

Diocese of Davenport
Standard Internal Controls Related to Parish/School and Entity Finance

Administration of parish/school/entity finances is a sacred trust. It is very important that the Pastor and trustees establish a strong system of internal control because they have the responsibility for overall stewardship of the Parish/School/Entity. The following procedures are designed to meet the minimum requirements of good internal control and not be unnecessarily burdensome to the parish/school/entity.

Internal Control is about being good stewards. Internal Control has been defined as a process, effected by the entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: effectiveness and efficiency of operations; reliability of financial reporting; and compliance with applicable laws and regulations. In today's environment, it is simply a necessary business practice to ensure protection of assets, ensure that accounting records are accurate and complete and to protect the reputation of all those involved in financial administration. By implementing and monitoring a well-designed system, you free you staff from any hint of suspicion and allow them to perform their duties as professionals using the same best practices found in business.

This document details the normal controls that should be in place for all parishes/schools/entities. They will be covered in a comprehensive internal control review.

Safe Environment Program

- The Safe Environment Program uses the VIRTUS database to track a person's training account and their background and credit checks. This program is not just for the training for persons that works or volunteers with minors and vulnerable adults. A person in one or more of the following categories is required to register a VIRTUS account, and complete a background and credit check: clergy, seminarians, deacon candidates, bookkeepers, business managers, Scrip volunteers, head counters and anyone who handles money alone. A background check is required at the same time as a credit check. A background check shows criminal activity or charges such as: forgery, embezzlement, etc. A credit check reports a person's current finances such as: liens, collections, debt, etc. The credit check is a soft check, and so will not go against a person's credit score. Submission to background and credit checks is not a reflection of a lack of trust of an individual, but instead demonstrates a high level of accountability to the community.

Delegation and Separation of Duties

- Employees/volunteers must know what they are to do and what others are responsible for. Establishing an organizational chart is clearly important for defining responsibility lines. Job descriptions should be used to further explain proper delegation.

- The following job duties should ideally be done by separate individuals:
 - Counting and depositing the weekly collections
 - Bookkeeping (includes recording deposits and writing checks)
 - Signing checks
 - Reconciling the bank accounts and reviewing the cancelled checks

Delegation and separation of duties is the most important internal control to have in place. If it is not feasible to separate these job functions at your parish/school/entity, please contact the Accounting Coordinator to discuss alternative internal controls to have in place.

Suitable Documents and Accounting Records

- Accounting records for parishes/schools/entities should be maintained on the QuickBooks software package
- The financial records should reflect all the financial transactions that have occurred.
- The recording of all transactions must be correct as to quantity and dollar amount, and must be made in the proper accounting period.
- Supporting documentation for all transactions should be maintained.

Financial Planning and Control:

- All parishes and schools and entities should have an annual budget.
- Monthly comparative financial statements must be prepared and reviewed on a timely basis so that appropriate action can be taken should the actual results of operations vary materially from the budget.
- Transactions must be correctly recorded in accordance with the guidance provided in the Chart of Accounts.

Bank Accounts

- **Number of Bank Accounts**
 - The number of accounts should be kept to a minimum. This generally helps to streamline the accounting process.
- **Name on Bank and Investment Accounts**
 - All accounts should be opened in the name of the entity (parish/school/entity), never an individual. The mailing address should not be a private address. Only officials designated by Corporate Resolution should be permitted to open and close bank accounts.
- **Authorized Check Signers**
 - Authorized check signers should be very limited. The pastor/administrator must be included as an authorized signer on all bank and investment accounts as administrator of the parish/school/entity and its affiliated organizations. Individuals with access to record entries in the accounting records and who receive and process cash receipts should not be authorized signers (even if there are two signers on the check). This separates the duties of those with control over cash to insulate the individual from any implication of wrongdoing.
 - Business Managers can be signers if there are separate bookkeepers and the business manager does not record (accounting-checks and deposits) in QB (should only be authorized to run reports)
 - When there is a change in signers (ex. If a trustee is a signer and rotates off), the bank should be notified as soon as possible via a change in signature cards.
- **Dual Signature Requirements**
 - Dual signature requirements for the main operating account's manual and computer checks should be established and noted on the face of the check (i.e. "any check over \$5,000 is required to have two signatures" and two signature lines should be printed on the check.) The signature card or resolution, depending on the documents used by the bank, should also show the restriction requirement.
- **Signature Stamps**
 - A signature stamp should never be used. In fact, it is strongly recommended that signature stamps be destroyed. In this way, all cash outflow is properly reviewed and authorized.
- **Bank Statements**
 - All bank statements and cancelled checks should be received directly by the pastor/administrator. If bank statements are received on line, the pastor/administrator/principal needs to print the statement and review) This person should open and review to ensure a) payees are valid and signatures are authentic, b) endorsements, if available, appear genuine, c) all other transactions have been authorized and d) the balance appears reasonable.
 - Business Managers can receive and do the above if they do not record checks/deposits in QB.

