

Diocese of Jackson



Parish Financial Best Practices Guide

Department of Temporal Affairs

July 2021

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A. PARISH FINANCE COUNCIL DECREE

Preamble

In each parish there is to be a finance council which is governed, in addition to universal law, by norms issued by the diocesan bishop and in which the Christian faithful, selected according to these same norms, are to assist the pastor in the administration of the goods of the parish (Can. 537). In all juridic affairs the pastor represents the parish according to the norm of law. He is to take care that the goods of the parish are administered according to the norm of Canon law (Can 532). Additionally, regarding the goods of the parish, the pastor is required to follow the norms of civil 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, properties within the Diocese 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. As approved by the Bishop, some property is owned by the religious community serving a parish or school. Each parish, however, has the responsibility for, and a certain control over all buildings, land, etc., pertaining to it as a parish.
2. A letter must be sent to the diocesan bishop annually containing:
 - a. The names and professional title of the members of the parish finance council.
 - b. The dates on which the parish finance council has met during the preceding fiscal year and since the end of the fiscal year.
 - c. The date(s) on which the approved (by the parish finance council) parish financial statements/budgets were made available to the parishioners during the preceding fiscal year and since the end of the fiscal year.
 - d. A statement signed by the parish pastor and the finance council members that they have met, developed, and discussed the financial statements and budget of the parish.
3. Parish financial transactions are to be recorded on a timely basis within the ParishSoft Accounting software program.
4. The parish is required to follow diocesan policy for handling parish receipts and disbursements.
5. Diocesan regulations require that all parish 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 three month's operational expenses. Parish investment accounts, savings accounts and/or certificates of deposit outside of the diocesan deposit and loan fund are not allowed.
6. National and Diocesan collections are to be remitted to the Chancery within four weeks of the day on which the collection is taken.
7. 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, relics of saints, 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 lawsuit on behalf of 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 pages 9-10.

8. 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 damage done to real estate.
- d. The acceptance of donations unless conditions are attached.
- e. Payroll transactions for parish personnel.
- f. The replacement of standard equipment. e.g., office supplies, Faith Formation textbooks, 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 Regarding 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 health care and retirement according to diocesan norms.

Norms for Parish Finance Councils

Introduction

In each parish there is to be a finance council which is governed, in addition to universal law, by norms issued by the diocesan bishop and in which the Christian faithful, selected according to these same norms, are to assist the pastor in the administration of the goods of the parish (Can. 537). 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, the pastor may choose finance council members in one of three ways or a combination thereof:
 1. Election by the parishioners
 2. Appointment by the pastor
 3. Calling forth parishioner volunteers
- 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 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 or as a regular ex-officio member 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. 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 pastoral 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 in consultation with the diocesan Director of Human Resources;
- 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. At a minimum they are to meet quarterly. The Finance Council cannot meet without the Pastor or LEM present.
- i. A finance council member or parish secretary should be assigned to take minutes at each meeting. Maintaining a written record of the important topics discussed and the various positions on those topics as well as all resolutions is an integral part of the finance council's consultative function. Best practice includes recording the names of members who present the ideas. A copy of these minutes should be stored at the parish office per the diocesan records retention policy.

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. If 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.

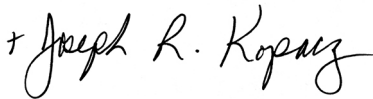
The following areas require the advice of the Parish Finance Council and the written consent of the Diocesan Bishop:

- 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 it would be better that the Diocesan Bishop, as Trustee for the parish, be named as beneficiary in pious wills.

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.



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



Mary Woodward
Chancellor Diocese of Jackson

July 23, 2021

Date

B. PARISH ANNUAL BUDGET AND REPORTING REQUIREMENTS

1. Budgeting

A. Overall Control Environment

The primary purpose of developing a parish budget is to identify for the pastor and the Parish Finance Council the financial resources needed to accomplish the parish's mission, ministries, and activities, and to bring revenues and expenses into alignment.

Secondarily, a budget provides a framework to ensure that parish funds are properly administered. The comparison of actual results to the budget for revenue and expenses provides:

- An ability to focus on financial shortfalls in enough time to make the necessary operating adjustments;
- A means to anticipate financial surpluses and prudently plan for their use; and
- A basis for evaluating the reliability of budget estimates and to take that knowledge into account in the consideration of revenues and expenses to be included in the next year's budget.

B. Creating and Maintaining an Operating Budget

- A budget is a financial forecasting tool for planning the operating activities of a parish for the upcoming fiscal year. The budget is prepared annually, no later than one month prior to July 1, the start of the new fiscal year. A budget is developed based on the revenue and expense experience of the prior year, together with anticipated increases/decreases in any revenue or expense item based on present conditions and any anticipated new activity planned for the next fiscal year.
- The budget is created by either the Parish Finance Council, in collaboration with the pastor and internal/external accounting personnel, or by the pastor alone, with the assistance of such accounting personnel. In either case, the pastor, with the advice of the Parish Finance Council, will approve the final budget. Budgets should be prepared based on the revenue and expense line items that correspond to the Parish Chart of Accounts for the Diocese of Jackson in ParishSoft Accounting. The recorded budget should be identical to that seen by the Parish Finance Council and the Council should review and approve all budget revisions. The actual financial reality should be compared to the budget frequently and presented at least quarterly to the Parish Finance Council.
- Budget variances will occur and are to be expected. Material variances (10%) should be explained by the bookkeeper and pastor to the finance council members.

C. Creating and Maintaining a Capital Budget

- Capital budgeting for the purpose of adding buildings or renovating/ repairing existing properties requires careful planning and includes the development of project cost estimates and resource availability.
- The Parish Finance Council can help with this ongoing process by developing a plan and a budget for each project, which is then brought before the Diocesan Department of Temporal Affairs for consideration, and then forwarded to the Diocesan Bishop, as Trustee, for approval. See [Capital Expenditures Policies](#) for specific required guidelines.

2. Reporting

- For each Parish Finance Council meeting, the Council should receive a Statement of Financial Position and Statement of Activities for the period just ended from the pastor and the parish accountant/bookkeeper. The reports should include all parish organizations such as schools, cemeteries and other organizations using the parish tax ID number.
- Pastors are required to report annually to parishioners the results of parish financial activities for the fiscal year ending on June 30th. Such results should include the summarized version of the Statement of Financial Position (Balance Sheet), Statement of Activities (Profit & Loss) and the Annual Budget for the upcoming year. Additional information may be provided as considered appropriate by the pastor and the Parish Finance Council. Pastors are required to send a copy of this report to the Diocesan Department of Temporal Affairs.

C. CASH RECEIPTS & COLLECTIONS

1. Collection and Counting Policy and Procedures

Sunday offertory donations represent a major source of support for the parish. Accordingly, great diligence should be exercised in handling and processing these funds.

- Collection proceeds should be counted and deposited as soon as possible after Mass.
- Parishes must store collection funds in a secure location.
 - A drop safe that is secured (bolted) to the floor or other permanent structure. Hiding the safe in a vestment closet or other location that is “out-of-sight” can also enhance the safety of the funds. Consider installing a lock on the closet door to add a layer of protection. One person should be the regular custodian of the key with an alternative plan in place in emergency circumstances. A drop safe with a programable combination can be purchased for less than \$600.
 - A safe inside the church office (when church and office are next door) is another option.
 - If a safe is not an option, funds may be dropped at the bank's night depository and picked up the next business day for counting. This is a very good option to get funds off the premises and held in a protected environment. If your bank does not accept tamper evident bags as part of their night depository program, please check with your bank about other options.
 - Do not store the collection in an unsecure location such as an unlocked or locked desk drawer, rectory, or offsite.
- Tamper evident bags or locking bank bags with discretionary access to keys are to be used to store the collection until counted. Access to the unassigned tamper-evident bags and a bag log sheet should be limited.
- Parishes should recruit and adequately train volunteers from the parish to act as counters. Parish staff can be used to train and supervise the volunteers, but generally should not be a part of the counting and/or deposit (bank transport) process. This is especially true for parish fiscal staff.
- Normally, there should be at least two count teams, preferably more. A rotating schedule should be established for the count teams and members' duties should be rotated.
- Counting teams should be well trained to accurately segregate envelopes, count and segregate the income, and deposit the money while giving the verified envelopes and copies of loose checks to the bookkeeper or business manager for recording.
- The counting area must be on the parish property and should not be in an isolated or hidden location. Under no circumstances should the offertory be taken offsite to the rectory, a parishioner's home, or any other location except when making the bank deposit.
- Counters should work in relatively close proximity to each other and not be spread out in the counting area. One large table shared by all counters can generally provide enough room while

maintaining closeness. All bags and monies should be processed dual control which means by at least two people in alternating roles.

- Best practice asks that the volunteer counters process ALL income received in the collection. This includes National and Diocesan appeals, votive candle donations, and other items received in the collection. (Details of Mass intentions and Memorials should be forwarded to the staff member that handles them.)
- All Parishes must have a written procedure for offertory collections that includes specifics on where the money is kept until counted, dual control safeguards, and counting instructions, including the use of a standard counting sheet. A sample counting procedures and instructions and a sample counting sheet can be found in Appendix A: Forms
- All donations must be promptly recorded in ParishSoft Family Suite. The batch reports from Family Suite should be trackable to the deposits recorded in ParishSoft Accounting and to the parish bank statement. For ease in recording offertory, parishes may make use of a “parishioner” named Visitor and Loose Cash.
- Record all envelopes from a particular collection date as of the collection date, not necessarily the date printed on the envelope. If a parishioner provides several weeks’ worth of envelopes on one Sunday, all envelopes should be dated with the date received, even if there are many different envelope dates in that collection.
- Parishes should send contribution statements to parishioners on a periodic basis, but at least annually. The criteria for sending a statement should be reasonable to help the parish save on postage expense, while still allowing for many parishioners to receive a statement. Consider mailing (or emailing) statements automatically for all parishioners who give \$250 or more per year. Statements should include a notation such as “This statement is for your records. Please examine it carefully. If it doesn’t agree with your records, please contact the pastor directly.” Some parishes utilize bulk mail and choose to mail statements including gifts of any amount. See section C-7 for more detail.

