



FINANCIAL POLICIES AND PROCEDURES  
FOR PARISHES

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## FINANCIAL POLICIES AND PROCEDURES FOR PARISHES

### SECTION I. - PARISH ADMINISTRATION

The Pastor/Parish Administrator, with the assistance of the Parish Finance Council, is financially responsible for the administration of parish goods. He is to exercise sound stewardship and management of the financial and physical resources entrusted to him and is bound by the parameters of Canon and Civil law, particularly those aspects relating to tax exempt organizations. He is to employ sound business practices in conducting all financial and administrative matters of the parish within the limits of ordinary administration. A Pastor/Administrator acts invalidly if he goes beyond the limits of ordinary administration without first obtaining the written permission of the Diocesan Bishop.

- A. Acts of Ordinary Administration \* - Those acts which occur regularly in the operation, maintenance, and administration of parish property and activities. The limits of ordinary administration are determined not by universal law, but by particular law enacted by the Diocesan Bishop (c. 1281, par. 2). The following are examples of ordinary administration:
1. The collection and banking of money;
  2. Employment of parish personnel and payment of their salaries and benefits following Diocesan Human Resource policies and procedures;
  3. The purchase of what is required for the day to day operations of the parish and ordinary repairs such as roof and air conditioner repairs that do not exceed the financial limits of the ordinary administration(\$25,000) in one amount or series of amounts exceeding \$25,000 for a single purpose;
  4. Replacement of standard equipment, i.e. office supplies, text books, audio and visual equipment, liturgical and religious supplies etc.;
  5. Acceptance of donations which are free from any stipulation or requirement for service or advantageous preferences to be performed/granted by the parish on behalf of the donor;
  6. The reparation of damages done to real estate;
  7. Execution of vendor or service contract necessary to the maintenance of the parish to the extent not limited by other policies herein

\* If doubt exists as to whether a matter is one of ordinary or extraordinary administration, the Chancellor is to be consulted and/or permission obtained from the Diocesan Bishop. Policies for Pastors include Parish Administrators unless limited by the Diocesan Bishop.

## FINANCIAL POLICIES AND PROCEDURES FOR PARISHES

### SECTION I. - PARISH ADMINISTRATION (continued)

- B. Acts of Extraordinary Administration – Those acts that go beyond the limits of ordinary administration that are reserved for the competency of, and must receive the written approval of the Diocesan Bishop for the transfer or rights over the stable patrimony of the public juridic person or the parish from one person to another, in order to be valid. The following are examples of extraordinary administration:
1. To buy, sell, exchange, mortgage or lease real or immovable property
  2. To sell, exchange, mortgage objects of art, historical documents or other movable property of great importance;
  3. To accept or renounce an inheritance, bequest, legacy or foundation;
  4. To borrow money, except from the Diocese of Scranton Savings and Loan Trust Fund;
  5. To build, raze, or rebuild in a new form a parish building or to make extraordinary repairs to such buildings;
  6. To accept any gift of real property;
  7. To enter as a party to a lawsuit on behalf of the parish in civil court;
  8. To donate, spend or obligate the parish by contract greater than one year and/ or for an amount or series of amounts for a single purpose over and above that specified as being ordinary administration for the parish, i.e. an amount greater \$30,000.
  9. To establish a cemetery, columbarium, below ground crypt or new memorial garden;
  10. To create or be a party to the creation of a civil corporation, partnership, trust, foundation, endowment, or other legal entity, for purposes other than personal management

**FINANCIAL POLICIES AND PROCEDURES FOR PARISHES**

**SECTION I. - PARISH ADMINISTRATION (continued)**

**C. Cooperative Decision Making Between Pastor and Parish Finance Council**

- 1. The Pastor, as administrator of the parish, shall coordinate the implementation of policies recommended by the Parish Finance Council and ratified by him. He shall be responsible for the day to day supervision and administration of parish life.**
- 2. No action or decision of the Parish Finance Council can take effect until the Pastor has explicitly ratified it.**

## FINANCIAL POLICIES AND PROCEDURES FOR PARISHES

### SECTION II. - PARISH FINANCE COUNCILS

#### Definition:

The parish finance council is a consultative body of laypersons established to advise the Pastor in matters pertaining to the financial affairs of the parish.

