



2025 Business Office Forum

Thursday, September 11

Saint John's Catholic Church, Adel

Agenda topics & time slots are tentative and subject to change

Internal Parish Review Process – Scott Smyth

Canon Law – USSCB Guidelines

“The Church is responsible for the financial resources which have been entrusted to it. This responsibility includes safeguarding Church assets, exercising prudence in financial matters, accountability to those who provide monetary support to the Church and to regulatory authorities, and compliance with all civil regulations.”

Internal Audit to verify and test compliance:

- Internal control procedures.
- Certain Diocesan issued policies and procedures.
- Federal and State laws and regulations
 - Accuracy of financial statements.
 - Confirmation of bank balances.

Objective:

A value-driven approach to assist in protecting your assets by creating a system of internal controls and transparency, which reduces risks, optimizes processes, and builds stakeholder trust.

Value Add:

Want to be your partner in helping you streamline administrative tasks, enhancing communication, and leveraging technology, in the hope that it will free up clergy and staff to focus on spiritual leadership and ministry.

Remember: The internal review process is not a “gotcha” process, it is a of us assisting you with correcting issues and avoiding any negative consequences or backlash.

Factors Determining Priority on Who to Review

- Based upon risk of your particular parish/school, higher the risk the more frequent the reviews. These risks include the following:
 1. Assessing the Annual Financial Report (AFR) Internal Control Questionnaire
– completed by each parish/school Finance Council every September.
 2. Review four years of financial statements.
 3. Size of parish/school.
 4. Staff turnover of pastor and/or business manager/bookkeeper.
 5. Evaluation of the ADA yearly calculation.
 6. Analyzing previous internal review results and/or compliance with Diocesan policy.

Factors Determining Priority on Who to Review

7. Higher Risk: potentially reviewed every three years.
8. Lower Risk: potentially reviewed every five years.
9. Minimum that every parish/school should be reviewed every six years.

Risk Matrix - Catholic Diocese of Des Moines

Diocesan Risk Management Committee continuously looks at how do we manage risk.

Diocese Risk Matrix									
	Risk	Financial Liability Recorded on Balance Sheet	Mitigation	Action Plan	Additional Resources	Additional Resources Cont'd	Diocese, Parish, School	Insurance	Owner
1	Management of Personal Data - Data Breach Employee, Dependents, Students, Donors & Catholic Charities Clients	No	IT Controls, physical secured files, software vendors coverage	Info Sys Security Best Practices	Computer Usage Policy	State of Iowa Data Breach Notification	All	Yes	IT, HR, Parishes, Schools, Dio Admin, Catholic Charities, CTO, CFSWIA & Finance
2	Cyber Risks - Virus, Ransom Breach	No	Training, Internal Controls	NAS Cyber Liability Risk Mgmt	Ransomware Manual	-Additional Cyber Safety Resources	All	Yes	IT
3	Employee Misconduct	No	Training, Internal Controls, Background Checks	Employee Success Manual	Grievance Policy	802 Policy to Report Wrong-doing pg.145	All	Yes	Chancellor & Vicar General
4	Volunteer Misconduct	No	Training, Internal Controls, Background Checks	Parish & School Resource Manual	Policy 403 Volunteer Screening (Catholic Schools)	802 Policy to Report Wrong-doing pg.145	All	Yes	Chancellor, Parishes and Schools
5	Property & Casualty Loss	Yes	Training & Policies, Inspections Reserves	Certificate of Insurance Review	Facility Usage Agreements		All	Yes	Administration - Norm
6	Security	No	Training & Policies, Inspections	Emergency Preparedness Overview	Active Shooter Emergency Response	Church Security-Catholic Mutual	ALL	Yes	Administration - Norm
7	Employee Injury	No	Training & Policies, Inspections	+ CARES Library	Employee Success Manual PDFpg. 49	Workers' Compensation	All	Workman's comp	Administration - Norm & Eileen
8	Vendor Liability Loss	No	Internal Controls - Proof of Insurance	Certificate of Insurance Review			All	Yes	Finance

