

201 Financial Planning & Control

Canon 532 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 1281-1288. (Appendix 1 contains all the Canon Law applicable to the administration of a parish including its temporal goods and the acquisition of goods).

201.1 Introduction

A parish is a juridic person (understood as the ecclesiastical equivalent of a not-for-profit corporation) established by the Bishop to provide for the spiritual welfare and salvation of souls. The bishop appoints the pastor/administrator and parochial vicar(s). The pastor/administrator is empowered to assume full control of all assets of the parish and make all decisions in administering the parish, its programs and related organizations following the requirements set by the Bishop. The pastor/administrator is assisted in carrying out his duties by the finance council which is appointed by the pastor/administrator and which is established according to the requirements of Canon Law and diocesan policy.

At each school, the principal is the primary administrator. If the school is associated with a parish then the pastor/administrator of the parish is a co-administrator of the school with the principal. Accordingly, a principal must follow the same precepts in Canon law that pertain to a pastor/administrator with respect to administration of ecclesiastical goods.

In the same manner, any lay personnel appointed as a financial administrator must also follow the precepts in Canon law that pertain to pastors with respect to administration of ecclesiastical goods.

Each site, their programs and related organizations must follow norms established by the Bishop as published through administrative policies and procedures. The following paragraphs provide an overview of the general financial and business operating requirements for each site. More detailed information is contained in the various sections of this manual.

201.2 Financial Planning and Control

All diocesan organizations must have an adequate system of financial planning and control. Generally, mechanisms must be in place to ensure that each entity can meet reasonable unanticipated financial obligations and has the resources to take advantage of unexpected opportunities that may arise. Specifically, all entities are required to adhere to a prescribed budget process, resulting in an annual budget broken down by month; which is the best method to account for seasonal variances or specific occurrences affecting both income and expenses. This provides each administrator and finance council an important tool for periodically checking actual accumulated income and costs against budgeted amounts. To ensure proper planning, cash-flow forecasts must be prepared periodically to ensure adequate resources are available to cover expenses.

With regard to financial control, administrators have the responsibility of ensuring that adequate accounting records are maintained and that the financial operations are running smoothly, as planned and anticipated.

This Policy and Procedures Manual shall serve as the financial management manual for the entire diocese and must be distributed to all administrators and be readily available to all other personnel (employees and volunteers) who are involved in the business operations or internal control at a site. Procedure manuals are necessary to train new employees in the operation of the accounting system, familiarize all with appropriate internal controls and to ensure that similar transactions are handled in similar ways.

Generally, the guidance provided herein will suffice for most business processes; however, since any manual could not possibly cover every single process needed in the diocese, each organization must develop written guidelines for their processes not covered in sufficient enough detail in this manual. All locally produced procedures must stay within the boundaries stipulated in this manual and be provided to the affected staff, the members of the Finance Council and any auditor conducting a periodic operational review. The locally generated procedures should be reviewed periodically to ensure that controls are still effective for activities and the current environment. Additionally, a copy should be provided to the Finance Department at the Pastoral Center for reference and potential publishing to other entities as a "best practice."

All employees or volunteers affected by these written procedures must be trained to complete their tasks while proactively adhering to proper internal control practices. Even the simple filling out of a disbursement form can hamper the internal control system if an employee is not properly informed on the relevance of the form and how to complete it.

In all areas of administration, it is important that employees and volunteers not only be well informed of proper procedures, but also be instructed as to the benefits of such procedures. A well-written and implemented control system can put to rest any questions concerning the improper appropriation or handling of funds by employees and volunteers.

201.3 Responsibilities

Canon 519: The pastor (parochus) is the proper pastor (pastor) of the parish entrusted to him, exercising the pastoral care of the community committed to him under the authority of the diocesan bishop in whose ministry of Christ he has been called to share, so that for that same community he carries out the functions of teaching, sanctifying, and governing, also with the co-operation of other presbyters or deacons and with the assistance of lay members of the Christian faithful, according to the norm of law.

Canon 529 §2: A pastor is to recognize and promote the proper part which the lay members of the Christian faithful have in the mission of the Church, by fostering their associations for the purposes of religion. He is to cooperate with his own bishop and the presbyterate of the diocese, also working so that the faithful have concern for parochial communion, consider themselves members of the diocese and of the universal Church, and participate in and sustain efforts to promote this same communion. (Appendix 1 contains all the Canon Law applicable to the administration of a parish including its temporal goods and the acquisition of goods).

The Pastor/Administrator

Each pastor or administrator has the responsibility to his/her constituency to administer the receipt and disbursement funds and non-cash assets in a prudent manner and is directly accountable to the Bishop. Prudent management requires the pastor/administrator to safeguard monies received, conserve all assets and expend funds within the site's means. These activities are to be conducted in a manner that minimizes the potential for waste, fraud, or abuse, and in a

manner that establishes accountability for financial transactions. It is essential that each pastor/administrator exercise good business sense in all financial affairs and be aware of accepted business practices and laws related to business dealings. The pastor/administrator must establish an active Parish Council and a Finance Council, meet with them as required by diocesan policy and, as the ultimate responsible and accountable party, supervise/review all activities, societies and organizations. In the same manner, a principal must ensure his/her school has a School Advisory Council (SAC) and either a separate Finance Council or a Finance Committee of the SAC; this is particularly important for those schools who are not associated with a parish.

The Parish Pastoral Council

The Parish Pastoral Council is a consultative body of the Christian faithful established so that those involved in the parish may have a clear voice and a consistently open means of communicating with the responsible pastor/administrator to assist in fostering pastoral activity. The specific responsibilities of the Parish Pastoral Council are described in *Appendix 2*.

The School Advisory Council

According to section 303 of the Diocesan School's Administrative Handbook, a school Board or its equivalent deals with the determination of policy under which the educational (school) program operates. The functions performed by a school Board are:

1. Establish goals and objectives for catholic education in the school
2. Select and formulate policy to guide the principal in working toward the established objectives and goals.
3. Review the rules and decisions made by the principal in implementing policy
4. Evaluate the effectiveness of the policy decision in achieving the established objectives of the education program.

The traditional roles of a Catholic School Advisory Council include:

- Strategic Planning (See 1 above)
- Annual Review of the School Improvement Process (See 1 above)
- Promotion and Public Relations
- Policy Review (See 2-4 above)
- Review of School Finances/Budgeting

The key element that is not listed in the Administrative Handbook is the Review of School Finances/Budget. The word of emphasis here is REVIEW. This Council does not create or actively work with the school finances, but rather is aware of the budget as it is presented and monitors the school's finances throughout the year.

