

Diocese of Jackson



Parish Finance Council

Decree and Guidelines

2019

DECREE ON PARISH FINANCE COUNCILS

PREAMBLE

In each parish there is to be established a Parish Finance Council (PFC) to assist the pastor who is the administrator of the goods of the parish. The pastor, acting in all juridical matters in the person of the parish, is to ensure that the parish goods are administered in accordance with the norms of both civil and canon law and diocesan regulations.

Neither the establishment of the Parish Finance Council or of the Parish Pastoral Council nor the election or appointment of officers nor the keeping of any records shall be construed as organizing the parish and a Church under the terms of Section 79-11-31 Mississippi code Annotated (1972).

GENERAL FINANCIAL REGULATIONS

1. In accordance with canon law, all properties are held in trust by the Roman Catholic Diocesan Bishop of Jackson and his successor in perpetuum for the use of the local parish congregation under the terms of canon law unless the contrary is stated. Some property is owned by the religious community. Each parish, however, has the responsibility for, and a certain control over all buildings, land, etc., pertaining to it as a parish.
2. The parish financial transactions are to be recorded on a timely basis within the ParishSoft Accounting software program.
3. The parish is required to follow the diocesan procedure for handling parish receipts and disbursements. A detailed list of these procedures is found in the attached Commentary.
4. Diocesan regulations require that all parish and school surplus funds be placed in a savings account in the diocesan deposit and loan fund. Surplus funds are described as monies over and above the amount required for two month's operational expenses.
5. National and Diocesan collections are to be remitted to the Chancery within four weeks of the day on which the collection is taken.

6. The following are decreed to be Extraordinary Acts of Administration and are reserved to the approval of the Diocesan Bishop according to the norms of law:

- a. To sell, exchange, mortgage or lease immovable Church Property;
- b. To accept or renounce an inheritance, legacy, or foundation;
- c. To purchase immovable goods;
- d. To sell, exchange, mortgage, objects of art, historical documents, or other movable property of great importance;
- e. To borrow money;
- f. To build, raze, or rebuild in a new form a parish building or to make extraordinary repairs upon such buildings;
- g. To initiate or to contest a law suit on behalf the parish in civil court;
- h. To spend monies over and above the amount specified as being ordinary administration for the parish as outlined on page 5 - 6.

7. Ordinary Administration

The following acts are considered to be of ordinary administration:

- a. The collection and banking of money;
- b. Buying what is required for the day-to-day running of the parish plant;
- c. The reparation of damaged done to real estate;
- d. The acceptance of donations unless conditions are attached;
- e. Payment of salaries of parish personnel;
- f. the replacement of standard equipment; e.g. office supplies, C.C.D. text books, audio and visual equipment.

A pastor, administrator, or resident pastoral minister acts invalidly if he/she goes beyond the limit of ordinary administration without first getting written permission from the diocesan Bishop. It is understood that the Lay Ecclesial Minister (LEM) takes the place of the pastor for all acts of ordinary administration as defined in this document.

RESPONSIBILITY OF PASTOR WITH REGARD TO THE ADMINISTRATION OF PARISH PROPERTY

1. Before taking office the pastor must take an oath before the ordinary or his delegate that he will be an efficient and faithful administrator. (This is included in the installation ceremony as pastor)
2. Pastors are to prepare and sign and subsequently renew an accurate and detailed inventory of immovable goods, movable goods, either precious or of significant cultural value, or other goods along with a description and appraisal of them.
3. All pastors are bound to fulfill their office with the diligence of a good householder. For

this reason, they must:

- a. Take care that none of the goods entrusted to their care are in any way lost or damaged, and that these goods are covered by the diocesan insurance plan;
- b. They must be especially on guard lest the church be hampered through the non-observance of civil laws;
- c. Pay the interest on the loan or mortgage when it is due and take care that the capital debt itself is repaid as scheduled;
- d. Keep well-ordered accounting of receipts and expenditures;
- e. Regularly review the parish financial report with the Parish Finance council;
- f. Pastors are to give an annual report to their parishioners of the receipts and disbursements of the parish, and regularly to the Parish Pastoral Council.
- g. In consultation with the Parish Finance council, pastors are to provide for the preparation of annual budgets of receipts and expenditures; a copy of the approved budget should be entered into ParishSoft Accounting by July 1 each year;
- h. The pastor is to observe meticulously the civil laws pertaining to labor and social policy according to the Church principles in the employment of workers. They are also to pay employees a just and decent wage so that they can provide appropriately for their needs and those of their family;
- I. The pastor is to see to it that parish employees are under the diocesan plan for hospitalization and retirement according to diocesan norms.