- **Bank Reconciliations**
 - Bank reconciliations should be performed on a timely basis, preferably within ten days of receipt of the bank statement. This helps to ensure that any errors can be found and corrected promptly by either the bank or the parish/school/entity. A member of the finance committee or the pastor/administrator should review the reconciliations on a monthly basis, dating them and signing off.
- **Accounts**
 - Any and all checking, savings, and investment accounts should be included on the parish/school/entity general ledger. (See section Affiliated Organizations) This helps guarantee that the financial statements are accurate and allows the finance council/finance committee and the Diocese to have a complete picture of the finances of the parish/school/entity.
- **ACH transfers, Wire transfers/ bill pay and IOI pay**
 - It is strongly recommended that the pastor/administrator be the only individual that “releases” the funds –wire transfers, ACH payroll deposits, etc. The pastor/administrator should be the system administrator of the bank password and software. He should sign and date the bank report that lists details of all transactions. In the event an outside payroll service is used, or there are ACH payroll transfers made, at a minimum, the pastor should be signing off and reviewing every report processed by the bookkeeper. The preview reports should be signed before payroll is submitted if using IOI pay.
 - Bill pay – a list of checks being submitted with the invoices attached should be signed off before submitting the bill pay checks to be processed.
 - If the bank’s software makes it possible for the system administrator to set up two people to release funds – each with their own confidential password – it is recommended that two individuals jointly process a transaction. Not all bank software is programmed with this capability therefore it is important that the pastor be the person releasing funds or carefully reviewing all bank transactions on a timely basis.
 - For a higher level of security, dedicate a workstation (computer) to financial and banking services with no email or web browsing done on that computer. If using bill pay or IOI pay transactions should be done on this dedicated computer.

Cash Receipts – Weekly Collections

The underlying principles to be followed in processing the weekly collections are separation of duties and physical control over the cash. The following are guidelines to achieve these goals:

- **Ushers**
 - Immediately following the collection, the monies should be secured. Use of pre-numbered clear plastic security bags is mandatory. These security bags should be used in the Church immediately by the ushers once the collection has been made and before the monies are taken to the Altar. They should be signed and dated. The bags should remain sealed and should only be opened in the presence of two or more people who count the funds. In the event the Parish is depositing funds straight into the lockbox for counting, the bag(s) should not be opened before depositing in the lockbox. A log of the bags used is to be maintained.
- **Counters**
 - A committee of several people, divided into teams, should be established to count the weekend collection. Close relatives or husband and wife teams are used, there needs to be a third person counting with them. If there is a head counter that counts every week, he/she needs to complete a background and credit check.
 - Under no circumstance, should you have only one individual count and deposit the collections. Nor should the bookkeeper or the pastor perform the count and make the deposit.
 - If sufficient volunteers are not available, consider:
 - Paying a reasonable amount to individuals to do the count
 - Have your bank count the funds. The bank may charge a very reasonable amount. The process is a lockbox deposit with two individuals and a guard counting the funds.