The Finance Council

The Finance Council is a consultative body of the Christian faithful established to advise each administrator in matters pertaining to the financial affairs of the site and to assist the site's administration in being accountable and responsible to the people over matters that relate to the temporal goods of the church. Its members should truly be experts in financial matters and civil law. Administrators should consider including the parish/school business manager/bookkeeper and other key employees as non-voting Ex-Officio Council members. The specific and recommended responsibilities of the Finance Council are described in *Appendix 3*.

The Business Manager/Bookkeeper

The financial records should be maintained in an accurate and timely manner by the business manager or bookkeeper who is expected to perform the financial recordkeeping duties in a

competent manner and exhibit strong ethical values at all times. A duty exists for the business manager and/or bookkeeper to inform the Finance Council and the Diocese (Chief Financial Officer) of incidents of misappropriation of assets, fraudulent reporting, inappropriate accounting procedures, violations of Federal or state regulations and the existence of “off books” accounts or transactions.. The personnel in these positions must maintain a high degree of integrity and confidentiality at all times.

201.4 Budgeting and Financial Reporting/Monitoring

Policies

The following are required budgeting and financial reporting/monitoring practices for all diocesan organizations:

- The fiscal year for the diocese is July 1 through June 30 of each year
- Every organization must prepare an annual budget by July 1 for the upcoming fiscal year with all income and expenses broken down by month and major program area. For very small parishes/missions, the breakdown by major program is optional.
- The budget must be approved by the Finance Council and reported to constituents not later than July 15th of each year.—Each site is also required to enter the budget into QuickBooks/accounting system for ease of analysis by July 15th of each year.
- Alterations to the budget during the year must be approved by the Finance Council and entered into QuickBooks/accounting system.
- Until superseded, all sites must submit updated copies of their QuickBooks file to the Accounting Office at the Pastoral Center not later than the 20th of the following month. This should give each site adequate time to review and correct as necessary the transactions entered for the most recent month. Sites which have their QuickBooks files resident on the Pastoral Center virtual server are exempt from this requirement; they must, however, inform the Accounting Office that the books are ready for review by the 20th of each month.

Monthly reports for analyzing actual expenditures against budget must be prepared and submitted on a timely basis to each site’s administrator and the Finance Council (at least the chair or designated member). A budgeted versus actual income/expense report overtime must be produced (or a profit and loss budget performance report). in addition the site must produce a previous year comparison report for income and expenses and for the balance sheet. “Over time” means the report must show prior period’s numbers on a monthly or quarterly basis to allow for trend analysis. These reports are critical so that the administrator and finance council can take appropriate action should the actual results vary significantly from the budget. For smaller sites, this review may be done quarterly. The following are recommended budgeting and financial reporting/monitoring practices for diocesan organizations:

- Revenue and expenses during the year should be tracked by major program area against the budget. This will make the required report to constituents easier to prepare.
- Each organization should use the guide provided below to better understand and assist with the budget preparation process. Those sites with sophisticated budget preparation techniques, particularly ones employing the use of software and/or spreadsheets, are encouraged to share their “best practice” with all through the Finance Office. All schools must use the format and process stipulated by the Superintendent of Schools.

Introduction

Budget preparation can be a time-consuming and arduous process. Looking into the future requires many assumptions, much uncertainty and considerable cooperation and compromise among people. Furthermore, it requires a concerted effort to devote full attention to the budget process. Budgeting, however, is essential to proper planning, control and evaluation of any

business operation. There are ten reasons why budgeting is important to our sites. Budgeting:

- Formalizes the planning process
- Reduces emotion-charged discussions
- Serves as a basis for performance and program evaluation
- Is a basis for control
- Aids in communication and coordination
- Gets staff involved
- Increases the commitment to give
- Generates confidence in the parish's leadership
- Allows for continued operation when cash receipts and disbursements are mismatched
- Provides planning time should a loan be required to meet all anticipated expenses including mortgage payments for capital projects.

There are many approaches to annual budgeting. The administrator and the Finance Council can produce budgets from the "top down". Alternatively, they can request each program or department to come up with estimates of income and expense and then add those budgets together to build the budget from the "bottom up". The top-down approach is generally faster and more streamlined, but it can leave many segments of the site feeling left out, and it may overlook important sources of income or significant expenses. The bottom-up approach requires more time, but usually results in a budget that has wider acceptability. The bottom-up approach is the recommended method for medium to larger sized sites.

Budget preparation should begin several months before the start of the new fiscal year so it can be reviewed and approved before the year begins. Have a timeline for budget preparation and share it with all parties involved. Otherwise, you will find yourself putting together a "guess" budget at the last minute.

REMEMBER: TO FAIL TO PLAN IS TO PLAN TO FAIL!

Responsibilities

For parishes, the Pastoral Council has the responsibility for the parish mission statement; for schools, that responsibility lies with the School Advisory Council. The budget is nothing more than the translation into financial language of each site's mission statement. Therefore, it is imperative that the Parish Pastoral Council and School Advisory Council have input and play a part in the budget preparation cycle. The budget should be based upon the goals and objectives of each site as determined by the administrator and appropriate council and should include the needs of the constituents in the areas of liturgy, parish school, religious education, community concerns and family life, academic programs, etc.

Each Finance Council should coordinate, prepare and present an annual budget for both operating and capital receipts and expenditures in conjunction with the administrator and respective Pastoral or School council. Coordination should include consultation with other committees within the organization, as well as site staff.

Budget process

The budget process is the map for money management and the successful carrying out of programs and ministries. The budget process is much more than projecting revenues and expenditures and then monitoring them. Successful budgeting requires developing objectives,

evaluating old and new programs, prioritizing programs and ministries and integrating plans and

programs into the management of the site's money.

Each site should strive to have one, three and five year program plans which will ensure an effective budget process. Future planning is only an estimate of what will happen over the next five years; the budget is the plan against which actual performance will be measured and compared. It should be clear who is responsible for carrying out each program in the organization. These decisions can be made based on what was decided in the programming process.

A properly constituted budget process will help focus on the intended goals and objectives of the site and how the money will be spent to achieve them. The budget provides the site with a tool for monitoring fiscal activities during the budgeting period and can be a very helpful aid in efficient management.

