404 Audit Process and Procedures

404 AUDIT PROCESS AND PROCEDURES

404.1 Audit Selection Process:

Entities will be selected for audit in the discretion of the Manager, with the approval of the Executive Director of the Division of Management Services and/or the Audit Committee of the Board of Financial Administration, based on the following factors and criteria.

404.1.1 Periodic Audits:

Archdiocesan guidelines require that parishes and schools be audited on a 3-year cycle if possible.

404.1.2 Selection Criteria:

When developing the audit plan, the Manager considers several criteria (i.e. last audit, audit rating, change in Pastor/Principal, poor financial health/leadership, past-due reporting/receivables, etc.).

404.1.3 Audit Requests:

Audits will also be performed at the request of the Archbishop/Vicar Bishops, Catholic Center Management or entity’s Pastor/Principal.

403.2 Audit Plan:

The audit plan shall include approximately 65 audits to be performed per audit year by internal or external resources, as determined by the Manager. The audit plan shall specifically describe the entities to be audited according to the criterion specified in policy 403.1.

403.3 Staff Assignments:

To ensure complete objectivity and independence of Internal Audit, staff members will not be selected to audit activities that the staff member would ordinarily be expected to oversee or perform in the course of his/her job duties. In situations of suspected fraud, theft, or gross mismanagement, a qualified, independent auditor specializing in forensic accounting will be contracted to investigate and review the case.

403.4 Reporting Procedures:

403.4.1 Exit Conference:

Upon completion of each audit, an exit conference shall be scheduled between the internal auditor that completed the audit and the leadership of the audited entity to review the audit results. The purpose of the exit conference is to provide the entity with an opportunity to provide initial responses to the audit results prior to the auditor drafting a final report.

403.4.2 Preliminary Review of Draft Final Report:

A draft of the final audit report will be sent to the pastor/PLD/principal and appropriate staff of the audited entity for review. The Manager's comments and the audited entity's responses to the issues raised in draft will be included in the final audit report.

403.4.3 Distribution of Final Report:

Copies of the final version of the report (and/or an Executive Summary in the case of a lengthy audit report) shall be sent to the Archbishop, Vicar Bishops (including Vicar General), Executive Director of Management Services, Clergy Personnel (if applicable), the School's Superintendent and Director of Finance (if applicable), the Pastor/Principal, President of the Parish Council/School Board, Chair of the Parish/School Finance committee, and Corporators. A copy of the final report must also be included in the auditor's work file.

403.4 Reporting Obligations of Manager of Internal Audit:

The Manager is responsible for keeping the Archdiocesan executive staff informed of any unusual financial transactions, or other matters of significance noted in the audit reports. If the Manager believes that these matters are not satisfactorily resolved by management, these matters should be reported to the Audit Committee, Vicar Bishop, and/or Vicar General. If the manager continues to believe that a significant matter has not been satisfactorily resolved, the Manager may report the matter to the Archbishop and Chairman of the Board of Financial Administration.

403.5 Follow-up Audit Procedures:

Depending on the number of and/or severity of issues noted in an audit report, if any, follow-up audit procedures may be performed as long as there are sufficient resources available to complete the follow-up without delaying completion of the audit plan.