

Risk Management

Sample Parish Fraud Prevention Procedures

The following procedures are intended to provide general information to assist parishes identify and reduce the risk of fraud. Please note that this is not an exhaustive list of the possible procedures or controls you might need or use to prevent fraud.

Understanding the risks that your parish is exposed to will assist you putting in place measures that reduce the incidence of fraud.

The parish management should identify the specific risks applicable to its parish and develop and introduce appropriate risk controls, such as a fraud prevention policy.

The parish fraud prevention policy should be consistent with best practice prevention programs and standards. The parish may need to seek professional advice for specific fraud prevention needs.

I. Parish Management Commitment and Approach to Fraud Prevention

- I.1 Parish management should communicate and make available the Fraud Prevention Policy and Procedures to all parish staff and parishioners that assist with parish assets.
- I.2 The parish should conduct training for staff and volunteers in the Fraud Prevention Procedures and outline their responsibilities to report any suspected fraud. This may be included in induction programs for new staff.
- I.3 The parish management should ensure that the Fraud Prevention Policy and Procedures are followed by all parish staff and that there is adequate supervision and review of processes and financial statements.
- I.4 The parish should clearly define the reporting procedures for employees or parishioners to report cases of suspected fraud to parish management.
 - I.4.1 Management should protect whistleblowers who report fraudulent activities.
- I.5 The parish should communicate to employees and parishioners their commitment to pursuing and taking appropriate action against the person(s) responsible for any fraudulent activity.
- I.6 The parish management should ensure that the Fidelity Guarantee Insurance policy is adequate for the parish businesses and operations by contacting their Account Executive at Catholic Church Insurances on 1300 655 001.

2. Parish employee and volunteer practices

- 2.1 Ensure pre-employment checks of employees and volunteers are carried out including: verification of identity, police criminal history, verification of qualifications and reference checks. Make sure your policy includes procedures for dealing with issues which may arise from these checks.
- 2.2 Develop a parish organisational structure.
- 2.3 Develop staff role descriptions that include:
 - 2.3.1 Authorisation levels where necessary,
 - 2.3.2 The duty to report financial discrepancies and suspected fraud to management,
 - 2.3.3 The duty not to disclose any private financial information to a third party, and
 - 2.3.4 The expected code of conduct.
- 2.4 Develop service level agreements for contractors at the parish that include: code of conduct, work performance and defined tasks.
- 2.5 Regularly educate staff on Fraud Prevention Procedures – include in staff/team meetings.
- 2.6 Develop a policy for leave accumulation.
- 2.7 Rotate staff financial duties on a roster.
- 2.8 Bank money collections within 48 hours.
 - 2.8.1 Determine a maximum amount of cash that can be held at the parish at one time.
- 2.9 Restrict access to the room containing the parish safe and financial documents to nominated parish management by utilising a restricted key system.
- 2.10 Ensure parish keys are stored out of sight in a locked cabinet or safe.
 - 2.10.1 The key to the safe should be restricted to nominated parish managers.
- 2.11 Develop a parish asset register listing all physical and financial assets owned by the parish.
 - 2.11.1 Conduct regular stock takes to keep the asset register current.
- 2.12 Develop budget forecasts for regular business operations.
 - 2.12.1 Compare the budget and actual financial performance for discrepancies and report any differences.
- 2.13 Identify parish operations and business that are most at risk of fraud including but not limited to: cash, access to bank accounts and assets that could be easily removed.
- 2.14 From the high risks identified, assess the likelihood and consequences of fraud occurring.
- 2.15 Determine appropriate procedures and risk controls to be put into action to prevent these risks occurring.
- 2.16 Hold regular parish meetings to discuss financial reports and budgets.
 - 2.16.1 Record the minutes of the parish meetings.
- 2.17 Develop procedures for the evaluation and selection of investment funds and assets to achieve the best outcomes for the parish.
- 2.18 Develop written procedures for the financial authorisation limits for all staff including: cheques, credit cards, investments, purchases and petty cash etc.
- 2.19 Ensure controls for authorisation limits are in place (eg. maximum limits of cheque accounts and credit card accounts are confirmed in writing with the bank).

- 2.20 Develop written procedures for all financial areas including: money collection, money counting, banking, cheques, credit cards, contractor payment, reconciliation and audits etc.
- 2.21 Ensure all cheques have two signatories with the appropriate authority levels.
- 2.22 Keep petty cash to a nominated limit.
- 2.23 Ensure cash counting and banking is signed off by at least two people and is supervised by a senior member at all times.
- 2.24 Regularly record financial transactions so that unauthorised transactions are immediately identified.
- 2.25 Reconcile all cheques, credit cards, investments and bank accounts with statements and ensure that the reconciliation is reviewed and signed off by an authorised person.
- 2.26 Develop written fraud reporting, investigation and disciplinary procedures and ensure that staff are aware of their responsibilities and accountable for their actions.
- 2.27 A parish management representative should ensure that all staff are complying with the fraud prevention procedures through supervision and review of financial records.

3. Segregation of duties

- 3.1 Segregate the duties of accounting reconciliation review and the accounting functions.
- 3.2 Ensure bank statements, investments, credit and cashbooks are reconciled by a separate person in a timely manner to detect discrepancies.
- 3.3 Segregate the duties of money collecting/payments to the duties of the person providing the accounting functions.
- 3.4 Ensure a parish manager supervises the administration of parish funds.
- 3.5 Ensure that the internal and external audit of parish finances is conducted by a person separate to the parish administrator.

4. Parish Data Protection Procedures

- 4.1 Ensure files containing financial and/or personal information are stored in lockable, two hour fire rated cabinets in a secure storage room.
- 4.2 Maintain a key register/security card register to control key access.
 - 4.2.1 Review the register when personnel changes occur.
- 4.3 Ensure filing cabinet keys for cabinets containing financial and/or personal information are kept in a lockable key safe and signed out and in after use.
- 4.4 Ensure computers are protected by passwords and locked whilst not in use – implement a timed password security process to reduce access to computers if staff are called away from their desk.
- 4.5 Ensure computer Firewalls and Anti-virus software are installed and operational on all computer equipment and updated regularly.
- 4.6 Maintain all financial and/or personal information in house and prohibit the use of portable back-up devices such as data sticks and portable hard drives, unless expressly required for business continuity purposes.
- 4.7 If financial and/or personal records are to be stored off-site for business continuity purposes, ensure that information is backed up by a senior member of staff and stored in a secure data storage facility.
- 4.8 When required to dispose of information, ensure paper documents are shredded and electronic records are either:
 - Shredded via a data shredder
 - Degaussed (de-magnetising magnetic media for example, hard drives) or
 - Physically destroyed (eg incineration or pulverisation) **(this should be undertaken by a suitably qualified individual in accordance with EPA guidelines)**
- 4.9 Ensure that data protection procedures are reviewed for effectiveness and amended if deemed necessary by a member of management or Parish Priest.

5. Review process

- 5.1 Develop a parish Fraud Prevention and Control review checklist and complete at regular, nominated intervals (*At least annually*).
- 5.2 Conduct regular internal audits of the following control areas:
 - Account balances and accounting records
 - Parish and Personnel practices
 - Data and data protection practices
- 5.3 Engage an independent party to conduct external audits of the parish finances annually.
- 5.4 A parish manager should review both the internal and external audit reports and investigate the findings.
- 5.5 Where current controls are deemed ineffective or out-dated, implement the revised risk controls.

How to Contact Us

CCI's Risk Management Help Desk
Telephone 1 300 660 827