

## ***Parish and Institution Monies***

**Policy:** All monies (cash, checks, investments, etc.) are to be handled in accordance with the Statutes and the policies established by the diocese.

**Rationale:** All monies, especially cash, require careful stewardship. Proper handling and care will mitigate associated risks.

### **Procedures**

- 1) The assets of each and every group or organization sponsored by a parish or institution are assets of the parish corporation. (Statute 9.8.2)
- 2) The pastor or administrator must be a signor on all accounts of the parish and parish organizations. Furthermore, all other signors on parish accounts or the accounts of parish or institution organizations must be authorized by the pastor or administrator. Trustees and Permanent Deacons can be authorized signers in order to have an appropriate segregation of duties. The person who maintains the books and/or prepares the checks to be disbursed shall not be an authorized signatory on the bank accounts. Two check signers for each disbursement is another control that should be considered. (Statute 9.8.2)
- 3) No checks made payable to the parish or institution may be endorsed and converted into cash by priests or others nor deposited in accounts other than authorized accounts. (Statute 10.4.2)
- 4) The Christmas collection shall be deposited into the parish checking account and is the property of the parish. (Statute 10.11.7)
- 5) No priest or other employee shall maintain a personal account that contains parish or institution funds or to which parish or institution funds are deposited. (Statute 10.4.2)
- 6) All bank statements, interest checks, and other correspondence shall always be mailed to a parish office address. The same is true for all school organizations. (Statute 9.8.2)
- 7) Segregation of duties, authority to initiate transactions, and transaction limits apply to anything that can be done on-line with financial institutions. Levels of authority should be used to approve transactions.
- 8) Bank statements shall be reconciled by someone other than the person who signs the checks. The person who reconciles the bank statement shall receive them unopened from the bank. If this division of duties is not possible, then another person (e.g. trustee) shall review the bank reconciliation and sign it.
- 9) Safeguard all unused checks in the safe or locked file cabinet.
- 10) If a gift of stocks or bonds is received, it shall be liquidated as soon as practicable. Please consult the diocesan Finance Office for advice or assistance.

- 11) Excess funds shall be deposited in an established diocesan investment fund. (Statute 10.4.3)
- 12) Certificates of deposit or any other financial investment instrument which involves an amount in excess of \$10,000.00 or which is committed for more than 18 months at any time are invalid unless approved by the Diocesan Bishop or diocesan administrator on a properly executed formal request form prior to making such investment. (Statute 10.4.4)
- 13) All financial instruments including but not limited to trust funds, foundations, agency or management accounts must be reported to the Diocesan Office of Finance and must be managed according to directives established by the Diocesan Bishop in consultation with the Diocesan Finance Director. (Statute 10.4.5)
- 14) The amount collected and unpaid for Mass stipends should be balanced to a listing of Mass intentions at least once a year. Mass stipends collected can be deposited in the parish checking account as long as a liability is recognized for the amount collected. If Mass stipends exceed one year, it is recommended that the overage be sent to the Chancery for retired priests or missionaries. Interest earnings on separate Mass stipend accounts should be disbursed for charitable purposes or Masses for the parish.
- 15) No pious foundation of any kind or any size for the purposes of investing funds for Mass stipends may be accepted without the written permission of the Bishop or Vicar General. The faithful should be dissuaded from establishing such foundations (c.1304). (Statute 10.4.6)
- 16) The permission of the Bishop or Vicar General is required to accept a gift that comes with an attached condition, or a gift that comes with obligations that can create a liability for the institution. This would include property that is donated. Donated property can result in significant liabilities for environmental issues such as asbestos and underground fuel tanks. (Statute 10.4.7)
- 17) A copy of any and all wills involving bequests to any parish corporation, institution or other legal entity shall be immediately furnished to the Chancery when the same becomes known. The Chancery shall be notified when a bequest is received or when a will is probated. (Statute 10.4.8)
- 18) Endowment funds are ordinarily to be invested through the Diocesan Office of Finance unless permission is given by the Diocesan Bishop to establish another endowment fund. (Statute 10.4.9)

## ***Petty Cash***

### **Procedures**

- 1) It shall be maintained on the books as a cash account. The fund shall be maintained at a specified amount based on need and shall be replenished periodically or exactly the amount of the expenditures from the fund.
- 2) The fund shall be the sole custody of a single person, accountable directly to the pastor. The custodian is responsible for maintaining accurate and auditable records of the fund.
- 3) Disbursements from the fund shall be supported by petty cash vouchers prepared in ink and signed by the person requesting the funds. All supporting data is to be attached to the voucher. The custodian initials the voucher for approval and disburses the requested funds.