- The members of the team should be rotated every month or at other appropriate intervals. They should be responsible for counting the money, completing the deposit summary report, preparing the deposit slip and taking the monies to the bank.
- **Counting Process**
 - All monies collected must be deposited intact. No cash should ever be taken or exchanged from the collections or cash received in the office.
 - Endorsements – the back of each check should be immediately endorsed with the parish stamp, which should have the parish name, bank account number and say “For Deposit Only”.
 - The deposit summary will designate all money. In order to complete the report, the envelopes will need to be sorted by type (e.g. weekly envelopes, building fund, ADA) and a calculator tape must be attached to the group of envelopes. These totals must be transferred to the deposit summary report.
 - The deposit summary must be accurately filled out, and members of the team must sign and date the report. The deposit summary should agree to the deposit slip.
 - The deposit slip can list each check by parishioner, or the check copies must be included with the deposit summary report. A duplicate deposit slip must be attached to the deposit summary. The validated deposit slip from the bank must also be attached to the deposit summary.
 - Envelopes should be reconciled to the individual parishioner’s account (on Parish Data System, Servant Keeper or other system). The totals of the posting to the parishioners’ accounts should tie to total of the envelopes and the deposit summary.
 - We ask you to encourage the use of checks, automatic account withdrawals and envelopes. It is a good internal control.
 - Envelopes should be retained for a period of three years.
- **Making the Deposit**
 - The deposit is to be made preferably on Sunday. The funds should be deposited in the night drop. If this is not possible, the funds should still be placed in a security bag, and put in the safe overnight for deposit on Monday morning.
 - The bookkeeper should reconcile the deposit slips, the deposit summary report and the posting to the individual parishioners’ accounts.
- **Acknowledging donations**
 - To deduct any charitable donation of money, a taxpayer must have a bank record or a written communication from the charity showing the name of the charity and the date and amount of the contribution. Annually all parishioners should be given a statement that meets the IRS requirements.
 - Note: Parishioners cannot deduct personal gifts to the pastor. It is always advisable to contact the Diocesan CFO or Controller for questionable recordings of donations that might present a tax problem.
 - **STOCK GIFTS** – Diocesan recommendation is that stock gifts should be sold upon receipt. The donor should be instructed to have the stock certificate made out to the parish.
- **Cash Receipts - Other**
 - Processing of cash receipts (opening mail, preparing the deposit, making the deposit) should be done by an individual (two together if possible) who does not enter the information in the accounting records.
 - Written, two-part receipts (carbon and original) should be given for all cash received through the parish/school office. A receipt book should be purchased with numerical sequencing.
 - All checks should be restrictively endorsed “for deposit only” with the parish name and account number as soon as they are received. This ensures that any lost or stolen checks cannot be cashed or deposited to any other account.

- Donations should be recorded in the proper year. The postmark date on the mailing envelope should be used to record the date received at year-end. Checks received after December 31 and postmarked later than year-end should be recorded in the following year. Checks received thru the offertory collection baskets should be recorded on the date received as opposed to the date of the check.
 - If receipts are processed in batches, the batch total should match the deposit total and the total of the receipts in the receipt book. This is another way to verify the accuracy of the information being entered in the general ledger.
 - All receipts/payments should be recorded in the general ledger. This is the only way to make sure that the records are complete and accurate. It also helps the finance committee as they plan and budget.
 - Deposits should be made on a daily basis, or as soon as feasible. If cash/checks are received and not deposited to the bank the day they are received, they should be kept in a locked, fireproof location. No cash or checks should be retained in the office for longer than five days, so as to safeguard the asset from theft or loss.
- **Cash Receipts – Tuition**
 - Tuition payments and other fees should be restrictively endorsed when received and listed on a school deposit summary sheet (by student or family name) that balances with the bank deposit. If the deposit is not made the day it is received, it should be locked in a fireproof location.
 - All tuition and fee income should be deposited into the main school operating account.
 - As with other collections, the individuals responsible for collecting and depositing tuition should not have access to the accounting records.
 - The deposit sheet and posting to the accounts receivable should be used to post tuition and fee income to the general ledger and individual records.
 - Written, two-part receipts (carbon and original) should be given for all cash tuition payments. A receipt book should be purchased with numerical sequencing.
 - If tuition balances are adjusted, records of the dollar amount change/forgiven or scholarships given should be kept in a file so that the finance council of the board of education can be aware of this when planning for coming years. The accounting records should reflect gross tuition income less bad debt. Unpaid tuition balances should be recorded on the general ledger as receivable for accrual based accounting systems. For cash based systems, a regular review should be done of current and past due receivables by the finance council of the board of education.
 - The collection committee should monitor delinquent tuition balances and make the appropriate year-end entries (to accrue for the unpaid balances or write off balances).

