
**FINANCE AND
ACCOUNTS
POLICIES AND
PROCEDURES
MANUAL**

**ST. THOMAS SYROMALABAR
CATHOLIC DIOCESE OF CHICAGO**



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DECREE PROMULGATING THE FINANCE AND ACCOUNTS POLICIES AND PROCEDURES MANUAL OF THE ST. THOMAS SYRO-MALABAR CATHOLIC DIOCESE OF CHICAGO

After having duly completed the discussion in the Priests' Conference of 2010 and 2011 of the St. Thomas SyroMalabar Catholic Diocese of Chicago as well as in the other concerned forums, the undersigned Bishop Mar Jacob Angadiath, the Bishop of the St. Thomas SyroMalabar Catholic Diocese of Chicago, hereby promulgates the Finance and Accounts, Policies and Procedures Manual of the St. Thomas SyroMalabar Catholic Diocese of Chicago as attached herewith. This manual comes into force with immediate effect.

All contrary dispositions not with standing.

Given from the curia of the St. Thomas SyroMalabar Catholic Diocese of Chicago on the fourteenth day of the month of September of the year of the Lord two thousand twelve, the feast of the Exaltation of the Holy Cross.

Sincerely yours,

+ *Jacob J. Angadiath*

Mar Jacob Angadiath
Bishop

PREAMBLE

This Finance and Accounts Policies and Procedures Manual of the St. Thomas SyroMalabar Catholic Diocese of Chicago is intended to provide guidance to the users, especially those engaged in execution of Finance and Accounts function, in carrying out their day to day work systematically and consistently.

It provides key steps that should be employed in conducting various tasks of Finance and Accounts function, all the way from budgeting, keeping books of Accounts to preparation of Financial Statements and Reports.

The Manual also gives the policies that are necessary for proper execution of various arms of Finance and Accounts, the internal controls and the amendment procedures that are necessary for proper functioning of Finance and Accounts elements. It should be availed to all staff that are involved in carrying out Finance and Accounts services in parishes and missions.

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I **PURPOSE**

1. To promote the integrity of the parish, its volunteers, and to instill confidence within the parish community through a well organized financial management procedure. The procedures described in this manual are to be followed by all parishes and missions of the St. Thomas Syro-Malabar Catholic Diocese of Chicago, to ensure the adequacy of parish financial controls. Any deviation from this manual shall be approved by the local hierarch.



II

GENERAL NORMS

2. The eparchial bishop shall have the authority to revoke or to abrogate all or any provisions of this manual, and to add, to remove, to amend this either in part or in full at any time in his discretion.
3. Any question on this manual or any provisions or matters contained that are vague or not said in this manual shall be directed to the eparchial bishop and his decision shall be final.
4. All the provisions in this manual stated as binding or affecting a parish are equally

applicable in same force and nature to all missions unless specified otherwise.

5. This manual uses the term ‘Pastor’ in consistent to the Code of Canons of the Oriental Churches (CCEO) to denote the title ‘Vicar’ as used in our custom and tradition, and therefore these terms are to be understood as same. The use of the term ‘Pastor’ refer to both ‘Vicar’ and ‘Director.’
6. These rules use the term ‘Eparchy’ in consistent to the Code of Canons of the Oriental Churches (CCEO) to denote the term ‘Diocese.’
7. These rules use the term ‘Trustee’ to refer ‘kaikkaran’ for technical, civil, and legal reasons and purposes and to achieve better clarity and, hence shall be used in official communications. This usage of the term ‘Trustee’ neither adds nor removes any status, right, privilege, duty, and/or meaning other than that of ‘kaikkaran.’ The use of the term ‘kaikkaran’ is to be maintained in the internal affairs as it holds the tradition and custom of our Church.



III _____

ACCOUNTING PROCEDURES

8. The fiscal year of the parish begins on January 1st and ends on December 31st.
9. All parishes shall use the accounting software Quick Books and the common ‘Chart of Accounts’ provided by the eparchial curia, at the primary level to achieve uniform financial recording and reporting. Parishes may use appropriate sub accounts below the primary level to accommodate parish level requirements.
10. Financial transactions shall be recorded by the parish in its books of records

using cash basis accounting for recognizing revenue, expenditure, assets, and liabilities.