## ***Collection Counting***

### **Procedures**

- 1) All Sunday and Holy Day collections shall be counted, recorded, and deposited within one business day of receipt. If the offertory is not immediately counted it should be placed in a tamper-proof bag and stored in a locked safe. Under no circumstances should the offertory be taken home.
- 2) A carefully selected collection count committee shall be established to count collections. There shall be a sufficient number of people to ensure that there are at least two counters who are unrelated. The schedule shall take into account absences, vacations, etc.
- 3) A pastor shall avoid counting the collection by himself.
- 4) Cash count procedures shall be in writing and will be furnished to each member of the committee.
- 5) The amount of offering shall be written on the outside of the envelope for subsequent posting to parishioners' statements. Loose checks shall be listed for subsequent posting to parishioners' statements.
- 6) The count results shall be written in ink on a standard count form and signed by all counters. A deposit slip shall be forwarded to the pastor and to the bookkeeper.
- 7) Collections shall be counted and checks restrictively endorsed "For Deposit Only" as soon as possible following each Mass. If it is not practical to count after each Mass, the collection shall be controlled by the pastor or two people designated by him and shall be deposited in the parish safe or locked cabinet until it is counted.
- 8) The totals on the collection count report shall be reconciled with the bank deposit slip and the parishioner contribution records.
- 9) The counting procedures shall be audited occasionally to ensure proper disciplines are being practiced.
- 10) Parishes may participate in programs that involve the electronic payment of the offertory. This can be done through a service organization or a local bank. Regardless of the program used controls must be adequate to assure that parishioner's payments are posted to contributions records and that the deposit is properly recorded and documented.

### ***Other Cash Receipts***

- 1) All other cash receipts shall be deposited as soon as possible to reduce the risk of holding cash on site. Checks shall be restrictively endorsed "For Deposit Only."
- 2) All receipts shall be kept in a safe or locked cabinet until deposited. Only the pastor or his designated agent shall have access to the safe or cabinet.
- 3) Diocesan Collections shall be forwarded to the Chancery within three weeks of the date assigned for the collection. They shall be as follows: Aid to Eastern Churches, Catholic Relief Services/Bishops' Overseas Appeal, Holy Land, Peter's Pence, Mission Sunday, Campaign for Human Development, and Retirement Fund for Religious. (Statute 10.8.5)
- 4) All missionary collections taken up in parishes and missions and all funds distributed for missionary purposes shall be reported to the Diocesan Director for the Propagation of the Faith. (Statute 10.8.6)
- 5) Extraordinary fundraising requires the permission of the Bishop or Vicar General. Food pantries, candy sales and other smaller fundraising for a parish or school organizations are considered ordinary. Major fundraisers, capital campaigns, and larger fundraising for a parish or school at large are considered extraordinary. (Statute 10.8.8)

## ***Cash Disbursements***

### **Procedures**

- 1) As a general rule, all expenses are to be paid by check or other financial instrument within 30 days. Cancelled checks and other evidence of discharged obligations shall be preserved for at least seven years. All financial records are to be kept in a secure location on the parish premises. Such records shall be kept in accordance with a record retention schedule issued by the Chancery. (Statute 10.6.1)
- 2) Funds of parish organizations and institutions are parochial funds and their expenditure is subject to the oversight of the pastor or administrator. When these funds are used for parish or institution expense, the organization should issue a check payable to the parish or institution account and the bill is to be paid by a check on the parish or institution account. (Statute 10.6.2)
- 3) All expenses for the maintenance of parish rectories including rectory table expense and laundry for the clergy and housekeeper shall be paid from the parish treasury, except for items that are personal expenses. (Statute 10.6.3)
- 4) The pastor/administrator should never sign a check made payable to oneself.
- 5) One of the trustees should sign the checks made payable to the pastor/administrator. Supporting documentation shall be reviewed before signing.
- 6) The person who maintains the books and/or prepares the checks to be disbursed shall not be an authorized signatory on the bank accounts.
- 7) It is suggested that the pastor or administrator and finance council determine a dollar limit where two signatures will be required on the check for proper disbursement.
- 8) It is never permissible to pre-sign checks. The use of a signature stamp is to be avoided.
- 9) A special diocesan resolution is mandatory whenever the expenditure will incur a standing debt in any amount or involves an expenditure (other than ordinary operating expenses) that amounts to or exceeds \$15,000 or such other sum as the diocesan bishop shall from time to time establish by written authorization. A resolution is necessary regardless of the source of funds for the expenditure. This includes donated funds for general and specific purposes. (Statute 10.3.3)

## ***Parishioners' Statements***

**Policy:** Statements shall be sent to parishioners at least annually noting contributions to the parish and to special collections.

