

Parish Financial Guidelines

I. PURPOSE OF MANUAL	2
II. GENERAL	2
A. Definition	2
B. Separation of Duties.....	2
C. Conflict of Interest	3
D. Suitable Documents	3
E. Accounting Records	3
F. Physical Control over Assets.....	3
G. Administrative Controls	4
H. Independent Verification of Transactions	4
I. When Things Don't Work	4
III. AREAS of INTERNAL CONTROLS	4
A. INCOME & CASH	4
1. Bank Accounts	4
2. Petty Cash.....	5
3. Receipt of Income	6
4. Handling of Monies (other than Sunday Collections)	6
5. Handling of Sunday Collections	6
6. Recording of Contributions.....	7
B. DISBURSEMENTS	7
1. Contracts.....	7
2. Disbursement Checks	7
3. Employee Expense Reimbursements	8
4. Credit Cards	8
5. Parish Credit Card Usage	9
6. Sales Tax	9
C. PAYROLL TAX PROCEDURE	9
1. Social Security taxes for lay employees.....	9
2. Social Security taxes for clergy	9
3. Federal tax ID.....	10
4. Clergy: self-employed.....	10
5. Income on the Parish Priest's W-2	10
6. Form 941	11
IV. PARISH FINANCIAL REFERENCE	11
1. Treasurer's responsibilities.....	11
2. Financial Secretary's responsibilities	11
3. Comparing expenditures to budget	12
4. Annual audit	12
5. Categories of funds	12
6. Accountable reimbursement plan.....	12
7. IRS rules for charitable contributions	13
8. Computerized financial records.....	14
9. Sources of additional information	14
V. PARISH RECORDS RETENTION SCHEDULE	15
APPENDIX I – FORMS	17
a) Sample of contribution acknowledgement.....	17
b) Collection report	18
c) Sample of financial reports.....	18
d) Code of Conduct for volunteers handling money or advising on financial matters..	21
APPENDIX II - INTERNAL CONTROL QUESTIONNAIRE	22

I. PURPOSE OF MANUAL

The purpose of this manual is to provide guidance and assistance to those involved in the financial and administrative activities of Parishes within the Archdiocese. We hope this manual will be of assistance, especially to the Treasurers/Financial Secretaries, as well as Parish Priests to safeguard the assets of the Parishes within the Archdiocese. This manual is written in a very basic form to explain some abstract ideas as well as to provide and summarize Archdiocese policies and procedures.

We have included and emphasized certain procedures that have developed as a result of past experience. Our goal is to provide clearly written policies and guidelines to ensure consistency and efficiency within the Archdiocese to accomplish our mission.

Parish Priests are encouraged to make use of this manual in conjunction with their Parish Council and share this information with them. The Parish Priest and Parish Council should complete the self-evaluation questionnaire. (See Appendix II).

II. GENERAL

All Parishes within the Archdiocese should follow a consistent methodology for the handling of financial activities. Proper care and efficient handling of Parish finances help ensure that we are good stewards in the pursuit of the various ministries of the Parish. As good stewards, we are charged with safeguarding the assets entrusted to us.

This manual will be kept updated, and it will be improved as requests are made. We strongly urge you to pass along suggestions pertaining to this document to the Archdiocese Financial Planning Committee.

A. Definition

The foundation of any financial process is based on the concept of internal controls. In other words, there should be processes in place to protect the Parish from loss. The concept of internal control must be understood so that we do everything possible to protect the assets of the Parish. There are many definitions of Internal Control in accounting documents, but the one we found to be the simplest to understand is:

*Internal control is defined as the separation of duties and responsibilities which is made by an organization in order to establish a system of **checks and balances** so designed that the activity of one employee independently performing his own prescribed work will check automatically, continuously, and with little or no duplication, the work of another.*

B. Separation of Duties

This concept is simply dividing duties or functions so that no one person has control over all parts of a transaction. It is like having two sets of eyes watching. The question to ask is “does one person perform all parts of the transaction from initiating to reconciling?” Examples to be avoided include:

1. Handling and recording cash receipts into the Accounting System.
2. Authorizing expenditures, verifying invoices and preparing checks for distribution.
3. Preparing checks and signing checks.
4. Counting the collection, preparing and recording the deposit into the accounting system or posting to the individual donors' accounts.

C. Conflict of Interest

Clergy/employees should avoid placing themselves in a position that might present or could be perceived to present a conflict of interest. Obviously, this conflict may call into question one's integrity. In

connection with any actual or possible conflict of interest, an interested person must disclose the existence and nature of his or her financial interest and all material facts. After disclosure of the financial interest and all material facts, and after any discussions with the interested person, that person shall leave the applicable meeting while the determination of a conflict of interest is discussed and voted upon. All volunteers are required to sign a code of conduct. The potential for a conflict of interest exists in many circumstances including the following:

1. Having private business involvement or other dealings with the Parish (i.e. construction work, remodeling, housekeeping, etc).
2. Accepting gifts for services or favors.
3. Engaging in transactions with his or her friends or relatives.
4. Acting with partiality toward another employee or Parish member.
5. Violating confidence of another for personal gain.

Items 1 and 3 above must be disclosed and the transaction approved by the Parish Priest and the Parish Council.

D. Suitable Documents

Of all the internal control tools, proper documentation is one of the most important. It is difficult to identify internal controls without proper documentation. This means that documentation is required any time a transaction or unusual event occurs. Required documentation includes such things as the whom, what, where, when and how:

1. Date, invoice/receipt number, purchase order number if used
2. Persons involved in transaction
3. Amount of funds or properties involved
4. Proper authorization/approval signatures
5. Proper account codes
6. Proper source
7. Etc. (Document everything that is considered essential at all times).

E. Accounting Records

Accounting records and documents must be maintained to provide an audit trail. One major objective is to provide reasonable assurance that the financial records reflect all 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. Proper supporting documentation must be:

1. Simple and easy to use to help reduce error
2. Numbered to help keep physical control over the documents
3. As few in number as possible to minimize confusion
4. Designed to ensure that they will be properly completed.

F. Physical Control over Assets

The safeguarding of assets is an important aspect of any system of internal control. Safeguarding assets includes cash, property and financial records:

1. A fireproof safe bolted to the floor or wall or a sturdy locked fireproof cabinet must be available.
2. Accounting records must be secured in a locked room or file cabinet and accessible only to selected individuals.
3. Financial records should not be removed from the office and never kept in someone's house, car, temporary location, etc. without the approval of the Parish Council.
4. All Parish facilities should be locked when not in use. A key log should be maintained to ensure that the Parish Priest and Parish Council know who has access to the various areas of the facilities.

5. Locks and safe combinations that house financial or other sensitive materials should be changed periodically, especially when a key member of the staff leaves (voluntarily or involuntarily).
6. Desks should be kept locked if they contain financial records or other sensitive and confidential material.