A budget calendar is produced **backwards**, in that the last step is easily the first one firmed up. The beginning date for site budgets is July 1 of each year, so that is the last possible date in the budget calendar. With this absolute date well known, the budget calendar can be prepared, inserting properly spaced dates for each step in the budget calendar. Once the time frame for the budget calendar is known, then all who are involved will be aware of the time constraints connected with their portion of the budget preparation. Dialogue must occur between the appropriate councils and each Finance Council to properly structure a budget calendar. Such a calendar could be as follows: (inserting appropriate dates):

1. Final summary budget prepared, printed and prepared for distribution and approval
2. Appeals process:
 - a. Resolution of appeals from various ministries
 - b. Rewrites of critical programs that cannot be delayed
 - c. Rewrites that become evident when all programs are reviewed together to stay within budget ceilings
3. Preliminary summary budget prepared
4. Summary income budget prepared
5. Operating expense budget prepared
6. Review and adjustment of program budgets and income budgets
7. Total income budget prepared
8. Capital budget prepared
9. General and administrative budget prepared
10. Program budgets prepared
11. Budget assumptions developed
12. Budget guidelines developed and disseminated
13. Cost benefits analysis of existing and new programs
14. New programs evaluated
15. New programs developed
16. Existing programs prioritized
17. Existing programs evaluated

Budget Assumptions

Remember - budget assumptions are the cornerstone of every budget proposal. The value of the final budget will be dependent on the validity of the original budget assumptions. Few organizations have any real devices with which to work out and document all of the assumptions upon which the budget rests. Every dollar amount that goes into the budget *must* have a related written assumption. Budget assumptions are derived from:

- existing guidelines including parish, school, cemetery, diocesan or other

- historical information
- known future information
- other information

Some examples of assumptions for all diocesan sites are benefit cost increases, salary adjustments, inflation factors for utilities, rising fuel prices, service contract changes, enrollment data and projected offertory income to list just a few.

Other Budget Preparation Notes

Revenue is usually the most important – and the most difficult – part of the budget to estimate reliably. It should receive as much care and study as expense projections and should be estimated conservatively. Revenues determine what expenses the site can afford or conversely the estimated costs of the site's goals, plans and activities determine how much revenue it is going to be needed. While this may seem obvious, they indicate the basic problem inherent in budgeting: "Which comes first, the revenue or the expenses?" The realistic answer is that both sides of the money equation need to be worked on together. Plans must be realistic, based on an appraisal of likely revenue sources and new or increased sources may have to be developed to make possible the execution of priority plans.

Budget low on income and high on expenses. Your goal is to end the year with a surplus or at a minimum to break even. It is much less painful to figure out how to spend some unexpected income than to decide how to cut expenses that are running ahead of revenues. Don't include unlikely or uncontrollable sources of income. For example, it is very difficult to project bequest income, so you should not plan on receiving it unless you know with certainty that the amount will be received during the budget year. If you have been conducting a capital or other special fundraising campaign, will it continue in the new year? And are any of those dollars available to cover expenses or are they restricted for a special purpose?

To determine monthly amounts for revenues and expenses you can use a computer spreadsheet to project each throughout the twelve months. Once each standard monthly amount is determined you can then go back and adjust entries based upon the influx of visitors, income and spending patterns and the impact of seasonal changes. Some programs may not operate during all 12 months so that must be considered. If you are planning large capital expenditures, consideration must be given to cash on hand and the timing of the event(s). By adding a beginning cash balance and a few formulas in your spreadsheet, you can then develop a useful cash flow statement.

Review the budget to look at timing of income and expense. This will help you with projecting cash flow during the year, and it will make your budget to actual financial reports more accurate. You may be receiving a grant or other funding that is restricted for a certain purpose. When you receive such a grant or funding, be sure you understand what the money can and cannot be used for. Budget for that project as a separate category, and be sure you do not include any expenses that the grant will not cover unless you also include other sources of revenue.

The finance office of the diocese provides guidance on those expenses that are not under the control of each site. These expenses include: health, disability and life insurance premiums; parish assessments; school taxes; accident insurances and property and liability insurance premiums.

Payroll and personnel are frequently large expense categories. Look carefully at all these line items. Do you plan to add a new staff person? Do you anticipate increasing someone's hours?

Do you plan to give any raises? In general, even projecting a level-staffing pattern will result in some increases in personnel costs.

Remember to budget for cash outlays that are not traditionally considered expenses. These include payments on outstanding loans, purchases of equipment or other capital items and major repairs to buildings and grounds. Do not include diocesan designated second collections in either income or expense. These are pass-through items—you collect the funds and send them directly to the Diocese.

If you are a larger parish, you will probably need to budget by program areas such as Liturgy, Religious Education, Various Ministries, Administration, Rectory, etc. At schools you may want to budget by grade level or a group of grades, i.e. elementary, middle, etc. Establish your budget by program, with a goal that each program will pay for itself. Identify line items by programs, so you have a budget for payroll, personnel, office expense, etc. for each program. In practice, the general offertory collection for parishes and tuition for schools serve as the primary source of revenue for most programs with direct revenue from fees serving as a subsidiary fund source.

If applicable, the preparation and approval of the school budget must be coordinated with the associated parish (if any) to avoid catastrophic consequences in the middle of the fiscal year. Often, the school budget includes a subsidy from parish operations and the parish budget must include adequate resources to provide that subsidy or alternative courses of action must be implemented.

Appendix 10.1 includes a suggested budget worksheet that can be used by a parish as a whole or by separate programs to develop a budget. If used completely, past and current fiscal figures are inserted into the spreadsheet and used as a comparison to the projections for the next fiscal year.

Budget Implementation

After the budget has been finalized and approved by the Finance Council, reported to the constituents and posted to QuickBooks/accounting system, it will be necessary to implement the budget. The following steps may assist you in this process:

- QuickBooks will allow you to enter budget figures into the system. This will allow production throughout the year of budget-to-actual statements of income and expense. Enter the budget by line item and by program to maximize the value of the reports. (Note: QuickBooks has the capability to track revenue and expenses by account and program – the Finance Office can assist you with turning this feature on). Throughout the year, as you make deposits and write checks, refer to your budget to see if your entries line up with your budget. Always remember that you want your expenditures to be recorded as accurately as possible both for information now and as a guide for future budgets.
- Use QuickBooks to produce reports for the Finance Council and for your constituents. Look at the reports that are built into the system and use them wherever possible. Your reports can be exported into Excel or another spreadsheet program, so you can add information or reformat your reports as necessary.
- Consider the ultimate end products -- your Annual Report to the Bishop and constituency and monthly or quarterly financial statements for the use of the Finance Council and administrator. Look at all the schedules that are required and think about whether the way you are recording transactions will generate the data you will need particularly at year end.

