

DIOCESE OF SAVANAH

PARISH FINANCE

POLICIES, REGULATIONS & GUIDELINES



April 2003
(Revised January 12, 2009)

March 26, 2003

Dear Friends:

The language of stewardship has become rather common in many of the parishes and institutions of our Diocese. Normally, it relates to how we take care of the time, talent and treasure that has been given to us by God.

This booklet pertains exclusively to the stewardship of treasure. One of the essential aspects of good stewardship is accountability.

The purpose of this pamphlet is to provide procedures and guidelines for our parishes and institutions that must be followed by all who in any way are responsible for the guardianship of God's gifts to His Church. These gifts come to the church from God's people. They have a rightful expectation that they will be taken care of properly and used only for the benefit of the Lord's kingdom.

This booklet is by no means perfect, but it is an attempt to collate within one volume procedures and guidelines, which when followed in the proper spirit will help all of us to be good stewards. It will be mailed to pastors, administrators and finance chairpersons and all others who are in any way responsible for the proper care of the temporal goods of the Church. These procedures and guidelines have been approved by the Diocesan Finance Council, and they also have been shared with the Presbyteral Council. You are encouraged and requested to suggest any modifications and submit them in writing to our Finance Office.

The original guidelines went into effect on April 1, 2002 (Easter Monday). This second edition has some new guidelines and modifications. These go into effect on April 21, 2003.

Thank you for your help and cooperation in this undertaking. These procedures will assist us to be better stewards. Blessings to you and the work that you do on behalf of the Diocese.

Sincerely yours in Christ,

+J. Kevin Boland

J. Kevin Boland
Bishop of Savannah

PARISH FINANCE COMMITTEE

- I. **Policy:** Every parish must have a Parish Finance Committee. Established by the universal law of the church, the Parish Finance Committee is regulated by the norms of the Code of Canon Law (C.537) as well as by those issued by the diocesan Bishop. The Committee is a consultative body, advisory to the Pastor in his role as administrator of the temporal goods of the parish.

In major financial matters, the Pastor may act only after having consulted the Parish Finance Committee. Their recommendation shall be given great weight in making decisions. If the Pastor acts contrary to the will of the Parish Finance Committee, he must show cause as to why he did so.

The names of the Parish Finance Committee members shall be made known to the parishioners and a means of contacting them shall be publicized. The name of the chairperson is to be submitted to the Diocese every September.

- II. **Membership:** The Parish Finance Committee shall consist of members of the parish. They shall be in full communion with the church and members of the parish they are to serve.

The Parish Finance Committee shall consist of at least three and not more than seven members. Persons are to be selected for their expertise in financial matters, banking, accounting, and other business skills.

The Pastor is an ex-officio member of the Parish Finance Committee. No parish staff person, paid or volunteer may serve on the Parish Finance Committee. Also excluded from the Parish Finance Committee are those persons related to the Pastor. Parish administrative staff persons shall serve as staff to the Parish Finance Committee.

- III. **Terms:** Members of the Parish Finance Committee are to have staggered terms of three years, after which they may be re-appointed for additional three-year terms.
- IV. **Removal:** For a just cause, the Pastor may remove a member of the Parish Finance Committee from office. Should a Parish Finance Committee member be removed, resign, or leave the parish, the Pastor shall appoint another person to complete the unexpired term.

V. Responsibilities: The Parish Finance Committee:

- a) Shall see that proper financial records are maintained for all parish assets and liabilities, revenues and expenses;
- b) shall assist the Pastor in developing a balanced parish budget for each fiscal year based on the priorities and goals set by the Parish Pastoral Council and approved by him;
- c) shall monitor the finances of the parish by reviewing at least quarterly comparisons of actual revenues and expenditures with the budget;
- d) shall assist the Pastor in compiling an annual report of the parish's finances in accordance with the reporting method designated by the Diocese;
- e) shall arrange for the publication to the parish of the annual report of the parish's financial status, which shall include all assets and liabilities and all revenues and expenditures. It is also recommended that the weekly offertory and special collections for the previous week, together with the comparable totals for the previous year, be published in the weekly bulletin.
- f) shall review the internal accounting controls over the parish's financial operations and shall review the books and records of the parish so that it is assured that such are properly maintained;
- g) shall exercise oversight over all parish investments and all finances relating to the parish;
- h) shall advise the Pastor regarding all transactions in excess of \$5,000.00;
- i) shall assist the Pastor with any such other financial matters, as the Pastor deems appropriate.