**Rationale:** Sending statements provides an opportunity for parishioners to reconcile their record of contributions with those of the parish.

### **Procedures**

- 1) If possible, a record of each parishioner's contributions shall be kept by someone not having responsibility for counting collections or for handling mail receipts.
- 2) Statements shall contain the following confirmation request: "This statement is for your records. Please examine it carefully. If it does not agree with your records, please communicate this directly to the pastor.
- 3) A written acknowledgment of single donations in the amount of \$250 and over shall be provided to the donor to comply with Internal Revenue Service regulations.
- 4) A parish may elect to send statements only when requested.

## ***Diocesan Aid Fund Deposits***

**Policy:** Parishes and institutions shall invest all excess funds in the Diocesan Aid Fund or a Diocesan Endowment fund. Excess funds are those funds in reserve that are not needed to meet the annual ordinary operating expenses of the parish or mission. (Statute 10.4.3)

**Rationale:** The diocese operates the Aid Fund as a cooperative savings and loan program for the benefit of all the parishes, missions, and institutions of the diocese.

### **Procedures**

- 1) Checks for deposit to the loan fund shall be made out to the Catholic Diocese of Peoria.
- 2) Parish, mission, and institutional records shall be checked periodically with diocesan records.
- 3) Funds may be withdrawn at any time during the fiscal year. Allow five business days to process the request for withdrawal of funds. A resolution will be submitted for a withdrawal request of \$15,000 or more. A letter of explanation will be requested for the aggregate withdrawal of funds amounting to \$15,000 or more within a 30 day time period.



## ***Parish and Institution Borrowings***

**Policy:** Parishes and institutions are authorized to borrow only from the diocese.

**Rationale:** The diocese operates the Diocesan Aid Fund to be a cooperative effort between parishes and institutions and provide reasonable loan financing.

### **Procedures**

- 1) A special resolution to borrow money shall be duly adopted and signed in duplicate by the majority of trustees of the corporation, which majority shall always include at least the Bishop or administrator of the diocese or in his absence the Vicar General of the diocese. The parish or institution must follow the approval procedures for construction financing as outlined in Statute 11.3.
- 2) All borrowing must have a fixed repayment schedule before any disbursements are made.
- 3) Duplicate copies of the notes shall be kept on file at the parish.
- 4) Paid notes are kept in the individual parish file at the Chancery.

## ***Annual Diocesan Appeal***

**Policy:** The Annual Diocesan Appeal shall be conducted each spring according to the directives of the Development Office of the diocese.

**Rationale:** The purpose of this appeal is to provide revenue for the centrally-funded apostolates and agencies of the diocese and to provide an opportunity for the parish to raise additional revenue.

### **Procedures**

- 1) In accord with Canon 1263, to provide for diocesan offices and activities, the revenue of parishes and missions shall be subject to an annual assessment to be determined by the Diocesan Bishop in consultation with the Presbyteral Council and the Diocesan Finance Council. This assessment shall be gathered by means of the Annual Diocesan Appeal. (Statute 10.8.1)
- 2) Any parish which has not paid its diocesan assessment by the end of the fiscal year must meet the obligation by procuring a diocesan note in the amount of the unpaid balance at the current diocesan interest rate. (Statute 10.8.3)

## ***Finance Council***

**Policy:** Section 9.6 of the Statutes of the Diocese of Peoria outlines the requirements related to Finance Councils in parishes.

**Rationale:** A properly functioning parish finance council is integral to good parish financial governance, is required by Canon law and a key element of a parish internal control system.

### **Composition:**

- 1) The two lay trustees of each parish corporation will be ex-officio members. The Pastor will serve as Chair. In addition, in accord with the following provisions, additional at-large members should serve on the parish Finance Council. (Statute 9.6.4)
  - a) For parishes up to 500 families: In addition to the pastor and trustees, at least 1 to 3 at-large members.
  - b) For parishes from 500 to 1000 families: In addition to the pastor and trustees, at least 3 to 5 at-large members.
  - c) For parishes with 1000 or more families: In addition to the pastor and trustees, at least 5 to 7 at-large members.