201.5 Annual Reports

Canon 1287 §1 Both clerical and lay administrators of any ecclesiastical goods whatever which have not been legitimately exempted from the power of governance of the diocesan bishop are bound by their office to present an annual report to the local ordinary who is to present it for examination by the finance council; any contrary custom is reprobated.

§2. According to norms to be determined by particular law, administrators are to render an account to the faithful concerning the goods offered by the faithful to the Church.

Policies

Annual Pastoral Report to the Bishop

- Each parish, mission and chapel in the Diocese of Pensacola-Tallahassee must complete an annual pastoral report to the Bishop using the recently revised format and instructions available on the diocesan web site under Chancellor's Office. This report includes the elements required to update the Official Catholic Directory in the first section and additional elements for the Pastoral Center in the second section; this eliminates the need for sites to complete separate reports. The report must reach the Bishop's office no later than October 1st of each year covering the most recently completed fiscal year that ends on June 30th of each year. Parishes with a K-8 school or a Child Development Center (preschool) must complete the short section on schools at the end of the report. Once the report is completed in its original Excel format, it should be submitted via email to the Chancellor's office. The required copies of the Pastoral Council meeting minutes can be submitted via email (if scanned), fax or regular mail.

Annual Financial Report to the Bishop

- Each parish, mission, chapel and school in the Diocese of Pensacola-Tallahassee must complete an annual financial report to the Bishop using Appendix 10.3a (for parishes, missions and chapels) or Appendix 10.3b (for schools and pre-schools). The report must reach the Bishop's office no later than October 1st of each year covering the most recently completed fiscal year that ends on June 30th of each year. The report preparation instructions are included as the first spreadsheet of the Excel workbook. The actual report is the fifth spreadsheet that is initially completed through a series of steps described in the instructions. The entire workbook must be submitted via email. The fifth page must be printed and then signed by each of the Finance Council members and should be submitted via email (if scanned), fax or regular mail once completed. As with the Pastoral Report, copies of the Finance Council meeting minutes must be submitted as well via email (if scanned), fax or regular mail. A printed copy of the annual financial report presented to the community must also be attached.

Annual Report to the Community

There should be a relationship of trust that urges each site's administrator to be efficient and faithful in his/her responsibilities for church/school goods especially since they are held for the benefit of others. While constituents have high expectations of their organizations, they also recognize the needs of their sites and want to respond generously to those needs. They also want to be sure that the organization optimally uses their sacrificial gifts; therefore, there is no acceptable alternative to accountability which is a basic tenet of good stewardship. Providing clear, basic explanations of financial activity starts with the detail record of transactions and evolves to the report to the site's constituents.

Most constituents generally read the organization's financial statements for different reasons than readers of financial statements prepared for businesses. They are more likely to be interested in the efficiency of the site in providing programs and services rather than in the net income. Each site operates under a great deal of scrutiny from the community who expect that their offerings and tuition payments will be used in a very efficient manner with virtually no abuse or waste.

The financial report should be easily understood, be concise so that the reader does not get lost in detail, be all-inclusive in scope embracing all major activities of the site and be prepared and published on a timely basis.

- As a minimum the report must include the annual financial report prepared for the Bishop since it provides a concise fiscal snapshot of the site and includes information on the budget, income, expenses, assets, liabilities and cash flow.
 - Other information should be provided in the report that will help the constituents understand the site's scope of operations and how many people are positively impacted or served in the community. Some suggestions for what could be included in this section are:
 - Purchase or Improvement of Property. Provide a description of the major capital expenditures incurred in the fiscal year, the amount spent, and how the expenditure was financed, such as from savings, from current year operation, from borrowing, or a combination of all.
 - Debt Balance (Loan). Explain the amount of debt owed as of June 30, the amount borrowed during the fiscal year and why it was necessary to borrow (meet the operating deficit, finance the capital expenditure program, etc.) If debt payments were made during the fiscal year, indicate the total amount of debt paid and whether the required principal payments were met.
 - Fund-Raising Campaign. If the site had a fund-raising campaign for capital purposes, debt reduction, etc., indicate the amount raised and other information deemed appropriate.
 - Basic programmatic, ministerial & academic statistics and narratives of the events conducted or supported by the organization.
 - Basic financial comparative information to help explain the entire picture of what it takes to operate:
 - √ Translate the ending cash balance into an equivalent number of a weekly Sunday collections, number of student's tuition or number of months' expenses.
 - √ Tie the site's mission and goals to its financial statements.

To assist the administrator, staff and finance council with the preparation of the report each society or group operating at the site must provide a written report to the administrator annually as of July 31st of each year. This report should summarize the activities of the society or group during the year with enough detail to allow completion of the overall report.

Schools directly associated with a parish must also prepare an annual financial report as described above, but may wish to combine their information in a joint parish-school report to the joint community that is served. The school report must include demographic/programmatic/academic statistics needed to report on the school's activity and successes. If a separate report, it must be sent to the Parish Finance Council for the associated parish for review prior to presentation to the parishioners and constituents.

Each school must submit the NCEA Data Bank School Summary Form for the most recently

completed academic year in addition to any other standardized report required by the state or Diocesan School Superintendent.

Penalties and Sanctions for Non-Compliance

In June 2016, the Diocesan Finance Council and the Bishop approved changes to the sanctions/penalties related to non-compliance with Financial related reporting items under Canon Law and Diocesan Policies and Procedures. The changes were driven by a minority of Diocesan entities that consistently failed to meet the minimum compliance standards. The full letter announcing the new sanctions/penalties and the listing of the associated items is included in Appendix 10.2. The required items subject to the penalties if not fully complied with include:

- Annual Pastoral Report to the Bishop (parishes only);
- Annual Financial Report to the Bishop (all sites);
- Quarterly updates to outstanding Internal Review corrective actions (as applicable);
- Annual Financial Report to the community (parishes and schools);
- Annual parish and school budgets;
- Diocesan approval for all expenditures exceeding \$10,000;
- Amounts due to the Diocese (including assessment payments) over 30 days past due.