G. Administrative Controls

Administrative controls are simply ensuring that documentation exists so that an independent party could verify approval for the movement of assets into or out of an organization. If funds or property are transferred, documentation should exist to show, at a minimum:

1. Date
2. Persons involved in transaction
3. Amount of funds or properties involved
4. Proper authorization/approval signatures
5. Circumstances of the movements including the reason
6. Source and destination
7. Proper account codes

H. Independent Verification of Transactions

The human condition prevents us from objectively evaluating our own performance effectively. In addition, few individuals are able to record large amounts of data with perfect accuracy. It is therefore necessary for supervisors to periodically assess the performance of their subordinates to help ensure that any accounting and internal control systems are functioning properly. Internal auditing can assist in an independent review. Examples:

1. Reconciling actual transactions with transactions entered into the accounting system.
2. Reconciling the bank account to the general ledger.

I. When Things Don't Work

Any theft or misappropriation of funds (or suspicions of such) must be reported immediately to the Parish Priest and Parish Council president. Any flagrant and deliberate violation or noncompliance of Archdiocese Financial Policies must also be reported. The Archdiocese is committed to investigating and holding responsible those involved in any financial misconduct. Every effort will be made to protect the identity of the reporting party.

III. AREA OF INTERNAL CONTROLS

A. INCOME & CASH

The controls for cash include controls over non-cash assets that can be readily convertible into cash (e.g., marketable securities, receivables and liabilities whose liquidation will require the use of cash, such as accounts payable and notes payable).

All persons handling money or advising on financial matters must also agree to and sign the Code of Conduct form located at Appendix II.

1. Bank Accounts

a. No more than **four (4)** checking accounts are recommended in a Parish:

- The Parish operating account
- A building fund account
- A separate ladies auxiliary and/or youth organization account as applicable
- A fourth account for bingo account is required if applicable.

b. Checking Accounts:

- Checking accounts must be opened in the name of the entity (Parish, ladies/youth organizations, bingo entity) and never an individual.
- The mailing address must never be a private residence.
- It is recommended that a Parish operating checking account balance should not consistently exceed three month's expenses.
- Surplus funds should be deposited in an interest-bearing account.

c. Check Signers

- It is suggested that all disbursements be made by check and require two signatures with one of the signatures being that of the Treasurer. The co-signer could be the Recording Secretary, Financial Secretary, or another member of the Parish Council.
- In no case are pre-signed blank checks to be left to be filled out by anyone. Checks with defined payee but no dollar amount should be avoided.
- Rubber stamped signatures should never be used.

d. Bank Statements

- Bank statements should be opened and reviewed by the Treasurer.
- Each month, the bank statement should be reconciled to the accounting records no later than 15 days after receiving the statement.
- The actual reconciliation should be compared with the financial statements by an Auditor (Trustee) at least quarterly.
- Completed bank reconciliations are to be signed and dated by both the preparer and an appropriate reviewer.
- All electronic funds transfers (EFT) must be pre-authorized by two authorized individuals.

e. Loans/Advances to Employees

- Loans should not be made by a Parish.

2. Petty Cash

To the greatest extent possible, all Parish expenditures should be paid with a check. A petty cash fund is discouraged, but can be set up with a recommended limit of \$100 to be used for very small dollar expenditures that are of an emergency nature. Basically, the petty cash fund should only be used for situations where an immediate payment is essential. This fund is never to be used for major expenses or payments that are consistently a part of Parish operations.

- a. Petty cash is set up by writing a check payable to the custodian of the fund. The check must be prepared to the custodian with the notation for petty cash.
- b. Petty cash is a balance sheet item and the amount of the fund must appear on the balance sheet.
- c. The fund is an imprest fund, which means that the total of the cash and the receipts is always the same amount.
- d. One person should be charged with the petty cash fund and named as the custodian.
- e. The custodian must maintain the petty cash in a safe place, where the custodian is the only one with access.
- f. Persons having approval for withdrawal from the fund should be so designated by the Parish Council.
- g. The maximum of expenses covered by the fund should be specific (i.e. \$20). Expenses in excess of \$20 should be handled through the issuance of a check.
- h. The use of petty cash vouchers provides the best support and monitoring of fund use. Numbering, dating, describing expenses, listing amount and signing the voucher ensures the safeguarding of proper petty cash use. Receipts are to be attached to vouchers. Payments

should never be made without receipts approved by the Treasurer/Financial Secretary or Parish Council President.

- All replenishment and receipt maintenance is the sole responsibility of the custodian. Replenishment of petty cash should be supported with proper petty cash vouchers supported with receipts.
- The replenishment check must equal the vouchers/receipts.
- The check should be coded to the expense accounts as determined by the supporting vouchers and receipts.
- The replenishment check is to be made payable to the custodian of the fund with the fund designation denoted on the face of the check (i.e. Jane Doe-Petty Cash Fund).

3. Receipt of Income

The Archdiocese and its Parishes are exempt from federal income tax under section 501(c) (3) of the code. Therefore, there are no federal taxes on its income from activities that are substantially related to religious purposes.

a. Federal Tax Exempt Status

- Parish exempt from federal income tax.
- Unrelated Business Income Tax (UBIT) Income received from activities not related to the primary purpose of the Parish may be considered UBIT.
- Use of the Parish federal identification number must be strictly limited.

4. Handling of Monies (other than Sunday Collection)

Receipt of income must be handled with great care. The Financial Committee has responsibility to ensure:

- a. All monies received are handled in a safe and secure manner. This includes all money whether from Sunday Collection, Bingo, check received in the mail, social events, etc.
- b. Cash should never be left unattended in an open area regardless of the amount of time involved.
- c. The checks received in the mail should be handed to the Financial Secretary to be entered into the collection report.
- d. Cash and check receipts should be deposited within 24 to 48 hours from the time of collection. All checks received should be restrictively endorsed (For Deposit Only) immediately.
- e. No check cashing is permitted from the offertory collection.

5. Handling of Sunday Collections

- a. Two ushers should place collection in the baskets and deliver the baskets to the count team. Ideally, each Parish should have at least one count team (consisting of at least two members).
- b. Count team members are to sign a Code of Conduct, which includes that they will keep the amount of contributions of fellow Parishioners confidential.
- c. All checks received should be immediately restrictively endorsed. A self-inking endorsement stamp is recommended for this purpose.
- d. Envelopes should be separated from loose checks and currency. Copies of loose checks should be made. If not possible, a listing of each check should be prepared showing contributor, check number, date of check and amount.
- e. One team member should count and record on the collection report and another member should verify the count. This same individual should also prepare the bank deposit, to ensure that they are the same and accurate. All members of the money counting team should sign the collection report form. A copy of the collection report form should be provided to the Treasurer.
- f. Ideally collections should be deposited in the bank without delay and not retained in the Parish, as this provides an opportunity for theft and burglary and possibly endangers the Parish Priest.

