

Parish Internal Controls

Because the primary revenues of any parish are the weekend collections, it is vital that they are properly accounted for and safeguarded. The diocese follows the procedures and guidelines recommended by the United States Conference of Catholic Bishops for internal accounting control.

With the varying sizes of parishes and missions in the diocese, it may be difficult to implement all the recommended procedures. It is the pastor's responsibility, with assistance from parish staff, to prepare cash management procedures to present to the Finance Council if recommended procedures cannot be followed. It is important that parishes follow guidelines and procedures as closely as possible.

Guidelines for Cash Receipts

Collecting the Offertory

1. The ushers are normally responsible for taking up the collection. At least two adults should be involved in the collection process.
2. Immediately after Mass, the ushers are to retrieve the collection and take it to the designated secure area (on church property) to count or store until the count can be made. If the count is not completed at this time, the collection should be placed in a locked safe, fire file, or other controlled access location on church property.

Counting and Depositing the Offertory

1. The offertory collection should be counted by a rotating team of at least two unrelated adults (preferably the ushers). If related individuals count together, a third, unrelated individual must also be involved in the count.
2. A tally sheet is to be prepared, signed (or initialed) by the counters, and retained by bookkeeping as part of the church financial records.
3. All checks should be restrictively endorsed "For Deposit Only" at the time the church envelopes are opened.
4. A deposit with all funds intact should be prepared upon completion of the count and the deposit taken to the bank as soon as possible. Serialized tamperproof bags should always be used to transport the collection to the bank. Bank night deposits should be made for deposits required outside of normal banking hours. If the deposit cannot be made immediately it should be returned to a secure locked location until it can be deposited. A copy of the deposit ticket, also showing the serial number on the tamperproof bag used for the deposit, along with the tally sheet is to be forwarded to bookkeeping.
5. The bookkeeper should verify the deposit and match it to the tally sheet when posting the accounting records of the parish.
6. The parishioner contribution records should be posted within the week of contribution.
7. Funds for national/diocese collections should be paid to the diocese 30-60 days after the collection date.

Opening Mail

The pastor should be aware of the possibility of cash donations and/or gifts coming through the mail. Unopened, incoming mail should be regularly monitored by the pastor to determine whether cash or checks are received. Two people should open mail together. When funds do arrive in the mail a deposit should be prepared and initialed by those opening the mail.

Guidelines for Banking

Bank Accounts

1. The pastor is the secretary of the parish corporation and is the only corporate officer authorized to open a bank account in the parish name. A pastor should get approval from the Bishop, as president of the parish corporation, to open a new parish bank account. All banks must be provided with a corporate bank resolution when an account is opened or closed.
2. All parish bank accounts must be in the name of the parish, must use the official parish mailing address, and must use the parish Federal Employer Identification Number (EIN). If the accounts are for special funds, organizations, or events, then that name may be added to the parish name on the account. However, no individual person's name (including the pastor's) should appear on the account.
3. All bank statements are to be mailed to the official parish address. Statements are not to be picked up at the bank or mailed to individual households. These statements are legal corporate records of the parish, and the parish must maintain control of its corporate records. Individuals responsible for reconciling or managing various parish organizations may be granted copies of the records by the pastor.
4. The pastor, the Bishop and Vicar General, acting as the respective parish corporation secretary, president and parish vice-president, must be authorized signers on all accounts. Requests for additional check signers must be approved by the Bishop utilizing the process outlined in the Canonical Manual.
5. Synod 252 requires parishes to deposit excess funds with the Parish Expansion Fund. Parishes are also encouraged to invest long-term funds and endowment funds with the Catholic Foundation of Western North Dakota. The parish does not have the authority to issue a mortgage or encumber the property of the parish. Therefore, the parish can only obtain a loan following the Procedures of the Parish Expansion Fund Loan Policy.
6. All bank account deposit tickets and blank check stock should be maintained on parish property in a secure controlled access area in a locked safe, fire file or comparable secure device. The only exception to this guideline is in the case of small dollar amount accounts maintained for parish organizations or activities that the pastor has authorized an individual volunteer to maintain off site.