11. The parish shall use the software named ‘ParishonNet’ for any and all member related activities and financial transactions including but not limited to member details, contributions, Sunday offerings, pledges, etc.
12. All accounting entries shall be supported by documentation that is sufficient and comprehensive enough to describe the nature and purpose of the transaction.
13. The financial records of parishes are subject to an Internal Audit.
14. The eparchial curia may delegate an Audit Committee to review the parish financial records at any time.
15. Back up of electronic financial data shall be performed on a weekly basis.
16. Financial records are the property of the parish and shall be kept on the parish premises at all times. Records shall not be kept offsite at residences or other locations.



IV

BANK ACCOUNTS

17. Each parish shall establish and maintain bank account(s) through which financial transactions of the parish shall be entered.
18. The parish bank accounts shall be established and maintained with the pastor and the trustee as the authorized signatories.
19. All the parish organizations shall maintain their financial transactions through a bank account operated by the pastor and trustee of the parish.

20. Online account access shall be limited to the pastor only. However, the view only access could be provided to the other signatory. Assistant/Associate pastor, non-signing trustees, or any other person shall not access parish account online. It is the duty of the pastor to protect in safe custody the online ID and Passwords.
21. As personnel changes occur in the parish, the approved signers on each parish bank account, including the accounts where few transactions occur, are to be verified. Signers who left the parish or relinquished responsibilities for the account shall be removed as authorized signers.
22. All checks shall be signed by two persons - the pastor and the 'principal trustee' (*nadathukaikkaran*).
23. Excess operating funds may be deposited in CDs or other high-yield accounts. Funds collected for capital campaigns or building funds shall be maintained separately from the operating account.



24. Access to unused check stock shall be restricted. When a decision is made to close an account, inventory of the remaining check stock shall be taken. The remaining check stock shall be shredded to prevent fraudulent use of the checks.
25. A parish may enter into an automatic debit arrangement. Controls shall be established to stop such arrangements when the business relationship is ended. A daily review of the online accounts is to be maintained to identify any fraudulent activities.
26. All financial instruments including but not limited to, trust funds, foundations, or organization accounts must be reported to the eparchial curia and must be managed according to the directives established by the local hierarch.

V **FINANCIAL REPORTING**

27. Quarterly financial reports shall be presented to the Parish Council and be approved.
28. All parishes shall publish quarterly and annually the results of their financial operations.
29. Weekly collections, regular or special, shall be published in the parish bulletin within two weeks of the actual collection.
30. A signed copy of the quarterly reports shall be given to the eparchial curia by April 30th, July 31st, and October 31st.



31. To comply with the reporting requirements to USCCB by April 01st, the internal audited yearly report approved by the Parish Council shall be submitted to the eparchial curia by February 28th of the subsequent year. The reports provided to the eparchy shall be signed by the trustee and the pastor.
32. The internal audited yearly report shall be presented to the General Body (*Pothuyogam*) on or before March 15th and be approved. Annual financial reports shall be published in the parish bulletin or other appropriate media by March 31st.
33. The annual financial reports package provided to the eparchy shall also include copies of year-end bank statements, new loan documents, new property transaction documents, and parish statistics report.
34. When a pastor leaves his office he shall submit to the eparchial curia and to the new pastor a financial report which shall cover his time in office during that fiscal year.

VI

BANK RECONCILIATION

35. All parish bank accounts shall be reconciled each month upon receipt of the bank statement.
36. The reconciliation shall be performed by a person who has no cash receipt or disbursement responsibility on the account being reconciled.
37. A bank reconciliation shall also include:
 - 37.1 Examining the paid and cancelled checks as to authorized signatures and alterations,



- 37.2 Comparing paid and cancelled checks with the check register to verify date, payee, amount and irregular endorsements, and
 - 37.3 Comparing date and amount of deposit on bank statements to cash receipts journal.
38. The reconciliation report shall be reviewed and signed by the pastor and an individual independent of the handling and recording of cash.
 39. All checks that remain outstanding for more than six months shall be investigated and resolved. Contact the payee if necessary; checks may need to be voided and reissued.