VI. Meetings: The Parish Finance Committee shall meet at least quarterly. The Pastor may call special meetings, when appropriate. Written minutes of actions and recommendations shall be maintained.

PARISH FINANCIAL POLICIES

- I. **Policy:** The final responsibility for all parish financial transactions rests with the Pastor. He may delegate the authority but not the responsibility. The Parish Finance Committee is a valuable asset in the fulfillment of this responsibility and shall be included in the overall administration.

- II. **Bank Accounts:** All parish bank accounts must contain the full name of the parish including the word "Catholic". If the parish has a school, a separate bank account shall be set up in the full name of the school including the word "Catholic".

Signatories shall include the Pastor, Parochial Vicar(s), Principal, Business Manager, or other appropriate individuals. Two signatures shall be required on all expenditures in excess of \$5,000.00 and in those situations where the Pastor or Principal is not available to sign. Parishes may wish to set a lower limit.

The bank statements shall be mailed directly to the Pastor or Principal. All bank accounts are to be reconciled on a monthly basis by someone other than the individual responsible for cash receipts and disbursements. The Pastor or principal of the school shall review the monthly reconciliation and follow up on any unusual items.

Outstanding checks must be reviewed each month, and any outstanding check over 90 days investigated. A call to the vendor or person to whom the check was made payable would determine why the check was not cashed/deposited. The check can then be voided or reissued with a stop payment placed on the original check.

- III. **Receipts:** Each parish shall have a written process for counting and verification of Sunday, Holyday, and other special collections, other miscellaneous receipts and the posting of receipts. The following is a suggested guideline.

The offertory collection from the time of collection to the time of counting shall never be left at any time in the presence or control of one individual. To implement this principle, the following procedures shall be followed:

- a) The ushers place the collection in a single basket and present it as part of the Presentation of Gifts.

- b) Immediately following the end of each Mass, two people shall take the collection to a designated location and place all the contents in a secure bag. The bag is then placed in a safe or other secure container in such a manner that **no single individual** has access to it from that point onward until it is ready for counting.
- c) When the counting is to begin, the collection is removed by two persons from its place of security and brought directly to the money counters.
- d) Normally, there shall be at least two count teams of three people each, depending on the size of the parish. The count teams shall periodically rotate from Mass to Mass.
- e) The money counters are responsible for counting the funds. The funds shall be counted twice by two separate individuals. The results of the counts shall be recorded on a "Collection Record" form signed by the counters. From this form, the deposit slip, in duplicate, is prepared.
- f) A copy of the deposit slip shall be given to the bookkeeper or someone independent of the counting process and the other copy given to the person responsible for making the deposit at the bank. The deposit receipt stamped by the bank shall be attached to the Collection Record and retained for record keeping purposes.
- g) The posting of the deposit shall be made to the accounting records once the deposit has been made and the amount verified.
- h) The parish bookkeeper or individual responsible for the record keeping function shall not be involved in the counting of these funds.

Confidentiality: Each parish must maintain a record of the Sunday/Holy Day contributions from its parishioners in a manner that maintains confidentiality yet allows for regular accounting to each member for his/her contribution.

Accountability: At the end of each calendar year a statement shall be provided to each parishioner of their total contributions for the period. Someone other than the person responsible for posting the individual contributions to the parishioners account should reconcile all questions regarding the amount reported on the annual contribution statement.

If monies are given to the parish for a specific purpose they are to be used only for that purpose. Written statement of intent is required from the Donor.

- IV. **Expenditures:** Each parish must have a written process for the authorization and payment of expenditures. The following is a suggested guideline.
- a) Only those authorized by the Pastor or his designee may commit the parish to a financial expenditure.
 - b) Unless the Pastor has granted specific approval, no expenditure shall be made unless it has been anticipated as part of the budgeting process.
 - c) No payment shall be made without an invoice or written request approved by the Pastor or his designee, and evidence that the goods or services have been received.
 - d) All disbursements shall be made with pre- numbered checks. All payments are to be posted to the account designated by the person authorizing the expenditure.
 - e) Checks are to be signed by the Pastor or his designee, not by the bookkeeper or person preparing the check or any other person who has access to the accounting records. It is the responsibility of the check signer to determine that there is appropriate supporting documentation for each disbursement.
 - f) Under no circumstances shall a check be made payable to "Cash".
 - g) Once a bill is paid, all supporting documents shall be canceled or marked "paid".
 - h) All checks shall be mailed promptly and directly to the payee. They shall not be returned to the individual requesting or authorizing the payment.
 - i) If a mistake is made when preparing a check, the check shall be voided before preparing a new one. The voided check shall be altered to prevent its use, and retained to make sure all pre-numbered checks are accounted for.
 - j) A second authorized signer shall countersign all checks in the amount of \$5,000.00 or more. Parishes with few staff members may request the signature of the chairperson of the Parish Finance Committee. Parishes may consider setting a lower limit.
 - k) Under current policy, expenditures of \$5,000 or more for construction, maintenance or purchases require advance approval from the Pastoral Center coupled with the contract signed by the Bishop.