2. Best Practices for Handling Other Parish Income

- All money received, no matter its form, must be handled in a safe and secure manner. The collection counting practices above are also applicable to other income received at the parish.
- Cash should never be left unattended in an open area regardless of the amount of cash or time left alone.
- The employee responsible for opening the mail should prepare a log of all money received that lists the date, payer, amount, form (cash, check, etc.) and a note about its purpose if available. This log is updated while the mail is opened or when the money is otherwise received in the office. The entries on this log should be trackable to a bank deposit ticket and a deposit in ParishSoft Accounting.
- When possible, the person opening mail or receiving money should be independent from the accounting function.
- Any checks received should immediately be stamped “for deposit only” with the correct bank account stamp. Checks received in the mail or cash in the office should be kept secure until processed and deposited within the same week as they are received.
- Checks made payable to the parish must be deposited only into the parish operating account.
- “Post Dated” checks should never be accepted for fee payment.
- Do not accept a check for an amount greater than the amount owed. Never give a parish check or cash back for a check received.
- All income items must be deposited intact. This means that all money is deposited in the same form (cash, check, money order) that it was collected. No change is made, and no checks are cashed. Retain a copy of the deposit slip at the parish.
- Other parish income (outside of the collection) should be deposited no less frequently than weekly. Avoid keeping a substantial amount of cash onsite overnight. In no case should it exceed \$500. Where possible, use a bank night-depository for fundraising proceeds as most fundraisers are public knowledge.

3. Income Documentation Standards

All income received at the parish should be properly documented. Each item on the deposit ticket should have supporting documentation in the form of a batch report (if income is recorded in Family Suite), a cash receipt (if cash is received), or a log of payers and amounts (for items coming through the office or mail). This documentation may be in electronic form. For online deposits, a detailed listing report of the payers and amounts from the service provider should suffice. All income should be trackable to the bank statement.

A 3-part receipt should always be issued whenever cash is received in the office – including religious education tuition payments and Mass stipend income received. When issuing receipts:

- The top copy (white) should be given to the parishioner, the second (yellow) copy should be clipped to the money received and saved with the funds, and the third copy (pink) should always remain in the receipt book as a control copy. Please ensure that a receipt is issued for all cash received, even if the parishioner does not want their copy.
- When receipt books are first issued, the beginning and ending receipt numbers should be written on the book cover in marker to identify the first and last receipts in the book. Receipt books are subject to audit. Void spoiled receipts and retain all copies in the book. A missing page of receipts should be promptly investigated since it could indicate that funds may be missing as well.
- In a situation such as a small fundraiser where issuing receipts is not practical, then strong cash handling rules should be exercised, and a cash count sheet should be prepared after the event by the person(s) responsible for the event that lists each denomination and totals the amount delivered. This cash count sheet should be attached to the deposit documentation packet for that event. For more details on fund raising, please see section C4. A sample Event Counting Sheet is available in the appendix.

4. Internal Controls for Fundraising

Parish and Support Societies may choose to hold fundraising events from time to time. These events can take many forms from bake sales to festivals or dinners and auctions. Since the primary goal of these events is to raise money for a parish purpose, it is in the best interest of the volunteers and the parish to ensure that preparations have been made to minimize the risks that funds might be diverted from parish purposes. To this end, the following basic internal controls for fundraising events are presented.

Please remember that since each event can be structured in a unique manner, these basic controls will need to be modified to fit your situation. A small bake sale would not demand the same level of control that a parish-wide festival would need. If you have any questions or would like assistance in customizing these controls for your event, please contact the Department of Temporal Affairs.

General Fundraising Event Controls

One of the most important internal controls available for fundraising is the concept of segregation of duties. This practice asks that multiple unrelated people should be used throughout an income or disbursement process to ensure that one person does not control all of the functions. For disbursements, one person should approve the invoice to be paid, another person should print the check and record the expense, and another person should sign the check. The person printing the check should not have signing authority on the account. Temptation and opportunity for embezzlement increase when segregation of duties is not present. In small operations, complete segregation may not be feasible. In these situations, compensating controls need to be implemented to minimize the risks. Compensating controls generally take the form of checking the process after-the-fact to see if any problems have occurred. For disbursements, this could include an initial review of the bank statement by someone other than the check writer to see if any unauthorized transactions have occurred.

Individuals should be identified for each required process prior to the event. Training should be scheduled prior to the event to ensure that all volunteers understand and can complete their assigned tasks.

All raffles should have a set of rules prepared that are available to anyone wishing to purchase a ticket. Please consult with the Department of Temporal Affairs to review your rules if the prizes are valued at greater than \$2,500.

NOTE: Per Federal Law, raffles are considered lotteries if they incorporate three elements: prize, chance, and consideration (fee to enter). Tickets for such raffles are considered unlawful mail and therefore are not mailable. Tickets may be delivered to buyers in-person, through a private delivery service such as FedEx or UPS, or buyers may pick up tickets at a specified location(s).

Income Controls for Fundraising Events

For large events, strategic goals of income control include limiting cash access points and documenting cash transactions for reconciliation later. For large events, use the following guidelines where possible:

- Set up a secure counting area for processing all income for the event.
- This area should be out of the general event area, but not too far away.
- A minimum of two unrelated people should staff the counting area at all times.
- The area should preferably have a secured drop safe.
- Keys for locking bag or supplies of tamper-evident bags should remain in this area.
- For tamper-evident bags, serial numbers of bags issued for pickup should be recorded.
- Utilize tickets for purchasing items or services at the event.
- Tickets should be pre-numbered and sold in sequential order (roll)
- If different ticket prices are charged, obtain different ticket colors for each price.
- Limit ticket booths to the minimum number needed to facilitate sales (1-2)
- Each ticket booth should be staffed by at least two unrelated people.
- Have one cash drawer and one ticket roll of each color used for each sales station in the booth.
- Each cash drawer should be started with the same amount of startup (change) cash.
- Each sales station should have a ticket reconciliation form.
- Stamp "for deposit" on all checks received.
- Periodic randomly timed cash pickups should occur throughout the day.
- At the end of the day, the cash drawer and the ticket roll(s) should be returned to the counting area.
- Completed deposits should be taken to the bank daily – for multi-day events, only the next day's startup cash should remain at the parish and be stored in the locked safe.
- At least two unrelated volunteers should remain in the counting area until the deposit has been taken to the bank.
- Transport the deposit to the bank in a logged tamper-evident bag or locked bank bag.
- If a locked bag is used, the key must remain with someone NOT transporting the deposit to the bank.
- If multiple deposits are made during a day, vary the timing and route to the bank to enhance security.
- The ticket reconciliation form should be completed comparing the cash received to the ending ticket number minus the beginning ticket number.
- Ticket reconciliation form should be completed by the supervisor.
- Ticket sales volunteers, counters, and supervisor should sign the reconciliation form.
- Do not make any payments to vendors or individuals directly from cash received.

Disbursement Controls for Fundraising Events

Strategic goals for disbursements include ensuring that the expense is authorized, paid from the parish checkbook, adequate documentation is maintained, and tax rules are followed.

- Do not make any payments to vendors or individuals directly from cash received.
- Establish a budget for the event expenses based on projected income.
- Requests for disbursement should be approved by event supervisor after verifying that the items/services purchased were received and the request is not a duplicate
- All disbursements must have adequate documentation from an invoice or a signed “disbursement request form.”
- Obtain Taxpayer ID number for all service vendors (including caterers) and large prize raffle winners on a W-9 form.
- All disbursements must be made by parish check.
- On the day of the event, the supervisor could be issued a petty cash check in a fixed amount that is cashed and used for emergency purchases.
- In this situation, receipts must be obtained for all disbursements from this fund and all remaining funds & receipts must be returned to the parish and reconciled at the end of the event.

Wrap-Up Controls for Fundraising Events

- All ticket reconciliation forms, and counter tally sheets should be reviewed against income deposited to ensure balance.
- A detailed financial report should be promptly prepared indicating the types of income received, expenses paid, and net profit from the event.
- The financial report should be shared with the pastor and finance council within a few days of the event.
- Make notes about areas for improvement and ask workers for suggestions if the event will be held again next year.
- 1099-NEC forms will need to be issued at the end of the calendar year for service vendors who are paid \$600 or more.
- Raffle winners may need a W-2G form if the winnings are over \$600 – contact the Department of Temporal Affairs for exact rules.
- If the event requires sales tax to be paid to the State, ensure that all records are complete and that the proper forms are filed, and payments made.

These guidelines do not attempt to cover all of the possible contingencies or risk exposures. Please contact the Department of Temporal Affairs if you have any questions or would like additional guidance.

5. Votive Candle Income Handling

Some parishes may collect votive candle money. While candle trays generally have a slot to accept and store candle donations, these devices are not always the most secure. To reduce the risk for loss, it is recommended that the votive income should be regularly collected on a weekly or monthly basis and promptly placed into a tamper-evident bag labelled “Votive Candles” and sealed for later processing by the offertory count team. The exact frequency will depend on the number of candle trays and the amounts donated each week but should remain fixed once it has been established. The goal is to reduce the amount of funds at risk for theft. The regular counting team should count candle funds, record the income on the counting sheet on a line for votive candle income, and deposit the funds into the parish bank account.

Ensure that votive rack donation receptacles are theft resistant and secured to the rack. Reinforced containers that are an integral part of the racks with a slot to access funds should only be used. Do not use open dishes, cans, etc. that are set on top of the racks to hold donations.

Votive income and expenses must be handled by the parish, not an auxiliary organization such as the Ladies Guild or Altar & Rosary Society. While such organizations are encouraged to support the parish by donating to the parish for items such as altar breads and votive candles, all income and expenses for these candles should be processed through the parish accounting records.