### **Functions:**

- 1) The finance council shall have statutes approved by the Bishop or Vicar General and may be altered only with the approval of the Bishop or Vicar General. (Statute 9.6.2)
- 2) The Finance Council is advisory to the pastor regarding all financial matters. (Statutes 9.6.3; 9.6.5)
- 3) The principal function is to promote adequate parish revenue (Statute 9.6.6)
- 4) The council will review the annual financial report of the parish to the Chancery and report on this to the parish. (Statutes 9.6.7; 9.6.9)
- 5) The council will prepare an annual budget covering all projected expenditures including a separate capital improvement budget. (Statute 9.6.8)
- 6) Each parish should send a letter to the diocesan Bishop annually containing:
  - a) The names and professional titles of the members of the parish finance council
  - b) The dates on which the parish finance council has met during the preceding fiscal year and since the end of the fiscal year
  - c) The date(s) on which the approved (i.e.-by the parish finance council) parish financial statements/budgets were made available to the parishioners during the preceding fiscal year and since the next of the fiscal year. A copy of said published financial statements/budgets should be provided to the Bishop.
  - d) A statement signed by the parish pastor and the finance council members that they have met, developed, and discussed the financial statements and budget of the parish. (USCCB I-I-1)

## ***Payroll and Withholding Taxes***

**Policy:** Payroll is to be processed and paid in accordance with diocesan policy and federal and state laws.

**Rationale:** Employees are to receive salary and benefits for their service to the parish.

### **Procedures**

- 1) Checks or direct deposit shall be used for all payroll disbursements.
- 2) Payrolls shall be reviewed and approved by the pastor or his delegate. This review shall encompass hours worked, rate of pay, overtime hours and deductions.
- 3) Payroll checks shall be signed by the pastor or his delegate, not the one who prepares the checks. The check for the pastor shall be signed by one of the trustees.
- 4) Withholding taxes shall be deposited in accordance with federal and state requirements.
- 5) Personnel files for each employee (including the pastor) shall be maintained. Such files shall contain the following information.
  - a) Employment Eligibility Verification (Form 1-9)
  - b) Employee's Withholding Allowance Certificate (Form W-4)
  - c) Illinois Employee's Withholding Allowance Certificate (Form IL W-4)
  - d) Date of hire, rate of pay, history of earnings record
  - e) Participation form for Tax-Sheltered Annuity
  - f) Enrollment Form for the Diocesan Health Benefits Plan

## ***Financial Reporting***

**Policy:** A financial report shall be made annually to the diocese and at least annually to the parish. (Statutes 9.6.7; 9.6.9)

**Rationale:** The pastor, as a good steward, will give an accounting to the Bishop canonically according to Canon 1287 and civilly as the president of the corporation along with an accounting to the parishioners who have shared their resources for the works of the parish.

## ***Procedures***

- 1) The fiscal year begins on July 1 and ends on June 30. (Statute 10.5.1)
- 2) Before August 31 of each year, the pastor or administrator shall send the annual financial report to the Chancery in the format provided by the Office of Finance. (Statute 10.5.3)
- 3) A financial accounting for the prior fiscal year shall be made to the people of the parish by the pastor, or administrator. (Statute 9.6.9)
- 4) The pastor and administrator shall provide the Finance Council of the parish with interim reports as needed to carry out its responsibility to the parish or institution.
- 5) A record of all income and expenditures of the parish or institution properly balanced each month and reconciled with bank balances, should be kept to conform with the items on the annual finance report as submitted to the diocesan office of finance (Statute 10.2.5)
- 6) When a pastor leaves his parish, he shall submit to the Chancery a financial report which shall cover his time in office during that fiscal year. The report must be signed by the pastor together with both lay trustees. However, if the incoming pastor and outgoing pastor agree, they may submit a joint report for the fiscal year, signed by both pastors and both lay trustees. (Statute 10.7.3)

## ***Financial Review of Parish Records***

The financial records of parishes and institutions are subject to regular audits by the Diocese of Peoria. In general, this audit shall be conducted annually for high schools and Newman centers, and biennially for parishes and missions. (Statute 10.6.4)

