

**Diocese of Camden
Policies and Procedures
Temporal Services**

Office of Financial Services

Subject: Cash Controls for Parishes
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14.05.01.1 - Parish Operating Accounts

Each parish is required to have an operating cash account. The operating account is to be used as the primary account for recording receipts and disbursements. It is also recommended that each parish maintain a payroll checking account. The payroll account is to be used for the payment of all payroll related items. Other accounts may be opened with the permission of the Bishop or Vicar General.

All parish cash accounts (with the exception of the Mass Stipend account) must be recorded in the general ledger in ConnectNow so that monthly financial reports are complete. If a parish utilizes additional cash accounts, a separate general ledger account should be used for each. Organization accounts such as Altar and Rosary account or fundraising accounts such as a Ways and Means account must be included on the general ledger and these accounts must be reported on the supplementary schedule included in the diocesan year end reporting package. (See attached supplementary schedule “Bank, Brokerage, Investment and Revolving Fund Accounts”).

The Pastor/Administrator must be an authorized signor for all accounts using the parish tax identification number. If the Pastor chooses not to sign organization or fundraising accounts then the account must have two additional authorized signors. The two additional signors must sign as dual signatories. Bank statements are to be sent to the parish address and be opened, reviewed, initialed and dated by the Pastor. The Pastor will then forward to the appropriate person for reconciliation. Accounts are to be reconciled monthly and maintained by the Parish Business Manager or Bookkeeper for review and safekeeping.

A parish may not maintain balances in excess of one month's need. In general, one month's operating need may be calculated by dividing reported annual expense (excluding capital expenditures) by twelve. Excess of one month's need must be transferred to the parish revolving fund savings account at the Diocese.

14.05.01.2 – Capital Campaign Accounts

All Capital Campaigns must be approved by the Bishop under the advisement of the College of Consultors and the Office of Development. Once a capital campaign has been approved all revenue received should be recorded in general ledger account 4975.950.00P (Capital Campaign Revenue). A separate cash account may be opened for temporary deposit of campaign receipts; however, amounts in excess of \$25,000 must be transferred to a separate revolving fund account at the Diocese. Details of all capital campaigns must be reported on the supplementary schedule included in the parish year-end reporting package. (See attached supplementary schedule entitled "Capital Campaign").

14.05.01.3 – Cash Collections

Diocesan Statute 234 states, "During the celebration of Mass there may be no more than two collections. If a special collection has been ordered it is to be the second of those two collections. No exception is allowed in this regard."

All funds received by the parish, whether in the form of cash or check must be deposited in the parish operating account and recorded on the books of the parish in the appropriate general ledger income account. (See Chart of Accounts for Parishes).

There should be no un-deposited funds. All fundraising, activities or organizational receipts should be deposited intact into the parish operating account or if utilized into a separate bank account, (i.e. Bingo, Ways and Means, etc.), before payment of any expenses.

14.05.01.4 – National/Special Collections

All National and Special collections should be taken up and remitted to the Diocese in their entirety within four weeks after the date assigned for the collection as defined by Diocesan Statute 233.2.

14.05.01.5 – Other Collections

Unless otherwise listed as revenue account in the Parish Chart of Accounts, all collections must be reported as ordinary income. Collections identified as debt reduction, capital campaign, seasonal utility, diocesan assessment are to be recorded in ordinary income unless permission has been obtained from the Bishop.

14.05.01.6 – Counting Cash

Cash counts should be conducted on the same day collected. If this is not feasible, the donations must be secured in a locked, preferable fireproof safe, until the count process is performed.

Offertory collections should be kept in locking bank bags from the time it leaves the sacristy until it gets deposited in the bank. Mass ushers have responsibility for collections at mass and are therefore responsible for placing the collection proceeds in the secured bag and transporting bags to the count area. A parish safe is to be locked at all times when Mass offerings or other cash proceeds are stored. Access to the parish safe should be restricted to the pastor and/or individuals designated by the pastor.

All offertory income should be counted by mass and deposited in the parish operating account at the bank as soon as possible after the count takes place but no later than the day following the weekend collections. All checks should be restrictively endorsed “for deposit only” during the counting process.

All offertory collections must be deposited intact at the bank. No amounts are to be removed from the collection for petty cash or expense need.

Mass collections should be counted by alternating teams (at least two counters) of counters who record their counts on a weekly “Collection Summary Form” as prescribed by the Diocese (See Exhibit A). All counters should be trained in the correct method of completing the Collection Summary Form to ensure that the on-going counting, classification and recording of the Parish Mass offerings and revenue are accurate. At the completion of the counts, a count team member should complete the bank deposit slip, initial it, and ensure that it agrees with the appropriate total on the Collection Summary Form. A separate deposit slip should be prepared for each mass.

The dollar amount counted and recorded should be re-verified prior to deposit to avoid bank adjustments.

It is recommended that team members be alternated for added control. For parishes that do not have sufficient volunteer teams, counts should always be counted by at least two individuals. Parish bookkeepers should not be members of parish count teams. Counting should take place in a secure room and should be supervised by the Pastor, Associate Pastor or Business Manager, none of whom should be counters. All cash and/or checks received during mass must be recorded on the weekly “Collection Summary Form”.

Completed Collection Summary Forms are to be matched and stapled to each returned validated bank deposit slip, for use during the monthly bank reconciliation process and included with the reconciled bank statement for the Pastor’s monthly review.

