

FOLLOW-UP PROCEDURES FOR AUDIT REVIEWS

All members of the Parish Finance Council, as well as the Pastor/Administrator/Parish Life Coordinator, (hereinafter referred to as "Pastor") are obligated to familiarize themselves with diocesan policies and procedures concerning Parish Finance Councils and financial matters. In order to ensure that diocesan policies are followed, The Diocese of Las Cruces requires that all parishes have a financial audit every three years and with every new pastor. The audit verifies balance sheet and income statement numbers and reviews internal controls.

The Diocese of Las Cruces has established an Audit Review Panel consisting of three pastors, which are selected by the Presbyteral Council, the director of financial services, a member of the diocesan finance council, the chancellor/vice chancellor, the vicar general and the internal auditor. The purpose of the panel is to ensure all audit concerns are addressed.

The audit team will prepare a report to include a balance sheet and a listing of findings and recommendations upon completion of the field work.* The report will be submitted to the pastor, finance council chair, the Director of the Diocesan Finance Office and the Audit Review Panel. The pastor may appeal to the Audit Review Panel if he believes the findings are inaccurate. If the financial administration of the parish finances is sound and no infractions of diocesan financial policy are determined, the pastor and finance council will be thanked in writing noting their good stewardship. A copy of this letter will also be sent to the appropriate religious superior, if applicable.

*If serious concerns are discovered during the field work, the audit team will communicate concerns to the audit review panel to be addressed immediately.

The follow up procedures for financial compliance reviews will consist of the following steps:

1. The pastor and parish finance council will have six weeks to review the financial audit report and respond to the diocese to determine what steps are necessary to correct any findings. Findings include those which are infractions of diocesan policy or which demonstrate lack of sound financial administration. However findings clearly against diocesan policy must be corrected. If necessary a meeting with the pastor may be scheduled prior to the six weeks period.
2. If the parish does **not** respond within the six weeks:
 - a) A letter will be sent to the pastor and the finance council chair requesting a written response and compliance to the findings/recommendations within 5 (days) of receipt of the letter.
 - b) If the Audit Review Panel determines there are significant concerns that should be addressed and followed up, a meeting will be requested with the pastor to discuss his lack of response and compliance.
 - c) A follow up review and/or financial review on a year to year basis may be implemented until the parish is in compliance.
 - d) A meeting between the pastor and the Bishop may be requested to discuss the recommendations of the Audit Review Panel.

If further dialogue does not achieve the desired results, Step 6 (a-d), Pg. A-21 will be implemented.

3. If the parish **does** respond but the Audit Review Panel determines the recommendations are not being implemented or the parish refuses to implement the recommendations, several options may be considered:
 - a) A pastor on the Audit Review Panel may meet one on one to encourage and explain the importance of compliance.
 - b) Ask the pastor to set a date within 3 (three) months of the issued report and instruct the audit team to do a follow up to ensure the recommendations are being implemented.
 - b) Send a letter from the Diocesan Finance Council requesting compliance.
 - c) Meet with the chancellor/vice chancellor and vicar general to discuss compliance.
4. The Audit Review Panel will report their recommendations to the bishop. The bishop will invite the pastor to meet with him personally to discuss the recommendations of the Audit Review Panel.
5. After visiting with the pastor the bishop may decide to ask the finance office director to visit with the pastor for further assistance, or he may ask to meet with the pastor and his finance council members for further directives.
6. If further dialogue does not achieve the desired results to bring the parish financial administration into line with the audit findings, the bishop may proceed with the following options:
 - a) The bishop may ask the pastor to relinquish, at least temporarily, the financial administration of the parish. If the pastor agrees, the bishop appoints a financial administrator.
 - b) The bishop may ask the pastor if he would like to resign his position as pastor. If the pastor is so willing, the bishop accepts the resignation. If the pastor is a priest incardinated into the Diocese of Las Cruces, the bishop may provide another assignment for the priest.
 - c) The bishop sets in motion the procedure for the removal of the pastor, according to Canons 1740-1747.
 - d) In the case of a pastor who is a member of a religious institute, the bishop notifies the pastor and the religious superior that the pastor has been removed.

In the policy, as with all prevailing financial policy, the Diocese of Las Cruces seeks to facilitate the Church's mission, safeguard the proper use of the temporal goods with which it has been entrusted and promote the welfare of all who benefit from the wise use of these goods.