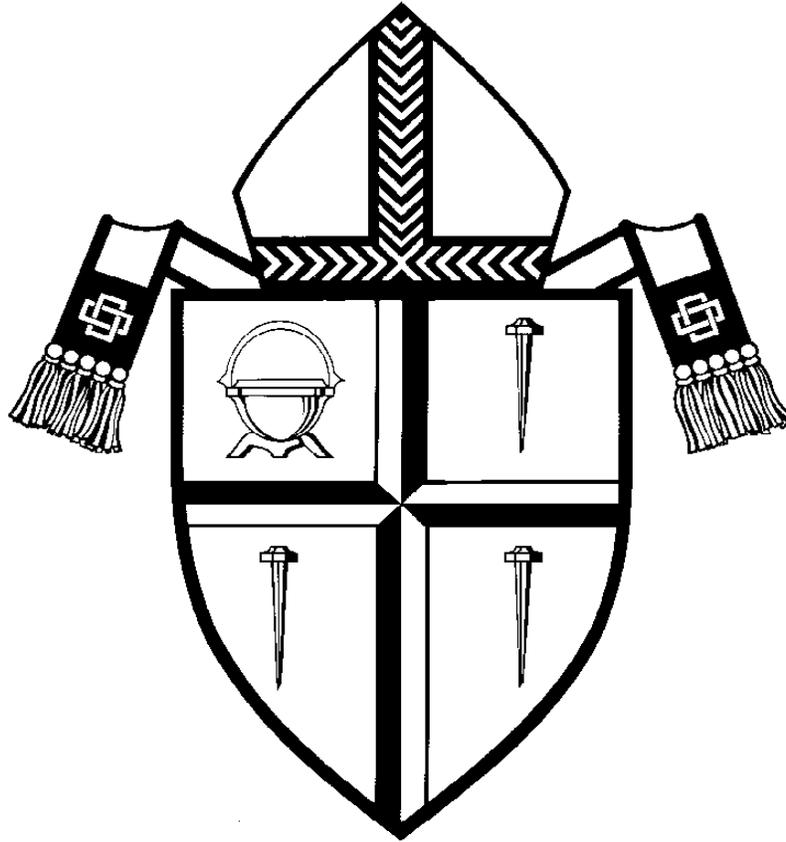


## Parish Financial Policies



Diocese of San Diego

## TABLE OF CONTENTS

	<u>PAGE</u>
FIXED ASSETS	1
RESTRICTED FUNDS	2
CASH RECEIPTS	3
DISBURSEMENTS	4
CHARGE/CREDIT CARD USE	5

## **FIXED ASSETS POLICY**

Any payments by the Parish/School for Land Building and Land improvements in the amount of \$50,000 or more **and** approved by the Support Corporation Board are recorded on the Parish/School QuickBooks. When the project is completed, the entire cost on the Parish/School QuickBooks are transferred to the Support Corporation QuickBooks.

### **Land and Land Improvements**

Cost of Land acquired should include:

- The purchase price
- Closing costs including appraisals, legal, title and recording fees
- Cost incurred in getting the land in condition for its intended use, such as grading, filling, draining, clearing and surveying
- Demolition costs
- Assumption of liens or mortgages or encumbrances
- Judgments levied through damage suits
- Any additional land improvements that have an indefinite life

Cost of Land Improvements should include:

- Culverts, fencing, parking lots, roadways, sewer, water and electric lines, and landscaping.

### **Buildings and Building Improvements**

The cost of buildings and building improvements should include:

- Purchase or construction cost including demotion of unwanted structures prior to construction.
- Legal and architectural fees
- Building permits
- Insurance premiums during the construction phase
- Interest costs incurred during the construction phase
- Purchased Solar

**Vehicles, Furniture and Equipment**, no matter the purchase price, will be expensed in the current fiscal year on the Parish/School QuickBooks.