#### Canon 537:

*Each parish is to have a Finance Council which is regulated by universal law as well as the norms issued by the Diocesan Bishop; in this council the Christian faithful, selected according to the same norms, aid the Pastor in the administration of the parish goods with due regard for the prescription of canon 532.*

#### The Acts of Scranton Diocesan Synod II, Statute #27:

*Each parish is to establish a Finance Council to assist the Pastor in the administration of parish temporal goods.*

#### Relationships:

The relationship between the Pastor and the Council is one of support and collaboration. The authority of the Pastor, as defined in Canon 532- to act and decide in behalf of the parish, is not lessened by the establishment of the Parish Finance Council.

The 1983 Revised Code of Canon Law, which requires the creation of a Parish Finance Council, clearly places it in the competence to assist the Pastor in the administration of parish temporalities. The Revised Code also allows the establishment of Parish Pastoral Councils to assist the Pastor in planning, coordinating, guiding and directing all aspects of parish life. (canon 536) The establishment of Parish Pastoral Councils in every parish is mandated in the Diocese of Scranton. While the two councils are separate and each has a different and specific role in the life and operation of the parish, they must work together for the good of the parish.

Therefore for the purpose of good planning, cooperation and accountability, the person chosen to be the Chairperson of the Parish Finance Council might be an ex-officio member of the Parish Pastoral Council. He / she shall act as liaison between the two councils and shall provide the parish Pastoral Council regular and timely reports (at least three times a year) on the financial status of the parish and the work activity of the Parish Finance Council.

## FINANCIAL POLICIES AND PROCEDURES FOR PARISHES

### SECTION II. – PARISH FINANCE COUNCILS (continued)

In the ongoing relationship between the two councils, the premier role of the parish Pastoral Council must be recognized. It is the mission of the Parish Council to work in collaboration with the local Pastor and his Associate Priest(s). in unifying, planning, guiding, motivating and directing all aspects of parish life.

In fulfilling its' responsibilities the Parish Finance Council must be directed by the values of the Gospel as well as by good business practice. Efficient and effective use and management of parish resources must be measured as much by their contribution to parish mission and ministry as by commonly accepted business standards.

Structure:

#### Membership:

- A. The Parish Finance Council shall be composed of the Pastor as president and not less than three reputable and practicing members of the parish who are knowledgeable and skilled in financial matters and know for their prudent judgment. Members shall be by appointment of the Pastor who should consult widely before making appointment to the Parish Finance Council. If there is a Parish Pastoral Council, he should also consult with the members of this council.
- B. The Pastor is the ex-officio president of the Parish Finance Council.
- C. The parish bookkeeper/business manager shall not be a member of the Parish Finance Council. However his/her attendance at Council meetings may be helpful and at times required.
- D. Members of the Parish Finance Council may not be related to the Pastor, nor to any associate priests assigned to the Parish.

Terms of Office:

Members of the Parish Finance Council shall serve a three year term and may be appointed to additional terms.

Officers:

- A. The Pastor of the parish presides at all meetings of the Parish finance Council and receives the Councils proposals.
- B. There shall be a Chairperson appointed by the Pastor. The Chairperson assists the Pastor in coordinating the work of the Council, in preparing for meetings and in implementing those proposals of the Council which have been accepted and ratified by the Pastor. The Chairperson

## FINANCIAL POLICIES AND PROCEDURES FOR PARISHES

### SECTION II. – PARISH FINANCE COUNCILS (continued)

performs other such tasks as may be delegated to him, including, if the Pastor so desires, chairing and conducting the regular meetings of the Council. The Chairperson is appointed for a term of one year. He may be re-appointed.

#### Meetings:

The Parish Finance Council shall meet at least three times a year. Meetings and agenda shall be arranged by the Chairperson in consultation and with the approval of the Pastor. The Pastor and members are expected to attend all meetings.

#### Competence:

The Pastor has authority from the Bishop and the universal law of the Church to decide and act on behalf of the parish. (Canon 532) The Parish Finance Council is advisory to the Pastor and its decisions/recommendations are valid only when accepted and ratified by the pastor. It is important, therefore, that the Pastor be central to the deliberations and the functioning of the parish Finance Council. The relationship between the Council and the pastor is supportive and by no means adversarial.

In order for the Parish Finance Council to fulfill its' mission it must have access to such fiscal information which it shall need for its deliberation such as parish financial accounts and records including indebtedness and all monies on account. Such information must be received and given in a spirit of confidentiality and prudence.

If the pastor in good conscience feels he cannot accept the recommendations of the Council, he shall fully and frankly communicate his reservations to the Council membership.