NORMS FOR PARISH FINANCE COUNCILS

INTRODUCTION

In each parish a Parish Finance Council is to be established by the pastor in accordance with the norms of law. The members of the Parish Finance Council should be animated by a Christian spirit and be deeply conscious of the mission of the parish to promote the works of the apostolate and of charity, especially toward the needy. At least some members of the Parish Finance council are to be truly skilled in financial matters and in civil law, that is having an expertise equivalent to accountants and/or civil attorneys. Most pastors do not feel sufficiently trained and skilled in these areas and they should draw from the advice and counsel of these experts to further the mission of the Church.

1. IT SHALL BE CALLED THE Parish Finance Council of NN Parish.

2. This Parish Finance Council is to be a separate entity from the Parish pastoral Council, but work in collaboration with it and be responsible directly to the pastor.
3. Its role is advisory and consultative to the pastor.

MEMBERSHIP

Parish Finance Councils will be constituted as follows:

- a. The pastor is ex-officio Chairman of the Council;
- b. Membership is to consist of a minimum of three and a maximum of eight including the pastor;
- c. To provide for persons trained and skilled in financial matters and civil law, half of the members are to be freely appointed by the pastor for fixed terms of no less than one year and no more than three years which may be renewed. The other half of the members are elected;
- d. Within three months of taking possession of the parish, a new pastor must confirm the existing appointments or make new appointments to the Finance council;
- e. Members should be drawn from the parish community. This requirement may be waived in the event of special expertise if all other conditions are met. By exception, a non-Catholic Christian may be appointed provided he/she has some connection with the parish community;
- f. Members are to have skills and expertise in legal and financial matters and where possible, a member with facilities management skills.
- g. One member of the Parish Finance Council must be a member of the Parish Pastoral Council;
- h. All members are bound to observe discretion in the confidential matters they handle as members of the Parish Finance Council.

GENERAL FUNCTIONS OF PARISH FINANCE COUNCILS

It is the function of the Parish Finance Council to assist the pastor in the administration of the goods of the parish:

- a. To coordinate the parish annual budget in consultation with other groups and in accordance with goals set by the Parish Pastoral Council;
- b. To review at least quarterly the financial report and to formulate the annual report made to the parish community as required by canon law;
- c. To review periodically the income and expenditures considering the annual budget;
- d. To ensure that the parish accounting conforms with the diocesan regulations;

- e. To review contracts and agreements especially regarding the engagement or termination of parish personnel following diocesan norms;
- f. To inspect periodically all parish properties so that they remain in proper repair and to plan repairs as required;
- g. To encourage support of diocesan fund-raising projects as well as parish campaigns;
- h. The Parish Finance Council shall meet as frequently as needed for the proper conduct of its responsibilities. It is encouraged for the Finance Council to meet monthly however, at a minimum they are to meet quarterly. The Finance Council cannot meet without the Pastor or LEM present.

SPECIAL FUNCTIONS OF THE PARISH FINANCE COUNCILS

The pastor must seek the advice of the Parish Financial Council in order to perform the following acts of extraordinary administration:

- a. To institute parish financial campaigns, drives or systems of special collections;
- b. To prepare the annual financial report made to the parish community;
- c. To make any extraordinary expenditure. An extraordinary expenditure is understood to be anything more than 3% of the total parish operational income as of the last complete fiscal year financial report. (cf. Pg. 2 "6h")

According to canon 127, the pastor would act invalidly if he did not seek the advice of the Parish Finance council where such advice is called for in the categories above.

N.B. Of the estimated aggregate cost of the different elements of any parish project exceeds the amounts outlined above in extraordinary administration, the advice of the Parish Finance Council and the written approval of the Diocesan Bishop must be obtained.