- g. The recap of the receipts or envelopes should be given to the Treasurer for entry into the accounting records. The collection report of receipts should accompany the cash and checks.
- h. The Treasurer should receive all the cash and checks and issue a numbered receipt.
- i. Cash withdrawals or cashing checks from the offerings must never be allowed for any reason.
- j. Parishioners should be encouraged to use offering envelopes, checks and electronic funds transfers when making offerings and other gifts to the Parish.
- k. Annual contribution statements are to be mailed no later than January 31 of the subsequent year to all Parishioners who made identifiable contributions (i.e. envelope, check, etc.).

6. Recording of Contributions

Parishioner contributions must be recorded. All Parishioners that donate with identifiable currency (i.e. check, money order, envelopes) should receive an annual letter listing all contributions made throughout the calendar year.

Parishioners will then have support for any federal tax deduction and the Parish will have another type of internal control. A control weakness could be identified if Parishioners complain that their contribution record is incorrect.

- a. The actual Sunday collection report, envelopes or copies/scanned checks should be the source document for posting contributions by Parishioner.
- b. The individual recording contributions from this source data must be independent of bank deposits.
- c. The Treasurer should ensure that the total of the envelopes and checks, deposits and postings agree, without exception, to the Parishioner records. This reconciliation process must be done weekly and properly documented.
- d. Appendix I contains a sample contribution acknowledgement letter.
- e. Copies of envelopes and checks must be retained for three years.

B. DISBURSEMENTS

1. Contracts

Any extraordinary expenditure, outside the approved budget should be authorized by the Parish Councils and should be limited to no more than \$2,000. The Parish General Assembly should approve expenditures more than \$2,000 but less than \$10,000.

[Note for us: Who approves emergency expenditures more than 10,000 \(damaged / leaky roofs after a storm, furnace breakdowns in the winter, etc.\)?](#)

2. Disbursement Checks

Checks should be used for all payments to ensure that the disbursement is authorized and there is a permanent receipt. Controls for the disbursement function include the signing of checks by individuals with proper authority.

The following are the minimum acceptable procedures:

- a. To ensure that disbursements are proper, the following documentation should be kept:
 - A proper original invoice
 - Evidence that goods or services were received
 - Evidence that the purchase transaction was properly authorized
- b. All supporting documents must be cancelled or marked "PAID." We suggest a rubber stamp for this purpose to include:
 - Invoice has been checked for mathematical accuracy
 - Check number
 - Coding to ensure proper account recording in the accounting system

- Date and initials of person performing tasks
- c. Checks must have a payee and never be written to “cash.”
- d. If a mistake is made, the check should be voided. “Void” should be marked on the face of the voided check and the signature block should be cut off.
- e. All voided checks must be retained to demonstrate all pre-numbered checks are accounted for, and filed with other checks for a permanent record.
- f. The stock of unused checks should be safeguarded in a locked safe or secured file cabinet and regularly inventoried.
- g. All checks should be mailed promptly and directly to the payee.
- h. The person mailing the check should be independent of those requesting, writing and signing.

3. Employee Expense Reimbursements

Generally, all purchases of materials and services should be paid directly through the regular operating checking account. Reimbursements to individuals for church use of their private automobiles must be documented. All reimbursements are to be submitted and processed in the fiscal year incurred.

No reimbursements should be made for prior fiscal year expenses.

- a. Expense Reimbursements
 - In the event that it is not possible or practical to pay for materials or services through the operating account, exceptions can be approved so that an individual can make the purchase and be reimbursed at a later date.
 - Purchases by individuals must be approved prior to purchase except for those with pre-approved budgets.
 - The original invoice or written receipt for the purchase, with proper approval, must be presented for reimbursement.
 - The reimbursement check must be written to the individual making the purchase and not, for example, to the individual's credit card company.
 - The check and check stub must show the notation that it is a reimbursement check.
- b. Mileage Reimbursement
 - Individuals may be authorized to receive reimbursement for miles driven in their personal car when on church business.
 - Reimbursement must be at the rate established by the IRS (for 2008 \$.505/mile) and Canada Revenue (for 2008 \$0.50 /km).
 - In order to be reimbursed, the individual is required to submit an expense report that includes date, purpose, origination and destination locations and mileage for each trip taken.

4. Credit Cards

The Archdiocese discourages the use of Parish credit cards. It was noted that when credit card statements are presented for payment it is impossible to determine proper approval and proper distribution coding without adequate receipts.

- a. Credit cards for Parish usage should be kept to an absolute minimum
- b. When Parish credit cards are used:
 - Only a small number of employees should be authorized.
 - Receipts must be turned in immediately after use, with proper approvals.
 - Priests may acquire personal credit cards in their name but they are required to submit receipts with an explanation of the purchase.
 - Reimbursements must be limited to the scope and amounts identified in the accountable reimbursement plan.
 - It is acceptable for priests to carry gasoline credit cards in the name of the Parish.

5. Parish Credit Card Usage

- a. Parish credit cards are never to be used for the following types of transactions and if purchased on a personal credit card, they should not be reimbursed:
 - Cash advances or cash refunds
 - Leases
 - Service agreements (annual maintenance contracts)
 - Cellular telephones, pagers and service
 - To accomplish scheduled and budgeted minor capital outlay projects or budgeted special repairs (modifications or alterations to a "State" or "leased" facility)
 - Splitting of purchases to circumvent the dollar limitation
 - Personal items
- b. A receipt must accompany all requests for payment. IT IS IMPROPER TO PAY FOR CHARGES NOT SUPPORTED BY A RECEIPT.
- c. It is suggested that office supplies be ordered from a catalog and delivered. Most office supply stores will deliver without charge.
- d. The use of office supply credit cards can result in unnecessary, spontaneous and personal purchases.
- e. A personal purchase on credit cards by employees is prohibited.

6. Sales Tax

The purchase of a taxable item, which relates to the purpose of an exempt organization, is exempt from tax when the organization or an authorized agent of the organization pays for the item and provides the vendor an exemption certificate in the form prescribed by the respective States regulations.

An employee of an exempt organization cannot claim an exemption from tax when purchasing taxable items of a personal nature, even though the employee receives an allowance or reimbursement from the organization. A person traveling on official business for an exempt organization must pay sales tax on taxable purchases whether reimbursed on a "per diem" basis or reimbursed for actual expenses incurred. **It is not necessary for Parishes to file any kind of request with the State for a sales tax exemption. The Church is exempt by name in law and individual Parishes are not listed individually.**

C. PAYROLL TAX PROCEDURE

Proper payroll processing is extremely important, not only because it is a very significant portion of total expenses, but also because it can affect the employee with disability issues, pension and health care.

1. Parishes must pay Social Security tax on all lay employees

This is the law. It is not optional.

Social Security for 2008 is 7.65% (Social Security portion: 6.2%; Medicare portion: 1.45%) for lay employees and for the employer portion to make a total of 15.3%. Taxes for more than \$500 but less than \$3,000 per month must be paid within 15 days after the end of the month. The penalty for not doing so is 10% of the taxes.

Form 941 Quarterly Reports should be mailed back within the month you receive the taxes, i.e., April and July. W2's and 1099's should be sent to employee in January and to the Social Security Administration or Internal Revenue Service by the end of February.