Either before taking canonical possession of his parish or within one month thereafter, the new pastor shall examine the parish books, including the financial and sacramental records. Any irregularity should be promptly reported in writing to the Bishop or Vicar General. (Statute 10.7.1)

The Diocesan Office of Finance reserves the right to review the finances of a parish before the outgoing pastor leaves. In this case, the Office of Finance will make the report available to the new pastor to assist him in administering the parish. (Statute 10.7.2)

## ***Budgeting***

**Policy:** An orderly budgeting process for the fiscal year beginning on July 1 should commence at a time early enough to incorporate appropriate planning and goals setting. The budgeting process should ordinarily be completed no later than May 1. (Statute 10.5.2)

**Rationale:** A budget is a guide to assist the parish or institution in utilizing its resources to provide for the ministerial services of the parish or institution and to maintain its physical plant.

## **Procedures**

The time line given below is a suggestion and may require adjustment according to the needs of a particular parish or institution.

- 1) By mid January all necessary departments of the parish shall have submitted capital improvement budgets and/or staff/program additions.
  - a) Capital improvements include equipment, furniture, property, building, or major repair items exceeding a limit set by the Finance Council (e.g. \$1,000). It is good to require substantiation or reasons for the purchase.
  - b) A dollar limit may be given for staff or program additions. (e.g. exceeding \$5,000) staff or program addition proposal shall be in writing, including a job description and anticipated total expenses related to the addition.
- 2) By the end of January, notification shall be given of
  - a) Budgeting guidelines for salary increases and other benefits.
  - b) Approval, rejection, or alteration of staff or program additions.
- 3) By mid February an operating budget for the fiscal year shall be submitted by all departments.
- 4) In early March the pastor or administrator and the Finance Council will review and discuss the budgets as submitted.
- 5) 5. By mid March tentative approval and/or suggestions for changes shall be made on all budgets. This will allow the pastor or administrator to offer contracts at this time.
- 6) By mid May notification and final approval of the operating and capital improvement budgets shall be given.

## ***Compensation of Personnel***

**Policy:** Priests shall receive salary and benefits according to standards established by the Diocesan Bishop in consultation with the Presbyteral Council. No priest may receive more than this standard without permission of the Diocesan Bishop. (Statute 10:11.1)

In general, permanent deacons are not paid a salary. (Statute 10.11.12)

Lay employees are to be paid according to the norms and standards of a living wage. Lay employees with the exception of school teachers and administrators are at-will employees. They do not have contracts. (Statute 10.14.2)

**Rationale:** Employees shall be compensated for the services rendered to the parish or institution.

### ***Priests***

#### **Procedures**

- 1) A copy of the Priests' Remuneration Schedule shall be sent to the parish or institution each year.
- 2) A copy of the options elected by the priest shall be filed in his personnel file.
- 3) Missions shall contribute to their assigned parish for their clergy salary and the upkeep of the rectory and offices. The amount of a mission's contribution shall be determined based on the amount of service given to the mission and its ability to pay. It pertains to the Diocesan Bishop to set the amount of a mission's contribution although he may defer this decision to the pastor. (Statute 10.12.2)
- 4) Offerings for Baptisms, weddings and funerals belong to the parish in which they are celebrated (c. 531). The priest may opt at the beginning of each fiscal year to retain these offerings in lieu of the established stole fee allowance. Each priest is to declare his choice on a form kept at the parish or institution. Deacons and the pastor of the parish to which they are assigned will establish a policy with regard to stole fees on an individual basis. (Statute 10.11.5)



## ***Compensation of Personnel (continued)***

### ***Lay***

#### **Procedures**

- 1) Without prejudice for the procedural provisions in Article 5.3 of these statutes, it is the exclusive right of the pastor, moderator or administrator, after any necessary consultation, to select and hire all other persons who work for the parish or receive a salary from it. (Statute 9.9.2)
- 2) All full-time employees must be offered participation in the Diocesan Medical Insurance Program. (Statute 10.10.3)
- 3) All full-time employees must be offered participation in the Diocesan 403(b) Plan.
- 4) All parishes and institutions are required to comply with Federal and State laws applicable to employees of not-for-profit 501(c)(3) organizations.