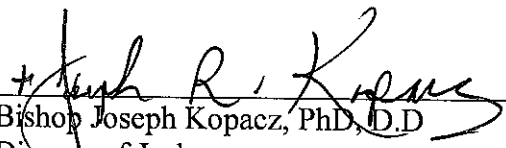
The following areas require the advice of the Parish Finance Council and the written consent of the Diocesan Bishop:


- a. The signing of any contract related to a capital project;
- b. The use of fixed capital for any reason beyond that to which it was initially dedicated by the donor or competent authority;
- c. Any capital repairs exceeding the cost of 3% of the parish operational income as of the last complete fiscal year financial report; a larger project may not be done in increments to keep it classified as an ordinary expenditure;
- d. Acts of extraordinary administration reserved to the competency of the Diocesan Bishop in accordance with the norms of law; (cf. page 2)

- e. Any contract for construction, new roof, or major renovation must be reviewed by the Diocesan Bishop and signed by him;
- f. Any act of extraordinary administration reserved to the competence of the Diocesan Bishop as outlined on page 1 and 2.

Since parishes are not entities capable of holding title to real property and would have problems suing and being sued in their own name, all deeds of real property and all contracts involving real property (including buildings) must be executed by the Diocesan Bishop, as Trustee. The Diocesan Bishop, as Trustee, should also be party to any lawsuits involving parish property. For simplicity sake it would be better that the Diocesan Bishop, as Trustee for the parish, be named as beneficiary in pious wills. However, there is a greater leeway in the interpretation of wills and a gift to the parish in a will would not fail.

In accord with the requirements of universal law, I hereby decree that a Parish Finance council is to be established in every parish of the diocese. The needs of missions shall be determined on an individual basis and approved by the Diocesan Bishop.


Bishop Joseph Kopacz, PhD, D.D.
Diocese of Jackson


Mary Woodward
Chancellor Diocese of Jackson

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Required Finance Practices

Financial Reporting

a) Record financial transactions and prepare financial statements

Financial transactions are recorded, and monthly financial statements are prepared using ParishSoft ConnectNow Accounting software.

b) Financial records

All financial records documenting transactions should be available to the parish as needed. Records should not be kept offsite at the residences of employees or volunteers where access to the financial records may be limited. Financial records are the property of the parish and must be kept on the parish premises.

c) Regular financial report preparation

Financial reporting is made regularly and timely to facilitate control and corrective action. The financial reports should be presented in detail capturing bank accounts held at local financial institutions and Diocese accounts (not just operating accounts) and debt obligations. Financial statements should contain all activity of the Parish.

d) Communication of financial results

Parish financial results are reported each month to the pastor and finance council. In addition, results should be shared with parishioners on at least an annual basis including sources and amounts of income, parish debt obligations, unpaid bills, and parish savings.

Sunday and Holy Day Collections

a) Count teams

Collection bags should be maintained in the safe until the next business day when the count team is assembled and ready to begin counting. At least two (preferably three) unrelated people, not employees, should be present when collections are counted. No one should ever sort and organize money prior to the arrival of the count team.

b) Proper rotation of count team duties and members

Multiple count teams that are periodically rotated should count collections. If there is only a single count team, then count duties should be rotated.

c) Collections are handled properly

All checks are restrictively endorsed during counting procedures, and a cash collection report is compiled and signed by each of the count team members. It is helpful to establish written cash handling guidelines indicating names and duties of team members.

d) Adequate physical safeguards

All cash receipts should be deposited intact daily or locked in a safe and deposited the next day. Limit entry to the safe to two people requiring such access, each should have the safe combination and / or key. The safe combination and / or key should be adequately safeguarded. Use your bank's drop bag process whenever possible to ensure safe/timely deposit of funds.

e) Segregating collection duties

Ideally, different individuals complete the receiving, processing, recording, and bank reconciliation functions. This option is not always possible especially if there are only one or two individuals available to perform these duties. Separate and rotate these duties among the available people as much as possible. Perhaps the pastor, or a volunteer parishioner with the proper background, can perform or review one of these functions monthly.

f) Parishioner contribution statements

Someone who is independent of the counting, depositing, and recording of collections prepares and distributes year-end parishioner statements whenever possible. Reported variances between the donation and collection are investigated and resolved.

g) Tracking parishioner contributions

Do not back date envelopes to the Sunday date printed on the envelope; use the date of the collection. For instance, families submitting multiple envelopes (for previous Sundays on one Sunday) should be entered with the Sunday date on which the multiple envelopes were received, not the date printed on the envelopes.

h) Reviewing parishioner donor contribution summary report

Periodically (quarterly) print the donor contribution summary report and compare it to the Sunday collection worksheets for accuracy. Make corrections as needed.