2. Parishes do not pay Social Security tax on clergy employees

Federal law also defines clergy or “ministers of the gospel” as self-employed for purposes of social security tax. This means that the local Parish will not deduct social security from clergy’s salary, or pay the corresponding amount. Each clergy is responsible for paying not only the individual portion of social security, but also the employer’s portion as well through a “self-employment tax.”

Some Parishes desire to equalize clergy salaries with lay salaries by paying the Parish Priest’s portion of social security. When this is done, the payment is taxable salary to the Parish Priest and is reported the same as any other salary.

This section of the tax law is completely separate and distinct from the section on self-employed or employee status for federal income tax. It is not affected by the Tax Court decision in Weber vs. the Commissioner which concluded that clergy are employees for tax purposes.

3. Federal tax identification number required

Each local Parish is required to have a separate Federal Tax Identification Number. Using the wrong number creates problems that may take years to resolve. This number is the number used with banks to identify the account holder. It is used on reports to the IRS with Social Security and withholding tax payments.

If a local Parish does not have a Federal Tax Identification number, it can secure one by making a simple application to the Internal Revenue Service.

4. Clergy: self-employed or employees?

In 1994, the Tax Court made a precedent setting decision in a case of the filing status of a United Methodist Parish Priest. The Tax Court ruled that the Parish Priest was an employee for federal income tax purposes. This ruling was upheld upon appeal.

In order to avoid your Parish Priest paying income taxes on money that is not truly income to the priest, you will need to take care to set up an accountable reimbursement account for the Parish Priest to reimburse business expenses that he incurs as Parish Priest of your Parish. Detailed instructions on how to do this are available in a separate package from the Conference Treasurer’s Office.

5. What to report as income on the parish priest’s W-2

All money that is paid to the Parish Priest or on behalf of the Parish Priest is taxable unless law exempts it. The following payments are exempted:

Housing or utilities allowances. They can be reported in box 14 on the W-2, but it is not required that they be reported there. If reported, after the amount type “Housing Allowance.”

Health Insurance premiums paid by the church on behalf of the Parish Priest may or may not be taxable. They are definitely exempt if paid as a salary reduction under a qualified pension plan.

Reimbursed business expenses made under an accountable reimbursement plan.

Salary reductions for pension purposes made under a qualified plan. (This includes the payments to the General Board of Pensions’ Personal Investment Plan if paid as a tax deferred payment by the church and the proper forms have been filled out prior to payment by the Parish Priest.) Such deferred compensation should be reported on the W-2 in box 12 with an “E” preceding the amount withheld. All other amounts should be included in the Parish Priest’s W-2 form.

If the Parish Priest asks you to deduct his church tithe that should be included on the W-2 form as wages, but the Parish Priest should be given a statement of the amount of the gift in the same way as any other donor.

If the Parish Priest asks the church to reduce his salary in lieu of making a tithe, then that would not be reported as income because it is not. However, the compensation forms filed with the Archdiocese must also show the reduced salary.

6. Form 941

The employer uses Form 941 to tell the IRS how much money has been withheld from employee taxes for income tax and social security purposes. Churches are specifically excluded from the necessity to make mandatory withholding for Parish Priests. However, such withholding can be made on a voluntary basis if both the church and the Parish Priests agree to do so.

It is the position of the Internal Revenue Service that a church that has only a Parish Priest (and no other staff) need not file a 941 form. If the Parish Priest and the church agree that voluntary withholding is to be made, the Parish Priest should file a W-4 form. This makes it necessary for the church to file 941 forms.

Any amounts withheld are reported as income tax.

If the church files a 941, then it is necessary to include the Parish Priest's salary on line 2. Do not include salary reduction pension contributions, any housing or utility allowance, or amounts paid under an accountable reimbursement plan. Health insurance premiums that are paid by the church to the group plan are also excluded. Travel which is paid by an allowance, or any other allowances are includible as income.

For lines 6 and 7 there is no information reported for clergy. The church may not make Social Security or Medicare withholding on behalf of clergy employees. Because of specific Code provisions, clergy are always considered self-employed for social security taxes. If there is no withholding for other employees, these boxes should be left blank.

The box in line 8 should not be checked. (Unless you have filed IRS form 4029 to exempt all employees from Social Security and thus has opted out of paying Social Security.)

IV. PARISH FINANCIAL REFERENCE

1. Treasurer's basic responsibilities

- a. Keep accurate records in appropriate financial journals of all monies received and disbursed.
- b. Reconcile monthly bank statements and correct ledgers as needed.
- c. Sign checks in accordance with church policies and procedures and verify the supporting data for each check request.
- d. Make monthly and annual reports to the church. If the church has a committee to oversee the financial matters of the church the treasurer should also make regular reports to the committee.
- e. Prepare and maintain records of individual contributions.
- f. Prepare and distribute contribution statements.
- g. Keep church staff and appropriate committees informed of any trends or changes in fiscal matters.
- h. Instill and preserve a high financial confidence throughout the congregation.
- i. Submit accurate financial records for annual audit according to church policy.
- j. Train an associate treasurer selected by the church.

Working relationships between the treasurer and the church family:

- a. Serve as ex officio member of the church committee assigned to oversee church financial policy and procedure. Confer with this committee in: recommending and establishing policies related to receiving, accounting and disbursing of church money; developing the annual church budget; providing a continuing program of stewardship education for the church; coordinating the annual stewardship campaign; and preparing and presenting a financial report in the church Parish Council meeting.
- b. Receive a copy of the collection report from the financial secretary/trustee every week.
- c. Work closely with the financial secretary in maintaining records of individual contributions.
- d. Confer with church Parish Council members and Parish Priest to maintain communication concerning financial matters of the church.
- e. Work with Parish Council and Finance Committee members, in administering financial details of church projects.
- f. Advise the Parish Council and various committee chairpersons about available funds and budget.

2. Financial secretary

At its most basic, the financial secretary is responsible for receiving and recording income while the treasurer is responsible for managing financial assets and disbursing funds. In some churches, the

treasurer may be responsible for both functions. However, this is not advisable. It is much better for income to be handled separately from disbursements.

The treasurer should receive a regular weekly report from the financial secretary on a standardized form that shows income to the church. The report should be accompanied by the deposit slip recording the deposit of that income into the account of the church.

3. Comparing expenditures to budget

Use the church budget effectively. The Parish Council and Finance Committee should regularly examine the actual expenditures in relation to the budget and understand any significant deviation. Frequent and constant probing often uncovers potentially serious problems.

This means Financial Statements must be produced regularly. Monthly is best. Quarterly is an absolute must.

4. Annual audit

Each Parish is required to have an annual audit of the financial records. It is the basic safeguard that the member's financial contributions are being used in the way that they are intended. It also avoids any hint of impropriety and protects all the persons involved in the financial affairs of the church.

Contributors have a right to expect that the Parish will use their funds efficiently and effectively, and that they will account for how those funds have been used.