There is a variable approval structure with minimum and maximum amounts based on the financial resources of the parish. The minimum level is \$5,000 with a not-to-exceed maximum of \$20,000 depending on the available parish resources. Any capital project costing less than \$5,000 can be undertaken by the parish without approval from the Pastoral Center provided funds are available from local parish resources. Financing for such a project will not be made by the Pastoral Center to the parish. In addition, the project must be reported as part of the monthly and annual financial accounting to the Diocese.

Since larger parishes have more available resources, the minimum of \$5,000 may be increased to 3% of Offertory income not to exceed \$20,000. In other words, if a parish has \$500,000 of Offertory income, the approval limit for that parish is \$15,000. Any project in excess of this amount will require Diocesan approval. Any project less than this amount may be undertaken by the parish without approval from the Diocese provided the funds are available from current parish resources. Again, the Pastoral Center will not provide financing for such projects and requires reporting of such expenditures as part of the monthly and annual reports.

The maximum limit for which a parish may not need approval from the Diocese is \$20,000. All projects in excess of \$20,000 will require Diocesan review and approval as well as contract signing by the Bishop prior to the commencement of the construction activity.

- V) **Payroll:** Each parish must have a written process for authorization and payment of payroll expenditures. The following is a suggested guideline.
- a) A personnel file shall be maintained for each employee. Included in this file will be all employment information, such as the application for employment, the offer Letter of Employment, performance reviews, salary changes, job responsibilities, benefit information, etc. Legal forms including I-9 forms and attachment, W-4, and G-4 for income tax withholding instruction shall be retained in this file.
 - b) Salary level for lay employees will be based on the job requirements, level of responsibilities, education, experience, and other factors, as appropriate. Compensation will be calculated based on the agreed upon amount subject to federal and state overtime provisions. Benefits provided to employees will be in accordance with the benefits program as provided by the Diocese.
 - c) A record of all time off, including but not limited to, vacation, sick, jury duty, family leave, late reports, unexcused absences, etc. must be maintained.

- d) If the employee's pay is based on hours worked, a time sheet or similar record shall be the basis for the calculation of gross pay. If the employee is salaried, no time record is required; however, a record of absences as noted above shall be maintained.
- e) Someone other than an authorized check signer shall make the calculation of the payroll.
- f) All appropriate deductions, both legal and Diocesan must be made. This would include federal and state income tax withholding, Social Security, Medicare, and other benefits deductions.
- g) All tax returns for federal and state tax purposes must be filed on a timely basis and the required tax payment made. W-2 statements shall be prepared and submitted to employees no later than January 31st of the following year.
- h) Census information for retirement benefit purposes will be submitted to the Employee Services Office of the Catholic Pastoral Center no later than January 31st of the following year.
- i) Compensation for lay employees shall be negotiated on an individual basis except for benefits. Benefits shall be provided as published by the Catholic Pastoral Center with appropriate deviation based on local parish needs. Such benefits may include, but are not limited to: health care, retirement, long-term disability, life insurance, vacation and sickness time, holidays, continuing education, and all federal and state legally required benefits. A minimum number of working hours are required to participate in certain benefit programs. A copy of the complete benefits program is published by the Catholic Pastoral Center and shall be given to each employee at the time of employment or as updated.

VI) **Parish Savings Account:** It is recommended that excess parish funds be placed on deposit in the Catholic Pastoral Center's Savings and Loan Fund. Funds on deposit with the Catholic Pastoral Center belong to the Parish and are available for withdrawal at the request of the Pastor.