#### Functions:

Pastors and parish administrators are obliged to administer parish goods, according to the church law, as found in Canons 1281-1288. The Parish Finance Council assists the pastor in fulfilling the following responsibilities:

1. To assure that an annual budget is properly prepared for review by the Parish Council.
2. To review, as needed, the implementation of Diocesan bookkeeping and accounting system for all parish finances.
3. To ensure that the submission of the Annual Financial Report is prepared and submitted to the Diocese.
4. To prepare and publish an Annual Financial Statement and report for the Parish Council and members of the parish community.



## FINANCIAL POLICIES AND PROCEDURES FOR PARISHES

### SECTION II. – PARISH FINANCE COUNCILS (continued)

5. To develop procedures for the deposit of church funds in interest-bearing checking and savings accounts in accordance with diocesan Statutes.
6. To evaluate and make recommendations regarding the needs and effectiveness of the parish effort of church support through the Sunday Offertory and other fund raising activities.
7. To develop a plan for financing the necessary repairs, renovations, and purchase of equipment, which includes planning, financing and oversight.
8. To develop a plan for systematic payment of any parish debt.
9. To coordinate all fund raising programs.
10. To provide the Parish Council with periodic reports (at least three times a year) on the financial status of the parish
11. To meet all requirements of Federal and state tax laws and maintain an accurate record of payment.
12. To submit to all appropriate civil authorities tax exempt forms, as required by law and to maintain records of same for all Church-owned properties.
13. To safeguard the assets of the parish from loss or damage through appropriate review of insurance coverage.
14. To implement all Diocesan policies relative to financial matters.

## FINANCIAL POLICIES AND PROCEDURES FOR PARISHES

### SECTION III. - ACCOUNTING AND FINANCIAL REPORTING

- 1.) All parish organizations are to use a Diocesan approved uniform chart of accounts in maintaining their financial records See Appendix A.
- 2.) The parish accounting period for recording financial transactions shall be on a 12 month fiscal year basis beginning on July 1 and ending June 30.
- 3.) The operating units of the parish as well as parish organizations shall observe the same accounting period for recording financial transactions.
- 4.) All bank accounts registered under the parish federal tax identification number must be included on financial reports. Any omitted accounts require written explanation to the Diocesan Finance Office.
- 5.) Each fiscal year ending June 30 shall be closed by July 31 of the same year.
- 6.) The annual parish financial report must be submitted to the Diocesan Finance Office by August 31 of the same year.
- 7.) Parish financial reports must be reviewed with the Parish Finance Council prior to submission to the Diocese. An acknowledgement form signed by all members of the Finance Council attesting to the fact that they reviewed the Parish financial report with the Pastor is required to be submitted with the report.
- 8.) A parish financial report submitted without the Pastor's or Administrator's signature and the signatures of the Finance Council Members will be considered in-complete and returned.
- 9.) Financial records are to be maintained on a cash basis.

## FINANCIAL POLICIES AND PROCEDURES FOR PARISHES

### SECTION IV. - BANK ACCOUNTS

For better management, supervision, accounting and utilization of financial resources, each parish should maintain only one checking account through which all financial transactions of the parish and parish organizations shall pass (Parish Operating Checking Account). Auxiliary and Mass Intentions accounts are the exceptions.

Each parish is to have its' own employer identification number. No separately incorporated organizations, such as the Knights of Columbus shall maintain an account using the parish federal identification number. Parish bank accounts shall be in the name of the parish and cannot be maintained in the name of any person.

#### PARISH OPERATING CHECKING ACCOUNT

- 1.) The parish operating checking account shall be established and maintained with the Pastor / Administrator as the primary authorized signatory.
- 2.) Facsimile signatures and signature stamps are not permitted.
- 3.) Bank accounts are to be reconciled on a monthly basis in a timely manner and detailed reconciliation reports are to be retained and filed along with bank statements. The pastor / Administrator is to receive the bank statements unopened and is to review them before providing to the bookkeeper for reconciliation. The actual monthly bank reconciliations are to be reviewed by the pastor. If the pastor is not able to review the monthly bank reconciliations, then a member a member of the Parish Finance Council can be delegated this task. Bank reconciliations must be maintained.
- 4.) As part of the reconciliation canceled checks should be compared with the check register to verify number, date, payee and amount. Canceled checks should be examined for the presence of authorized signatures and for irregular endorsements or alterations. Dates and amounts of daily deposits, as shown on the bank statements, are to be compared with cash receipts transmittals.
- 5.) At the end of the fiscal year , financial and accounting records such as check stubs, bills, invoices paid, cancelled checks , voided checks and bank statements shall be maintained in the parish office for permanent safekeeping according to the retention schedule.