VII **BUDGETING**

40. Each parish shall prepare a budget of anticipated income, expenses, and capital improvements prior to the beginning of each fiscal year.
41. A parish budget shall be prepared in accordance with the goals, objectives, priorities, and plan of action, as determined jointly by the pastor and the Parish Council.
42. The parish budget shall be reviewed and approved by the pastor and Parish Council.



43. The signed budget for the succeeding year shall be submitted to the Eparchy by the end of the current year.
44. Actual expenditure shall be limited as close as possible to budgeted amounts. The Parish should review its budget on a periodic basis, at least quarterly, in relation or comparison with actual operating results.
45. Any adverse deviation from the budget of 10% or more in actual operating income and expenditures shall be addressed immediately by the pastor and the Parish Council.
46. Long range planning for 3 to 5 years is recommended and encouraged.
47. The parish shall prepare its budget using a uniform format as the financial report, at the primary level.

VIII INCOME

A. Offertory Collections

48. All donations collected by the ushers during liturgical celebrations shall be placed near altar clearly visible to people until picked up by the trustees immediately after the mass.

B. Special Collections

49. Building Fund, Christmas Carol, Good Friday Collection, Mission Appeals, and Special Projects Collections shall be



recorded under the member ID as special collections in the ParishonNet software.

50. The second collections for Mission Sunday, July 3rd, Home Mission, or any other special collections shall also be recorded under the member ID as special collections.
51. Any special request from charitable organizations, institutions, parishes, and individuals shall be scrutinized and approved by the pastor. The Church may request individual contributions towards this purpose and record such contributions as special collections.

C. Other Receipts

52. All other cash receipts – fund-raisers, raffles, auctions, school fees, registration fees, donations for out-letting facilities, or any other receipts for which benefits have been acquired by the donor - shall not be recorded in the member register (ParishonNet).

53. Tuition and other fees shall not be considered as offertory collections in compliance with tax rules and regulations.
54. All receipts shall be kept in a safe or locked cabinet until deposited. Only the pastor or his designated agent shall have access to the safe or cabinet.
55. Eparchial Collections, National Collections, and other Special Collections shall be forwarded to the eparchial curia within three weeks of the date assigned for the collection.
56. All mission collections collected and all funds distributed for missionary purposes shall be reported to the eparchial curia.
57. The permission of the local hierarch is required to accept a gift that comes with an attached condition, or a gift that comes with obligations that can create a liability for the parish.

D. Counting and Deposit Procedures

58. The count team shall consist of at least two members. If two members are not

available to complete the counting process, the collection shall be secured in a safe locker by the pastor until a team is available.

59. Checks shall be restrictively endorsed by stamping ‘for deposit only’ to the parish account. If the member ID is not recorded on the check, verify the envelope for the information and record it on check.
60. No checks made payable to the parish may be endorsed and converted into cash by priests or others nor deposited in accounts other than authorized church accounts.
61. Photocopies or scanned images of checks and envelopes that held currency shall be made and retained.
62. The currency shall be counted, and banded by denomination.
63. The currency, coins, and checks shall be placed in a tamper resistant bag along with the original deposit ticket. The bag

is then sealed and placed in the safe locker awaiting delivery to the bank.

64. A copy of the deposit ticket shall be retained at the parish along with the collection worksheet.
65. Overages and shortages between collection worksheets and bank deposit receipts shall be reviewed to determine the cause. Notify the pastor of any discrepancies.
66. The deposit shall be entered into the accounting system by the type of revenue. When recording, always use the date of the actual collection, not the date recorded anywhere else. All cash receipt accounting entries shall be supported with validated bank deposits tickets and other documentation to ensure an independent verification of cash deposits.
67. Member contribution shall be entered into the individual member contribution system (ParishonNet) with the individual ID number. Non-member/unidentified contributions shall be entered into the same



system with a specific ID number created for such contributions.