Cash Disbursements

- **Pre-numbered checks**
 - All disbursements should be made with pre-numbered checks (except the obvious case when petty cash is used) and should be recorded in the general ledger. All checks should be printed from QuickBooks (except for Mass stipends). Cash should not be used to pay vendors or employees.
 - In other words – no checkbook where you write the check – keep the stub in the book – and then post to QuickBooks at a later date/time.
- **Filling out Blank Checks ahead of Time**
 - Blank or partially blank checks should never be signed. The practice of signing blank checks severely decreases the effectiveness of other cash controls established related to accuracy and propriety of transactions. Checks should only be signed when the payee and dollar amount are filled in and the supporting documentation (original invoice and check request) is with the check so it can be reviewed by the signer. Having this information readily available makes the process more efficient if there is a question related to an expense.

- **Voided Checks**
 - If a mistake is made when preparing a check, the check should be voided before preparing a new one. The voided check should then be altered to prevent its use, retained to make sure all pre-numbered checks are accounted for and filed with other checks for a permanent record.
- **Check Stock**
 - Blank check stock should be kept in a locked location, preferable in a safe or fireproof filing cabinet, and with access limited to those who are authorized to prepare checks. This helps reduce the risk of stolen checks. The blank check stock should be regularly inventoried.
- **Purchase Authorizations**
 - The use of purchase authorization forms should be considered particularly in larger parishes/schools. Purchase orders are used to document up front what was ordered, the individual or department placing the order, and the approval.
 - The parish/school should have an established policy stating who is authorized to make purchases and in what amounts. Efficiency will be improved if there are not an abundance of individuals placing orders and duplication of orders will be reduced.
 - When the purchased items are received, they should be matched with the invoice to be sure that the items received were, in fact, what was ordered and invoiced and that the quantity is correct.
- **Purchasing Property, Loans, Leases, Signing Contracts for Capital Projects, Fund Drives**
 - Each parish or diocesan institution is to have formal approval from its board of directors for the entering of contracts, the borrowing of money, the purchase or sale of property, the encumbrance of property by lease or mortgage, or expenditure of parish funds of \$5,000 or more (Cc. 1290,1291)
 - The components needed are:
 - Corporate resolution – with description of the project, the company desired to retain, cost, how the project will be funded; pastor/principal and 2 lay director’s signatures
 - Subcontractor agreement – recommend using the diocesan form; the owner does not sign the agreement until after the resolution has been approved.
 - Proposal/bid of the project – a document from the desired company with the bid price or estimate for the project.
 - Certificate of insurance – from the company that is going to be on site; you must have the parish or school and the Diocese listed as additional insured. The parish/school needs to be listed in the certificate holder box. Worker’s compensation must be offered.
- **Vendor Invoice Processing**
 - When the invoice is received, accuracy of the invoice (including quantity received and price) should be verified by the individual who placed the order. They should then prepare a check request (or note on the face of the invoice) with their initials as approval, amount to be paid, date, and general ledger account to be charged.
 - The individual who approves invoices for payment should not have access to the accounting records. Again, this separation of duties helps ensure accuracy of the transactions.
- **Expense Reimbursements**
 - The most efficient and accurate method for reimbursing employees for expenses they incurred on behalf of the parish/school/entity is to have them complete and sign an expense report form. The standard form would include the reason for the expense, the department, the account number to be charged, their signature and the signature of the supervisor approving the expense (usually the pastor).
 - Expense reports should be completed on a timely basis so that the accounting records will reflect the expense in the correct month (rather than an employee completing an expense report form that covers, for example, the last six months).

- **Credit Card Payments**
 - If there are credit cards in the name of the parish/school/entity, the receipts related to purchases should be remitted to the accounting department and the statement should be reviewed for accuracy. It is recommended that standard expense report forms be utilized and the receipts compared with the charges. The credit card statement and invoices should be attached to the expense report.
- **Writing checks**
 - Checks should be drawn only when there is adequate supporting documentation. To ensure that disbursements are supported by invoices that have been properly authorized, this documentation should include at least, a) a proper original invoice; b) evidence that the goods or services were received; and c) evidence that the purchase transaction was properly authorized. Payments should not be made on statements or balance-due billings unless underlying invoices are included.
- **Signing Checks**
 - Ideally, the pastor/administrator should be the individual signing all checks. When checks are presented for signature, the supporting documentation (ex. Invoice & purchase order) should accompany the check. In this way he is aware of all parish expenditures.
 - The individual who signs the checks should not have access to the accounting records.
 - All checks should be mailed promptly and directly to the payee.
- **Canceling Invoices**
 - All supporting documents should be canceled or marked “paid” once a disbursement is made to avoid double payments
 - Attaching the check stub to the invoices will do the same.
- **Manual Checks**
 - If checks are prepared manually rather than generated by computer, a process should be in place to ensure that the disbursement is recorded accurately and timely in the accounting records (rather than waiting until the bank statement is received to record the transaction from the cancelled check).