5. Categories of funds

There are three categories of funds that the church handles. These are:

a. Restricted funds

Restricted funds are funds that have a user imposed restriction placed upon the use of the funds prior to the donation. These can be used only for the purpose that was stated at the time the donation was made.

The church has the option to not accept these funds, but does not have the option to use the funds for any purpose than that set forth at the time the donation was made.

Funds that are restricted may be permanently restricted or temporarily restricted. Permanently restricted funds may never be used for any cause other than that specified. Temporarily Restricted Funds may be used after their restrictions are met. For instance giving to a Youth Organization Trip would usually be a temporarily restricted donation. It must be used for the Trip, but after the trip is over, any funds remaining could be used for other causes.

b. Designated funds

Designated Funds are those upon which no restrictions were placed by the donor, but which the church has designated for a particular purpose by vote of the Parish Council/General Assembly. These funds can be re-designated by the forum which originally placed the designation. Example is the Building Fund.

c. Undesignated and unrestricted funds

These are funds for which there are no designations or restrictions. An example is the operating fund.

If the church is careful to keep the funds for which it is responsible categorized in this way, a number of future headaches can be avoided.

Often, it may be necessary to keep two funds that are directed to the same cause separated because one is designated and one is restricted. For instance, the General Assembly has designated that all donation IMO (in memory of) go to a future building project. A donation was received with a restriction that it could only be used for that same project. The church should keep the two separated. In the future, either when there is another need that become more urgent, or when the building project is completed, the IMO money could be re-designated to a different purpose.

6. Accountable reimbursement plan

The Archdiocese has adopted a policy that clergy business expenses be reimbursed under an accountable reimbursement plan (ARP). It is understood that this policy meets all the requirements of the IRS, and that it applies to every church in the Archdiocese that uses the Compensation Form to report compensation unless the church specifically adopts another policy.

The policy is printed below.

The Accountable Reimbursement Plan is the preferred method by which the expenses which the Parish Priest incurs in providing ministerial services are reimbursed. Every church in the Archdiocese is urged to include an amount in its annual budget of at least 13% of compensation, as a budget item for these expenses.

The church Parish Priest whose compensation and expenses are adopted on the biannual Archdiocese Congress Compensation Form, will be reimbursed for ordinary and necessary business expenses incurred in the performance of his responsibilities when he substantiates the amount, business purpose, date, and place of the expense.

This substantiation must be provided to the Treasurer within sixty (60) days of incurring the expense. The individual must return to the church any amounts received in excess of the substantiated expenses within one hundred twenty (120) days of receipt.

Expenses that are normally considered to be reasonable and necessary include:

- *Travel expenses reimbursed at the standard federal mileage rate, parking and tolls.*
- *Office supplies and postage*
- *Office equipment, computer and software*
- *Books, subscriptions and periodicals such as journals*
- *Professional dues*
- *Religious materials, vestments and business gifts*
- *Continuing education and seminars*
- *Entertainment required for church business*
- *Travel fares, lodging, and meals while on business for the church (including annual Denary assembly or biannual Archdiocese Congress*
- *Mobile telephone to the extent that it is used for business purposes*
- *Other reasonable and customary business expenses (as approved by the Parish Council and/or Finance Committee)*

Property purchased under an accountable reimbursement plan is the property of the church who provided the reimbursement.

Any reimbursement of expenses from other sources should be reported by the Parish Priest and reduce the amount of the expense subject to reimbursement. In no case should the Parish Priest receive total reimbursement for all sources that exceeds the actual cost and/or the IRS approved rate for reimbursement of mileage.

The church will not report any properly substantiated reimbursement payments as income on any Form W-2.

This policy is applicable to clergy members of the Archdiocese. Churches with lay employees should consider adopting a policy that is applicable to lay staff.

7. New IRS rules for charitable contributions (US parishes only)

The Pension Protection Act of 2006 contains provisions regarding the deductibility of charitable contributions. Some of it is good news – some is bad.

First the good news:

For taxpayers over age 70-1/2, there is good news. If you are taking “Required Minimum Distributions” from your IRA account(s), the new law allows you to direct distributions directly to your favorite charity. Any funds directly transferred will not be reported to you as income for that year and will be considered distributed to you for purposes of the required minimum distribution. In effect, this makes the contribution a deduction before “Adjusted Gross Income” rather than an itemized deduction.

There are several potential benefits to the taxpayer for making their contributions in this way:

- Because these amounts are never included in gross income, any calculations in your tax return that are based on AGI are affected.
- May reduce or eliminate the amount of income from Social Security benefits that is subject to income tax.
- Increase the amount of deductible medical expense
- Increase the amount of deductible miscellaneous itemized deductions

- If you do not otherwise itemize deductions (you take the standard deduction) you will still get a tax benefit from your contributions.
- Because of the reduction in your IRA account balances, future required minimum distributions will be less.

Key points:

- Must be a direct transfer from the financial institution to the charity
- Annual limitation is \$100,000

And, now the bad news:

All deductions for charitable contributions beginning in 2007 must be substantiated by some written documentation – either your cancelled check or other bank record or a receipt from the church or charity. Remember, the rule for single contributions over \$250 have required a “contemporaneous receipt” for several years now. The new rule affects contributions below that amount.

What does this really mean? For many years, it has been common practice for taxpayers to estimate an amount of small-amount miscellaneous donations to be included in their charitable contribution deductions. For example, they would estimate that they attend church an average of twice each month and put \$20 in the offering plate each time they attend. So, they would include \$480 of charitable contributions on their tax return. This is no longer acceptable. Under audit, that amount would be disallowed.

This policy also holds true for non-cash contributions.

Although churches are not in the tax-advice business, we would be wise to inform our members and visitors regarding these new rules. By providing envelopes in the pews and encouraging those in attendance to identify their cash gifts, our financial secretaries can keep records of the contributions and provide written documentation to protect the tax deductions of our generous contributors.

8. Computerized financial records

With the increased availability of computers and knowledge about their use, they are increasingly being used in local churches for a variety of purposes, including the maintaining of financial records.

Their primary value for most churches will not be financial, but maintenance of membership records and word processing.

When they are used for financial records, care should be taken that “hard” records are kept of their output at all times. A multitude of problems (including human error) can cause erasure of all electronic records.

Keep at least a monthly backup of your valuable data in a secure location that is not easily accessible and that is fireproof. Keep hard copy of membership lists and financial information.

There are several good church accounting packages available. A partial listing is below.

- Church Software by ACS Technologies – www.ACSTechnologies.com
- Logos Church Management – www.logoslbe.com
- PowerChurch Software – www.powerchurch.com
- Church Windows Software – www.churchwindows.com
- Servant Keeper – www.servantpc.com
- Quickbooks for Non-Profit Organizations

9. Sources of additional information

Callahan, Kennon Leader., Effective Church Finances Fund-Raising and Budgeting for Church Leaders, Harper San Francisco, 1992.

Dropkin, Murray and Halpin, James. Bookkeeping for Nonprofits. John Wiley & Sons, Inc., 989 Market Street, San Francisco, CA 94103-1741, 2005.