6. Accepting and Acknowledging Donations

A. Cash/Check Donations

Parishes should record these donations in ParishSoft Family suite using the date deposited and then issue annual contribution statements to all parishioners with the necessary IRS language. At calendar year end, it might be necessary to date a gift in December, when it was actually deposited in January. This should only be done if the funds were received by the organization in December, or if a mailed gift was postmarked with a December date. If an acknowledgment letter is sent at the time of the gift, do not include IRS language, but indicate that the donation will be included in the year end statement. Sending an acknowledgment letter at the time of the gift is encouraged for donor relations purposes; it is always good to thank your donors.

B. Catholic Service Appeal Donations

All Catholic Service Appeal donations should be forwarded directly to the Diocese. Acknowledgement of these gifts will be made directly from the Diocese.

C. Mass Intentions

Mass intentions are an offering when someone requests that the Intention for a Mass be for a particular person or need. All Mass intention receipts must be deposited into the parish operating account and coded to a Liability Account (Custodial Obligations). The parish should not maintain a separate checking account for this purpose. Mass Intentions are not donations, they are considered compensation for a service rendered and taxable income to the priest, payable through their semi-monthly or monthly paycheck.

D. Memorial Gifts

A gift in memory of someone does not constitute goods and services, so memorial gifts should be included in a donor's year-end contribution statement.

E. Financial Securities/Stock Donations/IRA Distributions/Property Donations

Diocesan policy does not permit the parish, its ministries, or related organizations to purchase or hold financial securities or commodities. This includes stocks, bonds, mutual funds, etc.

The Department of Temporal Affairs handles all stock donations and credits the applicable parish's savings account held in the Diocesan Deposit and Loan program. A copy of the "Guide for Processing Gifts of Stock" form can be found in the appendix.

Stocks privately held and not sellable on a stock market exchange are not to be accepted.

F. In-Kind Donations (Non-cash donations)

Provide a thank you noting the date of the in-kind donation and description of the item but not a value. The letter serves as an acknowledgement for tax purposes, and per the federal tax code, the donor must assign his/her own value. Do not include in-kind donations in ParishSoft Family Suites or on year end statements. A sample letter can be found in Appendix A.

Note that it is best the parish pay for expenses directly and parishioners provide donations to cover the expense rather than to have the parishioner pay for the expense and then receive an in-kind donation.

G. SERVICE (TIME & TALENT) DONATIONS

Provide a thank you note. Simply thank the donor for the gift of his/her services to the parish/school/other diocesan location. The IRS does not allow tax deductions for volunteer time. Do not include the IRS language (see section J below) or assign a value. Do not include a value in your contribution records or on year end statements.

Donors can deduct out of pocket expenses, including traveling to the site where they are volunteering, provided they are not reimbursed by the parish or school for those expenses. The IRS has an approved mileage rate for volunteers (see www.irs.gov for current rate). Donors are responsible for tracking their own expenses related to volunteering and maintaining any IRS-required documentation. For independent contractors that wish to donate services, it is best to pay the contractor for the service and have him/her write a check to donate the amount back to the parish. This list is not all inclusive. Please contact the Department of Temporal Affairs with specific questions.

See IRS Publications 526 and 1771 at www.irs.gov for additional information.

H. GIFTS THAT ARE NOT TAX DEDUCTIBLE

Donors are not allowed to receive a charitable deduction for the following:

- A contribution to a specific individual/family
- The part of a contribution from which the donor receives or expects to receive a benefit.
- The value of their time or services
- Personal expenses
- A qualified charitable distribution from an individual retirement arrangement (IRA)
- Appraisal fees
- Certain contributions to donor advised funds.
- The cost of raffle, bingo or lottery tickets, even if you don't win.
- School tuition, whether paying for one's own children or another named student
- Full amount for items purchased at a fundraising auction or event.
- Certain contributions of partial interests in property

Donors may refer to IRS Publication 526 or consult their tax advisor regarding deductibility.

I. END OF YEAR CONTRIBUTION STATEMENTS

At the end of each calendar year, contribution statements should be prepared for all parishioners based on amounts recorded in ParishSoft Family Suites Module. Federal tax deductibility for any single contribution greater than or equal to \$250 requires the donor to have written acknowledgment of the contribution. The written acknowledgment must include the following:

- Parish name
- Donor's name
- Amount of cash contribution – itemize greater than or equal to \$250 contributions separately; each \$250 or more contribution must be listed separately on a donor's contribution statement.
- Date of the contribution
- If goods or services were not provided, include the following:
A statement that goods or services provided by the parish/school consisted entirely of intangible religious benefits if that was the case.

Example: "This acknowledgement of your contribution is provided pursuant to Section 170(f)(8) of the Internal Revenue Code and should be kept as a reference for tax purposes. (Name of Organization) did not provide you with any goods or services in whole or in part for this contribution other than intangible religious benefits."

- If goods or services were provided, include the following:
A description and good faith estimate of the value of goods or services that the parish/school provided in return for the donation.

Example: "Two Jackson State Tigers basketball tickets for December 12, 20XX, valued at \$300, were provided in return for a \$600 donation."

Calendar year contribution statements should be distributed by January 31st particularly for statements with individual contributions of \$250 or more. Electronic statements are acceptable. Any discrepancies noted by parishioners should be investigated by someone other than the recorder of collections.

IRS Publication 1771 contains detailed information regarding the above requirements.

7. Reporting Donation Restrictions

The Diocese of Jackson requires that ALL donations of \$25,000 or more must be reported to the Department of Temporal Affairs on the Chancery's "Statement or Waiver of Restrictions Placed on Proposed Charitable Gift" form BEFORE accepting the gift. The purpose of this reporting is to determine if the gift contains restrictions that could be problematic for the parish accepting the gift or to document that the donation does not have restrictions. A sample of this form is found in Appendix A.

Please also use this form to report any GRANTS of \$25,000 or more that have been requested and received.

Completion of this form is NOT required for capital campaigns. For example, if the parish were running a capital campaign for a new steeple, then donations of \$25,000 or more toward that campaign would not be required to complete the form.

8. PayPal Accounts

The use of PayPal or similar electronic payment collection systems, that is not a previously approved platform, must be approved by the Department of Temporal Affairs.

D. CASH DISBURSEMENTS AND BANKING

1. Checking Accounts

- Each parish shall maintain one operating account (checking account). Additional bank accounts outside of the Diocese Deposit and Loan fund are prohibited. Rather than open a separate checking account to track funds for different departments or ministries, please make use of the cost centers provided by ParishSoft to track and segregate funds.
- Only the pastor, in connection with the finance council, is permitted to open or close bank accounts for the parish, its ministries, and for support organizations. All accounts must use the parish's Federal Employer Identification Number (FEIN) - no other Taxpayers number (such as a Social Security Number) may be used. Be sure to notify the Department of Temporal Affairs of changes in bank accounts for updating drafts for payroll, loans, transfers, etc...
- Other types of accounts such as external savings, CD's, brokerage accounts, etc. as well as unreported checking accounts are prohibited. Parish savings are to be maintained in a diocesan savings account and all accounts are to be included in ParishSoft accounting.
- Individual parish ministries, and organizations that are considered part of the parish may NOT have a separate checking account. Examples include but are not limited to Youth Ministry, Prison

Ministry, Ladies', or Men's groups, etc. This does not include accounts of the Knights of Columbus or other organizations having a Federal ID Number separate from the parish. The bank accounts of these separate organizations must not include the name of the parish as part of the account name.

- All bank accounts must be established in the name of the parish and the account name must contain the name of the parish in the title.
- The mailing address should be the parish office address and never a personal residence.
- Accounts should be set up to ensure that copies of all checks cleared through the bank are returned to the parish with the statement. If statements are printed on-line, ensure that all checks cleared that month are printed as well.
- Diocesan regulations require that all parish 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 three (3) month's operational expenses.
- The Pastor, Parish Administrator or LEM must be the primary signer on all checking accounts. If a secondary signer is needed, he/she must be approved by the Vicar General or Director of Temporal Affairs. Examples might include a Finance Council member or Pastoral Council member. Under no circumstances should the bookkeeper sign on the account.
- All banking transactions must be entered appropriately within the ParishSoft accounting system.
- All checking accounts must be reconciled to the bank statement monthly, and someone not involved in the disbursement process should review and sign off on this work. Detailed reconciliation information should be documented on paper, even if prepared electronically.
- The pastor should periodically discuss financial transactions of support societies (ex. Ladies Auxiliary Groups) with officers of the society.

2. Bank Statement Cut-Off Date

It is a best practice to align all bank statement cut-off dates with the accounting period dates. The Diocese of Jackson uses month end. A bank statement with an ending date other than the end-of-month could cause confusion when attempting to reconcile the bank accounts to the end of the month. If your parish bank statement does not cycle at month end, your bank can make that change without having to change the account number or order new checks.

3. Prompt Bank Account Reconciliation

All parish bank accounts should be reconciled through ParishSoft Accounting monthly and should be completed by the 10th of the following month. Recent revisions to the Uniform Commercial Code, the laws that govern check processing have shortened the amount of time the bank customers have to notify the bank of errors on their accounts. While each bank's rules are slightly different, some banks can refuse to correct errors in the account if they are not notified within 30 days after sending out the statements – even if it is the bank's error! Delays in balancing can expose parishes to the risk of loss through uncorrectable errors. Any errors or suspicious transactions that are noticed should be promptly brought to the bank's attention and discussed with the pastor.

4. Old, Outstanding Checks

Parishes must ensure that all checks that are issued clear the bank in a relatively timely manner. If a check has not cleared the bank after three months (90 days), the person or company to whom the check was written should be contacted to find out why the check has not cleared. If you write to the payee, a sample letter is available in the appendix and can be adapted to help resolve your old checks:

Some typical situations and their resolution include:

- The payee has the check, and they just need to be reminded to cash it.

- The check never arrived or arrived but is now lost. Reissue to payee unless they want to donate it to the parish (void the original check in this case)
- The vendor never received the check, but they included that amount on the next billing that was paid by the parish. Void the original check since the amount was transferred to the next statement and paid at that time.
- A check was created within the system incorrectly and a corrected check was issued without voiding the original transaction.