#### AUXILIARY BANK ACCOUNTS

- 1.) Each auxiliary bank account's activity shall be reported to the Pastor on a quarterly basis in a statement of income and expenses along with copies of the bank statements. All receipts and disbursements must be adequately documented and accounted for. Bank account balances , along with income and expenses of the auxiliary organization must be recorded on the parish books before the annual report is submitted.

## FINANCIAL POLICIES AND PROCEDURES FOR PARISHES

### SECTION IV. – BANK ACCOUNTS (continued)

- 2.) The parish auxiliary accounts shall be established in the name of the parish followed by the doing business as or “DBA” name which is the name of the auxiliary organization.
- 3.) A Parish auxiliary account shall be established and maintained with the pastor as the primary authorized signatory.
- 4.) Parish auxiliary accounts shall be subject to all policies and procedures noted above for parish Operating Checking Accounts

### CLOSING A BANK ACCOUNT

When a decision is made to close a bank account, inventory should be taken of any remaining check stock. The remaining check stock should be shredded to prevent fraudulent use of checks. The Parish is responsible for informing the Finance Council that the bank account has been closed.

### SEGREGATION OF DUTIES

All reasonable steps should be taken so that no one individual is responsible for depositing of cash, disbursing of funds, recording activity and the reconciliation of the bank account. At a minimum , the reconciliations of the bank account should be prepared by someone other than the authorized signor of the account and the reconciliation reviewed and approved by a separate individual with knowledge of the account activity, such as the pastor.

## FINANCIAL POLICIES AND PROCEDURES FOR PARISHES

### SECTION V. - BANK CARDS

#### DEBIT CARDS

The use of debit cards is not permitted under any circumstances.

#### CREDIT CARDS

All credit cards are to be authorized and approved by the Pastor. Upon issuance of the card, the card holder (user) agrees to the following:

1. The card is for parish business only and cannot be utilized for other purposes (including personal expenses).
2. Cardholder is to protect and safeguard from unauthorized use.
3. Detailed original invoices and receipts are to be provided on a timely basis as support for all credit card purchases. Details include: date, item description, unit and total cost, business purpose with attendee names and any other source of information to support expenditure.
4. Purchases over an amount to be determined by the Pastor / Administrator require prior approval from the Pastor / Administrator.
5. Monthly spending dollar limit as determined by the Pastor/ Administrator.
6. Any misuse of the credit card may result in revocation of card privileges or disciplinary action, up to and including termination of employment.
7. In the event of a lost or stolen credit card, it is the user's responsibility to call and cancel the card immediately and contact the parish or Finance Manager / Bookkeeper.
8. Upon termination or leave of absence, all credit cards are to be surrendered immediately to the Pastor or Finance Manager / Bookkeeper who will acknowledge the card was returned. Cancellation date is to be effective on discharge date.

## FINANCIAL POLICIES AND PROCEDURES FOR PARISHES

### SECTION VI. - CASH DISBURSEMENTS

- 1.) The pastor should open and review all bills for payment. Original documentation must be reviewed and approved by the pastor or someone assigned by the pastor. The supporting documentation must include invoices or receipts that provide evidence of the transaction. Invoice approval must be recorded by signature or initials and dated.
- 2.) All cash disbursements are to be made with pre-numbered checks. No pre-signed checks are allowed. Under no circumstances are debit cards permitted.
- 3.) All checks must be prepared by the Parish bookkeeper and must be signed by the Pastor / Administrator/ Parish Life Coordinator.
- 4.) If a mistake is made when preparing a check, the check is to be voided before preparing a new one, the voided check is to be altered to prevent its' use.
- 5.) All voided checks shall be retained to insure all pre-numbered checks are included in the parish financial records
- 6.) If no invoice is available, a check request form shall be completed including the name of the payee, the amount, the purpose, proper approval and receipts attached when provided. This form shall be retained as part of the parish financial records.
- 7.) All supporting documents are to be marked "paid" once a disbursement is made to avoid double payments, along with the date and check number
- 8.) No checks may be made payable to cash
- 9.) Petty Cash – An imprest petty cash fund , not to exceed \$500.00, with one custodian may be used for business expenses only (not for personal expenses). The imprest fund involves the replenishing petty cash only when properly approved vouchers/ detailed receipts are presented justifying all expenditures (date, purpose, person making purchase, authorized). Checks to replenish cash can only be made payable as: to the parish/staff member, i.e. "John Doe / Petty Cash".
- 10.) Use of tax exemption letter. Use of this letter must be reserved for purchases for the church.
- 11.) Access to unused check stock is restricted. If an account is closed, remaining check stock is shredded prior to disposal.

