

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. 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 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. All banks must be provided with a corporate 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 Identification Number. 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 at all times. Individuals responsible for reconciling or managing various parish organizations may be granted control of the records by the pastor, thereby exempting them from this guideline.
4. The pastor must be an authorized signer on all accounts since he is the only corporate officer located at the parish. Requests for additional check signers must be approved by the Bishop utilizing the process outlined in the Canonical Manual.
5. The parish is required by diocese policy to deposit excess funds with the Expansion Fund of the Diocese. (These deposits may be self-directed by the parish to be invested in accounts with the local bank.) Therefore, the parish should not have any stock funds or other investment accounts other than short-terms bank certificates of deposit. The parish does not have the authority to issue a mortgage or encumber the property of the parish in any way. Therefore, the parish can only obtain a loan following the Procedures of the 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.
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. 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).
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 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. If the parish has a parish credit card, the petty cash account normally is not needed.

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 and stole fee dedicated accounts and must process Mass stipends and stole fees payments to their priests through their parish payroll following the policy in the Canonical Manual.
4. The fair market value of housing for parish priests is subject to social security. The Corporate Board should establish and annually review the fair market value of housing provided. The value should be documented in the corporate minutes.

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, and 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.
3. Each January, for the prior calendar year, the parish must prepare and distribute W-2 forms for all employees and also 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 are required to submit timely 401k payroll reports and payments to the 401k plan administrator for all eligible employees.
7. A large percentage of parishes are not subject to Affordable Health Care Act (ACA) reporting requirements or the employer mandate to provide health care coverage because they have fewer than 50 full-time equivalent employees. However, in 2015, reporting requirements begin to phase in for those remaining parishes that are required to offer quality, affordable coverage to workers or pay a penalty.