68. Weekly contribution summary from the ParishonNet shall be printed and compared to the dollar amount recorded on the collection worksheets and be reconciled.
69. The complete collection shall be deposited at the bank. No money shall be kept at the Church for petty cash or any other purpose. Whenever possible, deposits shall be made daily, or at a minimum once a week.
70. A limited number of people shall maintain lock combinations and/or custody of keys to parish safe(s). Dual control is strongly recommended. Combinations and keys shall never be stored in an unlocked desk drawer, hung on a wall, or in an unsupervised area. It is highly recommended to install a surveillance camera system to monitor the activities of the safe room.
71. Parishes may participate in programs that involve the electronic payment of the offertory. Regardless

IX

YEAR - END MEMBER STATEMENTS / REPORTS

72. All donors shall be provided an annual contribution acknowledgement in writing stating the amounts and dates of contributions. Request verification and communication of any discrepancies from the donor. If there is a discrepancy, it shall be resolved immediately. A written summary statement shall be mailed at the year end for the total donations in the year.

73. Any cash or check receipts received other than in the collection basket shall be acknowledged with a written receipt.



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CASH DISBURSEMENTS

E. Operating Expenditure

74. All disbursements must be made through the bank account(s) by using checks.
75. Any cash receipts shall not be used for expenses or petty cash replenishment.
76. A petty cash account may be maintained if necessary for a maximum amount upto \$ 500 which shall be funded and replenished by drawing a check from the bank.

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77. All petty cash payments shall be supported by the signatory approval by a trustee and the pastor.

F. Capital Expenditure

78. Upon the approval of the pastor at the recommendation of the Parish Council, the parish may spend a maximum of \$20,000 on a given project, provided that such projects are financed through internally raised funds.
79. If any project is to be financed with borrowed funds, authorization must be obtained from the eparchial curia.
80. Projects in excess of \$ 20,000 must be approved by the eparchial curia regardless of whether the funds are internally raised or borrowed (ref. Procedure Rule no. V. 118.9).
81. Approval of capital improvements/expenditures shall cover the total project cost regardless of the length of time on the various stages.



82. Any excess spending of 10% over the approved original project cost shall require prior approval of the eparchial curia by submitting a revised project cost highlighting the reason(s) for the upward cost revision.
83. Consulting with the Parish Council is required before entering into any contract that is nonrecurring and/or extraordinary.
84. A purchase order or purchase requisition shall be issued and approved where equipment, supplies, etc., are involved. Verify all items were received prior to presenting for payment.

G. Payment Procedures

85. Prior to issuing a check, a check requisition shall be completed, except for regular monthly billings from known vendors such as electricity or gas companies.
86. Regular monthly billings shall be handled similarly, but no check requisition shall be required.

87. Supporting documentation such as receipts shall be attached to the check requisition. The requestor shall sign and date the requisition.
88. Original documentation should be reviewed and requisition shall be approved by the pastor or someone assigned by the pastor.
89. The person(s) approving the requisition shall not be the person entering the data or issuing the check.
90. Checks should not be issued without an invoice or check requisition form. Once the check is printed, compare the check amounts to the list of requisitions and invoices accompanying the checks.
91. The check stub and all documentation are retained as proof of the disbursement. Invoices shall be canceled (defaced) upon payment to prevent duplicate payments.
92. Invoices should include certain minimum information such as vendor, date of



service or purchase, description of service provided or goods purchased, and price of each item.

93. The number and date of the check shall be recorded on the invoice or requisition.
94. Access to unused check stock shall be restricted.
95. Voided checks shall be defaced and retained so as to maintain proper sequential integrity. If an account is closed, remaining check stock shall be shredded prior to disposal.
96. Checks shall be made payable to a person or organization. No check shall be made payable to “cash.”
97. All checks shall require two signatures. Cancelled checks and other evidence of discharged obligations shall be preserved for at least seven years.
98. It is never permissible to pre-sign checks or to use a signature-stamp.

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99. Checks must not be issued in advance, antedated or post-dated.

H. Compliance Regulations

100. The Parish shall issue a Form 1099-MISC (Sec 7: Non-Employee Compensation) to any individual who provides services worth \$600 or more in the calendar year as per the IRS Regulations. (For Pastors/ Asst. Pastors, please refer XIV.124) This would include, but is not limited to: cooks, musicians, extra priests or religious, service vendors for items such as snow removal, grass cutting, cleaning people, accounting/computer consultants, and any vendor who is not incorporated.
101. Use of the tax exemption letter should be reserved for purchases for the Church. No one shall use the tax exemption letter for personal purchases. Permission/approval of the pastor is mandatory for any purchases using the Tax-Exempt status of the Church. The letter shall be secured safe so that access is limited to authorized individuals (ref. XIX. 144-147).

