best accounting system is of little value, unless it communicates the information it contains to the staff responsible. Although there may be variations, certain minimum standards exist to assure adequate communication of the financial information.

1.	Is a Treasurer's report submitted to the Vestry or accounting committee each month?	Yes☐ No☐
2.	Is the Treasurer's report presented in enough detail to inform the reader about the nature of the various income and disbursement items?	Yes☐ No☐
3.	Does the report present the current actual financial data compared with the approved budget?	Yes☐ No☐
4.	Is there periodic reporting, at least quarterly, of all other funds	Yes☐ No☐

and activities, including designated or restricted funds?	

Cash Receipts: Clearly stated policies and procedures regarding the handling of cash and other receipts help to prevent loss and assure that all receipts are properly recorded.

1.	Are there safeguards to protect the collections from theft or misplacement from the time of receipt until the time the funds are counted and deposited?	Yes☐ No☐
2.	Are the collection receipts counted and deposited so that the deposit equals the entire amount of receipts on a timely basis?	Yes☐ No☐
3.	Are there at least two unrelated persons responsible for counting and depositing the collections?	Yes☐ No☐
4.	Are the persons responsible for counting receipts rotated on a periodic basis?	Yes☐ No☐
5.	Do the counters have a standardized form for recording the deposit information?	Yes☐ No☐
6.	Are the counters' sheets retained and reconciled with actual deposits, and are all discrepancies investigated?	Yes☐ No☐
7.	Are all the pledge envelopes or other memoranda retained and reconciled to the recorded amounts?	Yes☐ No☐
8.	Are all other cash receipts recorded and deposited on a timely basis?	Yes☐ No☐
9.	Are all checks received restrictively endorsed — "for deposit only" immediately upon receipt?	Yes☐ No☐
10.	Are all cash receipts deposited into the general operating checking account?	Yes☐ No☐
11.	Are there procedures that will highlight or call someone's attention to the fact that all receipts or income have not been received or recorded?	Yes☐ No☐
12.	Are periodic statements provided to donors of record (i.e. at least quarterly)?	Yes☐ No☐
13.	Do acknowledgments of contributions in excess of $250 include a receipt from the recipient organization that states that it is "the contemporaneous acknowledgment required by the Internal Revenue Code and that, in accordance with Section 170(F)(8)(B), any goods or services provided consist solely of intangible religious benefits"?	Yes☐ No☐
14.	Are all discrepancies investigated?	Yes☐ No☐

Cash Disbursements: The following procedures will assist in assuring that all payments are properly approved, recorded, and supported by appropriate documentation.

1.	Are all disbursements made by check, except for small expenditures made from petty cash?	Yes☐ No☐
2.	Are all checks pre-numbered and used in sequence?	Yes☐ No☐
3.	Is there a clearly defined approval process for all disbursements?	Yes☐ No☐
4.	Are all voided checks properly cancelled and retained?	Yes☐ No☐
5.	Are all checks made payable to specified payees and not to cash or to bearer?	Yes☐ No☐
6.	Are all disbursements supported by original documentation?	Yes☐ No☐
a.	Is signing blank checks prohibited?	Yes☐ No☐
b. c.	Is using a signature stamp or pre-printed signatures prohibited?	Yes☐ No☐
d.	Does all supporting documentation accompany checks presented for signature?	Yes☐ No☐
e.	d. Are all account signers authorized by the Vestry?	Yes☐ No☐
f.	e. Is more than one signature required for any check?	Yes☐ No☐
g.	f. If not, do checks for more than $2,500 require more than one signature?	Yes☐ No☐
h.	g. If signature imprint machines are used, are the keys kept under lock and key except when in use?	Yes☐ No☐
7.	Are all disbursements requiring special approval of funding sources or the Vestry properly documented in the Vestry or Finance Committee minutes?	Yes☐ No☐
8.	Are there adequate controls and segregation of duties regarding electronic funds transfers?	Yes☐ No☐

Journal Entries: Journal entries offer a special opportunity to adjust accounting records. The general journal is an equally important book of original entry as the cash receipts and cash disbursements journals

1. Is there an appropriate explanation accompanying each journal entry?	Yes☐ No☐
2. Are all journal entries approved by a knowledgeable authority other than the person initiating the entry?	Yes☐ No☐
3. Is adequate documentation maintained to support each journal entry?	Yes☐ No☐

Bank Account Reconciliation: The monthly reconciliation of all bank accounts is a primary tool for assuring the proper recording and accounting for all cash account activity.