Other Church Collections

a) Other Church collections receipt

Different individuals should complete the receiving, processing, recording, and bank reconciliation functions whenever possible. It's preferred that duplicate pre-numbered receipts are issued for all payments received by the business office. Reported difference between the deposit and the collection receipt book are investigated and resolved.

Cash Disbursements

a) Disbursements are approved

Blank checks are never pre-signed. Original supporting documentation should be reviewed and approved by the pastor or someone assigned by the pastor. The supporting documentation should include invoices or receipts that provide evidence of the transaction and a description of the expense. Invoice approval should be recorded by signature or initials and dated. Never pay a statement unless it has been submitted on an invoice. *Be watchful for bogus invoices sent by companies who have provided neither goods or services.*

b) Disbursements are supported by documentation

Verify all items were received prior to presenting for payment. Check items received against documents for description, quantity, and prices. Checks should not be issued without an invoice or check requisition form. Invoices should include certain minimum information such as vendor, date of service or purchase, description of service provided, or goods purchased. The check's payee should match the name on the invoice. Copies of checks appearing in the monthly bank statement should be reviewed by the pastor to detect possible fraud. The pastor should initial page one of the bank statement indicating the review process is complete.

c) Duplicate payments are prevented

Check stubs should be attached to the invoice paid to prevent duplicate payment of the same invoice. Invoices should be filed by vendor name in files maintained for each fiscal year.

d) Proper controls over checks

Access to unused check stock is restricted; voided checks are defaced and retained to maintain proper sequential integrity. If an account is closed, remaining check stock is shredded prior to disposal.

e) Limit the number of checks payable to cash

Checks are made payable to a person or organization. Checks to cash should only be used when obtaining start-up cash as needed for events.

f) Use of credit cards

While parishes may elect to use credit or debit cards to facilitate purchases, it is imperative that adequate controls governing access, signoff, and documentation of type and purpose of purchase be monitored. Parishes are not allowed to incur finance charges on a credit card and are obligated to pay any outstanding balances at the end of each billing cycle. Each individual purchase transaction should be reconciled to a corresponding purchase receipt. If a major purchase is necessary, obtain the appropriate pre-authorization before purchasing the item. Statements should be mailed to the parish address. No personal purchases should be charged to the parish credit card and personal credit cards should not be used regularly to purchase operating goods of the parish.

A list of the cardholders should be maintained. The list should detail the name of cardholder, the account number, credit limit, and expiration date. This list should be periodically reviewed and updated to reflect changes. Credit cards should be returned when

employees or other persons leave their job or position. All receipts should be submitted with the check request for payment.

g) Signature stamp

Signature stamps should not be utilized.

Bank Accounts and Reconciliations

a) Identification of parish accounts at financial institutions

The pastor is a signer and a receiver of information for all parish accounts. The account should have a second signer for instances when the pastor isn't available. This should never be the bookkeeper and unless absolutely necessary should not be a member of the Finance Council. Approval of the second check signer by the Diocese of Jackson's Vicar General or Chief Financial Officer is required. The parish should have only one operating account with a local bank. This account should include funds needed to operate for no more than two months on a regular basis with excess funds sent to the parish's Diocese savings account.

b) Monitoring all parish bank accounts

All original bank statements are mailed to the parish where a copy is maintained. The pastor may request electronic access to accounts on line. ACH transactions and bank transfers should require dual control with the bookkeeper creating the transaction and the pastor releasing the transaction.

c) Bank account signature cards

As personnel change in the parish, periodically verify the approved signers on each parish bank account. Signers that have left the parish or relinquished responsibilities for the account should be removed as authorized signers.