Petty Cash

- The petty cash fund should be administered by one individual and kept in a locked location. The custodian of the fund is solely responsible for maintaining the fund, authorizing its use, and obtaining receipts for all disbursements.
- An imprest petty cash fund should be used. A specific dollar amount should be decided upon for the fund (perhaps \$100). As money is taken out of the fund, vouchers and/or receipts are submitted. When the balance of the fund begins to run low, a check for the amount of the payments offset by any vouchers/receipts is used to replenish the fund. Receipts should always be maintained for expenditures from the fund so that the general ledger entries can be made to the proper expense accounts.
- Checks to replenish the petty cash fund should be made out in the parish name as the payee, they should not be made out to “cash”.
- The petty cash fund should periodically be counted and reconciled by the pastor/administrator or a trustee.
- The petty cash fund should never be used to cash checks or to let associates “borrow” funds.

Mass Stipends

- Mass stipend bank account (#10102), liability account (#20403) and Mass record book need to agree at all times.
 - The unsaid Masses need to be counted and multiplied by the \$5.00 donation for the Mass and that balance needs to correspond to the Mass stipend bank account
- Need to be reconciled monthly

- If you do PR on QB – then do the Mass stipend check as a separate payroll check – don't have to take taxes out of it (that way it is included in payroll and will be included on 941 – but can be taken from Mass stipend bank account and not general)
- If you do PR on IOI – then post to Liability account from IOI/JE – and then do a transfer of money from Mass stipend bank account to the general bank account.
- Mass stipends are considered income to the priests (W2 income) or 1099 income to visiting priests. You should not have W2 and 1099 income for the priest.

Payroll

- Organists are employees
- Must include anyone that is paid a stipend (except for visiting priests) as employees.
- Gift cards are considered wages.
- **Personnel Administration and Employment File Maintenance**
 - Personnel files need to be maintained – locked (include copy of employee handbook acknowledgement)
 - This function includes interview candidates, checking references, and hiring qualified personnel.
 - A checklist of items to be included in employee files should be utilized. It should be used to ensure that complete documentation is obtained from and on all employees.
 - Approval of pay increases should be documented in the employee file.
- **Timekeeping and Payroll Preparation and Payment**
 - time sheets (or time clocks) MUST BE USED for all hourly employees (even if they are paid salary) to better monitor hours worked and benefit time (vacation, sick leave, etc.)
 - Overtime should be approved in writing by the supervisor to document the approval since the bookkeeper will likely not be aware of these specific arrangements.
 - All employee pay, including bonuses, should be made via a check and the appropriate payroll taxes withheld.
 - Time off (sick-vacation) need to agree with policy in employee handbook.
 - A listing of payroll disbursements should be reviewed by the pastor/administrator and indicated on the register by a signature and date at the same time payroll checks are completed. The pastor/administrator should be looking for names of individuals who are not employees (such as individuals who are no longer employed and were not removed from payroll or who are fictitious) and making sure pay rates are accurate.
- **Payroll Taxes**
 - IRS guidelines should be followed to determine employee status (vs. independent contractor).
 - Appropriate payroll taxes should be withheld from all payments to employees, including bonuses, Mass stipends, stole fees.
 - Payroll tax deposits must be made in a timely and accurate manner as required by the IRS to avoid assessment of penalty and interest.
 - A copy of the quarterly 941 or annual 944, federal and state coupons with check or EFT verification, W-2's and W-3's should be kept on file.
 - The year end W-2 wages should be reconciled to the general ledger, payroll register and four quarterly 941's or annual 944 to ensure that the accounting records reflect what is being reported to the IRS.
 - If W-2 forms are returned by the post office or are otherwise undeliverable, they should be given to the pastor/administrator to be looked into.
 - All employees, including priests, should receive a W-2 form.

