



2025 Business Office Forum
Wednesday, December 3
Catholic Diocese of Des Moines

AFR and Internal Parish Review Topics

Annual Financial Report (AFR) for 2025 Due September 30, 2025

1. TOTAL ENTITIES PARISHES: 80 + SCHOOLS: 5 + OTHER: 2 = 87
2. OTHER Participants: St. Thomas More Center (Panora) sent survey only; and Emmaus House (Des Moines).
3. Parish AFR and Survey Completion – 58
 - a) Contact Information Complete: 70 of 87 (70 Parishes; 2 Schools)
 - b) Affirmation Signature Page: 73 of 87 (71 Parishes; 2 Schools)
 - c) Survey Completed: 83 of 87 (78 Parishes; 4 Schools; 1 Other)

Schools AFR and Survey Completion

- a) Contact Information Complete: 2 of 5
- b) Affirmation Signature Page: 2 of 5
- c) Survey Completed: 4 of 5

Positive AFR Survey Questionnaire Results

83 Surveys were returned – These operational areas appear to be in good shape, with questions having 100% Parishes/Schools compliance:

- Responded that their statements of financial position accounts reconciled for the end of the fiscal year.
- Either they had no loans, mortgage, line of credit, or renewal activity, or if they did, they all requested the Bishop's approval prior to execution.
- If applicable, all followed permissions guidelines for all applicable projects.
- All blank checks were pre-numbered by the check vendor.
- All supporting documentation (e.g., invoice, etc.) was provided for all disbursements given to the Pastor/Principal, or his/her designee, for approval.
- If applicable, credit card balances were paid in full each month.
- Each parish confirmed that their counters verified that the assigned bag numbers they count from are identical to the bag numbers recorded on the bag tracking form for a Mass or fundraiser.
- All parishes confirmed that there at least two unrelated people assisting with the counting at all times.
- If applicable, winnings over \$600 require filing of a W-2G and that all such forms were filed.
- If applicable, all parishes paid Iowa sales tax on ticket sales for bingo and raffles.

Disappointing AFR Survey Questionnaire Results

83 Surveys were returned – 15 questions had more than ten-percent of the parishes/schools with answers that were “no-not in compliance” or answered incorrectly that exposes them to various levels of risk:

- 43 Parishes/Schools (51% of Total) have current Finance Council members who served for more than six consecutive years.
- 37 Parishes/Schools (44%) that do not have an Emergency Preparedness Plan.
- 33 Parishes/Schools (39%) that did not maintain written minutes of each Safety Committee meeting.
- 33 Parishes/Schools (39%) that do not have a written investment policy.
- 31 Parishes/Schools (37%) that have not completed the Large Expense Inventory Survey.
- 27 Parishes/Schools (32%) that either do not have a Safety Committee or a Safety Committee that did not at least meet three (3) times in FY2025.
- 23 Parishes/Schools (27%) that either does not have online banking or if they do utilize online banking, transactions that require the authorization of two people.
- 22 Parishes/Schools (26%) that either does not have online banking or if they do utilize online banking, use a device that is used for other Internet activity.

Disappointing AFR Survey Questionnaire Results (continued)

83 Surveys were returned – 15 questions had more than ten-percent of the parishes/schools with answers that were “no-not in compliance” or answered incorrectly that exposes them to various levels of risk:

- 18 Parishes/Schools (21% of total) that do not have collection teams that rotate week-to-week (or at least rotate two weeks in a row).
- 15 Parishes/Schools (18%) do not require all independent contractors to provide proof of insurance.
- 14 Parishes/Schools (17%) that do not use either tamper-resistant bags or locking bank bags to transport all deposits to the bank.
- 13 Parishes/Schools (15%) that use someone that can both reconcile bank accounts and has the authority to withdraw funds and/or sign checks.
- 11 Parishes/Schools (13%) do not use tamper-resistant bags for major fundraisers.
- 9 Parishes/Schools (11%) has access to bags and to un-deposited funds.

Internal Reviews Completed in 9/1/2025: Five with seven more scheduled for Q1 2026.

Not a lot but some consistencies in our findings so far:

- **Common Positive Compliance Results:**
 - Procedure Statements: other than a few exceptions:
 - Mass collection procedures for ushers.
 - Counting procedures.
 - Parish Investment Policy.
 - Room rental agreements.
 - Sharing agreements.
 - Building and grounds volunteer worker agreements.
 - Contribution Statements: Appears to be good tracking of parishioner giving through ParishSoft Family Suite.
 - Lack of debt.
- **Common Non-Compliance Results:**
 - Dedicated Accounts – Monthly Balances need cleanup.
 - Segregation of Duties – BM/Bookkeepers doing accounting functions with check signing authority.
 - Safety Councils – a couple occurrences.
 - Vehicle and Driver Safety Policy/Training/Documentation.
- **Accountability**
 - Pastor
 - Finance Council
 - Business Manager/Accountant/Bookkeeper

Priorities and Emerging Trends for Non-Profits Internal Audits

1. Non-Profit Specific Risks
 - Governance
 - Compliance Requirements
 - Donation Tracking
2. Financial Management
3. Staff and Volunteer Management
4. Business Process Specific Risks
5. Data Privacy and Confidentiality
6. Artificial Intelligence (AI) - Fact Check
7. Cybersecurity

Source: CliftonLarsonAllen, LLP Blog, August 25, 2025

After the Audit: Building a Better Process for Your Parish

- Why Financial Statement Audits Matter:
 - Enhances Parishioner, Donor, and Grantor Confidence in the Parish.
 - Supports Compliance and Governance.
 - Improves Financial Reporting and Controls.
 - Drives Operational Efficiency.
 - Strategic Value Beyond Compliance.

Where a parish has greater risk – accounting and reporting complexities:

- Restricted Fund Tracking – this requires precise documentation to ensure compliance with donor-imposed limitations.
- Grant Compliance – if you receive a grant, you must adhere to complex grant reporting and usage requirements set by the grantors and/or funders to maintain compliance
- Functional Expense Allocation – accurate categorization of expenses across program, administrative, and fundraising functions is crucial for audit purposes.
- Audit Risks and Mitigation – challenges can cause audit delays and reputational risks.

Questions?

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- **Real World Restricted Fund Examples - Endowments:**
 - Organization began receiving endowed contributions 45-50+ years ago.
 - Endowment language not vetted by an attorney and CPA.
 - Donor Agreement was vague and inconsistent with GAAP or otherwise.
 - Specified that the endowment gift was an “unrestricted endowment”.
 - Organization accounted for the corpus and unexpended endowment earnings as unrestricted.

- **Strengthening Internal Controls:**

- **Identify Control Weaknesses** - review internal review/audit findings to detect areas where internal controls needing strengthening for better financial integrity.
- **Segregation of Duties** - where possible, implement segregation of duties to prevent fraud by ensuring no single individual controls all transaction aspects.
- **Enhance Documentation Standards** - maintain thorough and verifiable documentation to support financial activities and enable transparency.
- **Staff Compliance Training** - Train staff on compliance procedures to build accountability and minimize future issues.