## **Restricted Funds Policy**

### **Policy Statement**

This document is intended to provide guidance on the proper stewardship of restricted funds. The Diocese of San Diego recognizes the need to establish guidelines for the acceptance and disposition of gifts to the parish and school that ensures the precepts of Canon 1267 §3, “offerings given by the faithful for a specified purpose may only be used for that purpose” and to comply with civil regulations.

### **Definition**

Restricted funds are defined as contributions or gifts received with a donor-imposed condition for a specific purpose and or time. Gifts for general operating expenses are not considered restricted in this context. Such contributions or gifts can be received with or without a targeted solicitation. For example, a targeted solicitation can be for buildings, major renovations, or purchasing educational equipment. A donor who independently gifts funds specifying their conditions for use of the funds is considered to be without a targeted solicitation. In all cases, only a donor has the ability to impose a condition and thereby create a restriction on a gift or contribution.

### **Acceptance of Unsolicited Restricted Gifts**

Consideration should be given whether to accept an unsolicited donor restricted contribution or gift. Due to the obligations associated with restricted funds, it is critical that the Parish and School have the intention to respect the donor-imposed condition(s) of the gift. It is recommended to refuse such a gift than to accept conditions that do not support the mission or goals of the Parish and School.

Restrictions imposed by the donor should be reviewed to ensure understanding of potential implications, as well as an evaluation of the sustainability of the gift:

- Is it appropriate and conducive to the mission and ministry of the Parish and School?
- Is it known or suspected to be from a questionable source?
- Would it obligate the parish to undertake responsibilities which are not prudent relative to the amount and conditions?
- Does it create excessive administrative, recording, tracking or reporting procedures for the Parish and School?
- Does it create a conflict of interest?

### **Documentation**

Upon acceptance of the restricted gift, written acknowledgement and appropriate tax correspondence that fully complies with IRS regulations must be issued in a timely manner.

Documentation memorializing the gift and the donor-imposed conditions should be retained and accessible to those responsible for the management of the funds.

### **Bank accounts**

All restricted gifts in a parish or school should be deposited in a separate bank account or separate Funds on Deposit account in CAPS to hold such restricted gifts only.

### **Excess Funds upon Satisfaction of Restricted Purpose/Time and Release of Restriction**

Excess restricted funds after satisfaction of the donor-imposed restriction(s) may not be designated for other purposes by the Parish and School. Any waiver of restriction is required from the donor(s) and documentation is to be retained and accessible to those responsible for the management of the funds.

## **Cash Receipts Policy**

***Purpose*** - The purpose of this policy is to provide parishes and schools with mandatory internal controls that will most effectively safeguard cash receipts. It applies to all cash receipts, including collection, non-collection, school, fundraisers, special events, and parish/school organizations. This policy provides the transparency and accountability that are essential to maintaining public confidence in the sound stewardship of those assets. The items in this policy are a minimum set of controls that apply to all parishes (including parish organizations), missions, and schools (including PTGs), regardless of size. Supplemental controls are permitted at the parish/school level, provided that they do not contradict any of the policy items herein.

### **Policy Items**

- Dual custody of cash must always be practiced.
- All money must go through the main office (religious education, sacraments, etc.).
- Triplicate receipt book must be used for cash and checks that come in through the office.
- Tamper Evident Bags (TEBs) must be used in the following situations:
  - Collection money during Mass.
  - Non-collection money that comes into the parish/school office.
  - Fundraisers (including ones run by parish/school organizations).
- TEBs must be tracked by way of a Tamper Evident Bag Log.
- Cash and checks must be secured in a drop safe until the time for counting.
- Count teams must consist of at least three unrelated individuals.
- The bookkeeper may not count money.
- Counting must be done on first business day after collection.
- Non-collection office receipts should be counted by the count team.
- Count sheets must be completed in ink and signed by the counters.
- Disbursements may not be made from the cash being counted.
- Bank deposit slips must be filled out in the count room, placed in new TEB along with the deposit, and the bag then sealed for transport to the bank.
- Use of a courier service for deposits is preferred. If not feasible, deposits should be transported to the bank by two or more individuals in an opaque bag and deposit times should be staggered. Deposits must never be made at night.
- Deposits must be made as soon as possible after counting.