If a payee asks that the original check should be a donation, please document this intent.

Parishes must make a great effort to ensure that these checks are promptly resolved in a legal manner. You cannot just void an old check because it was not cashed. This effort may include phone calls, letters, internet searches, publication of a desire to contact an individual in the bulletin, or even hiring a private investigator.

If you have uncashed checks and are not able to contact the payee or otherwise establish a valid reason to void the check, please contact the Department of Temporal Affairs to discuss filing an Unclaimed Property report with the Mississippi State Treasury office.

5. Old, Outstanding Deposits

Parish, Society, or Ministry checking accounts should never have outstanding deposits beyond a few days. If a deposit is made at the end of the month, it may not clear prior to the printing of the bank statement but should clear by the next statement. Deposits that are outstanding for more than a few days are a cause for concern and should be promptly investigated since this means that money you thought was put in the bank did not arrive there. The answer may be simple, such as a duplicate recording of a deposit, or it may potentially indicate missing funds. The pastor should be informed of the circumstances surrounding these transactions and the results of the investigation.

6. Disbursement Documentation Standards

All disbursements of parish funds should have adequate documentation to support the transaction. Examples of adequate disbursement documentation include original vendor invoices; charge card statements with ALL charge tickets attached; or a request for reimbursement of expenses with invoices or receipts attached to substantiate the request. Whenever a credit card is used, all charge tickets (receipts) must be included with the statement to document the expense. Vendors should not be paid directly from a monthly statement without copies of ALL applicable invoices included. Online orders should include a printout of the invoice or order confirmation page (if no invoice is available). These receipts should include a note on them mentioning the business purpose of the disbursement. In the instances where no documentation is available, the parish should use a "disbursement request" form to document the circumstances for a disbursement. This form should be used as a last resort and every attempt should be made to obtain vendor documentation, especially for larger purchases. A sample disbursement request form can be found in the following section (9). You may use it as-is or modify it to suit your parish needs. Please see section L for record retention information on how long to keep invoices and receipts on specific items.

7. Disbursement Processing Best Practices

- General disbursements should be made in accordance with the parish budget. Current budget balances should be reviewed PRIOR to making larger purchases. The parish Finance Council should be consulted when above the threshold required by the Diocese, when previously set Pastor limits require, or when the purchase is outside of the approved budget.
- When possible, the person entering bills for payment should be someone different from the person who creates or edits vendor records. If this is not possible due to limited staff, please

have the pastor or a finance council member periodically review a list of all vendors in the accounting system. Consider if vendor will need a 1099 and obtain W-9 form prior to making payment when necessary.

- Payments should only be made from the original invoice, not a copy or monthly statement. Payments from an invoice copy / FAX / PDF / email should only be made as an EXCEPTION requiring additional scrutiny and review.
- When an invoice arrives, before processing the payment, always make sure that someone at the parish is aware of the order and that all the goods or services that are being billed were actually received. Have someone familiar with the items approve the invoice. Best practice will have a receipted packing list delivered to the parish office signed by the person who received the items. Again, make sure the items were ordered and not just “pushed” to the parish in the hopes that the parish will pay for them. Some unscrupulous companies send solicitations for business that look like invoices or government notices. If you suspect that a correspondence might be fraudulent, feel free to contact the Department of Temporal Affairs to investigate.
- A person who is familiar with the order should also verify that the ordered and received quantities and prices agree with the amounts ordered. Any discrepancies should be resolved before paying the bill.
- As you prepare to enter an invoice for payment, make sure that the invoice is mathematically correct. While the risk of mathematical errors has been reduced with introduction of computer-generated invoices, some vendors do not use computers to generate invoices and an unscrupulous vendor may even program a computer to calculate totals incorrectly.
- There is no overall exemption from sales tax in Mississippi that applies to churches; however, 501(c)(3) churches in Mississippi are exempt from sales tax on purchases of electricity, gases, other fuels and potable water used on property that is primarily used for religious or educational purposes. Most utility providers will help you establish this exemption if you contact them directly.
- Reimbursement payments made to employees or volunteers should always be made payable to the employee or volunteer, never directly to a credit card company.
- Prepare checks through the ParishSoft program from standard check stock that is always used in numerical order. Use of manually written checks is a poor practice and should be avoided.
- Under no circumstances are any disbursements to any employee, contractor, or vendor to be paid in CASH. Checks should not be written to an employee to be converted to cash to pay a bill.
- Disbursement checks should never be post-dated.
- When presenting the checks to the signer for signature, please always include all of the original disbursement documentation (invoices, receipts, etc.) so the signer can confirm the payment and has the information readily available if he has any questions. Paper clipping each check to the top of its supporting documentation provides a convenient packet for the signer.
- All disbursement checks should be promptly mailed directly to the payee unless some other delivery arrangement has been requested. The person mailing the checks ideally should be someone other than a person involved in the process of creating or signing the check. Checks should not be prepared and “held” due to cash-flow concerns. If sufficient funds are not available to cover a disbursement, do not print the checks.
- All invoices paid by a particular check should be stamped “PAID” or otherwise cancelled. A copy of the check stub should be attached to the invoice it pays.
- If a check must be voided, please write “VOID” on the face of the check in permanent marker or pen and cut off the signature block. Keep voided checks in file to show continuity of check numbers. Properly void the check within ParishSoft.

8. Employee Mileage / Expense Reimbursement

Generally, all parish purchases should be paid directly through the regular operating checking account. However, parish staff or volunteers may occasionally make business purchases or use their personal vehicle for parish business. It is the policy of the Diocese of Jackson for parishes to reimburse employees and volunteers for these purchases and for the use of their vehicle with valid documentation, if for a valid business purpose and upon pastor’s approval. Requests for

reimbursement should be made timely and at a minimum within the same fiscal year as the expense, whenever possible.

Any reimbursement that does not involve accountable documentation as described below is not allowed.

A. For Expense Reimbursements:

- Ensure that the original receipt or paid invoice is attached for EACH purchase where reimbursement is being sought. For online orders, please print out the invoice or final order confirmation screen to serve as documentation of the purchase. Please list the business purpose of each purchase on the receipt. Original receipts are needed to help reduce the potential of an item being returned to the store after a reimbursement has been made.
- If the purchase was made on a personal credit card, the reimbursement MUST be made to the individual and NOT the credit card company.
- An expense reimbursement form can be found in the appendix.

B. For mileage / travel reimbursement:

- Employees are reimbursed for all related, reasonable, and actual expenses in connection with legitimate and authorized business. Employees are expected to exercise prudent business judgment for travel related expenses; obtaining the lowest reasonable cost should prevail over personal preferences.
- It is Diocesan policy to reimburse vehicle expenses on a “per mile” rate based on the allowable IRS reimbursement rate (56.0¢ per mile in 2021). When a “per mile” rate is paid, no other vehicle expenses should be submitted for reimbursement such as gas, oil, repairs, etc. Tolls and parking are not vehicle expenses and may be submitted for reimbursement along with mileage. Please document these additional expenses.
- When using a personal vehicle for parish business, the operator must maintain adequate liability insurance. If an accident occurs when a personal vehicle is used, the employee’s personal insurance is liable even if the employee is travelling for parish purposes.
- Other non-reimbursable travel expenses include but are not limited to traffic/parking violations, in-room movie rentals and other entertainment, purchase of clothing or other personal items, and expenses for family members traveling with the employee.
- An expense reimbursement form can be found in the appendix.

9. Issuance of Form 1099-NEC or Form 1099-MISC

It is critical that each parish correctly determine whether the person providing a service is an employee or an independent contractor. The person is not classified as an independent contractor if they perform services that can be controlled by the parish (the work to be performed and how it will be performed). This applies even if the person is given freedom of action. What matters is that the parish has the legal right to control the details of how the services are performed. When the person is classified as an employee, they must be paid through centralized payroll and applicable taxes deducted from their wages. However, a person is classified as an independent contractor if the parish has the right to control or direct only the result of the work and not what will be done or how it will be done. The person classified as an independent contractor must fill out a W-9 form and return it to the business office prior to any payment made.

Generally, the IRS exempts corporations from needing to receive a Form 1099. However, other business structures such as general partnerships, limited partnerships, limited liability companies and sole proprietorships require form 1099 issuance for amounts of \$600 or more in the calendar year. If the bookkeeper is unsure regarding the tax status of existing vendors, request a W-9 form from the company so the parish accounting system can be updated accordingly. When or if doubt remains and the payment amount exceeds the \$600 threshold, a 1099 form can be filed. The IRS does not levy

penalties for filing 1099 forms that are not needed. Contact the Department of Temporal Affairs if issues have not been resolved.

An IRS form 1099-NEC should always be issued when total 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. This includes payments made to individuals, partnerships and LLCs and includes but is not limited to supply priests, caterers, individuals/unincorporated companies performing repairs and maintenance, temporary contract labor, and 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.

An IRS form 1099-MISC is issued when payments of \$600 or more are made for specific items, including rent and prizes. For specific details on the differences between form 1099-NEC and form 1099-MISC, please consult the IRS website.

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.

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 Department of Temporal Affairs for assistance as needed.

10. Religious Priest Payments Should be Paid to Order

Priests and men/women religious who belong to a religious community and take a vow of poverty are not required to pay income taxes provided that they submit all of their earnings to the community. The religious community has received a tax exemption from the IRS, not the individual religious. When a check is made payable to an individual religious for services performed, the IRS will consider the funds were paid to the individual, not the religious community and treat the payment as taxable income, even if the recipient is a member of a religious order.

To prevent the possibility of confusion, it is a best practice to make all earnings payments (including clergy assistance, Mass stipends, mission lectures, professional allowances, and regular parish earnings) payable to the religious order.

There may be an occasion when the order prefers that the local priest should deposit the check for living expenses (such as if the motherhouse is located a great distance away). In this instance, the first line of the payee should still be the religious order. The second payment line can state "c/o Sister XXX" with the appropriate priest's or sister's name on that line.