XI _____ **REVENUE**

I. Lease Income

102. Leasing of the church facility consecutively for a period of one week or more shall be treated as long-term lease.
103. All long-term leases of buildings, facilities and equipment shall be covered with a lease agreement.
104. The proposal for a long-term lease shall be approved by the pastor and by the Parish Council.

105. The pastor shall submit the proposal with details to the eparchial curia for approval. A written approval of the curia is to be obtained prior to signing the lease agreement.
106. The parish shall retain a copy of the duly executed lease agreement and a copy is to be given to the tenant.
107. Revenue from the long-term lease shall be treated as rental income. All the expenses, including depreciation, related to the leased property shall be treated as rental expense.

J. Facility Usage Income

108. The application for the one-time facility usage shall be duly signed by the applicant and be approved by the pastor or his designee.
109. The Parish Council, shall decide in compliance with the local rules and regulations, the terms and conditions, security deposits, insurance, safety measures, license, and usage fees.



110. If damages/breakage had been caused, the cost to repair and/or replace damaged property shall be taken from the security deposit or insurance proceeds.
111. The facility usage income and expenses shall be recorded under separate ledger accounts (refer CoA).

K. Unrelated Business Income

112. Parishes may engage in income-producing activities unrelated to their tax-exempt purposes, as long as the unrelated activities are not a substantial part of the organization's activities. However, the net income from such activities will be subject to the Unrelated Business Income Tax (UBIT). The income may not be subject to tax if it meets one of the following exceptions: (a) substantially all of the work in operating the trade or business is performed by volunteers; (b) the activity is conducted by the organization primarily for the convenience of its members; or (c) the trade or business involves the selling of merchandise substantially all

of which was donated. **In general, rents from real property, royalties, capital gains, and interest and dividends are not subject to the unrelated business income tax unless financed with borrowed money. However, if a church acquires debt-financed property for use in its exempt purposes within 15 years of the time of acquisition, then income from the rental of the property may not constitute unrelated business income.**



XII _____ **FUND RAISERS**

113. All fund raising income shall be treated and recorded as parish income, notwithstanding the purpose for which these were raised.
114. All transactions for fund raising activities shall be recorded through the parish bank accounts.
115. An accounting of each parish fund raising activity shall be made to the Parish Council at the completion of such activity.

116. Applicable licenses, insurance and tax withholding requirements shall be complied in all parish fund raising activities.
117. Amusement contractors during festivals shall be required to have casualty and liability insurances, based on local government guidelines.
118. Extraordinary fundraising requires the permission of the curia. Major fundraisers, capital campaigns, and larger fundraising for a parish or auxiliary organizations are considered extraordinary.
119. Extraordinary fundraisers shall be accounted on a project basis, separating income and expenses.



XIII **RAFFLES**

120. Raffles are to be conducted in compliance with the local, state and IRS rules and regulations. Prizes awarded represent taxable income to the winners, thus parishes must meet certain requirements set forth by the IRS and respective state revenue agencies. (Refer IRS Publication 3079 - Gaming Publication for Tax-Exempt Organizations for further details.)
121. The trustees shall consult respective state revenue agencies to identify state withholding and reporting requirements and comply with the rules.

XIV PRIEST ALLOWANCE

122. Priests assigned to serve within the epar-
chy shall receive financial support from
the respective parish/office in accordance
with the scale approved by the bishop.
This compensation schedule shall be
updated periodically.

123. Parishes that make use of full-time ser-
vices of priests should pay the following
benefits. These expenses are to be reim-
bursed based upon approved receipts/
vouchers.