201.6 Accounting

Policies

The following are required accounting control practices for all diocesan organizations:

- Chart of Accounts. The diocesan chart of accounts which contains a list of accounts, numbers and names for all asset, liability, fund balance, revenue, and expense accounts, must be used **without any alteration**. Alterations to the chart by any entity may **not** be made without the approval of the accounting manager at the Pastoral Center. The approved chart of accounts is included in Appendix 4 with an explanation of each account.
- Only personnel with demonstrated accounting experience and experience with accounting software (preferably QuickBooks) will be hired or allowed to volunteer as the bookkeeper for any organization within the diocese. Specific familiarity with double entry bookkeeping, accounts payable, accounts receivable, journal entries and financial report preparation are the minimally required skills needed for diocesan sites. All new bookkeepers **must** meet with Diocesan accounting and finance personnel for an orientation before assuming the responsibilities for the financial records at a site. The meeting can be conducted via web video conferencing and is intended to determine the capabilities of the prospective bookkeeper.
- Either a modified accrual basis of accounting or a full accrual approach will be the norm for all sites. Recordkeeping on strictly a cash basis is discouraged. All sites, with the exception of primary and secondary schools, must use at a minimum a modified accrual basis of accounting, but it is strongly recommended full accrual be used for their accounting practices. All primary and secondary schools must use full accrual accounting for all financial recordkeeping without exception; this is the only means possible for accurately tracking and reporting the financial operations at a school.
- All journal entries made by the bookkeeper must be substantiated **and** approved by the administrator. The approved substantiating forms or journal entry report must be maintained for the fiscal year in the parish/school financial files along with any supporting documents that further explain the need for the entry. This approval procedure is needed to provide internal control over any posting to the financial records not covered by other processes.
- QuickBooks Pro will be the standard accounting software employed in the diocese unless changed by the Chief Financial Officer. QuickBooks will occasionally be upgraded at a time

determined by the Diocesan accounting office; no diocesan organization may independently upgrade to a newer version of QuickBooks or decide to use another financial accounting software program. When QuickBooks Pro on the hosted server is upgraded it will be at diocesan expense. Those sites that do not choose to use the web based product will be responsible for upgrading to the same level and paying for the product.

- All employees (including volunteers who perform roles normally done by an employee) involved with the organization's financial processes, particularly routine cash handling, must undergo the same national background screening required for personnel who are involved with youth ministry/counseling. These same personnel must also agree to and successfully complete a "pre-employment" credit check.
- Except for emergencies when the bookkeeper is not available and no alternative approach is possible, the pastor/principal must not perform bookkeeping functions. This also applies to anyone who is a designated signer on the organization's checking account.

Purpose

Accounting for the financial activity of a parish requires the methodical gathering, recording, verifying, summarizing, and reporting of the organization's financial activity. In an operation as complex as a parish or a school, there is a clear need for an orderly means of tracking all financial activity. By utilizing a methodical accounting and bookkeeping system, we encourage and exhibit faithful stewardship of the contributions of the People of God.

The Diocese of Pensacola-Tallahassee and diocesan organizations operate on the basis of a fiscal year (a business year), from July 1 through June 30. All sites are required to maintain their financial records in accordance with this fiscal year schedule. Records must be kept of all monetary transactions that take place during daily operations, both receipts and disbursements. All transactions must be recorded in the books within the fiscal year in which they occur.

The one exception to the above is payroll. Payroll is the only area of financial operations that is maintained on a calendar year basis. Accordingly, all payroll records and documentation are organized, filed, and stored by calendar year.

Basis of Accounting

As stated previously either a modified or full accrual method of accounting is required to be used at all diocesan sites. For medium and larger sites, full accrual accounting is the preferred method.

Chart of Accounts

As stated previously, all are to use the standard chart of accounts included in Appendix 4 that is provided by the Diocesan Finance Office. Adherence to the standard chart of accounts will ensure that the financial reports are consistent with the diocesan reporting format, will greatly simplify the process of preparing the Annual Parish Financial Report and will make a transition of personnel within the Diocese easier.

Accounting Systems

QuickBooks Pro is currently the only accounting system authorized in the diocese for parishes and schools. QuickBooks Pro is accurate, easily learned, user friendly, handles budgets, and produces reports that conform to the annual reporting requirements of the diocese. Staff members from the Diocesan Accounting Office are available to assist with any issues with QuickBooks Pro including startup and more advanced training.

201.7 Physical Control Over Assets & Accounting Records

Policies

The following are required physical control practices for all diocesan organizations:

- If offertory collections are not immediately counted and deposited after each Mass they must be secured until the count team is available to perform its functions. Two methods of securing each offertory collection must be used:
 - First, a tamper evident security bag must be used to consolidate the collection for transporting the funds;
 - Second, the bag must be deposited in a safe located on the parish premises
- Funds in general must be secured in a safe or high security/fire proof cabinet that cannot be removed from the office. Funds are never to be held off the organization's premises particularly at a residence.
- Safes used for storing funds may not contain any financial records or documents that are needed by the bookkeeper. Access to the safe must be limited to the pastor, other clergy assigned to the parish and any other lay person designated by the pastor. Any authorized lay person may not be involved in the financial recordkeeping process. Blank check stock for all sites must be secured in a locked filing cabinet/safe with limited access to only those personnel that have a job requirement to prepare checks. These stocks must be inventoried routinely.
- If a petty cash fund exists, the custodian must secure the funds and documents in a lockable file cabinet or lockable drawer with access restricted to him/her only. A back up key may be maintained in the funds safe in a sealed envelope for emergency use only.
- Access to computer equipment and the computer software necessary to process accounting information must be controlled via passwords that should be changed periodically. More than one person must be able to access data in the event of an emergency.
- Hardcopy financial documents are the property of the organization and must be maintained on the premises at all times. They must be secured in a locked room or file cabinet and accessible only to selected individuals. They are not to be kept at an off-site location such as an employee's residence.
- All financial records are to be backed up at least weekly (more often for larger sites that process deposits and payments more often than weekly) with the backup secured in an off-site location or a fire proof safe.
- Personnel files are to be confidentially maintained and stored in a locked file cabinet with access restricted to personnel involved with the human resource function within the organization.
- Property or equipment with a unit value at \$750 or greater with a useful life of longer than three years is considered a plant asset. When purchased, the transaction is recorded as an increase in a fixed asset account versus an expense. All fixed or plant assets must be properly marked (tagged), recorded and annually inventoried. An accurate inventory of these assets is important for accounting and insurance purposes. Non-cash assets of the organization are not permitted to be removed from the specific "campus" without documented approval granted by the administrator (e.g. computers, other electronics, tools, vehicles, etc.). Appendix 10.24 – Asset Listing and Inventory Record is the recommended tool for sites to use.
- All facilities must be locked when not in use. A key log should be maintained to ensure the administrator knows who has access to specific keys and specific areas of the facilities.