d) Bank accounts are reconciled monthly

Bank accounts are reconciled each month and reviewed by an individual independent from those handling and recording of cash. All checks that remain outstanding for more than three months should be investigated and resolved. Contact the payee if necessary, checks may need to be voided and reissued.

e) Excess operating and other funds

Excess operating funds (those over 60 days) are to be deposited into the parish's Diocese savings account. Separate savings accounts may be requested to segregate funds. Funds will be transferred by the Diocese from savings to parish operating accounts as needed in a timely manner. Funds collected for capital campaigns or building funds are to be deposited into the Parish's Diocese savings account.

f) Closing bank accounts

Access to unused check stock should be restricted. When a decision is made to close an account, inventory the remaining check stock. The remaining check stock should be shredded to prevent fraudulent use of the checks. Blank checks from a closed account can be presented for payment resulting in a loss for local currency exchanges, banks, or merchants. Local merchants as a member of the community will often honor a parish check unaware of the consequences.

g) Automatic account debit

If the business relationship is ended, make sure the bank is instructed not to honor debits from the company. Determine what is required by the bank to cease this activity – complete bank forms, write a letter, and/or close the account. Make sure the requirements are satisfied. Maintain a file documenting any such arrangements.

Employee Files

a) Files contain INS Form I-9

Verify employment eligibility of anyone hired after 11/6/86 by completing and retaining this form in the employee file. Employees must present the required documentation within three days of their hire date. Employees who do not present the appropriate documentation may not continue in our employ. Employee names should be entered into the payroll system and on new-hire documents exactly as they appear on their social security cards or passport information provided with their I9.

b) Employment application

Everyone applying for employment or volunteer service must complete an official employment application, even if she/he has submitted a resume. Applications should be retained in an employee file.

c) Other documentation

Retain documentation that may form the basis of any decision affecting employment. Some examples include: performance appraisals, salary reviews, letters of commendations or disciplinary memos, documentation of continuing education and development.

d) Acknowledgement of receipt of the Employee Handbook

Retain the documentation that shows the employee received the Parish Employee Manual.

Compensation to Employees

a) Wages and compensation

Wages for employees, and payment to vendors and service providers, must be paid by check, never cash. All compensation paid to employees must be paid through payroll. No check is ever paid to an employee outside of payroll except to reimburse them for items purchased for the parish. Bonuses must be paid through payroll. Payments to employees, vendors and service providers should be recorded in the financial records of the parish.

Employees should not be paid as independent contractors. Independent contractors are not considered employees of the parish and should not be paid through the parish payroll system.

b) W-4 forms are retained

W-4 and MS Withholding Exemption Certificate forms should be retained by the parish. These forms are available on the agency's websites.

c) Issuance of Form 1099-MISC

An IRS form 1099-MISC should always be issued when payments of \$600 or more are made to a service provider or contractor (non-employees) during a calendar year, for other than W-2 reportable services.

When an independent contractor is initially engaged, form W-9 should be signed. Vendor information and payments should be maintained in ParishSoft and 1099/1096 forms should be printed from ParishSoft annually to ensure consistency with accounting records and accuracy in preparation.

Payments made to individuals, partnerships and LLCs qualify for 1099-MISC reporting if paid \$600 or more in one calendar year. This includes but is not limited to: supply priests; caterers; individuals/unincorporated companies performing repairs and maintenance; temporary contract labor; individuals/unincorporated companies providing grounds maintenance. This does not apply to individuals reimbursed for parish expenses where a detailed receipt of items purchased is presented.

Adherence to IRS deadlines is required. Copies to recipients must be mailed by January 31st and copies to the IRS and State of MS must be mailed by February 28th of each year. There are different requirements for an entity filing more than 25 forms. Contact the Diocese Office of Temporal Affairs for assistance as needed.

d) Classification of workers

To be an independent contractor, the individual must be free to choose when, where and how the job will be accomplished. For example, if you hire someone to do a particular job where the individual must work at your location during your work hours, using your equipment, he or she is not an independent contractor, and must therefore be paid through the regular employee payroll, with all appropriate taxes withheld, and they must be treated the same as any other employee for purposes of benefits. Independent contractors do not receive any employee benefits. Cleaning staff and security guards are generally parish employees, unless contracted through an agency. Worker's Compensation and Liability Insurance certificates should be received from independent contractors before any work begins. Updated insurance certificates should be received on an annual basis for work provided past the coverage date.