Risk Matrix - Catholic Diocese of Des Moines

9	Fiscal Mismanagement / Financial Misstatement	No	Internal Controls & Reviews, External Audits	Financial Audit Report			All	No	Finance & Audit Committee of Finance Council
10	Financial Markets	No	Internal Controls - Investment Policies				All	No	CFO & CFSWIA Director
11	Fulfilling Bequests	No	Internal Controls		Stewardship or Annual Giving		All	No	Development & Finance
12	Taxes - Payroll, Sales, Property & Income Revenue - Donations - Tithing / Grants /	No	Internal Controls				All	No	Finance
13	Capital Campaigns	No	Reserves	ADA	catholic charities		All	No	Clergy, Stewardship, CTO & Foundation
14	Revenue -Tution/Enrollment	No	Reserves				All	No	School Adsmministrators
15	Employment Laws	No	Internal Controls & Reviews, HR Policies				ALL	Yes	HR, Managers & Outside Counsel
16	Employee Benefit Administration - Self Insurance	No	Internal Controls & Reviews, HR Policies				ALL	Yes	HR & Finance
17	Embezzlement / Fraud	No	Internal Controls				ALL	Yes	Finance
18	Reputational Risk	No	Monitor & Communications Strategy				ALL	No	Bishop & Communications, Chancellor
19	Regulator / Legislative Risks -	No	Monitor & Lobby						Tom Chapman & Outside Counsel
20	School Accreditation				Policy 607		Schools	No	Superintendent
21	Environmental						ALL	No	Administration
22	CTO				ctoiowa.org		CTO	No	Director CTO
23	Employee Benefit / HR						Diocese	No	Legal / HR / Finance
24	Tax						Diocese	No	Finance
25	Canon Law				Can. 537		Diocese	No	Canon Lawyer & Vicar of Tribunal
26	Priest Pension	Yes	Reserves				Diocese	No	Pension Board
27	Priest Retirement Medical Plan	Yes	Reserves				Diocese	Yes	Finance
28	Priest Retirement - Long Term Care	No	None				Diocese	No	?
29	Schools - Parent & Student	No	Policies & Training		500 Student Personnel policies; 600 Educational Programs policies	Safe Environment	Schools	No	Superintendent

Process Timeline:

- (1) Kickoff Letter.
- (2) Information Request Date: Confidentiality Agreement.
 - Agreed dates for onsite visit.
 - Standard form to confirm accounts/confirmations sent – bank accounts.
 - Investments confirmation letter.
 - Finance Council/Safety Committee minutes.
 - Internal Control Questionnaire.
 - Items needed for review.
- (3) Onsite Field Work. Usually 30-45 days after Kickoff Letter.
- (4) Draft Report. Completed and sent to Parish 15-30 days after onsite visit.
- (5) Parish Draft Report Review. Comments within a week after draft report is sent.
- (6) Report Sent to Finance Council. Agreed upon Report.
- (7) Finance Council Meeting. Next meeting we visit and present and discuss Internal Review Report.
- (8) Final Report with Parish Responses. Approximately 30 days after Finance Council visit.
- (9) Final Report with Diocese Response. Two weeks.
- (10) Follow Up: 9-12 months.

What Do We Review?

- Interview Pastor and Business Manager
- Mass collection procedures to ensure proper controls.
 - Bank and Investment accounts.
- Finance Council/Safety Committee minutes.
- Fixed Assets – Buildings and Property.
 - Cash disbursement processes.
- Credit Card policy and accounts.
 - Payroll process.
 - Diocese policies.
 - Financial Statements.
 - Risk Assessment.
- Other – Specific to location.

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

Questionnaires Needed

1. Annual Financial Report (AFR) for 2025 is Due by September 30, 2025

2. Facilities Survey – please send ASAP.

Questions?

Contact Information:

Scott Smyth
Internal Control Analyst
Catholic Diocese of Des Moines
601 Grand Avenue
Des Moines, Iowa 50309

(515) 237-5087

ssmyth@dmdiocese.org