If excess parish funds are invested elsewhere, the parish should develop a written investment policy using the following guidelines:

- a. The investment policy must reflect a degree of conservatism. The investment policy shall guard against placing funds in volatile or high-risk type investments. This may include certain types of stocks and mutual funds as well as real estate. Low risk type investments include money market funds, certificates of deposit, and savings accounts.

- b. The Parish investment policy must take into consideration the socially responsible aspects of investing, that is, consistency with the teachings of the Church.
 - c. Gifts of real estate or other real property shall not be accepted without first contacting the Catholic Pastoral Center.
 - d. A parish shall have an Investment Committee formed from the Parish Finance Committee to develop and implement the policy as well as advise the Pastor on appropriate financial instruments
 - e. If a parish or institution has a portfolio, a copy shall be submitted to the Finance Office as part of the annual report.
 - f. Three months' notice must be given for a request to withdraw a sum of \$150,000 or more from savings on deposit with the Diocese.
- VII) **Loans:** In no event will parish funds be loaned to either employees or members of the parish.

PARISH FINANCIAL PLANNING

- I. **Policy:** Every Parish shall prepare a one-year budget and a three-year financial plan. The format to be used will be the annual report form filed with the Catholic Pastoral Center modified to meet local parish needs. The budget is to be completed at least 30 days prior to the commencement of the new fiscal year. A copy of the budget shall be forwarded to the Catholic Pastoral Center.

It is the responsibility of the Parish Finance Committee working with the Parish Pastoral Council and School Board, if appropriate, to prepare the parish financial budget and plan.

The following is suggested procedure to be used for the preparation of the one-year budget and three-year plan.

- a. The Parish Pastoral Council shall identify the Parish needs and priorities within its mission statement. This shall be done in consultation with the Pastor and other parish ministries and staff.
- b. Current parish programs shall be evaluated for continuation or terminations.
- c. New parish programs shall be identified.

- d. The parish assets, both human and financial, shall be identified and evaluated.
- e. Priorities shall be set as to what can be done and when and how they shall be done.
- f. The Parish Pastoral Council shall approve the priorities.
- g. The Parish Finance Committee shall prepare the one-year budget and three-year plan in accordance with the Parish Council's directives. A capital budget, if necessary, shall also be prepared.
- h. If expenses exceed projected revenues priorities shall be re-evaluated and the process shall be repeated.
- i. Once the final budget is approved, it shall be communicated to the Parish Community.

The above is only a suggested Parish budget/planning process. It provides the parish an opportunity to evaluate its mission and the attainment of goals.

PARISH FINANCIAL REPORTING

I. Diocesan Financial Reporting:

Monthly and Year-to-Date Reporting: A monthly and year to date financial report of all assets and liabilities and all revenues and expenditures shall be prepared in the format suggested by the Pastoral Center. The Pastor and the Parish Finance Committee chairperson shall review this report. All significant deviations shall be examined and explained. A report shall be sent to the Catholic Pastoral Center no later than the 25th of the month following the end of the reporting period.

Year End Financial Reporting: At the end of each fiscal year, a year-end financial report shall be prepared and submitted to the Catholic Pastoral Center no later than the 10th of the second month following the close of the fiscal year.

This report shall be in the format prescribed by the Catholic Pastoral Center and will be subject to review and audit by the Catholic Pastoral Center or a Certified Public Accounting firm, as appropriate.

The Pastor, the person preparing the report, and the Chairperson of the Parish Finance Committee must sign the reports at least once quarterly.

II. Parish Annual Financial Reporting:

Annual Parish Financial Report: A report of the Parish's financial conditions shall be published in the Parish Bulletin during the month of September following the end of the fiscal year. The report will be in the format deemed most appropriate by the Parish Finance Committee and the Parish Council. It shall include a comparison of the year's actual financial results to the budget. All assets, including all bank account balances and investments balances shall be included in the report. A copy of the published report shall be sent to the Catholic Pastoral Center's Finance Office.

Endowment or Trust Funds: If a parish administers endowment funds for a trust account, a full report of their nature and purpose shall be submitted to the Diocesan Finance Office of the Pastoral Center. An annual report of the financial status should be prepared annually and shared with the Diocese and Parish. No parish or institution can set up an endowment or trust fund without the specific permission of the Bishop of the Diocese.

Interim Financial Report: An interim financial report on the status of the Parish financial condition shall be made to the Parish Community as deemed appropriate by the Parish.

Audits: A financial audit may be required at the Bishop's discretion.