The following are strongly recommended physical control practices for all diocesan organizations:

- The safe used for securing collections and daily receipts should be a drop safe that does not require anyone to open it for the “deposit” to be made.
- The safe used for funds should require two combinations or two keys to open it. The combinations and keys must not be held by the same person or persons who are related.
- Whether safes are dual combination/key units or not, safes used for funds should only be opened when at least two persons are present
- Locks and safe combinations that house financial or other sensitive materials should be changed periodically, especially when a key member of the staff leaves (voluntarily or involuntarily).
- Desks should be kept locked if they contain financial records or other sensitive and confidential material.
- If at all possible, the hardcopy financial documents should be maintained in a fire proof locking cabinet.

General Discussion on Asset Control

The safeguarding of assets is much more than just establishing physical control. Administrative controls are simply ensuring that documentation exists so that an independent party could verify approval for the movement of assets into or out of an organization. If funds or property are transferred, documentation should exist so that an uninvolved person could easily understand the transaction without further explanation. At a minimum, the following must be evident:

- Date
- Persons involved in transaction
- Amount of funds or properties involved
- Proper authorization/approval signatures
- Circumstances of the movements including the reason
- Source and destination
- Proper account codes

Procedures to reconcile actual transactions with those transactions that have been recorded are another element of internal control. The taking of a physical inventory and the reconciling of a bank account to the general ledger are two methods for such activity. No one can objectively evaluate his/her own performance effectively, and no one can record large numbers of transactions with perfect accuracy. Supervisors must periodically assess the performance of their subordinates to help ensure that any accounting and internal control system is functioning properly. The internal control review checklist used by the diocesan Internal Auditor and any external CPA firm should be used by each site to perform spot checks of processes.

Any theft or misappropriation of funds (or suspicions of such) **must** be reported following the procedures stipulated in the Diocesan Fraud Policy (Appendix 18) and Whistleblower Policy (Appendix 19). Additionally, any flagrant and deliberate violations or noncompliance by organizations of the Diocesan Financial Policies and Procedures must also be reported. Reports of financial misconduct, which are made in good faith, will be held confidential.

201.8 Financial Files

Policies

The following financial files are required for all diocesan organizations:

- All records produced within an organization whether related to financial or personnel transactions must be retained in accordance with the retention schedule detailed in Appendix 11.
- Each organization must maintain the following document files to substantiate each financial transaction (all financial files except payroll are maintained for the fiscal year):
 - Bank statement and reconciliation file containing:
 - All bank statements and QuickBooks detailed reconciliation reports with proper review signatures of the administrator or assigned finance council member.
 - All deposit related documents such as bank deposit slips, offertory count sheets, copies of deposited checks (as appropriate), etc. filed with the appropriate bank statement. This is also where the deposit related documents are retained awaiting the next bank statement.
 - Notes concerning any differences between the deposit slip prepared by the organization and the “official” one returned from the bank. The notes should include the results of any investigation conducted and the resolution.
 - Voided checks appropriately marked with “VOID.”

Note: this file is best maintained by month.
 - Retained numbered receipts book(s) with copies of all receipts provided to all persons who present checks and/or cash at the office for any reason including donations, fees, tuition, etc. An alternative is a receipts log containing all the same information as that shown on a standard receipt book.
 - Journal entry file that contains the approved substantiating documents supporting the need for each “adjustment” to the general ledger.
 - Disbursement files:
 - Paid invoices/bills with evidence of proper approval signature (or initials) and either a copy of the check stub or a “PAID” stamp with the check number & date noted. For larger sites with many vendors these should be filed by vendor; for smaller entities, filing in check number order by month would suffice.
 - Paid reimbursements to employees or volunteers with substantiating documents and approval of the administrator. This file also includes all local and out of area travel claims for trips/mileage; all such travel must be approved in advance by the administrator.
 - Payments made at the administrator’s discretion. These must be substantiated with suitable documentation which could be a memorandum for the record signed by the administrator in those cases where a standard type “bill” is not presented. Detailed records for these types of transactions are absolutely necessary to deflect any criticism about favoritism or waste of resources.
 - Purchase action files containing all bids received for capital items (assets), the criteria for vendor selection that was followed and the approval of the administrator for the winning bid.
 - Current contract file with copies of all leases and contracts for services negotiated for the organization. Note that an approved and detailed contract for services is required for all “service arrangements” with individuals in addition to the required Form W9 form, Request for Taxpayer Identification Number and Certification
 - Current grant file with all information pertaining to any grants that may have been received including original application, grant approval, acceptance of grant documents and all required reports with substantiating documents.

- Personnel files with all required documents as detailed in Appendix 7 in this manual.
- Payroll files including:
 - Pending payroll file with all documents that will impact the preparation of the next payroll checks: approved Employee Change Form (documents any changes that impact a person's compensation), approved leave forms, any benefit selection form, etc.
 - Completed payroll file for each payday with copy of detailed payroll reports available from Paycor and any timesheets generated to support each payroll.
 - W2 file with copies of the employer W2s issued for the calendar year as prepared and filed by Paycor.
 - 1099 MISC & 1096 file with copies of all the 1099s issued for the calendar year and the 1096 transmittal report.
- Bank account and credit card agreement files:
 - Bank account originating documents including up to date signature cards
 - Credit card agreements with either bank or store credit cards including a list of those personnel authorized to use the card in their possession.
 - Store credit agreements, if any, with the specific terms and limitations for use.
 - Copies of letters of authority for those granted permission to use the organization's credit cards or store accounts.