Guidelines for Cash Disbursements

Parish Bills

1. All parish bills should be paid through the checking account with rare exception for small amounts that may be paid via a petty cash account. Auto payments should be minimized but can be used for specific monthly billings for such items as utility bills and health care premiums. Using bill payment systems through financial institutions is not recommended and if a parish is considering using a banking bill payment system it must submit a request which must include the parish's internal control process method.
2. Invoices should be marked "Paid" when paid. This can be done by writing the check number and date on the invoice.
3. Checks presented for signing should be accompanied by adequate documentation (original invoice and evidence the goods/services were received). The documentation should be initialed for approval by the pastor.
4. All checks should be mailed promptly to the payee.
5. Should a check need to be voided for any reason, the signature block must be cut off the check, the check labeled "VOID", and the voided check retained with the checkbook.
6. The pastor may acquire a parish (corporate) credit card from the bank that may be used for authorized purchases. Credit cards should not be used as a general method to pay parish bills and no personal expenses are to be made with the parish credit card. All charge receipts must meet internal control standards and IRS requirements and must be provided to the parish bookkeeper (usually within 30 days). A parish debit card should never be used.
7. Checks paid by the parish should be available to the Finance Council for review on a monthly basis along with a Receipts and Disbursements Financial Statement. The parish council must conduct a financial review of the parish accounts and submit the signed Parish Financial Review Verification form each year along with their other annual reports to the diocese (Synod 254). The pastor, with the assistance of his Finance Council, should prepare and approve the parish budget; however, overall budget responsibility remains with the pastor.

Petty Cash

The parish may use a petty cash account to pay for small incidental items purchased for the church. One person should be responsible for the petty cash. Upon presentation of receipts that explain the use of the cash, a check can be written to replenish the account. Petty cash accounts should be reconciled and replenished on a monthly basis.

Guidelines for Payroll and Tax Reporting

Pastor Compensation

1. Parish payroll may be paid semi-monthly or monthly. Pastors traditionally are paid monthly.
2. The pastor's total compensation is reported on Form W-2 in Box 1. Typically, no Federal Income Tax or Social Security is withheld from the pastor's compensation. He may, however, elect to have a specified amount for federal income tax withheld. The pastor is responsible for reporting and paying those taxes quarterly.
3. The parish must maintain Mass stipend dedicated account and must process Mass stipends payments to their priests through their parish payroll (Synod 268-279).
4. The fair market value of housing for parish priests is communicated each year by the Bishop (Synod 259).

Payroll Reports and Other Forms

1. The parish must file quarterly payroll report Form 941 for the pastor's compensation and any other employees paid by the parish. The parish must also timely pay all government employer FICA and social security obligations and employee FICA, social security, and income tax withholdings.
2. The parish must have an I-9 form and a current W-4 form in their payroll records for every current employee, even if the only employees are the pastor and the bookkeeper (Synod 267).
3. Each January, for the prior calendar year, the parish must prepare and distribute W-2 forms for all employees and distribute transmittals (within the dates defined by each governmental agency) to the Social Security Administration and North Dakota Tax Department.
4. If the parish has paid \$600 or more to an individual(s) or unincorporated vendors for rents or services (snow removal, lawn care, janitorial, maintenance, etc.), then the parish must prepare a form 1099MISC. and report that payment to the IRS and North Dakota Tax Department and provide a copy of the 1099 to those respective individual(s) and unincorporated vendors.
5. The parish is not subject to state or federal unemployment; therefore, it has nothing to file in that regard.
6. Parishes contract with the diocese or diocese approved contractor for parish payroll services. The payroll services include submitting timely 401k payroll reports to the plan administrator and payments to the 401k plan administrator for all eligible employees. The parish is responsible for maintaining the accuracy of employee information, the accuracy of the payroll information, and the accuracy of employee and employer 401K contributions.
7. Parishes of the diocese are required by the Affordable Health Care Act (ACA) to offer quality, affordable coverage to workers or pay a penalty. Parishes must be compliant with ACA reporting requirements by providing 1095-C and 1095-B reports to all full-time employees and 1094-C and 1094-B reports to the Internal Revenue Service. The diocese assists parishes to be compliant, however the accuracy of the reporting is the responsibility of each parish.