- 1) Monthly Allowance – Reportable on W2.
- 2) Monthly Meals Allowance – Reportable on W2.
- 3) Annual Spiritual Retreat
- 4) Reading Materials
- 5) Annual Paid Vacation for 30 days
- 6) One day off per week
- 7) Room and board
- 8) Telephone
- 9) Health Insurance
- 10) Automobile Insurance
- 11) Medical Co-payments
- 12) Actual gas bills for the office use or gas allowance. If the actual allowance is below the mileage rate allowed by IRS, the amount paid is considered as Accountable expense and need not be added to the W2. Any amount above the IRS mileage rate shall be added to the W2 Income.

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124. All parishes shall report to the eparchial curia, before January 15th, the sum total of the monthly allowance and any non-accountable (i.e., not expended and reimbursed) allowances or payments to the priests, if over \$ 600, as part of the annual wage reporting for the prior year. The eparchial curia will then issue a form W2 to the Pastors and the Asst. Pastors before the end of January. The parishes have the responsibility only to issue the form 1099 Misc as stated in X. 100.
125. The Pastors and Asst. Pastors shall, upon receipt of the form W2, prepare and file the annual tax return before the IRS deadline of April 15th. We suggest the use of Professional Tax preparers in assisting the tax preparation.

XV

MASS STIPENDS

126. The stipend for a Holy Mass shall be \$ 10.
127. The mass stipends shall be collected and kept by the pastor.
128. Solemn Masses in connection with Feasts and Festivities (Novena Masses) for which a higher amount is collected from the faithful are to be accounted to the parish and the Mass Stipend (\$10) is to be reimbursed to the priest celebrating the Mass.

XVI SCHOOLS OF EDUCATION

129. Registration and tuition fee collected shall be accounted and recorded in parish books.
130. Religious Education tuition and fees shall not be treated as part of offertory collections or recorded in members' contribution record.



XVII _____ **EPARCHIAL SUPPORT**

L. GENERAL AND SPECIAL COLLECTIONS

131. All Eparchial Special Collections should be submitted to the chancery within thirty days of the stipulated date of collection.
132. At the end of the fiscal year, all fund balances for each eparchial special collection should have a zero balance.
133. The General Collections are Home Mission Collection, Good Friday Collection, Syro-Malabar Day (July 3) Collec-

tion, Mission Sunday Collection, and a lump sum amount to be forwarded to the twelve National Collections enforced by USCCB.

M. Annual assessment

134. The 10% of ordinary revenue of the parish is to be paid to the eparchial curia along with annual financial reports. The payments also may be made in installments during the year.
135. The ordinary revenue means all income except the special collections. (This would include, but not limited to, Sunday Collections, Holyday Collections, Christmas Carol, General Contributions, Offertory Box Collection, Auction of Offering Items, Interest Income, Rent Income, Membership dues, etc.)

N. Annual appeal

136. The Annual Diocesan Appeal shall be conducted according to the directives from the eparchial curia. Any funds received at the parish shall be sent to the eparchial office promptly.



XVIII

PIOUS & SOCIAL ASSOCIATIONS, ORGANIZATIONS, AND APOSTOLATES

137. Any Pious and Social Association, Organisation, and Apostolate that has a parish level unit is under the direct direction of the pastor and so is accountable to the parish. The assets of each and every organization sponsored by a parish are assets of the parish. (This Manual use the term ‘Organisation’ hereafter to refer to all these entities with a parish level unit.)
138. Organizations are accountable to the pastor and to the Parish Council. An annual report shall be submitted by every organization to the pastor. The annual report

should include both the activities as well as the financial results of the organization.

139. The pastor shall be an ex-officio member of all organizations of the parish. The pastor may delegate an Assistant/Associate pastor to represent him for any of these organizations.
140. All income received by the organizations of a parish shall be considered as parish income in accounting.
141. The pastor shall be the primary signor and receiver of information on any bank account held by these organizations. All original bank statements are mailed to the parish where a copy is maintained and then distributed to the organization.
142. The procedures for income and expenditure outlined in this manual are to be followed for all the financial transactions of the organization.
143. No parish or organization in the eparchy may validly form a civil corporation or legal entity in any form or establish any other entity such as foundations or trusts without the permission of the eparchial bishop.