Hammer, Richard R., J.S., L.L., CPA. Parish Priest, Church & Law, Second Edition. Christian Ministry Resources, Matthews, N.C. 1991

Heneke, Emerson O. Introduction to Nonprofit Organization Accounting. Kent Publishing Company, 1980.

Holck, Jr., Manfred. Accounting Methods for the Small Church, Augsburg Publishing House, 1961.

Holck, Jr., Manfred. Payroll Tax Procedures for Churches and Clergy and How Clergy Report Income to IRS. Church Management, Inc., P.O. Box 162527, Austin, TX, 78767, 1985.

Holck, Jr., Manfred. The Church Audit. Church Management, Inc., P.O. Box 16257, Austin, TX, 78767, 1985.

Ivens, Kathy. Running QuickBooks in Nonprofits. CPA91 Publishing, LLC, Philadelphia PA, 2005. The Financial Commitment of The United Methodist Church 2004 -- 2008. General Council on Finance and Administration, 1200 Davis St., Evanston, IL 60201.

Canadian Council of Christian Charities: 2008 Charities Handbook, 1-21 Howard Ave. Elmira, On, N3B 2C9, www.cccc.org.

V. RECORDS RETENTION SCHEDULES FOR PARISH

KEY:

RS: Retain until Superseded

PE: Permanent

FY: Fiscal Year

CY: Current Year

AR: Annual Review

AC: active, as long as an issue is current or individual is employed

SL: State Legal Requirements.

Sacramental records

Marriage files		PE
Sacramental registers		PE
Sacramental registers, supporting documents (marriages)	PE	
Supporting documents (correspondence, sacramental and legal documents, Affidavits, notes, evaluations)		FY+6

Administrative Records

Announcement Book (daily or weekly)		PE
Annual Reports (parish and diocesan)		PE
Appointments, canonical		PE
Articles of Incorporation		PE
Census Records (including registration cards, parish list or directory)		PE
Communications from the Archbishop ("Folia Cleri")		PE
Correspondence, routine		AR
Correspondence, non-routine		PE
History File		PE
Inventories, filing system		RS
Inventories, property		RS
Personal papers: Priests (may include correspondence, homilies, notes, diaries)	PE	
Volunteer files		AC

Parish Council, Committees Records

Constitutions and By-laws (for all parish organizations)		PE
Finance Council Minutes/Agendas		PE
Parish Council Minutes/Agendas		PE
Religious Education Reports		PE
Youth, Ladies Auxiliary Minutes/Agendas		PE

Financial Records

Audit Reports	PE
Accounts Payable	FY+6
Accounts Receivable	FY+6
Bank Deposits/Registers	FY+6
Cash Book (daily record or receipts)	FY+6
Charitable Gaming Records	FY+6
Check Registers	FY+6
Check Copies/Stubs	FY+6
Contributions and donations	PE
General Ledgers	PE
Journal Entries	FY+6
Loan Files (mortgages, payments schedules)	FY+6
Payroll Journal	PE
Pew Rent Record Book	PE
Tax Exemption (Parish)	PE
Tax Forms (e.g., 1099, W)	FY+6
Trust Fund/Estate Contribution	PE

Personnel Records

Note: Some of the information in these files has historical and/or legal value. Before destruction, a list of personnel and positions for each year is to be placed in the archives. If legal problems occur, a summary of the issue is to be written, and a separate file kept for at least six years after the individual has left employment or the issue was resolved).

Employee files	AC+6
Immigration and Naturalization I-9 Form	AC+1
Performance Evaluations	CY+3
Short Term Disability	PE
Time Cards	FY+6
Worker's Compensation Insurance Payments	FY+6
W4	FY+6

Photographs

Note: Photographs need to be identified and dated.

Activities	PE
Parish structures	PE
Personnel	PE

Property Records

Architectural Drawings and Specifications	PE
Constructions Files (contracts, correspondence)	PE
Deeds	PE
Leases	AC+10
Property Appraisals	PE

Publications

Bulletins (may be scanned)
Parish Directory
Parish History, Anniversary Books
Promotional or Information Pamphlets

PE
PE
PE
PE

APPENDIX I – FORMS

a. Sample of contribution acknowledgement

Any Romanian Orthodox Church
Address

January 15, 2008

Mr. & Mrs. John Doe
4325 Wooster Rd
Rocky River, Ohio 44116

Dear Mr. & Mrs. Doe:

It is that time of the year to send out contribution statements so that you will have a record of your contributions to Your Church for your income tax report. We do appreciate your generosity to the Parish over the past year and, on behalf of the entire Parish, I wish to thank you.

Our records show that you have contributed the following amounts for the period January 1 through December 31, 2007:

Date	Amount	Fund
1/5/07	\$100	Building Fund
4/8/07	\$200	Easter Donation
8/5/07	\$250	Stole Fees
12/25/07	\$50	Christmas Donation
12/29/07	\$100	General Fund
TOTAL	\$700	

This acknowledgement of your contribution is provided pursuant to section 170(f) (8) of the Internal Revenue Code. Your Church did not provide any goods or services in whole or in part in consideration for the above contribution. Only intangible religious benefits were provided. Please accept my sincere appreciation of your loyalty and commitment to our Parish.
Devotedly yours in Christ,

b. Collection report form

BUNA VESTIRE ROMANIAN ORTHODOX CATHEDRAL
 3300 WOOSTER RD
 ROCKY RIVER OH 44116-4180
 (440) 356-1126

COLLECTION REPORT

DATE: _____

	NAME	CHECK NR.	CANDELES	TRAYS	BUILDING FUND	MEMBERSHIP DUES	STOLE FEES	EASTER CHRISTMAS CAROLING	GENERAL FUND	LUNCHEONS REFRESHMENTS	HALL RENTAL	ALTAR SUPPLIES WINE	IMO	OTHERS	TOTAL AMOUNT
1															
2															
3															
4															
5															
6															
7															
8															
9															
10															
11															
12															
13															
14															
15															
16															
17															
18															
19															
20															
BUILDING FUND TOTAL:												RECEIPT NR:			
OPERATION FUND TOTAL:															

Fin. Secy/Trustee: _____

Treasurer: _____

c. Sample financial reports

Parish Name:

Address:

PERIOD ENDING:

BALANCE SHEET

ASSETS	ACCOUNT CODE	AMOUNT
Cash	11100	
Petty Cash	11110	
Interest-bearing funds	11120	
Building fund	11130	
Accounts receivable	11210	
Other	11300	
Plant assets	11400	
TOTAL ASSETS:		_____

LIABILITIES	ACCOUNT CODE	AMOUNT
Accounts Payable	21100	
Payable to Archdiocese: Assessment	21110	
Health Insurance	21120	
Property Liability	21130	
Payroll taxes	21200	
Accrued interest	21300	
Funds held in trust	22110	
Funds held for transmittal	23110	
Bonds Payable	24110	
Notes Payable – Other	24120	
Other	25110	

TOTAL LIABILITIES: _____

FUND BALANCE 30000

(Total Assets – Total Liabilities):