- **Independent Contractor Income**
 - W-9 forms should be obtained from all vendors to determine if a Form 1099 will be required at the end of the year (when payments exceed \$600).
 - You should have a certificate of insurance/naming the parish/school/entity as additional insured (a copy needs to be sent to the Diocese/finance with explanation of what they did for you and total issued and dates – at FYE).
- **Affiliated Organizations**
 - The books of affiliated organizations must be maintained on the parish/school records.
 - Affiliated organizations may have separate accounts based on approval by the pastor/administrator. The pastor/administrator must be included as an authorized signer on all affiliated organizations. The person handling the account should have completed a background and credit check.
 - The monthly bank statements for affiliated organization checking accounts should be sent directly to the parish/school office to be reviewed and reconciled. This keeps the parish/school management apprised of the financial activity of the organization and is also a good double check of their work for accuracy and propriety.
 - Affiliated organizations should use the same purchasing and cash receipting procedures as the parish.
- **Computer Safeguards**
 - Computer files should be backed up onto disks or tapes on a regular basis (daily/weekly). The copies should be kept off site and rotated on a regular basis.
 - Surge protectors should be in use on all computer equipment. Battery backup units should be considered for servers or critical workstations
 - PDS and Servant Keeper software should be password protected so that only authorized individuals have access to accounting records. The passwords should be changed periodically and secured with reasonable care. Lock the passwords away from the computer in a file cabinet. Make sure the administrative passwords are secured in a file whose whereabouts are known to the pastor or parish leadership. Security levels should be set appropriately to restrict access to certain files and special care should be taken to protect payroll data, personnel information on employees and other confidential information.
 - It is advisable to have a list of the critical hardware — such as servers particularly and software along with its reordering information maintained offsite. In the event of a disaster, this would enable you to immediately purchase replacements
 - Virus protection software and a firewall should be used on both servers and workstations especially for equipment that is online with the Internet.
- **Other**
 - Diocese collections need to be remitted by the end of each quarter.
 - Special collections should be sent each month – as they are probably needed right away.
 - All charitable activities/fundraisers should be handled in the same way as all other collections/deposits and disbursements. The person in charge of collecting money and/or writing checks should have completed a background and credit check.
 - Journal entries to the books must be made with proper documentation and support. They should have attached work papers where necessary to document the detail of the entry and/or written description so that anyone reviewing the books can understand why and how the entry was determined.
 - Safe combinations, computer passwords, and keys should be changed periodically or when there is staff turnover
 - Minutes and Bylaws for all parish affiliate organizations should be on file at the parish.
 - Parish Council elections are to be held annually.

Finance Council

- According to the norms of Synod 5 of the diocese, each parish should have a Finance Council which, “Including the pastor, is to be composed of at least three, but no more than seven, members of the Christian faithful truly skilled in financial affairs as well as in civil law, of outstanding integrity and freely appointed by the pastor. The members of the finance council are to be appointed for a term of four years, and may be re-appointed once.”
- It is recommended that members of the current Finance Council and Parish Pastoral Council be reviewed for length of terms already served and the necessary steps taken to follow the guidelines from the “Ministry of Finance and Administration” document.
- Finance council meetings should be documented with official minutes and a copy of such kept at the parish.
- The finance council should be involved in the preparation of the parish budget.
- The finance council should be kept apprised of the financial activities of the parish/school with provision of at least quarterly financial statements including a detailed balance sheet and profit and loss statements that compare actual results to budget and the previous year.
- The finance council should be involved in decisions to borrow funds.
- Periodically, the bank reconciliation review process should include: comparing cancelled checks with the invoice(s) being paid and or disbursement journal printout; accounting for the sequence of check numbers; examining authorized signatures and endorsements; reviewing checks for alterations; reviewing voided checks; reviewing checks outstanding longer than 90 days to determine if a stop payment should be issued or the check voided in the system.
- Annually the finance council should review the internal controls of the parish/school using the Internal Control Questionnaire provided by the diocese.
- The pastor/administrator should consider forming an audit committee or asking an individual from the Parish Finance Council to assume the responsibility of reviewing the internal control procedures at least quarterly. This would involve actually reviewing the processes and paperwork to ensure that the proper controls are in place and functioning.
- The oversight provided by the finance council is essential to ensure that appropriate internal controls are in place and followed.