XIX

TAX IDENTIFICATION NUMBER

144. Parish tax identification number is issued only after the approval of the pastor.
145. The use of the parish tax identification number such as, establish parish or auxiliary accounts, state or city licensing, are to be clearly identified and verified.
146. The pastor receives copies of the resulting documents, for example, bank statements and licenses.
147. The parish should maintain a log identifying the recipient of the tax identification number and the purpose for the request.

XX

CONSTRUCTION AND RENOVATION

148. Parishes shall follow all the procedures outlined below for new building construction and renovation.
149. Submit a preliminary letter to the eparchial curia outlining the proposed project for permission.
150. Develop and present the plan in the Parish Council for approval.
151. Submit the plan, construction budget, and plan of capital campaign to the eparchial



curia for approval. If construction financing is required, details also must be submitted for approval.

152. Eparchial approval must be secured prior to putting the project out for bid.
153. The final drawings and bid results with recommendation shall be presented to the eparchial curia for final approval of the project.

XXI **LOANS AND OTHER BORROWINGS**

154. Parish is authorized to borrow funds only with the approval of the eparchial curia.
155. A special resolution to borrow funds shall be duly adopted by the Parish Council.
156. The adopted resolution shall be sent to the eparchial curia for approval prior to signing any contract.
157. Duplicate copies of the notes shall be kept on file at the parish office.



XXII _____

REAL ESTATE TRANSACTIONS

158. The eparchial curia must approve all parish real estate sales and purchases.

O. Real estate sales

159. The approval of the curia is mandatory for sale of any parish property. The request for approval is to be made after the Parish Council approves the proposed sale.

160. Reports of at least two licensed appraisers who are familiar with property and prices in the area are to be obtained before arriving a sale price.

161. Services of a competent real estate broker may be arranged, if necessary.
162. Copies of all documents including appraisals, title commitments, deeds, and contracts shall be sent to the eparchial curia.

P. Real estate purchases

163. The approval of the curia is mandatory for purchase of a property. The request for approval is to be made after the Parish Council approves the proposed purchase.
164. Due diligence is to be taken in following all the government rules and regulations, zoning requirements and brokerage.
165. The realty service and appraisals shall be arranged, and due diligence is to be kept if the purchase of the property does not involve the supervision of a bank or financial institution that renders a loan.
166. The title to property shall always be in the name of the Corporation.



167. A copy of the deed shall be submitted to the eparchial curia for records.
168. If the new property is to be used for parish purposes, a property tax exemption shall be filed. Any parish property that is used for religious purposes is tax-exempt. But any new property purchased is not automatically tax-exempt. The appropriate governmental agency shall be contacted to file the necessary documents.

XXIII

RISK MANAGEMENT

169. The parish shall have sufficient property and casualty insurance on all parish properties throughout the year.
170. Medical Insurance shall be available to all full-time clergy at the expense of the respective parish (ref. XIV. 123).
171. Locations that experience repeated occurrences of theft or flooding are encouraged to obtain and activate prevention devices, i.e., alarm systems or backup sump pumps.
172. All parishes shall maintain a detailed inventory of assets. All assets shall be tagged with the name of the parish and asset tracking number.



173. Proper replacement value of existing assets and cost of new assets shall be recorded in the inventory of assets. This value shall be recorded in the balance sheet.
174. Parishes shall immediately report any property, automobile, or general liability losses to the respective insurance company.
175. Data and record back up shall be done periodically.
176. Sufficient disaster recovery measures shall be implemented at each parish and mission based on the risk factor.

Q. VOLUNTEER SAFETY

177. Volunteers should be encouraged to complete their work in a safe, thoughtful manner. Volunteers should not engage in hazardous activities, which normally include electrical, mechanical and plumbing, activities involving ladders or scaffolds and activities involving dangerous equipment or chemicals.

XXIV **FACILITY INSPECTIONS**

178. The trustee or a designated person should inspect facilities regularly and report to the Parish Council. The results of the inspection shall aid in planning for upcoming expenses.



XXV

CONFLICT OF INTEREST

179. Parish Council members owe the parish a duty of loyalty. The duty of loyalty requires a Parish Council member to act in the interest of the parish rather than in the personal interest of any member or some other person or organization. In particular, the duty of loyalty requires a Parish Council member to avoid conflicts of interest that are detrimental to the parish.
180. Members of the Parish Council may serve in other volunteer service roles in the parish if, in the judgment of the pastor, such multiple services will not create conflict of interest situations.