### ***Religious***

#### **Procedures**

- 1) When a religious works for a parish or other institution, a written agreement with a religious order will specify the stipend paid to the religious order, as well as the other benefits, including convent housing, utilities, vehicle and maintenance, and medical insurance. Religious working in a diocesan or parochial institution are eligible for health insurance unless they are enrolled in other medical insurance programs conducted by their religious institute. (Statutes 10.13.1)
- 2) Religious congregation representatives may consult and negotiate with pastors for stipend and financial benefits such as social security or retirement benefits on an individual basis. (Statute 10.13.2)
- 3) Where no convent housing is provided by the parish, the parish will negotiate with the religious community for the housing of each religious brother or sister. Where a parish convent houses religious serving another institution, that institution will negotiate with the parish the annual contribution for each religious. (Statute 10.13.3)

## ***Property, Liability, Workers Compensation Insurance***

**Policy:** Property and casualty insurance on all parish and diocesan properties must be carried through the Diocesan Finance Office in accordance with the norms set by that office. (Statute 10.10.1)

Worker's compensation insurance shall be carried by the Diocese on behalf of the institution involved for all clerics, religious, and lay employees. (Statute 10.10.4)

All automobiles and any other vehicles, whether owned by institutions or by clergy, must be covered by adequate liability insurance. (Statute 10.10.2)

**Rationale:** The purpose of insurance is to protect the parish from a serious drain on financial resources due to a large or catastrophic loss.

### **Procedures**

- 1) The diocese contracts for all property, liability, and workers compensation insurance coverage. Premiums are billed to parishes and institutions based on property values and payroll information.

## ***Medical Insurance***

**Policy:** Medical insurance must be available to all full-time clerics, religious and lay employees at institutional expense. Dependent coverage may be provided at the employee's expense. (Statute 10.10.3)

**Rationale:** Medical insurance is offered as a benefit to assist employees in the event of catastrophic medical expenses.

## **Procedures**

- 1) Coverage is provided through the Diocesan Medical Insurance Program.
- 2) Employees shall be eligible for coverage on the first day of the month following their employment as a full-time employee.
- 3) Parishes and institutions are billed monthly for premiums. An employee choosing dependent coverage makes the appropriate arrangements with the employer for a payroll deduction for this premium.
- 4) Payments for premiums are due when received.

## ***Endowments***

**Policy:** An endowment may be established with the permission of the Bishop and with the assistance of the Diocesan Office of Finance.

**Rationale:** A well-managed endowment can provide a degree of insurance that the functions of the parish (e.g. school) will be able to continue to operate in the event that the costs of operation exceed ordinary income.

## **Procedures**

- 1) A resolution for the establishment of an endowment shall be submitted to the Bishop for approval.
- 2) A document shall be drafted according to diocesan guidelines which includes the following:
  - a) the purpose
  - b) the composition and functions of the advisory board which manages the money
  - c) the guidelines for distribution of income
  - d) guidelines for invasion of principal which includes a diocesan resolution
  - e) the disposition of the money in the event that the beneficiary organization ceases to exist.
- 3) Endowments are ordinarily to be invested through the Diocesan Office of Finance, unless permission is given by the Diocesan Bishop to use another investment. (Statute 10.4.9)

## ***Building Construction and Major Renovation***

**Policy:** Parishes and institutions shall follow the procedures outlined in Statutes 11.0 for all new building construction and major renovation.

**Rationale:** This process provides for the necessary instruction and planning - financially, architecturally, and liturgically - in connection with construction or major renovation.

### **Procedures**

- 1) Submit a letter to the Diocesan Director of Property outlining the proposed project. The Director of Property will determine what requirements must be followed and what requirements may be omitted in this process. (Statute 11.4.1)
- 2) A formal request must be submitted to request permission to consider the project. (Statute 11.4.2)
- 3) Develop and submit the plan and construction budget to the Building Commission. (Statute 11.4.3)
- 4) The construction budget, results of the feasibility or capital campaign, and the financial status of the institution are presented to the Diocesan Finance Council. (Statute 11.4.3)
- 5) A formal request must be submitted to begin detailed construction drawings. (Statute 11.4.4) The construction drawings and revised budget are presented to the Building Commission. (Statute 11.4.5)
- 6) A formal request must be submitted to put the project out for bid. (Statutes 11.4.6; 11.4.7)
- 7) The final drawings and bid results are presented to the Building Commission. (Statute 11.4.7) The financial details of the project are presented to the Diocesan Finance Council.
- 8) A formal request must be submitted to request final approval for the project. (Statutes 11.4.8; 11.4.9)
- 9) Construction Financing is allowed under certain circumstances as detailed in Statutes 11.3.1 and 11.3.2.