14.05.01.7 – Bank Deposits

For safety reasons, deposits from mass collections should be brought to the bank with an escort. The time and route taken to the bank should vary each week. When using a night deposit the following procedures should be followed:

- The money collected from each mass is to be counted and a deposit slip prepared by a member of the count team.
- The Pastor, Associate Pastor or Business Manager should supervise the process.
- Each individual deposit should be held together by an elastic band and placed into a locked bank bag.
- If multiple bags are needed, a listing should be maintained detailing the amount/type of deposit in each individual bag.
- If the drop box at the bank is not working properly (i.e. the lock is not working or the bag is not dropping down the box) no further deposits are to be made. The bag should be returned to the parish and secured until deposit can be made. If a bank bag from a previous customer is found in the drop box, the police are to be notified immediately.
- Keys to the bank bag and the night deposit box are to be stored in a secure place with limited access.
- All receipted deposit slips must be maintained for use by the bookkeeper during monthly bank Reconcilement.
- All deposits are to be made in total. No withholding for payment of services and/or household provision is permitted.

In situations where cash is generated from special events, similar controls should be employed.

14.05.01.8 – Parishioner's Contributions

Each parish should track all contributions received from parishioners for year-end tax reporting, and provide a statement to the parishioner upon request. Most parishes utilize numerical envelope systems to record donations, which may be maintained by the parish or third party vendor. Regardless of how the envelope system is managed, the Parish has the option of determining if contribution statements should be sent to all parishioners or only upon specific request. If the parish utilizes a third party vendor, the parish must specify in the contractual agreement if year-end contribution statements will be mailed to all parishioners.

The contribution confirmation for the calendar year should include the Parish's name and address, the parishioner's name and address, the tax year and the contribution amount. The statement should be issued on parish stationary.

The Internal Revenue Service disallows a deduction for any contribution of \$250 or more unless the donor received written substantiation from the parish. The substantiation statement must indicate the amount of each contribution of \$250, and either the value of goods or services provided to the donor or a statement that no goods or services have been provided to the donor. Separate payments are treated as separate contributions and are not aggregated for the \$250 substantiation requirement. As such, separate monthly contributions of \$50 each, aggregating \$600 for a calendar year, do not require any written substantiation from the parish under the IRS code. It is recommended that the written substantiation of each gift of \$250 or more be issued to the donor at the time of the acceptance of each gift rather than for a full calendar year.

14.05.01.9 – Other Gifts/Payments

On occasion, the parish will receive gifts and donations at other than Mass celebrations. These gifts may be received in the mail or delivered in person. In addition, the parish will receive payments for services provided such as baptisms, weddings, and funerals. These payments should be made by check and made payable to the parish rather than to an individual and recorded in the appropriate general ledger account. Payments made for use of parish facilities should be recorded as Rental Income.

14.05.01.10 – Petty Cash

All petty cash must be maintained on an imprest basis, which means that at all times the total of petty cash and vouchers must equal the petty cash fund amount. **Parish petty cash funds should not be more than \$100.** A petty cash voucher system should be utilized whereby pre-numbered vouchers are used to pay out petty cash in exchange for receipts of purchase. The petty cash fund must be stored in a lockable cash box or drawer, preferably stored in a safe/vault or locked filing cabinet. Petty cash funds should be reconciled on at least a monthly basis, preferably when the fund is replenished. Cash advances from a petty cash fund should be prohibited. The petty cash fund should be limited to “business purposes” only with limited access to staff except for the petty cash custodian.

14.05.01.11 – Mass Stipends

All mass stipends received should be deposited in a separate mass stipend account. The balance of the account should at least be equal to the number of mass obligations to be fulfilled by the parish. A special book should be maintained to accurately record the number, intention and the offering of the announced mass to be celebrated as required by Canon 958 and Diocesan Statute 115.1. The Mass Stipend account is not to be on the ConnectNow system.

14.05.01.12 – Bank Reconciliation

All bank accounts maintained by the parish should be reconciled to the respective bank statement on a monthly basis. Bank reconciliation procedures should include the following:

- Review and investigation of all outstanding checks that are over three months outstanding.
- Individual reconciling the account should not be the same individual that produces the checks or deposits the funds.
- Pastor should review and sign off on each reconciliation.
- Bank statements should be opened, signed and dated by the Pastor only.

Bank statements, deposits, cancelled and voided checks must be maintained for seven years.

14.05.01.13 – Expenditure Controls

The pastor should “manually” sign all payroll and vendor checks where possible. It is recommended that approved invoices or other supporting documentation along with a Check Register generated from ConnectNow be reviewed and initialed by the pastor upon manual signing of all checks. A check signer (stamp) is prohibited. Signed blank checks are prohibited per diocesan statute 216.4. All checks should be pre-numbered and unused checks should be kept in a secure area. Documentation for each check written must include the payee, amount, purpose and the date the check was signed. Voided checks should be notated as voided, accounted for and retained.

When a Pastor is to be away from the Parish for an extended period of time, accommodations need to be established for the payment of vendor and payroll checks. Payments can be made prior to being due or will wait until the Pastor’s return.

Expenditures should be paid from original invoices and should be marked paid once a check is issued to prevent the duplication of payments. Checks made out to “Cash” are prohibited.

Pastors should always be mindful of their signing authority as defined by Diocesan Policy (Article XI No. 3) and Diocesan Statute 245.