11. Parish Credit Card Guidelines

Parish credit cards must be closely controlled to prevent misuse and misappropriation.

Any cards kept at the office for approved staff use must be kept in a locked location such as a safe or desk drawer. A custodian must maintain a log of anyone requesting the use of the card and the dates/times loaned and returned. Receipts must accompany the return of the card when checking it back into the parish.

When an authorized signer is no longer affiliated with the parish, any parish cards in his/her possession must be cancelled and any other access to the account terminated.

The use of credit cards, or revolving store accounts, for diocesan purchases should be held to the same level of accountability as any other cash disbursement. Guidelines for proper use include the following:

- The Pastor, Parish Administrator or LEM should approve any authorized users prior to the first purchase.
- For security purposes, the number of authorized Parish credit cards should be limited, an appropriate maximum credit limit established (typically no greater than \$2,000), and no PIN number should be requested as the card should never be used as a debit card. Individual card limits should not exceed two month's average merchandise purchases for a particular department.
- The cardholder's name, number and expiration date should be kept on file in a secure location in the parish/school/agency office. The phone number for the issuing bank should be included as well.
- Cards are to be used only for the purchase of goods or services for use by the parish. No personal purchases may be made on parish cards.
- Receipts and supporting documentation for all purchases should be submitted to the bookkeeper or business manager immediately. An online purchase may be documented by either an invoice or an electronic order confirmation that shows prices and quantities.
- Monthly statements should be reviewed as soon as they are received. Original purchase receipts should be matched to each charge and attached directly to the statement. Unmatched charges should be investigated for legitimacy. Repeated lack of documentation should lead to loss of charge privileges.
- The total amount due on the statement must be paid in full monthly on or before the due date to avoid service charges. All credit cards must set up in ParishSoft accounting and reconciled monthly. The reconciliation process and approval should follow the same guidelines as the checking account. When possible, the person reconciling the credit card should not be authorized to use the card.
- Earned rebate checks received should be posted to 4199.00 – Other Income.
- The employee to whom the card is issued is responsible for the use of their credit card and all associated purchases. Lost or misplaced cards must be reported immediately.
- All parish credit cards must be immediately surrendered upon termination of employment or at the request of the Pastor/Admin/LEM.

12. Automatic Draft/Electronic Payment Precautions

Parishes may set up utility bill payments as automatic drafts. Except for the Diocesan offices, all other disbursements should be made with a parish check. The pastor/LEM must approve and sign off on all new automatic draft payments.

If a relationship with a vendor drawing automatic draft payments from the parish account is terminated, contact BOTH the vendor and bank to inform them that the relationship has ended and that future drafts should not be made / honored.

13. Bank Debit Cards

Parishes should not obtain a debit card or ATM card that is attached to a parish checking account. While debit cards may look like credit cards, the rules governing debit cards are significantly different from credit cards and offer fewer protections than credit cards.

14. Petty Cash Operation

In the past, some parishes have made use of a petty cash fund. The widespread use of parish credit cards has made a petty cash fund unnecessary. In the event an employee purchases something for the church, the employee may request reimbursement.

15. Security of Blank Check Stock

Check stock that has not been printed with the disbursement information, including all preordered boxes of checks, should be secured in a locked file cabinet when not in use. If blank checks are not secured, someone could remove checks from this supply. The removed documents might be from the middle of the package and not missed for weeks or months. These missing documents could be forged and possibly cleared through your bank account before the theft was detected.

If a bank account is closed or switched to another bank, all remaining check stock should be promptly shredded to prevent fraudulent use. Vendors may unknowingly accept unauthorized checks from this obsolete stock and sustain a loss.

16. Do Not Sign Blank Checks

Pastors should never sign blank checks for any purpose. All checks should be completely prepared with payee and amount before the check is signed. Signing blank checks subjects the parish to the risk that a check could be lost and then completed and cashed by an unauthorized person. If the pastor is away for an extended period of time, please appoint a back-up signer, and have them approved by the Vicar General or Director of Temporal Affairs prior to the pastor leaving.

17. Signature Stamps & Scanned Signatures Prohibited

A signature stamp for an authorized check signer is not permitted. Even if the stamp is not officially used for disbursements, it could potentially be accessed, lost, or stolen and misused to forge checks. If such a stamp exists, please destroy it immediately.

The same risks and prohibitions apply to electronic data files with a scanned signature of an authorized check signer. Please delete all copies of any scanned signature file. If the pastor insists on "signing" a pastor letter in the bulletin or some other duplicated document, please consider a scrip font instead of an actual signature. Optionally, an information signature (such as "Fr. Tim") could be scanned if it is very different from the bank's signature card and does not include his complete name.

18. Avoid Checks Written to Cash or Bank

Parishes should never make a check payable to CASH. The practice of writing a check to cash disguises the true payee and could potentially create an appearance of impropriety. Additionally, a check written to CASH could be easily negotiated by anyone if lost or stolen. All checks should be made payable to an individual or business. If cash is needed for event start-up cash, then the check should be written to the custodian of the fund. A notation of – Startup Cash" could be made after the person's name to help identify the purpose of the check.

Checks made to a bank should be only for monies owed to the bank such as for credit card bills or purchasing check or deposit ticket stock.

19. Advances & Scrip Cards

Avoid issuing the advancement of funds for purchases and instead use a parish credit card or parish check.

Scrip Cards are not a permitted fund-raiser for parishes in the Jackson Diocese.

20. Loans to Individuals or Other Entities

Under no circumstances may the parish, its programs or related organizations make a loan of money or property to any individual (including employees), non-parish organization or any other entity.

21. Deposit Surplus Funds in Diocesan Deposit and Loan Program

Per Diocesan Regulations, surplus funds are to be deposited with the Diocesan Deposits and Loan Program. Surplus funds are defined as excess monies, liquid assets, or investments that exceed 90 days (3 months) of normal parish operations. These investments are considered “demand” deposits where withdrawals can be requested at any time and will be processed within one business day when possible. Savings/Deposit accounts pay a variable rate of interest that is subject to change quarterly. To request a distribution from parish savings, use the “Transfer of Funds” form found in the appendix.

Surplus funds may not be invested in any other securities or bank account.

E. SECOND COLLECTION AND SPECIAL COLLECTION POLICY

1. Offering Envelopes and Second Collections

The Diocese of Jackson allows a limited number of offertory envelopes to be included in parishioner packets without express permission from the Vicar General. Other types of envelopes and ALL special parish second collections require approval BEFORE implementing. Below is a list of envelopes that do not require additional permission:

- Weekly Regular Offertory
- Children’s Offering
- Easter
- Thanksgiving (if proceeds go to parish or community food pantry)
- Christmas
- Flowers (Christmas and Easter)
- Parish School (during Catholic Schools Week)

A list of Diocesan and National Appeals will be provided to the parishes annually for envelope printing. They may change year to year. Below is a list of the 2021 appeals. Diocese of Jackson collections are indicated by *

- Saltillo Mission *
- MS Catholic Collection* Optional
- Catholic Service Appeal*
- Catholic Relief Services (Bishops’ Overseas Appeal)
- Rice Bowl
- Holy Land
- Catholic Home Missions
- Catholic communications
- Peter’s Pence
- Solidarity Fund for Church in Africa
- Education of Future Priests*
- Extension Society*
- World Mission Sunday
- Diocesan Missions*
- Support of Retired Religious

2. Other Special Parish Collections for Need Outside of The Parish

Restricted Donations (8420.00RST Collecting for need outside of the parish) These collections pass through the parish in a restricted account directly to the charity and are not considered parish income. Prior approval, a dollar amount, and prior advertising in the bulletin must be present for funds to pass through a restricted account.

All special collections or funds sought for projects/programs, that are not included on the Diocesan list of special and second collections, must be approved by both the parish Finance Council and the Department of Temporal Affairs. The finance council minutes should reflect the discussion and approval. This includes collections where the recipient is a qualified 501(c)(3) organization. Examples that require prior approval include special collections for schools, clinics, libraries, chapels, and programs that either are or are not within the Diocese of Jackson. If considered a collection related to a payment of charity, these remittances should be considered as part of the annual budget and must follow the guidelines set by the parish finance council.

The collection and remittance must be clearly reflected in the parish financial statements. The parish must be informed by public announcement at the time of the request of the process used to collect the money and the proposed use by the charity or entity.

Parishes with a history of making such collections (Habitat, etc) and were already following the procedure can simply have the finance council review and approve the special collections that are in place at the parish and send a copy of the minutes to the Director of Temporal affairs.

3. Special Parish Collections That Benefit the Parish

Parishes should strive to move toward the elimination of second collections and special fundraisers for expenses related to normal parish operating expenses and ministries. From time to time a need will arise and the parish priest may want to take a second collection. One example is a large facility expense that does not qualify as a capital campaign. A parish may want to make a regular monthly collection for general building maintenance. These require the same approval process as restricted donations. Some may be approved as ongoing; others as one-time collections.

Once approved and collected, these funds become income to the parish and should be deposited to the parish operating account.

4. Fraud Prevention Hotline

The Diocese requires that every parish and mission announce quarterly within the weekly bulletin or regular parish communication that any parishioner concerned about financial irregularities and /or the collection of unapproved funds, should immediately report their concerns using our financial fraud hotline provided by Lighthouse Services. This notification should be stated as follows:

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.

F. PRIEST REMUNERATION POLICY

The Second Vatican Council, the Directory for the Life and Ministry of Priests, and the Code of Canon Law all remind the faithful that priests are entitled to just remuneration for those services they render in the fulfillment of their ecclesiastical ministry. These same documents remind priests that they are called

to embrace a voluntary spirit of poverty, using whatever goods are left over after having provided for their own decent support for the good of the Church and the works of charity (Presbyterorum Ordinis, #17; "Directory for the Life and Ministry of Priests, #67; Code of Canon Law, c.282)

1. Salary

The principal support of priests is the base remuneration set by the diocese. Current Salary figures are available from the Department of Temporal Affairs.