FUND BALANCE FROM PREVIOUS REPORTING PERIOD +

EXCESS (DEFICIT) OF RECEIPTS OVER EXPENDITURES +

FUND BALANCE SHOULD BE: = _____

INCOME STATEMENT

REVENUES	ACCOUNT CODE	AMOUNT
Sunday and holyday collections	41100	
Special collections	41110	
Building fund contributions	41120	
Other collections	41130	
Gifts, donations, bequests	41200	
Fundraising (net)	42100	
Interest/dividends	43100	
Rents	44100	
Other	45100	
TOTAL REVENUES:		

EXPENDITURES	ACCOUNT CODE	AMOUNT
Parish Priest services	51000	
Religious development	52000	
General and administrative	53000	
Social services	54000	
Plant operation and maintenance	55000	
Archdiocese assessment	56000	
Interest expense	57000	
Other	58000	
Sunday School	59000	

TOTAL EXPENDITURES: _____

EXCESS (DEFICIT) OF

REVENUES OVER EXPENDITURES: _____

Report prepared by

Explanation of Accounts

ASSETS

Cash: Parish checking accounts, including Ladies Auxiliary, Youth Organization. (if applicable)

Interest-Bearing Funds: Savings accounts, brokerage accounts, certificates of deposit, etc.

Building Fund: Checking account that may be used for funds used for construction projects.

Note: ALL bank and investment accounts must be included in one of the above categories!

Accounts Receivable: Any monies that are owed to your Parish. Example: loans owed to you by a mission or another Parish. *Interest receivable should also be included.

Other: Please specify what is included in this account. (You may make a note at the bottom of the page, or on the line beside the code.)

Plant Assets: The original cost, less depreciation, for buildings, furnishings, and vehicles. Land is also included but not depreciated.

LIABILITIES

Payroll Taxes: Any FICA, Medicare and federal taxes not yet sent to the IRS. This includes the Parish expense portion of the FICA, until it is sent to the IRS (this is also included in the expenditure "General and Administrative").

Accrued Interest: Imputed interest on all debt that has not been paid.

Funds Held in Trust: Ladies Auxiliary, Youth Organization, etc.

Funds Held for Transmittal: Second collections taken for outside charitable organizations that have not been sent to the beneficiary. Examples: Orthodox Charity, mission collections, national collections, disaster collections, etc.

Notes Payable: Intra-Archdiocese – loans that you owe to other Parishes or Archdiocese.

Notes Payable: Other – any monies that you owe to outside institutions, other than those specified. Examples: lease obligations, vehicle loans, lines of credit, etc.

Other: Please specify.

REVENUES

Special Collections: any collection taken for the benefit of the Parish. Example: debt reduction collection.

Building Fund Contributions: Contribution for building fund.

Subsidies: Monies received from other Parishes, Ladies Auxiliary, Youth Organization, etc.

Fundraising (Net): all revenues and expenditures should be included in this total.

Other: Other income. Please specify. (Detail must be provided.)

EXPENDITURES

Parish Priest Services: Any expense associated with the clergy and Parish house. Example: salary, house allowance, travel expense, stole fees, etc.

Religious Development: Youth program expenses, adult education expense, etc.

General and Administrative: Clerical salaries, FICA expense, medical insurance, telephone, office supplies, workers' compensation premiums, etc.

Social Services:

Social activities/hospitality, donations to other charities.

Plant Operations and Maintenance:

Utilities for church buildings, custodian salaries, property insurance, property taxes (if any), landscape services and general maintenance on buildings or equipment.

Archdiocese Assessment:

This should be the amount of your assessment for the quarter. It should also go into the liability "Payable to Archdiocese: Assessment" until it is paid. If you pay it all in the current quarter, then no entry needs to be made in the liability.

Interest Expense:

Interest paid on debt.

Other:

Please specify.

School Subsidies:

Direct subsidy to Parish school. Please attach the school financial.

d. Code of conduct for volunteers handling money or advising on financial matters

As a volunteer who handles money or advises in financial matters, I recognize the seriousness of my responsibility and faithfully promise to follow the relevant rules and guidelines of the Archdiocese and this Volunteer's Code of Conduct as a condition of my volunteer ministry at:

_____,
Name of Parish

_____,
Date

City

As a volunteer who handles money or advises in financial matters, I will:

- Act with honesty and integrity, avoiding actual or apparent conflicts of interest.
- Never borrow, steal or misuse any assets of the Parish.
- Never knowingly violate any relevant federal or state laws.
- Not perform tasks for which I do not have the skills or training to complete.
- Never reveal any sensitive financial information, including amounts of the contributions of fellow Parishioners, salaries, etc.
- Promote ethical behavior in the work environment.
- Never risk my life or the lives of others to protect money during a robbery.
- Report any actual or suspected financial wrongdoing to the Parish Priest, or other local authority as well as the Archdiocese office at (phone #)

In addition to the above, if I am a volunteer involved in the counting of the offertory, I have read, understand and will comply with the procedures contained in Item 5. Handling of Sunday Collection from page 6 as these procedures apply to my role.

Signature

Date

APPENDIX II

INTERNAL CONTROL QUESTIONNAIRE SELF-EVALUATION FORM

1) Is a bookkeeper employed? Full or Part Time?

Name: _____

2) If no bookkeeper is employed, who has the responsibility for recording transactions?

3) Who maintains the accounting records? _____

4) Does the Parish use an accounting software package? If yes, what software package?

5) Are there backup procedures for computer data?

6) Does the Parish Priest review financial records?

7) Are all of the following items paid up to date?

a. Worker's compensation

b. Property and casualty insurance

c. Loans

d. Priest's annual pension contribution

e. Assessments

f. Health insurance premiums

g. Payroll taxes

h. Payroll deductions

i. Vendor invoices/statements

8) Is an annual budget prepared? If yes, is it prepared before the new fiscal year begins?

9) Are monthly or quarterly financial statements prepared?

10) Do the reports compare actual numbers to budgeted numbers?

11) Are the reports reviewed by:

a. by the Parish Priest?

b. by the ?

12) Does the Parish file the following with the IRS?

a) Payroll Tax Form 941 (Quarterly)?

b) Form W-2 with Transmittal Form (W-3)?

c) Form 1099 – Miscellaneous Income with Transmittal Form (1096)?

13) Does the Parish have a Finance Committee? If yes, list all members of the Finance Committee:

Phone Number for Finance Committee President:

14) Have members of this committee reviewed the Archdiocesan Parish Financial Guidelines?

15) Is the Parish limited to only one OPERATING account? If not, list below the other open bank accounts used as operating accounts.

16) Identify below the name of all the authorized check signers

Parish School

Petty Cash

17) Is an imprest petty cash fund used?

18) If an imprest fund is used, is responsibility vested in one person only?

Name _____

What is the amount of the fund? _____

- 19) Are checks for reimbursements made out to the order of the custodian of the fund with the fund designation denoted on the face of the check?
- 20) Are receipts obtained for all petty cash disbursements?
- 21) Is the petty cash account listed on the Parish balance sheet?