— XXVI
**INTERNAL
AUDIT**

181. In order to provide an assessment of, and to express opinion on, the accuracy and fairness of the information presented in financial reports, and to report on the adequacy of internal controls and adherence to policies and procedures, an internal audit committee shall be formed.
182. Church leaders have a stewardship responsibility to their members to ensure that the church's resources are used in a manner consistent with the church's mis-



sion and objectives. Accountability and transparency are necessary to evidence the discharge of these responsibilities, to maintain the credibility as stewards and to instill confidence on the part of donors.

183. A properly functioning Internal Audit Committee will help the church to fulfill its stewardship responsibility by helping to assure that resources have been used in the proper fashion. To be truly effective, an Audit Committee must be given the resources of talent, time, and access.
184. One of the most important characteristic for an auditor to possess is integrity. For an audit to be useful and effective, the persons performing it must do so in an objective and impartial fashion, and with the highest degree of integrity.
185. Any member of the parish, meeting the criteria outlined in the Procedure Rules, may perform the internal audit as long as that member is not involved in any of the day-to-day financial or management functions of the parish.

186. In addition to the pastor, the following members of the Internal Audit Committee shall be appointed by the pastor.
187. Two or three members with accounting and financial background (ref. Procedure Rules no. VII. 144-150).
188. The Internal Audit Committee shall have adequate knowledge of the Procedure Rules of the eparchy and other stipulations of the curia/bishop.
189. Upon completion of the annual audit engagement, the financial statements are to be presented to the pastor for approval.
190. The financial records of parishes and institutions shall be subject to regular audits by the eparchial curia.
191. The eparchial curia shall have the right to review the finances of a parish before the outgoing pastor leaves.
192. See internal audit manual for a detail discussion about the formation, purpose, and procedures.



XXVII

RECORD RETENTION

193. All records shall be stored in a secure area where these records are safeguarded against physical damage and deterioration.
194. There should be a formal strategy for providing backup of electronic data with secure offsite storage of all data backups.
195. Records retention schedules represent the period of time that records must be kept according to legal and/or organizational requirements.

196. The following retention schedule is excerpted from the Diocesan Financial Issues published by the United States Conference of Catholic Bishops, published December 2002, as adapted.

FINANCIAL AND ACCOUNTING RECORDS	RETENTION PERIOD
Banking	
Bank deposits	7 years
Bank statements	7 years
Cancelled checks	7 years
Check registers/stubs	7 years
Bank Reconciliation	Permanent
Bank account Inventory	Permanent'
General	
Internal Audit Reports	Permanent
Chart of Accounts	Permanent
Financial Reports – annual	Permanent
Financial Reports – monthly	1 year
Contribution Records	7 years
Copies of checks and Cash envelopes	7 years
Insurance / Property	
Insurance policies	Permanent
Letters of Credit	7 years
Accident reports and claims	Permanent
Mortgage records	Permanent
Accounting	
Accounts payable invoices	7 years
Accounts payable ledgers	7 years
Accounts receivable ledgers	7 years

FINANCIAL AND ACCOUNTING RECORDS	RETENTION PERIOD
Credit card statements/charge slips	7 years
Invoices/paid bills – major bldg. const.	Permanent
Invoices/paid bills – general accts	7 years
Cash books	7 years
Cash journals	7 years
Cash receipts records	7 years
Mortgage payments	7 years
Other Records	
General ledger – annual	Permanent
General ledger – monthly	1 year
Journals, general and specific funds	Permanent
Journal entry sheets	7 years
Ledgers – subsidiary	7 years
Contracts	
Constructions Contracts	Permanent
Construction Bids and Proposals	Permanent
Repair and Maintenance work contracts	7 Years
Rental Agreements	7 years
Property	
Deeds	Permanent
Title Policies	Permanent
Blue prints and plans	Permanent
Inventory of furniture, fixture and equip.	
Legal	
Articles of Incorporation and minutes	Permanent
Legal Correspondence	Permanent