2. Room and Board

Living accommodations will be provided each priest by or at the expense of the parish or institution of assignment. This shall include a minimum of a private bedroom and bath and a private office and/or study.

3. Priest Food and Personal Expenses

An amount \$500.00 per month is provided as a per diem reimbursement for the priest's meals, which include groceries and eating out. This \$500 will be paid directly to the priest through payroll direct deposit as non-taxable earnings.

- Any meal expenses which exceed is \$500 amount is the personal responsibility of the priest himself. Food or meal receipts do not need to be submitted to the parish.
- Groceries purchased by the parish cook or housekeeper to prepare meals for the priest are not to purchased directly by the parish, but rather from this stipend amount. The priest will directly reimburse the parish cook or housekeeper, will provide them a gift card to purchase groceries, or may purchase the groceries directly himself.
- If the priest decides that \$500 is beyond what he needs for food reimbursement, he may decide to take a lower amount. For example, if a priest decides he only needs \$300, he should tell his bookkeeper, who will notify the payroll department at the chancery office. The amount he decides not to receive will be recorded as a non-taxable contribution to the parish on the part of the priest. This amount will be a deduction on the priest's payroll.
- Examples of meals that are considered a parish expense
 - ❖ Hosting a deanery meeting and providing a meal.
 - ❖ Providing a meal to visiting priest when the visit is for a church purpose – penance service, retreat speaker etc.
 - ❖ Staff meeting that involves a meal
- For religious order priests, each religious order handles pay and stipends a little differently. The Chancery will work one on one with the orders to determine how to advance the food allowance. Whatever is decided, the maximum food allowance is \$500 per priest.
- Personal living expenses not directly related to ministry are the responsibility of the priest. This includes, but is not limited to, costs associated with the feeding and care of pets, tobacco products, personal hygiene products and personal clothing. Clergy shirts and clothing are considered the financial responsibility of the priest.
- Laundry, including dry cleaning expenses, is to be paid for by the parish or institution. Rectory cleaning supplies should be purchased directly by the parish. Nonfood kitchen supplies such as paper products are a parish expense and should not be paid from the priest's food allowance.
- Bottled water, water delivery service and other beverages purchased solely for the rectory is a priest's expense covered by their monthly food allowance. Coffee or a coffee service for the parish office is a parish expense.
- Guests: Expenses for lay guests for meals, etc., outside the rectory may not be charged to the parish, unless the guests are present on church business and it is impractical to provide for them in the rectory (no cook, inconvenience for other priests, need for privacy, etc.)
- Liquor may not be charged to the parish, except for occasional parish functions at which liquor is served.

- **TV/Cable/Internet Service:** The parish may provide basic cable service. Additional costs for premium services are the responsibility of the priest. Many parishes have internet services available in parish offices. In those cases, priests may use parish computers for personal use, including e-mail and internet access, provided this does not interfere with normal parish operations and provided that prohibited activities, as outlined in the personnel handbook, are not conducted.

4. Cell Phone

An amount of \$100.00 per month is provided for the expense of the priest's cell phone plan. This includes the cost of the monthly cell phone plan and the cost of the phone. This \$100 will be paid directly to the priest through payroll direct deposit as non-taxable earnings. Cell phone plans should be in the name of the priest not the parish.

5. Auto Allowance and Mileage Reimbursement by Parish of Assignment

Priests are provided a monthly auto allowance in addition to their regular salary. They are also reimbursed for all business and ministry miles at the diocesan approved rate. "Ministry" mileage includes any miles driven to conduct the work of the parish or diocesan assignment(s) such as spiritual and physical assistance to parishioners, hospital and prison ministry, parish administration and diocesan meetings. By IRS rules, it cannot include personal matters such as meals out, entertainment, visiting relatives, etc. Mileage expenses for presentations and conferences with groups not related to the parish or diocese may be reimbursed by the outside groups. If business mileage is not reimbursed, these expenses may be claimed as "unreimbursed" tax deductible business expenses for Federal Income Tax purposes.

Business use of personal automobiles will be reimbursed at the rate determined by the Internal Revenue Service, up to 1000 miles per month. Any mileage submitted in excess of 1000 miles will be reimbursed at one-half of the rate determined by the Internal Revenue Service. Mileage to be reimbursed needs to be accompanied by a detailed mileage log, showing date, miles driven, origin and destination of travel, and church purpose for travel. A copy of this log should be maintained as "invoice details" for the reimbursement. If the rectory is not attached to the parish, commuting mileage to the parish is not reimbursable.

6. Social Security Reimbursement

Regarding Social Security, priests are considered self-employed and therefore, pay Self Employment tax. The parish or institution of assignment will reimburse the priest one half of the amount of Social Security Self-Employment taxes paid by the priest. The priest will provide the first two pages of his tax return and the Schedule SE to the parish to document the amount to be reimbursed. Reimbursement should be made through payroll and in the same fiscal year as the tax filing. For example, Self-Employment taxes filed for the calendar year 2020 should be reimbursed before June 30, 2021 (end of fiscal year).

7. Retreat

Each priest is expected to make an annual retreat. Up to \$550 per year may be reimbursed by the parish or institution of assignment for retreat expenses. An annual retreat is arranged by the Continuing Education Committee of the Priests Council, the cost of which is \$550. Mileage to the retreat sponsored by the Diocese will be reimbursed by the parish. The priest will turn in to the office of vicar general information regarding the retreat that was attended.

8. Parish Expenses

Priests are asked not to put parish expenses on their personal credit card for reimbursement. A parish credit card or charge accounts established with vendors should be used. Amounts paid to priests by parishes will be reviewed by the department of temporal affairs of the Diocese.

9. Supply Priest Policy

A Supply Priest is someone filling in for a parish priest in his absence. Supply Priests may be paid one or more of the following:

- Mass Stipend for celebrating Mass,
- Mass Intention if there is one, and
- Mileage if the priest comes from out of town.

The general policy is:

- \$50 (\$35 for small parish) Stipend for Weekend Mass plus mileage for out-of-town priest
- \$25 Stipend for Weekday Mass plus mileage for out-of-town priest
- \$10 Stipend for Weekday Mass for in town priest

- \$25-\$50 Stipend for celebrating a Funeral Mass

Supply Priest Income of \$600 or more is reported on a 1099-NEC at year end. Supply Priest income may include both Mass Stipends and Mass Intentions. Please have the priest complete a W-9 to ensure you have his legal name, address, and social security number in the vendor record. Centralized payroll can assist; but always follow up with a W-9 for your files. Always make sure the vendor name matches the W-9; don't use nicknames. See Section C9 (Cash Disbursement and Banking) for complete details for filing 1099s.

Mileage is a reimbursement NOT income when supported by proper documentation. Mileage IS NOT reported on a 1099. Please take care when you code a priest as a 1099 vendor. Every check issued will automatically be coded as 1099 pay. If making a reimbursement, "uncheck" 1099 vendor for that line item. Incorrect coding is easily corrected after the fact. Please check your priest vendors before issuing a 1099.

Order Priests

When paying an order priest for a Supply Priest Stipend and/or Mass Intentions, the check should be made payable to his order. Payments to an order do not require 1099 reporting.

Priests who do not have Diocese of Jackson faculties are not free to fill-in when a parish priest is absent. A priest from another diocese must first send a letter of suitability from his Bishop or Vicar General to our Vicar General and be pre-approved before filling-in for a parish priest.

10. Mass Intentions Pay

Mass intentions are an offering when someone requests that the Intention for a Mass be for a particular person or need. As this is an offering, it may be large (\$50) or it may be nothing.

The parish is not to supplement this offering. It is not permitted that a priest receives a mass intention amount greater than the offering given by the person requesting the intention. If there is no offering made (and there does not have to be an offering when someone requests a Mass) then the priest receives no amount. The suggested offering is \$10; but if a different amount is offered; the priest receives the amount offered. Again, this can be more or less than \$10, and it can be nothing at all. There is no place in the parish budget to supplement intentions. In some countries the priest is

dependent on these Mass intentions for his salary. That is not the case here in the Diocese of Jackson

Parish Priests on the Parish Payroll (Paycor)

Mass Intentions are to be paid through Centralized Payroll (Paycor). The bookkeeper or person responsible for parish payroll will enter the mass intention amounts in Paycor each month. Mass Intentions should only be paid after the Mass has been celebrated. The amount will be included on the priest's W-2 form at year end.

Order Priests

When paying an order priest for Mass Stipend/Mass Intentions, make the check payable to the order. Payments to an order do not require a 1099.

G. MASS INTENTIONS POLICY AND PROCEDURE

1. Mass Intentions Liability Account

All Mass stipends must be deposited into a Liability Account (Custodial Obligations) solely for the purpose of holding Mass offerings. The parish should not maintain a separate checking account for this purpose. These funds do not belong to the parish but rather represent an offering to be paid to the priest as Mass Intentions are celebrated.

2. Accepting and Recording a Mass Intention

- a. All Mass intentions are voluntary offerings and may be less than, equal to, or greater than the customary offering as established by the Bishop and Vicar General (currently \$10 per Mass). Priests or parish staff must never ask for an offering in excess of the customary amount. No one asking for a Mass should be denied due to an inability to make an offering (Canon 945 §2) although a pastor may limit the number of Mass intentions accepted from any one individual to allow room for other parishioner intentions in the Mass calendar. Each priest is strongly encouraged to accept all reasonable Mass intentions but could refuse one if he cannot fulfill the specific wishes of the donor.
- b. If someone requests a Mass intention and offers an amount greater than the customary amount, please determine the donor's intention by asking if they would like multiple Masses, if a portion of the payment should be considered a donation to the church, or if the entire amount is to be applied to the Mass. If the intent of the donor cannot be determined, then the total offering is to be divided by the customary offering amount and that number of Masses should be recorded (Canon 950).
- c. When a cash (currency) offering is received, a three-part cash receipt must be completed with the top (white) copy going to the donor and the second (yellow) copy being attached to the money received. The third (pink) receipt copy should always remain in the receipt book as a control copy. Checks received should be promptly endorsed "for deposit only" into the parish operating account. Funds received should be placed in a secure location such as a safe or locked cabinet and promptly deposited.
- d. The Mass intention(s) should be promptly and accurately recorded in the parish Mass Intention Book (Canon 955 §4 and Canon 958 §1). If there is a special restriction on the intention, such as that the Mass must be offered at the parish, then a notation of this restriction must be listed in the record. This book should be stored in a fire-resistant cabinet or safe.
- e. Number each intention consecutively, record the date that the intention was received, the exact intention, and the stipend amount received. When the Mass is offered or a date is

scheduled in the Liturgical Desk Calendar, the offering date should be recorded in the Mass Intention Book. It is also helpful to record the celebrant of the Mass in this book. Some people have a particular date in mind for their intention so it should also be included in the Liturgical Desk Calendar when received. When transferring to the Liturgical Calendar, remember to write the Mass number from the Mass Intention Book in the desk calendar to assist in cross-referencing.