1.	Are all bank accounts reconciled within 10 days of receipt of bank statement?	Yes☐ No☐
2.	Do two different people perform the tasks of opening and reconciling the bank statement?	Yes☐ No☐
3.	Does someone complete the bank account reconciliations other than the person who participates in the receipt or disbursement of cash?	Yes☐ No☐
4.	Do the reconciliation procedures provide for:	Yes☐ No☐
1.	Comparison between the bank statement and the cash receipts journal of dates and amounts of deposits?	Yes☐ No☐
2.	Investigation of bank transfers to determine that both sides of the transactions have been recorded?	Yes☐ No☐
3.	Investigation of all bank debit and credit memos?	Yes☐ No☐
4.	Review of all checks outstanding more than 90 days?	Yes☐ No☐
5.	Are checks more than 180 days outstanding voided during the year-end reconciliation?	Yes☐ No☐
6.	Is the bank immediately notified of all changes of authorized check-signers?	Yes☐ No☐
5.	Are all journal entries for bank charges and bank account interest recorded routinely?	Yes☐ No☐
6.	Are all bank accounts included on financial reports to the Vestry?	Yes☐ No☐

Petty Cash: The following controls provide a timely recording of cash expenditures in the accounting system.

1.	Is the responsibility for the petty cash fund assigned to one person?	Yes☐ No☐
2.	Are all petty cash funds maintained on an imprest basis, i.e., the total amount of vouchers paid or disbursed, plus cash, always equaling the amount of the fund?	Yes☐ No☐
3.	Is adequate review made of documentation before the fund is reimbursed?	Yes☐ No☐
4.	Is the petty cash fund reimbursed at least monthly?	Yes☐ No☐
5.	Are check cashing and making loans to employees prohibited?	Yes☐ No☐
6.	Is the actual petty cash protected from theft or misplacement?	Yes☐ No☐

Investments: Procedures for proper recording and control of all investment instruments will help to assure that all assets and related income are accounted for and properly reported.

1.	Are all investment instruments held in the name of the church only?	Yes☐ No☐
2.	Is authorization for the sale and/or purchase of investments provided for by the Vestry or authorized investment committee?	Yes☐ No☐
3.	Are all investment instruments adequately protected from fire, theft,	Yes☐ No☐

	or misplacement?	
4.	Are the income/dividends/interest recorded?	Yes☐ No☐
5.	Are all investment accounts included in financial reports to the Vestry?	Yes☐ No☐

Property and Equipment: Certain procedures involving the physical assets of the church will aid in detecting, identifying, and preventing losses.

1.	Is formal approval of the Vestry required for all property and equipment additions and dispositions?	Yes☐ No☐
2.	Is a detailed inventory of all property, furniture, fixtures, and equipment maintained showing:	
	a. Date acquired?	Yes☐ No☐
	b. Detailed description?	Yes☐ No☐
	c. Cost or fair market value at time of donation?	Yes☐ No☐
	d. Any funding source restrictions?	Yes☐ No☐
3.	Is a periodic review conducted to compare the actual property, furniture and fixtures, and equipment with the recorded inventory listing?	Yes☐ No☐
4.	Is there a safe deposit box?	Yes☐ No☐
	a. Who is authorized to enter it?	Yes☐ No☐
	b. Is there an inventory of its contents?	Yes☐ No☐
5.	Are permanent records such as articles of incorporation, if applicable, by-laws and real estate deeds kept in a safe place?	Yes☐ No☐
6.	Are they up to date?	Yes☐ No☐

Insurance: Insurance should be maintained that is adequate to protect against all reasonable risks of loss.

1.	Is a detailed inventory of all property, furniture, fixtures, and equipment maintained showing:	
Date acquired?		Yes☐ No☐
	a. Detailed description?	Yes☐ No☐
	b. Cost or fair market value at time of donation?	Yes☐ No☐
	c. Any funding source restrictions?	Yes☐ No☐
2.	Is a periodic review conducted to ensure the adequacy of the insurance coverage for:	Yes☐ No☐
	a. Property?	Yes☐ No☐
	b. Liability?	Yes☐ No☐
	c. Fidelity bond?	Yes☐ No☐
	d. Sexual misconduct?	Yes☐ No☐
	e. Directors' and officers' liability?	Yes☐ No☐
	f. Workers' compensation?	Yes☐ No☐
3.	Is a periodic review conducted to ensure that adequate controls are in place to prevent loss?	Yes☐ No☐

Liabilities and Other Debt: All liabilities and other debt must be clearly reported, and all provisions or restrictions complied with.