e) Payroll is prepared properly and timely

All employees must be paid through payroll. No employees are to be paid in cash. Besides being illegal, this practice often imposes unintended hardships on the employee. For example, an employee who had been paid in cash for many years and now chooses to retire

will not likely be eligible for pension benefits or Social Security benefits because both are based on reported payroll earnings. Payroll advances or loans of any kind are discouraged.

f) Timesheets as documentation of hours worked

Individual timesheets are required hourly employees but recommended for all employees. By law, all non-exempt employees are required to record their actual hours worked on their timesheet each day. Absences are to be recorded with an appropriate explanation. Hours worked in excess of 40 in the same work week by a non-exempt employee must be paid at the rate of time and a half. Supervisors must not complete the time records for their non-exempt employees. Employees must complete and sign the timesheet before submitting it to the supervisor for payroll processing. In addition to documenting the pay the employee is to receive on pay day, timesheets are the means by which the employer tracks paid time off benefits, such as sick days, personal days and vacation days for all exempt and non-exempt employees. Retain timesheets for a period of three years.

g) Changes to employee status

All changes to employment status should be documented and include the approval of the pastor for parish employees. Former employees are removed from active status on payroll. Document the date of the status change and the date of the last check. Appropriate Diocese termination forms should be immediately submitted.

Contracts and Commitments (Non-Employment)

a) Parish contracts

The signing of any contract related to a capital project requires the advice of the Parish Finance Council and the written consent of the Bishop. Also subject to this requirement are capital repairs exceeding 3% of the parish operational income. See "Diocese Decree on Finance Councils" for further details.

b) Conflict of interest

Engaging non-parishioners in contracts for goods and/or services best accomplishes maintaining objectivity and independence in a business relationship. Avoid situations where personal interests may conflict with his or her official actions or influence in a business transaction.

Petty Cash Fund

a) Petty cash transactions

Record all petty cash transactions in a petty cash register to maintain a clear record of the payment of expenses with a small amount of cash. A record of each petty cash payment should be maintained to identify the person paid, the reason, the amount and date.

b) Replenishment of the petty cash fund

Write a check from the parish operating account made payable to "Cash" and receive the amount directly from the bank. Never take cash directly from the Sunday collections or

other income. Determine the total for the petty cash fund and periodically make the deposits necessary to maintain this pre-determined total.

c) Fund limit

Keep the limit at a minimum to cover incidental expenses, such as postage. It is advised to maintain a \$100 or \$200 limit depending on local needs. At any point in time, cash and receipts should equal the total of the fund.

d) Disbursements are supported by documentation

Keep petty cash receipts to document the types of expenses, the payee, and number of transactions to determine that petty cash is appropriately used.

e) Authorized custodian

Assign a primary person and a secondary person responsible for processing transactions and serving as a custodian.

f) Designating funds to petty cash

Petty cash funds should be designated for small recurring expenses of the parish. Petty cash funds should not be commingled with the funds used for benevolent gifts.

Diocese of Jackson
Parish Finance Council Decree and Guidelines
Addendum

Page 4 – Norms for Parish Finance Councils, Membership:

- e. Members should be drawn from the parish community and should not include employees of a Diocese of Jackson Parish, School or Chancery Office. Employees may attend finance council meetings at the request of the pastor to provide information but are not considered voting members of the council. Members from outside of the parish community may be appointed by the pastor in the event of special expertise if he/she meets all other requirements.

Guidelines, Page 14, Additional Subject Area:

Fraud Prevention Hotline

The Diocese of Jackson’s Department of Temporal Affairs has engaged Lighthouse Services to provide an anonymous financial fraud, compliance, ethics and human resources hotline. This hotline allows for an appropriate method to report occurrences related to the temporal administration within parishes, schools and the chancery office.

www.lighthouse-services.com/jacksondiocese

English speaking USA: 888-830-0004. Spanish speaking USA: 800-216-1288.

CMC 01/09/2020

Approved by L.S.D 01/09/2020