- f. To make payment of stipends easier, record the stipend as paid (PD) for the customary \$10 offering and "PD\$XX" (for nonstandard amounts where XX is the amount offered) in the Liturgical Desk Calendar. Leave this column blank if an intention has not yet been received or if no stipend is expected for this intention.

3. Offering an Intention - Prompt Offering

Mass intentions must be scheduled and offered within the one-year (365 day) deadline established by (Canon 956). Additionally, only as many Mass intentions as can be discharged within one year may be accepted by a priest (Canon 953). If a parishioner wants a Mass offered beyond one year, they should make that request on a date within one year of the proposed Mass date. If the pastor agrees, the parish secretary could "save-the-date" now but should not accept the intention or stipend at this time. Perpetual Mass intentions should never be accepted and trusts for Masses should not be accepted without the "express prior written approval of the Diocesan Bishop."

4. Disbursing Stipends to the Celebrant

Mass intentions should be paid through centralized payroll monthly after the Mass has been celebrated. Priests are forbidden from simply accepting ten dollars (\$10) daily rather than calculating the exact payment. Mass stipends are considered taxable income and should be included on the priest's W-2 form.

5. Balancing Custodial Obligations to Mass Intention Book

Custodial Obligations (liability account) should be periodically (2 to 4 times per year) balanced to the total of the unoffered Masses and offered but unpaid Masses in the Mass Intention Book. This process is very important since the amount of money currently in Custodial Obligations must "cover" all of the obligations in the Mass intention book. Custodial Obligations may have a surplus of funds due to the "one stipend per day" rule but should never operate at a deficit (i.e. more paid Masses recorded than funds to pay for them). Contact the Department of Temporal Affairs for approval of using custodial obligation account surplus balances.

6. Mass Intentions for Parishes Operated by Religious Orders

Mass Intention Policy at a parish entrusted to a religious order must also follow Canon Law and Diocesan Policy. Certain processes are adjusted due to the fact the religious orders operate as a community. All Mass intention checks for order priests should be made payable to the religious order, not to a particular priest. You should pay the priest's order for ALL Masses offered that carry a paid intention, even if it is more than one per day. Please include a note explaining the number of "first Mass" intentions as well as the excess funds included for binations and trinations (second and third Mass of the day) when sending an intention check to the priest's order.

Contact the Department of Temporal Affairs for approval of using excess funds in the Custodial Obligation account.

H. PAYROLL & HUMAN RESOURCES -

Section under construction due to the recent changes in payroll processing, medical and retirement benefits, and the newly formed Diocesan Human Resources department separate from but working in conjunction with the Department of Temporal Affairs.

I. AUXILIARY GROUPS

1. Support Society Guidelines

All parish support organizations and auxiliary groups such as Ladies Auxiliary, Altar Society etc. (referred to as "Auxiliary Support Groups") are required to receive permission from the parish pastor to operate as a support or auxiliary organization for the benefit of or on behalf of the parish. These authorized Auxiliary Support Groups shall be supervised and controlled by the parish

Auxiliary Support Groups represent an important source of funds for the parish. A separate cost center in ParishSoft can be used to track fundraising operations that flow through the parish operating account. To maintain their tax-exempt status under the parish's exemption number, support societies must be accountable to the pastor and follow the guidelines and rules established for these groups by the IRS and the Diocese.

Each Auxiliary Support Group, in accordance with section 501 (c) (3) of the IRS tax code, must demonstrate the Diocese has control of its respective organizations in the following manner:

- The Pastor has authority over the funds of an Auxiliary Support Group.
- Each organization shall provide the parish with an annual financial report.
- The Pastor shall be an ex officio member of the executive committee of the group.
- The Pastor shall have final authority for the scheduling and implementing of all activities.
- All excess funds earmarked for long-term projects must be kept in the diocesan Deposit and Loan Fund
- Each Auxiliary Support Group is subject to Diocesan audits at the request of the Diocese.

Only those Auxiliary Support Groups that adhere to these rules shall be authorized to operate, and to use the parish's tax-exempt number.

2. Stand-Alone Support Groups

If a support organization has its own charter, bylaws, and tax id number, it is not required to be part of ParishSoft.

All support groups whether operating under the parish tax id or its own MUST report to the Finance Council at least annually.

J. COMPUTERS & ELECTRONIC DEVICES

1. Computer Data Backup Safety

ParishSoft provides full computer data backup for all of its ParishSoft Accounting and Family Suites modules. The parish is responsible for maintaining backup of its other computer files – word, excel, publisher etc. Parishes may choose to use a "cloud" storage.

2. COMPUTER HARDWARE PROTECTION

Computer equipment is subject to potential damage and data loss during voltage surges. To reduce the likelihood of damage and/or data loss, best practice asks that delicate equipment such as computers and network electronics should be protected by a surge suppressor. Some people confuse a power strip with a surge suppressor since they can look similar, but power strips generally provide little or no protection from voltage spikes. Surge protectors come in varying sizes and protection ranges, but to provide any meaningful protection, they should have at least the following minimum specifications:

- A UL listing under standard UL-1449 TVSS
- A clamping voltage of 180 volts (lower is better)
- An energy dissipation of 800 joules (higher is better)

Please review the surge suppressor protection currently afforded to your electronic equipment and install upgraded protection to devices that meets or exceeds the above specifications, if needed. Uninterruptible Power Supplies (UPS) are also an option since they generally provide the above protection and give the computer operator some time to shut down the computer in an orderly fashion by supplying temporary power from a battery in the unit during a power outage.

3. Computer Passwords

- Always use a unique start screen password.
- Current guidance for passwords recommends that strong passwords should be at least 15 characters long but can be a phrase that is easy to remember. Use upper-case and lower-case letters and try to include numbers and special characters. A simple misspelling will help thwart the “dictionary word” attack. For example, “I_h8_comPuters!” is a very strong password, whereas “q5#Y8” is much harder to remember and not as strong.
- Ensure that your email account password is especially strong since this account is usually where websites will send a temporary password if you logon and forget your password. If your email account is hacked, the criminal can then request your password from various websites where you have an account.
- Do not use the same password for ParishSoft that is used for any other computer access password.
- You may write down your passwords, but then store them in a secure (locked) area. Do not write them on a sticky note attached to the monitor or placed under the keyboard. The list could include a simple encryption technique of adding a couple bogus letters or a word to the passwords stored on the list. The computer password “tyme_Flies_4_me!” could be written on a reminder sheet as “Why_anytyme_Flies_4_me!”. Just remember that the first six letters and the first space on the cheat sheet are discarded when entering the password in the computer.
- Never save passwords on web-based applications such as ParishSoft Accounting or Family Suite.
- Best practice asks that all important computer access codes and passwords should be changed on a periodic basis to heighten security. It is recommended that all users should periodically change important passwords, especially when staff changes, to increase the safety of their information systems. If staff is not changing, the passwords should be updated at least every six months or so.

Additional cyber safety information can be found at: <https://staysafeonline.org/>

4. Anti-Virus Software

All PCs should have a current version of an anti-virus software installed on it. The anti-virus program should scan any Internet files, or downloaded files, as well as flash drives for viruses that come in contact with the PC. When one accesses web pages, downloads files or use flash drives, one can

unwittingly infect the PC with a virus. The anti-virus software helps to prevent the virus from infecting the PC and/or your information. Contact the diocesan Information Technology Office for more information.

K. CAPITAL EXPENDITURES POLICIES

The Catholic Diocese of Jackson Capital Expenditures Policies can be found by following this link: <https://jacksondiocese.org/offices/administration-finance/>

L. RECORDS AND RETENTION POLICY

The Catholic Diocese of Jackson Records and Retentions Policy is currently being updated and will be added as a link on the Diocesan website when complete.

M. SEGREGATION OF DUTIES

Segregation of Duties is a basic internal control process where the following financial activities have different people completing them:

- Custody of Assets (handling cash and other items of value)
- Authorization or approval of transactions affecting assets (depositing and spending cash)
- Recording or reporting those transactions (entering into Parishsoft)

Most parishes have good segregation with the authorization function, since the pastor generally has the sole authority to approve transactions but handling of assets and recording those assets can be an area where some parishes can have a weakness since the business manager or secretary/bookkeeper generally handles both functions. If it is not financially prudent to have different employees handle the different functions, then another option is to look at asking for volunteers (such as finance council members or other parishioners) to help with some of these tasks. If qualified volunteers cannot be found, then “compensating controls” should be established to provide a “double-check” in areas where the risks cannot be reduced.

Examples of compensating controls could include bank statement reconciliation review by an independent person, independent verification of deposit documentation including the deposit receipt, deposit slip, income summary, cash receipt books, and ParishSoft Family Suite batch reports can help to double-check deposit information. Segregation of duties will be a main function of Diocesan internal audits resulting in recommendations made for improvement. Please contact the Department of Temporal Affairs for suggestions specific to your parish.