201.9 Bank Accounts

Policy

The following policies for bank accounts and reconciliations must be strictly adhered to by all diocesan organizations:

- Unless approved in writing by the Diocese, each site is allowed only one account outside of the Diocesan Deposit & Loan Fund. This account will serve as the operating (checking) account which must be included on the site's financial reports.
- To obtain approval for establishing or maintaining an additional checking account the site must submit a request for each proposed account to the Chief Financial Officer. The justification for a separate account must be sufficient to assuage any concerns that might be raised by the IRS. Simply stating that that is the way it has been will be reason for immediate denial. The request form is included in Appendix 10.5.
- A pastor, assigned administrator or principal are the only persons permitted to open and close bank accounts for their site, its programs and for related organizations. All bank accounts for a site, its programs and related organizations must use the assigned Federal Employer Identification Number (EIN) as the taxpayer identification number on the account. At no time is a social security number or any other tax identification number permitted. All organizational bank accounts must carry the name of the site in the title of the account and must use the site's mailing address and not a private residence or any other address. The bank accounts must never be opened in the name of an individual.
- The organization's tax identification number is to be given only with the approval of the administrator. The site must first identify the reason for any request for the tax identification number; such as: establish approved accounts, state and city licensing, etc. National organizations (e.g. Knights of Columbus, Boy Scouts, and St. Vincent de Paul Society) should not ask for or be given the tax identification number to use for their bank accounts or for their activities. The site must maintain a log identifying the recipient of the tax identification number and the purpose for the request; an example of such a log is included in Appendix 10.6.
- Clergy must be the primary signers on a parish checking account. This includes the Pastor, Parochial Vicar and Deacon if assigned unless a lay person has been assigned by the

Bishop as the site's Financial Administrator. The chair or another member of the Finance Council may be an authorized signer if approved in writing by the Finance Council members and the Pastor. When large parishes employ either a Business Manager whose duties do not include either bookkeeping or funds handling, they may be authorized to sign checks if approved by the Finance Council and the Pastor. In both cases they must be issued an authorizing letter detailing their authority and associated limitations. The Chief Financial Officer at the Pastoral Center must be informed via a copy of the authorizing correspondence.

- Parishes with schools are authorized to have a separate checking account for school operations since all financial records for schools within the diocese are maintained separately from the host parish (if any). The primary signer on the account will be the principal; however, the pastor of the associated parish must also be a signer on the school's account.
- Schools not associated with a parish must open the operating account in the name of the school. The operating account may only be opened by the principal following all the same limitations as those imposed on parishes. The principal is to be the primary signer on the checking accounts for "independent" schools. The chair or another member of the Finance Council may be an authorized signer if approved in writing by the Finance Council members.
- All bank accounts are to be cut-off as of the end of the month and banks must be notified in writing never to cash checks payable to the parish or school; an example of such a memorandum to the bank is included in Appendix 10.7.
- Using a signature stamp or a signature plate for the purpose of check signing is not recommended unless significant internal controls are in place that will absolutely prevent an unauthorized use of the stamp. The person responsible for preparing checks must never have access to the signature stamp.
- Basic internal control principles require that a person responsible for maintaining the books may not have check signing authority. This proper segregation of duties principle therefore, precludes all staff involved in the daily handling of cash and recording financial transactions from signing checks whether for bills or payroll.
- Copies of signature cards for all parish, school, cemetery and related organization's bank accounts are to be kept on file at the site's business office. Signature cards must be updated with any change in personnel. With a change in pastors, it is very important that the new pastor and the former pastor visit the bank together to complete the transfer on all accounts. The new pastor should have with him the authorization letter from the diocesan bishop appointing him as pastor. The same applies for a change in principals when possible.
- Pre-numbered checks and check stubs are to be obtained and used for all bank accounts.
- In general blank checks are never to be signed regardless of the circumstances. An option for the use of a partially blank check is provided in Section 401.3.
- Funds held in the organization's operating account should not normally exceed 90 days of expenses unless the site has impending expenses requiring a higher checking balance. Amounts in excess of 90 days should be transferred to an appropriate savings account within the Diocesan Deposit & Loan program.
- Separate investment, money market or savings accounts outside of the Diocesan Deposit & Loan account program are prohibited unless specifically approved in writing by the Chief Financial Officer.
- All other approved accounts must be posted to the QuickBooks records as a separate asset (cash/bank) account and all transactions affecting the account are to be posted in the same manner as for the regular operating account.

- The bank reconciliation must be performed by the bookkeeper in a timely manner using QuickBooks and include the following steps: accounting for the sequence of all check numbers, examining the paid checks for date, name, endorsement and comparing them to the cash disbursements journal (check register), comparing the detail of bank deposits to cash receipts records, investigating other reconciling items (e.g., checks returned for insufficient funds) and following up on old outstanding checks. The QuickBooks reconciliation report must be printed and retained with the reconciled bank statement.
- The bank statements and associated QuickBooks reconciliation report must be reviewed and signed by the Administrator and/or a Finance Council member each month.

The following policies for bank accounts and reconciliations are strongly recommended for all diocesan organizations:

- All cancelled checks (original or photocopies) should be returned with the bank statements. Photocopies must include the back of the check to permit verification of the endorsing signature. If the bank is unable to do this process then the account should be moved to another bank that can do this process for little or no cost.

201.10 Auxiliary Organizations

As stated previously, unless approved in writing by the Diocese, each site is allowed only one general operating (checking) account that must be included on the site's financial reports. A single checking account for the site and all of its auxiliary organizations, such as women's guilds, men's clubs, etc., is the much preferred method for tracking all income and expenditures particularly with the use of the QuickBooks "Class" listing or sub-accounts. The income generated by the auxiliary organizations is not normally included in the Diocesan assessment process; fears of those funds being "taxed" are groundless. Regardless of the account that is used, ***the administrator is still ultimately accountable and responsible for all the funds that flow through the organization whether directly related to daily operations or ancillary efforts.***

Policy

If a site, as supported by the finance council, believes it has adequate justification for establishing or maintaining separate checking accounts for its auxiliary organizations, the site must submit a request to the Chief Financial Officer for approval. A form for requesting separate accounts is included in Appendix 10.8 This policy applies only to those organizations which use the site's Tax ID number when establishing the account; entities such as Knights of Columbus or Boy Scouts which use their affiliation with a national organization are exempt. Regardless of how many separate checking accounts are established, the following are the minimum standards that **must** be observed:

- The accounts must be established using the site's name, address and Tax ID number, i.e., Women's Guild, St. Luke Parish, 1234 Holy Lane, Pittsburgh, FL 325xx.
- The administrator must be a signer on the account(s); additional signatures of club officials are permitted and are to be reported in the Annual Financial Report to the Bishop. Signature cards for the account must be maintained at the business office.
- The account must be included with the asset accounts shown in QuickBooks under a separate name and number, i.e., 10115 Women's Guild Checking that will be assigned by the Accounting Office at the Pastoral Center.
- All transactions will use a liability account assigned by the Pastoral Center Finance Office as the offsetting account for deposits and disbursements which must be posted individually by the parish bookkeeper.