## **Cemetery**

**Policy:** With the exception of a few incorporated cemeteries, cemeteries in the diocese belong to the parishes and the parish corporations. Their administration is the responsibility of the pastor. (Statute 12.5.3)

**Rationale:** The maintenance and care of a cemetery is a sacred trust given to a parish and is subject to ecclesiastical and civil laws and regulations.

## **Procedures**

- 1) Cemetery accounts must be kept entirely distinct from all other parish accounts. Cemetery funds may not be transferred to the parish treasury without prior written consent of the Bishop. (Statute 12.5.9)
- 2) Cemeteries may have an advisory board to assist the pastor in supervising the cemetery and ensuring that cemetery policies are followed. (Statute 12.5.11)
- 3) A separate cemetery report shall be made to the Bishop annually for each cemetery of the diocese, this report to be made on the diocesan report form. (Statute 12.5.12)
- 4) It is recommended that cemetery funds for extended care be clearly designated.
- 5) Cemetery funds may be invested in Our Lady of Sorrow's Cemetery Care, NFP.

## ***Long Range Planning***

**Policy:** Long range planning (3-5 years) is recommended and encouraged.

**Rationale:** Planning enables a parish or institution to be alert to and plan for (rather than react to) changes involving demographics, the social environment, and the financial status of parish or institution and its surrounding community.

## **Procedures**

- 1) Inventory the assets of the parish
  - a) Parishioners by category, age, marital status, school age, etc.
  - b) Do a physical evaluation of all church facilities in terms of capacity and conditions
  - c) Inventory the personnel (salaried and volunteer)
  - d) Assess current financial assets
  
- 2) Answer demographics questions
  - a) What changes are or will be occurring in the neighborhood?
  - b) Will any changes in the neighborhood influence demographics?
    1. Physical
    2. Social
    3. Economic
  - c) Will a change in demographics require a change in programs?
  
- 3) Assess the impact of program changes on facilities and/or personnel.
  
- 4) Determine financial planning opportunities.
  - a) Capital needs
    1. personnel (salaried and volunteer)
    2. Physical facility (addition, disposition, and/or major maintenance)
  - b) Operating expenses
  - c) Services
  - d) Compensation
  - e) Inflation
  
- 5) Determine sources of funds
  - a) Ordinary income (by demographic groups)
  - b) Extraordinary income (endowments, etc.)
  - c) Income opportunities (fund raisers, fees, etc.)
  - d) Investment income
  - e) Special long-term capital improvement drive

## ***Other Parish Related Organizations***

**Policy:** The pastor is an ex officio member of all parish commissions and committees. (Statute 9.8.1)

**Rationale:** The pastor is responsible for the oversight of all activities (including financial) undertaken in the name of the parish or school. It is his duty and right to safeguard the observance of the approved constitutions and statutes of each of these organizations. (Statute 9.8.1)

### **Procedures**

- 1) The pastor is an ex-officio member of all parish boards, commissions and committees. The pastor may delegate a parochial vicar to represent them for any of these organizations. (Statute 9.8.1)
- 2) In accord with civil corporate by-laws, the assets of each and every group or organization sponsored by a parish are assets of the parish corporation. The pastor shall be a signator on all accounts. All signatures on parish accounts or the accounts of parish organizations must be authorized by the pastor. (Statute 9.8.2) The person who maintains the books and/or prepares the checks to be disbursed shall not be an authorized signatory on the bank accounts. Two check signers for each disbursement is another control that should be considered.
- 3) The best practice is to have all of the parish and institution financial transactions flow through the general checking account.
  - Groups such as Altar and Rosary Societies, Youth Groups, Parish Education Programs, etc., **should not** maintain their own (separate) bank accounts. Their activities are the responsibility of the pastor or administrator and thus must be under the pastor's control. This is accomplished by having their activities flow through the general checking account.
  - Separate records related to money collected and expenses paid for these groups should be maintained within the parish's accounting records. Such records will allow the groups to continue their activities and maintain their identity as an extension of the parish or institution community.
- 4) Any organization that maintains funds outside the parish accounting system shall:
  - a) Write checks from its own account for organization operating expenses.
  - b) Write checks to the parish for any purchases, programs or projects for which they are providing assistance.
  - c) Submit an annual financial report to the pastor and the finance council. The amount of detail in this report is left to the discretion of the individual pastor.
- 5) The pastor must be a signer on all accounts of the parish and parish organizations. Furthermore, all other signers on parish accounts or the accounts of parish organizations must be authorized by the pastor. (Statute 9.8.2)
- 6) All bank statements, interest checks, and other correspondence shall always be mailed to a parish office address. The same is true for all school organizations. (Statute 9.8.2)