Bank Reconciliations

- 22) Are all bank statements mailed to the Parish office?
- 23) Who opens the bank statements? _____
- 24) Who reviews cancelled checks?
- 25) Who performs the bank reconciliation?

- 26) Is the bank reconciliation prepared on a monthly basis?
- 27) Are bank reconciliations initialed and dated by the preparer?
- 28) Are bank reconciliations reviewed by someone other than the preparer?
- 29) Are bank reconciling items cleared on a timely basis?
- 30) Are cancelled checks and bank statements retained?
- 31) Does the Finance Committee review the bank reconciliations?

Receipts

- 32) Does a count team count the receipts from the offertory collection?
- 33) Are there 3 or more members of the count team?
- 34) Are count teams rotated?
If so how often? _____
- 35) Are count teams independent (no relatives, spouses, children, etc)?
- 36) Are count sheets prepared during the counting and signed by the counters?
- 37) Are count sheets subsequently reconciled to the deposit by a person other than individual making deposit?
- 38) Are receipts posted to a record kept of individual Parishioners/parents contributions/tuition?
- 39) Are Parishioner envelopes retained as support for subsequent review?
- 40) Do separate persons post envelopes and prepare deposit slips?
- 41) Are cash receipts posted to individual records by someone not having access to cash?
- 42) Is the record of contributions mailed or otherwise given to Parishioners?
If yes, how often? _____
- 43) Is appropriate documentation provided to contributors (IRS Publication 1771)?
- 44) Are cash receipts kept in a safe until deposited?
If no, how are they safeguarded?
- 45) How many people have access to the safe?

46) Who deposits cash in bank?

47) How often are receipts deposited in the bank?

48) Is a night depository used when necessary?

- 49) Are all receipts accompanied by a deposit slip which identifies:
 - a) Amount of deposit
 - b) Account to be credited as income
 - c) Date of deposit
 - d) Source of deposit
 - e) Signature of person verifying deposit
- 50) Are deposits made intact directly to the regular checking account?
- 51) Are differences between the actual amount deposited and the recorded deposits corrected by a separate entry?
- 52) Are cash receipts deposited on the first business day following services? If no, when are they deposited?

53) What other types of receipts are received?

54) Are all other receipts deposited daily? If no, how often are they deposited?

55) Is a record of cash or checks received through the mail kept by the person opening the mail and subsequently compared to the deposited funds?

56) Are checks restrictively endorsed (FOR DEPOSIT ONLY) when received?

57) Are NSF checks re-deposited on a separate deposit slip from other deposits?

58) Are amounts to be deposited to savings accounts first deposited to regular checking account?

Disbursements

59) Are all disbursements, other than from petty cash, made by check?

60) Is any special approval required for checks to be written?

61) Are all checks pre-numbered?

62) Is it a policy to NOT write checks to the order of CASH?

63) Is the signing of checks in advance prohibited?

64) Is the countersigning of checks in advance prohibited?

65) Is the bookkeeper prohibited from signing checks?

66) Are signature rubber stamps prohibited?

67) Are documents in support of all disbursements retained?

68) Do check signers review supporting documentation prior to signing?

69) Are VOIDED checks retained and accounted for?

70) Are interest and principal amounts separated on the ledger sheets for payments made on loans?

71) Is the account distribution indicated on the face of the invoice?

72) Are checks mailed by the check preparer?

73) Are receipts required in support of credit card purchases?

74) Are credit card statements reconciled to credit card receipts before payment?

Property, Plant, & Equipment (PP&E)

75) Are detailed inventory listings kept of the various units of PP&E in excess of \$1,500 (land, buildings, furnishings and equipment, all computer equipment) showing cost and date acquired, serial number (if applicable), and any other pertinent data?

76) Is there a list of property controlled by various organizations on file in the Parish office?

77) Is a list maintained of all persons who have keys/security codes to the premises?

78) When were keys/codes last changed?

79) Are these listings periodically revised as assets are added/purchased or deleted/sold?

80) What basis of valuation is used to record purchased assets?

_____ Cost _____ Fair Market Value _____ Appraisal _____ Other

81) List any vehicles owned by the Parish (include VID #):

82) Does the Parish/ lease any automobiles or other vehicles?

Other Assets

83) List all other investment assets owned by the Parish (e.g.: real estate, oil wells, limited partnerships, rental properties, etc)

Investment Cost Market Value _____

Liabilities

84) Are Parish - approved borrowings recorded on the balance sheet as a liability?

Payroll/Personnel Issues

85) Is the payroll prepared using:

a) Current Circular E information (Federal Income Tax and Social Security Withholding Information)

86) Are the following human resource/payroll related items maintained for each employee:

a. Salary history

b. Completed application form

c. IRS form W-4 stating exemptions or address changes

d. Employment Eligibility Verification Form (I-9) proof of citizenship

e. Vacation days, sick days, personal days

f. Salary rate, approved by the Parish Priest

- g. Signed waiver of refusing medical coverage by eligible employees
- 87) Are W-2's issued for each employee (including the Parish Priest) by January 31?
- 88) Are W-9's used?
- 89) Are 1099s issued for all non-employee persons paid over \$600 for the calendar year? This includes all non-incorporated contractors, consultants, musicians, visiting priests, etc.
- 90) Is the 941 Quarterly Federal Report prepared and taxes submitted on a timely basis.

Affiliated Activities

For Parishes with Bingo:

- 91) If Bingo is conducted, please answer the following questions. If no, go to question 99.
- a. How often is Bingo conducted? _____
 - b. Has a copy of state laws been made available to all members of the Parish Council and Bingo committee?
 - c. Is Bingo being held "on-site"?
 - d. Are quarterly reports submitted to the appropriate authority as required by law?
 - e. Is a separate checking account maintained for Bingo?
 - f. Are deposits made the first business day after the games?
 - g. Is the Bingo administered, conducted and promoted by volunteer personnel who receive no remuneration of any kind (even tuition)?
 - h. Is the Bingo account listed on the balance sheet?
 - i. What is the frequency of transfers of Bingo proceeds to the Parish general fund?

For Parishes with a Cemetery

- 92) If the Parish has a cemetery, please answer the following questions.
- a. Are cemetery records (perpetual care, lots, etc) maintained in the Parish office?
 - b. Are they maintained in a safe or locked fireproof cabinet?
 - c. Are there duplicate records stored at another location? If yes, where?

Other

- 93) Is there rental income received from any of the following sources:
- a. Rental of Parish hall?
 - b. Rental of buildings (apartments, houses, stores, offices, etc)?
 - c. Use of parking lot on weekdays or nights?
 - d. From a business activity that could also be carried on by a commercial establishment?
 - e. Advertising in the bulletin?
 - f. Are fundraising activities of all affiliated organizations reviewed by the finance council?
- 94) When mailing large quantities of mail, is a third class bulk mailing permit for non-profit organizations used by the Parish?

Preparer	Date
Parish Priest	Date