N. FINANCE COUNCIL REVIEW OF BANK RECONCILIATIONS

It is common for the business manager or bookkeeper to receive and open the bank statement. He/She then prepares the reconciliation without outside review. To provide a compensating control in this situation, please ask that the pastor or a member of the parish finance council review the bank account reconciliations on a monthly or quarterly basis. This process will also provide the finance council with additional information about the details of parish finances. It is recommended where possible that the pastor opens and reviews the bank statements before giving them to the business manager for reconciliation as an additional measure.

Checking accounts for the auxiliary support groups should be reconciled to the bank statement monthly and the parish business manager/bookkeeper should review these statements in a similar manner.

Bank Statement Review Guidelines

- Look at the cleared checks. Are there missing check numbers?
- At the beginning of the month, you should see the outstanding checks from the prior month clearing. There may be some irregularity in the numbers. At the end of the month, there should be some irregularity in the numbers because of outstanding checks.
- If check images are provided, look at the cleared checks. Are the signatures consistent? Do you print your checks on a printer? Are there any handwritten checks? Handwritten checks should be unusual.
- Look at the vendors on the cleared checks. Do they match a vendor's name in ParishSoft
- In some fraud cases, phony vendor is created and then issued. Make sure you recognize every vendor name. Question the pastor or staff about vendors you do not recognize.
- Also, check the amounts paid to this vendor. Do they seem reasonable for this type of payment? If electric bills are typically \$300 and you see a payment for \$500, inquire about the difference.
- Look at outstanding checks. Checks that have not cleared after six months should be investigated.
- Look for direct debits. Some frauds involve making wire transfer or other direct debit transactions. Make sure any you see look reasonable and familiar – confirm with the pastor.
- Look for bank fees. Often a fraud will involve an unusual transaction and will trigger an unusual bank fee. Also, fraud may cause the bank balance to be dangerously low, triggering insufficient funds charges. These charges can be covered up within the accounting records. All transactions, including wires, drafts, and electronic checks, should be tied to a source document in the parish records.
- Look at the deposits. Do you make deposits every day? Are they all there? Do the amounts look right? Is the total for the month what you expect?
- Closely look for any outstanding deposits that have not cleared at the start of the next month. n outstanding deposit means that money you put into the bank has not reached the parish account yet. Outstanding deposits of more than a few days should be promptly investigated,

Sign and Date the reconciliation sheet to indicate that you have completed the review.

O. JOURNAL ENTRY DOCUMENTATION

When journal entries are made into the parish financial records, these entries should be documented showing the accounts affected, the reasoning for the entry, and the approval from the pastor. This documentation can provide important information later regarding the rationale for the entry as well as an indication that the entry was approved. Be descriptive enough to provide good information for someone who is unfamiliar with the transaction. All documentation should be retained to provide a basis for the journal entry.

A supplemental electronic backup of this information that is stored offsite could further enhance the parish's ability to recreate this data in the event of a catastrophe. This electronic backup copy could be a scan of the originals or a spreadsheet or database containing the pertinent information. An electronic backup recordkeeping system does not relieve the parish of dutifully maintaining its original records in sacramental books.

P. COPYRIGHTED WORKS

Parishes and schools in Dioceses around the country have received copyright infringement notices, demanding monetary damages for the unauthorized use of copyrighted images in parish bulletins, websites, school newspapers, and newsletters.

Copying and using a photograph or other image without permission violates copyright law, unless one of very limited exceptions applies. This is true even when the image is found online such as through

Google Images. The presence of a photograph or image online does not mean you have the right to copy or use the photo or image. Those rights belong to the photographer or publisher.

Outside entities making claims of copyright infringement against churches and schools have technology that finds unauthorized online uses of their images and have been aggressively using this technology to seek financial restitution from churches, schools, and other non-profit entities that have used photos and images without their permission.

Therefore, to avoid exposing your parish, school, or Diocese entity or department to liability for copyright infringement, please note the following:

Do not use in your parish bulletins, web pages, school newspapers, newsletters, PowerPoint presentations, or anything else that you may post online, any photo or image you find online, unless you have a license to do so. Do not copy photographs from Google Images or any unknown source, inasmuch as you may be exposing your organization to liability. The following link has good information on this subject: <https://transformyourparish.com/2019/01/03/image-information/>

To obtain permission (a license) to use a photo or image or other copyrighted information such as a poem, song lyrics, music, movie, article, or excerpts from a published book, you must request permission of the copyright holder (usually the author or publisher). See these two links on the permission process, and determining who owns the rights to an image or other copyrighted information: <https://transformyourparish.com/2019/01/03/image-information/> and <https://fairuse.stanford.edu/overview/introduction/getting-permission/>. The process of finding the owner of the rights may be easy or in some cases, difficult. When you have obtained permission to use a copyrighted photo or image, get it in writing.

To avoid the process of identifying the owner of the rights and obtain its permission, consider using a photo image from a free stock photo/image provider such as Free Images, Pexels, Unsplash or Pixabay, or through a paid service like iStockphoto or Shutterstock, but you should be sure to follow the terms and conditions allowing such use, and keep a copy of the license for your records.

Make sure all those working on your parish publications and websites are aware of these rules, including employees, volunteers, and students. You are responsible for their actions, and the parish, can be held liable even when it did not knowingly or intentionally violate the law.

Review your websites and your online postings to identify and remove any photos and images that were used without a license, or for which you cannot confirm you have a license, including archived materials. A parish in another diocese was notified of infringement from its use of an image in a 2016 publication, which was recently discovered due to web searching technology. Other parishes have received notices based on archived parish bulletins. Regardless of when the photo or image was originally published, if it is online today, the infringement is occurring today.

Although the most common claims of infringement relate to photo and images, be aware they may arise for other types of content, such as poems, excerpts from books, song lyrics, music, and movies, articles, and other intellectual property. Do not simply take and use these kinds of materials from the internet. They are the intellectual property of another, and you must have permission to use them.

If you receive a notice of infringement, send the notice to the Department of Temporal Affairs promptly, along with an explanation of the manner in which it was used. Do not disregard the notice. These claims do not go away, and early in the process is our best chance to negotiate a reasonable settlement that saves your parish money.

Churches and schools around the country are rapidly becoming the target of copyright infringement claims, so please make sure you are compliant with the law. The best way to prevent an infringement claim is to avoid using any photograph, image, or other intellectual property without the clear written

permission to do so and removing from your online presence all photos and images and other intellectual property for which you do not have permission.

Q. LIGHTHOUSE HOTLINE:

The following information is to be published in the parish bulletin no less than quarterly:

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.

To file a report online: [Lighthouse Hotline](#)

To file a report by phone: English speaking USA: 888-830-0004

Spanish speaking USA: 800-216-1288

R. APPENDIX – FORMS: Starting on page 40

DIOCESE OF JACKSON, MS
Guide for Processing Gifts of Stock

Thank you for interest in sharing a portion of your God-given resources for the spiritual betterment of the Kingdom already present in our midst. Know that your stewardship is deeply appreciated as we, in turn, become stewards of your generosity.

The following procedures apply to electronic transfers for charitable gifts of stock to the Diocese of Jackson, MS.

1. Submit your stock transfer request in writing to your broker.
2. Share the following instructions for electronic (DTC) transfer with your broker.
3. **Please email this form to the Director of Temporal Affairs (Carolyn Callahan).**

Donor Name: _____

Donor Contact Info: _____

Stock Name: _____

Number of Shares: _____

Date you Requested Transfer: _____

Purpose of Stock Gift: _____

(i.e. Catholic Service Appeal, parish gift, etc.)

Diocese of Jackson Contact:

Director of Temporal Affairs: Carolyn Callahan
Phone: 601-969-1880
Email: carolyn.callahan@jacksondiocese.org
Copy Email: cathy.pendleton@jacksondiocese.org
PO Box 2248
Jackson, MS 39225

ELECTRONIC SECURITIES TRANSFER PROCEDURES

Receiving Firm Name: **Wells Fargo Advisors**
DTC Number: **0141**
Receiving Account Name: **Catholic Diocese of Jackson**
Receiving Account Number: **7257-3474**
Recipient's Registration Type: **Non-Profit**

Legal Name: The Catholic Diocese of Jackson
Tax ID Number: 64-0303073
Incorporated in: PO Box 2248, Jackson, MS 39225

For gifts of mutual fund shares, please contact your mutual fund company for instructions on how shares may be issued in the name of The Diocese of Jackson.



CATHOLIC DIOCESE *of* JACKSON

Authorization Agreement for Transfer of Funds

I hereby authorize the Catholic Diocese of Jackson to electronically transfer funds to/from the following account(s):

Parish or School Name: _____

City of Parish or School: _____

Transfer details (To/From) _____

Bank Routing # _____

Bank Account # (not CDJ Acct #) _____

CDJ Savings or Loan # _____

Amount of Transfer _____

Effective Date _____

Pastor, Principal or Administrator Name (printed) _____

Signature _____

Title _____

Date _____

Please allow sufficient time for processing transfers to checking accounts.
Requests received in our office by 2:00 pm will normally be processed that same day.
There will be a one- or two-day lag time before it is posted to your account depending on your bank.

<p><u>Chancery Office Use Only:</u></p> <p>Date Received - Temporal Affairs _____</p> <p>Date of Transfer _____</p> <p>Chancery employee(s): _____</p>
--

Employee Expense Report

Parish: _____

Employee: _____

Date: _____

Date	Description	Transportation/Mileage	Lodging	Meals	Other	Total
Column Totals						
Total Due						

Employee Signature: _____

Date: _____

Approved by: _____

Date: _____

Acknowledgement

Please return this form, signed and dated by all parties, by August 31, 2021

I have received the Parish Finances Best Practices Guide dated July 2021 and understand the requirements set forth therein. I understand that this is to be used as a guide for parish financial procedures as mandated by the Bishop of the Diocese of Jackson.

PARISH NAME: _____

Bookkeeper / Business Manager (Signature and printed name)

Date

Pastor (Signature and printed name)

Date

Finance Council Chairperson (Signature and printed name)

Date