- 7) No parish, institution, or Church-related organization in the Diocese may validly form a civil corporation or legal entity in any form or establish any other entity such as foundations or trusts without the permission of the Diocesan Bishop. (Statute 10.1.2)

## ***Parish Record Retention***

**Policy:** All parish records shall be kept in a secure place on the parish premises. When possible, important documents such as employee records, payroll records, legal documents, and current journals and ledgers shall be kept in a fire proof cabinet.

**Rationale:** Records are kept as long as they serve a useful purpose or legal requirements are met.

## **Procedures**

### 1) Records to retain **permanently**:

- a) Audit reports from accounts
- b) Cancelled checks or bank statements for important payments such as taxes, purchase of property, special contracts, etc.
- c) Cash books
- d) Chart of Accounts
- e) Contracts and leases (still in effect)
- f) Financial statements, general ledgers and year-end trial balances
- g) Insurance records (including claims, policies, etc.)
- h) Legal correspondence
- i) Annual reports to the parish
- j) Property records (blueprints and plans)
- k) Finance Council minutes, including all recommendations made during the meetings
- l) List of all parish bank accounts, the account numbers, purpose, date opened and date closed
- m) Book of resolutions

### 2) Records to retain for **seven (7) years**:

- a) Cancelled checks or bank statements (for exceptions see cancelled checks under the caption "permanently")
- b) Expired contracts and leases
- c) Annual inventory records of furniture, fixtures, and equipment
- d) Journals and ledgers (hard copy or computerized equivalent)
- e) Payroll checks
- f) Expenditure analyses
- g) Statements to students
- h) Vendor invoices
- i) Contribution records
- j) Teacher contracts
- k) Tuition records
- l) Accident reports and claims (settled cases)

**Parish Record Retention (continued)**3) Payroll records to retain for four (4) years:

- a) The name, address and social security number of each employee
- b) The period of employment
- c) The total amount and date of each payment of remuneration and the period of service covered by the payment
- d) The amount of tax collected with respect to each payment and the date collected
- e) The withholding exemption certificates (forms W-4 or W-4E) filed by each employee with the parish
- f) Any agreement between the parish and the employee for the voluntary withholding of additional amounts of tax
- g) The total amount paid to employees during a calendar year
- h) Copies of tax returns filed with the IRS or other taxing agency and the dates and amounts of the deposits made with tax depositories
- i) Records or schedules supporting items reported on the tax returns at item 8

4) Records to retain for three (3) years:

- a) Bank reconciliations
- b) Correspondence (general)
- c) Employee personnel records (after termination)
- d) Petty cash vouchers

5) Records to retain for one (1) year:

- a) Duplicate deposit slips
- b) Receiving reports
- c) Parishioner contribution envelopes

## 6) Records to be retained at the Chancery Office of the diocese (Statute 10.1.5)

- a) Records relating to property (Statute 10.10)
  - 1. Deeds
  - 2. Abstracts of title
  - 3. Title Policies
  - 4. Other related correspondence
- b) Wills involving bequests to the parish, institution, or other legal entities (Statute 10.1.5)
- c) Resolutions from parishes, institutions, or other legal entities
- d) Notes for funds borrowed from the Diocesan Loan Fund
- e) Annual financial reports
- f) Articles of incorporation and minutes of the first meeting
- g) Some archival material

## ***Purchasing***

**Policy:** The pastor shall set up a procedure for the purchasing of goods and services for the church and school. The procedure shall include dollar limits on purchases made by parish representatives.

**Rationale:** Properly authorized purchases assist in maintenance of the parish budgetary plans and provide good stewardship of assets.

## **Procedures**

- 1) The pastor shall review all invoices and check requests to insure that all goods have been received and services performed.
- 2) Capital asset purchases (e.g. over \$1,000) shall be incorporated into the capital improvements budget.
- 3) It is recommended that a maintenance record be set up for all buildings and equipment showing dates, description, vendor names and dollar amounts of purchases and all maintenance or repair work.
- 4) See also Cash Disbursements, Para. 9 at page 1-6.

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