1.	Is all borrowing or indebtedness authorized by the Vestry and the appropriate diocesan board or committee?	Yes☐ No☐
2.	Are all loan agreements and/or lease agreements in writing and properly safeguarded?	Yes☐ No☐
3.	Are there periodic reviews conducted to determine compliance with any debt/lease provisions?	Yes☐ No☐
4.	Are all liabilities noted on Financial Reports to Vestry?	Yes☐ No☐

Restricted Gifts and Income: Gifts restricted by donors are not handled in the same manner as other contributions. Procedures are necessary to assure that these gifts are recorded properly and all restrictions observed.

1.	Are records maintained of all bequests, memorials, endowments, or any other restricted gifts to include:	Yes☐ No☐
	a. Date, amount and donor of gift?	Yes☐ No☐
	b. Any restrictions or limitations?	Yes☐ No☐
2.	Does the Vestry or other authoritative body approve all restricted gifts and grants?	Yes☐ No☐
	a. Are the income and other transactions periodically reported to the Vestry?	Yes☐ No☐
	b. Are written acknowledgments issued for whom they are required?	Yes☐ No☐

Payroll: The application of policies and procedures involving the employment of individuals assures compliance with payroll tax reporting to the various governmental entities.

1.	Are personnel files maintained to include:	Yes☐ No☐
	a. Employment application and/or letter of employment?	Yes☐ No☐
	b. Authorizations of pay rates and effective dates?	Yes☐ No☐
	c. Internal Revenue Service Form W-4?	
	d. Department of Justice Form I-9?	
	e. State Withholding Forms?	
	f. New hire reporting?	
2.	Is there a written record of hours worked, approved by a supervisor when applicable?	Yes☐ No☐
3.	Are there adequate records to:	Yes☐ No☐
	a. Show computation of gross pay?	Yes☐ No☐
	b. Account for all deductions from gross pay?	Yes☐ No☐
	c. Support payroll tax returns and Forms W-2?	Yes☐ No☐
4.	Are payroll tax returns filed on a timely basis?	Yes☐ No☐
5.	Are payroll tax deposits made on a timely basis?	Yes☐ No☐
6.	Are all employees, clergy and lay, receiving a Form W-2?	Yes☐ No☐

7.	Are Forms 1099 being provided for all individuals who are not employees, and for all unincorporated entities paid $600 or more annually?	Yes☐ No☐
8.	Are Form W-2 wages reconciled to the general ledger accounts, and all four quarterly payroll tax returns?	Yes☐ No☐
9.	Are clergy housing allowances recorded in the minutes of the Vestry no later than the first meeting of the year?	Yes☐ No☐

Computer Systems: The use of computers creates the need for additional procedures to safeguard the system and data.

1.	Are current or duplicate copies of the operating system and programs maintained off premises?	Yes☐ No☐
2.	Are the files backed up daily and the backups maintained off premises?	Yes☐ No☐
3.	Is access to the computer and computer programs limited to authorized persons?	Yes☐ No☐
4.	Is there adequate documentation, including user manuals, available on-site for all computer programs?	Yes☐ No☐
5.	Is there a plan for data recovery and continuation of operations in the event of a disaster?	Yes☐ No☐

Last update November 2019

The Episcopal Diocese of Kentucky

Internal Financial Review Committee Findings on Policies and Procedures

Date: _____/_____/_____
To: the Rector, Wardens and Vestry of _____
Name and City of Church

Subject: 20_ Internal Financial Review

During the course of the above inspection the following items pertaining to internal control and other operation matters were noted. The first group includes areas of management control where prior year recommendations have been implemented; the second group includes comments and recommendations of current year. This letter should be made a part of the minutes of your vestry meeting.

Areas where prior year review recommendations have been implemented:

_____

_____

_____

Comments and recommendations of current year committee:

_____

_____

Members of the Internal Financial Review Committee

Name	Address	Signature