## Disbursement Policy

**Purpose** - The purpose of this policy is to provide parishes, schools, and preschools with mandatory internal controls that will ensure proper disbursement of parish/school/preschool funds. This policy applies to all parish, school, and preschool accounts, including Parish Organization, PTG accounts, and any other entity that falls under the parish tax identification number.

### Policy Items

- Pastor must be a signer on all bank accounts. It is advisable to have a backup signer. Examples of backup signers could include associate pastors, finance council chairs, school principals (for school accounts), etc.
- Pre-signed checks are not permitted, nor are facsimile signatures (i.e. signature stamps, electronically printed signature).
- The person who prepares a check must be different from the person who signs the check. The person who signs the check may never be the person to whom the check is made out.
- Check Positive Pay is highly recommended on all accounts.
- No payments shall be made without an invoice or approved check request form.
- All supporting documentation (invoice, check request, receipts, etc.) should be attached to the check when presented to the pastor for signature.
- For reimbursements, detailed receipts are required, in addition to an approved check request.
- Unused checks must be kept in a locked safe or cabinet. Access should be limited to individuals who prepare checks. Individuals with check signing authority shall not have access.
- Pre-numbered checks should be used in numerical order. Voided checks must be clearly marked “VOID” and retained so as to maintain proper sequential integrity.
- Checks should be printed from QuickBooks.
- For record keeping, the check stub should be stapled to the invoice or check request, along with all receipts. If there is no check stub, the invoice should be stamped “paid” along with the date, the check number, and the amount paid.
- ACH payments are only authorized for vendors approved by the diocese (see ACH Policy for list of authorized vendors).
- Payments by wire transfer are not authorized.
- Payments by way of peer-to-peer payment platforms (Venmo, Zelle, Apple Pay, etc.) are not permitted.
- Checks shall not be made out to “Cash”. All checks must be made out to a company or person.
- Signed checks must be promptly remitted to the vendor for payment.
  - Whenever possible, payments should be scheduled to obtain early payment discounts. Late payment penalties should always be avoided.
- A W-9 must be on file (and attached in QuickBooks) prior to disbursement to any vendor who provides services.
- For payments made by credit card, see Credit Card Policy.
- For use of petty cash, see Petty Cash Policy.

## **CHARGE/CREDIT CARD USE POLICY**

### **USE OF DEBIT CARDS IS NOT PERMITTED**

Parishes and Schools that elect to use charge/credit cards to facilitate their business purchases must ensure adequate controls are in place for card access, spending protocols, purchase pre-authorizations and accurate recordkeeping.

The following are minimum guidelines for use of charge/credit cards:

1. The issuance of all charge/credit cards must be authorized and approved by the Pastor.
2. Upon issuance of a card, the employee must sign the Employee Charge/Credit Card Use Agreement.
3. Charge/Credit cards must never be issued to a volunteer.
4. A Parish/School credit card purchase should only be when absolutely necessary. Best practice is a Parish/School check to be issued directly to vendor/service.
5. Credit limits should be appropriate for the employee's business purpose as defined by the Pastor and not exceed an amount that exposes the location to risk from unauthorized purchases.
6. Employees that do not submit receipts in a timely manner may have their card privileges revoked.
7. Monthly statements are to be reconciled timely with purchase receipts.
8. All outstanding balances will be paid in full so as not to allow finance charges or late fees to be incurred.
9. A list of cardholders (including name, last 4 digits of the credit card, credit limit) must be maintained and kept current on file in the business office.
10. Parishes and Schools are strongly encouraged to use US Bank for the issuance of their US Bank Community Visa credit cards.