- The bank statement for the organization must be mailed directly to the site. The reconciliation process and maintenance of the associated files must follow the same process as for the general operating account.
- The checkbook for the account must be maintained in the site's office in a secured cabinet except when checks are being prepared. All the organization's income and expenses must be posted to QuickBooks without exception.
- All transactions are subject to the same internal controls that apply to daily operations such as proper documents to substantiate requests for checks and must be kept in separate financial files at the site.
- No funds except those generated by the auxiliary organization will be deposited in the account. Should that amount become excessive (as determined by the site's Finance Council), the administrator is required to transfer the excess amount to the site's checking account or a separate savings account in the D&L program until such time as its disposition is finalized.

Policy Regarding Proper Methods of Financial Support for a Parish or School

As stated above, organizations at a site which operate as separate non-profits with a unique Federal Identification Number (FEIN), are not required to follow the diocesan internal control policies. However they are encouraged to have in place adequate controls to ensure they will not become victims of fraud potentially affecting their reputation and the host site's as well since in many cases, the public views the organizations as all part of the church.

In most cases, these separate organizations' mission is to benefit the host site, as well as, other needy groups as part of an outreach ministry. When an independent organization hosted by the site wants to assist in the purchase of any goods, services or assets, they must make the donation to the site and not pay for the purchase directly. The funds received must be posted to 40005 Donations and Bequests or other appropriate income account such as 43210 Building Fund Collections. The donation will be assessable unless it is for a diocesan approved building project.

For auxiliary organizations with either a separate checking account using the host's FEIN or those who have their funds within the host's checking account, their routine purchases are posted to specified liabilities accounts. Those purchases are generally for goods or services they need to perform their mission at the site and can also be used for minor support for the host. However, when the auxiliary groups wish to support the host with an asset purchase (\$750 or more in value) then the funds they wish to donate must be handled in the same manner as for separate organizations.

For those with their own approved checking account, a check for the amount must be prepared made payable to the host, posted against the specified liability account, and then deposited into the host's checking account posted against either 40005, 43210 or other appropriate income account. For those groups maintaining their funds within the host's checking account, then it is just a matter of a journal entry to move the funds from the specified liability account to the appropriate income account.

Should an auxiliary group with their financial status included in the site's financial books desire to provide a gift to an employee or employees of the site, then the funds must be transferred in the same manners as stated above. The gifts can then be included in the next paycheck so that the income is reported to the IRS as required.

Summary of Revisions effective August 2014:

Section 201.1 Introduction:

- Changed wording to conform to generic definitions from introduction and made minor language improvements;
- Added language labeling principals and appointed lay personnel as administrators with same responsibilities as pastors.

Section 201.2 Financial Planning and Control:

- Added clarifying language regarding budgets and financial reports;
- Required manual to be distributed to all administrators and be readily available to all other personnel involved with the business operations or internal controls.

Section 201.3 Responsibilities:

The Pastor/Administrator

- Changed wording to conform to generic definitions from introduction and made minor language improvements;
- Inserted requirement for each principal to have a School Advisory Council (SAC) and a Finance Council/Committee.

The School Advisory Council

- Inserted specific language regarding the responsibilities of the SAC.

The Finance Council

- Deleted "parish" from title;
- Changed wording to conform to generic definitions from introduction and made minor language improvements.

The Business Manager/Bookkeeper

- Made minor language improvements;
- Expanded the list of issues the business manager and bookkeeper are duty bound to report to the Finance Council and Chief Financial Officer.

Section 201.4 Budgeting and Financial Reporting/Monitoring:

- Changed wording to conform to generic definitions from introduction and made minor language improvements;
- Inserted relief for any site with their QuickBooks on the diocesan web server from having to send a copy of the QuickBooks file to the Pastoral Center, but requires them to notify accounting when the books are ready for review;
- Provided specific list of required monthly reports;
- Deleted required quarterly review of current fiscal year data with last year's since the related reports were added as required monthly reports.

Section 201.5 Annual Reports:

- Changed wording to conform to generic definitions from introduction and made minor language improvements;
- Deleted Annual report to the Bishop section since it is replaced with two sections: Annual Pastoral Report to the Bishop and Annual Financial Report to the Bishop;
- Deleted several sections related to the annual report to the site's constituency that are incorporated into the annual reports to the Bishop;
- Updated language regarding the requirements for schools to prepare the same annual reports.

Section 201.6 Accounting:

- Changed wording to conform to generic definitions from introduction and made minor language improvements;
- Updated minimally required skills for bookkeepers and added requirement for all new bookkeepers to meet with diocesan personnel prior to assuming the responsibilities for the financial records at a site.

Section 201.7 Physical Control Over Assets & Accounting Records:

- Changed wording to conform to generic definitions from introduction and made minor language improvements;
- Changed presence of two persons when safes are opened from a requirement to a recommendation;
- Updated language regarding the asset listing and annual inventory requirement.

Section 201.8 Financial Files:

- Changed wording to conform to generic definitions from introduction and made minor language improvements;
- Eliminated any language referring to payroll related forms and reports previously filed by the sites, but now filed by Paycor

Section 201.9 Bank Accounts:

- Changed wording to conform to generic definitions from introduction and made minor language improvements;
- Adjusted the positions of some items within the section;
- Moved the procedure for using a partially completed blank check to Section 401.3;
- Changed recommended level of cash in an operating account to not more than 90 days of expenses from 30 unless significant expenses are expected.

Section 201.10 Auxiliary Organizations:

- Changed wording to conform to generic definitions from introduction and made minor language improvements;
- Added requirement for an auxiliary organization's checkbook to be maintained in a secured cabinet in the site's office.

Summary of Revisions effective January 2015:

Section 201.10 Auxiliary Organizations:

- Inserted language providing guidance on the appropriate way for auxiliary and other supporting organizations to financially support a parish or school.

Summary of Revisions effective October 2015:

Section 201.6 Accounting

- Established full accrual accounting as required for all primary and secondary schools and strongly recommended for all other sites.

Summary of Revisions effective September 2016:

Section 201.4 Budgeting and Financial Reporting/Monitoring:

- Deleted the need for a balance sheet over time report as one of the required monthly reports.

Section 201.5 Annual Reports:

- Changed the location of the Annual Pastoral report and instructions from Appendix 10.2 to the Chancellor's page on the diocesan web site
- Added a section on Sanctions and Penalties to list those items requiring full compliance with from the sites to avoid sanctions and penalties. The letter distributed to all sites was added to manual as Appendix 10.2 replacing the old one.

Section 201.7 Physical Control Over Assets & Accounting Records:

- Adding reference to new Appendix 10.24 Asset Listing and Inventory Record as a recommended tool for site use.