## FINANCIAL POLICIES AND PROCEDURES FOR PARISHES

### SECTION VII. – CASH RECEIPTS

The parish is required to follow the Diocesan policies for handling cash receipts. All receipts excluding Mass stipends and Auxiliary income must be deposited into the main operating account for proper accounting. Cash receipts include cash and checks. The basic element in an internal control environment is the segregation of duties between the actual handling/ counting of cash receipts and the recording of receipts in the parish accounting records.

#### OFFERTORY COLLECTIONS

Each parish must maintain a written offertory collection process that is utilized on a weekly basis. The written policy shall include at a minimum the following criteria:

- 1.) Offertory collections are to be secured immediately following the completion of the collection. Serially numbered, tamper-proof bags are required to be used by the ushers for all parish collections. Mass time, date, two usher signatures and the bag number are to be written on a form and placed in the bag before the bag is sealed. Funds are to be handled by two unrelated persons at all times. A log to account for the pre-numbered tamper proof bags must be maintained in the parish office. Parishes must utilize safes with limited access where the collections can be stored until counted. Access can be limited by either restricting access to the combination/ key or having a drop safe, where bags can be deposited without actually opening a safe. The collection or keys are not to be left unsecured in the possession of any one person. Safes must be stored in a secured and monitored location on the parish premises.
- 2.) If second collections are held, the funds are to be segregated in a separate tamper proof bag.
- 3.) Each parish shall establish a team of rotated counters who are responsible for the counting of the offertory collection. The group is to include a minimum of three unrelated individuals and no parish employees. The parish bookkeeper, and pastor / administrator is to have no part in the offertory counting process. In addition to counting the offertory collection, a volunteer shall complete the appropriate deposit slip and accompany the offertory to the bank for depositing.
- 4.) The volunteer count team shall complete an offertory count sheet(s) which is to be used to account for each type of cash and determine the total collection received. This sheet shall be compared to the deposit ticket to insure completeness and signed by the members of the count team upon completion.
- 5.) A copy of the signed count sheet and duplicate deposit slip sent to the bookkeeper before going to the bank. The parish bookkeeper shall be responsible for recording all receipts in the parish accounting records
- 6.) The parish bookkeeper or another designated parish employee shall record contributions to the individual donor's account.

## FINANCIAL POLICIES AND PROCEDURES FOR PARISHES

### SECTION VII. –CASH RECEIPTS (continued)

#### OTHER CASH RECEIPTS

- 1.) Cash receipts received outside of the offertory collection process are also to be secured as soon as possible. This can be accomplished by either placing the funds inside a parish safe or making deposits intact as soon as possible. The responsibility of other cash receipts is to be handled by someone other than the parish bookkeeper or party responsible for recording such receipts. Copies are to be made of these checks as support for the deposit.
- 2.) Checks are to be restrictively endorsed for deposit as soon as possible.
- 3.) Deposits of other cash receipts are to be performed at a minimum once per week or more often if warranted by amount.



## FINANCIAL POLICES AND PROCEDURES FOR PARISHES

### SECTION VIII. - PARISH INCOME

All donations received by the parish are considered parish income.

#### **DONATIONS**

- 1.) The parish shall maintain on a calendar year basis a detailed list of contributions made by each parishioner. A detailed list of annual contributions will be sent to each contributing parishioner at the end of the year, no later than January 31<sup>st</sup>.
- 2.) Bequests and donations are to be received by the parish free of any stipulations or requirements for any services or advantageous preferences to be performed or granted by the parish in behalf of the donor.
- 3.) Offertory collections, bequests or donations in the form of stock certificates, bonds and real estate are treated as follows:
  - a.) Stock certificates or bonds shall be received, registered or endorsed in the parish name. These shall be submitted to the Diocesan Finance Office who will liquidate the stock and make a deposit to the parish's Diocese of Scranton Institute account for the value of same.
  - b.) Any donations of real property or an interest therein requires the written approval of the Bishop prior to acceptance of the gift. Real property shall be received and registered for the parish in the name of "Joseph C. Bambera, Bishop of the Diocese of Scranton, his successors in office, a corporation sole". These shall be recorded as non-cash offertory collections at the time of sale using the fair market value of the said real property.
- 4.) All National and Diocesan collections are to be remitted to the Diocesan Finance Department within 20 days following the date on which the collection is taken.

#### **MASS STIPENDS and OTHER PRIESTLY MINISTRATIONS**

The following policies pertain to the treatment of Mass stipends and priestly ministrations:

##### **A.) Mass Stipends**

- 1.) Mass stipends are not parish income, but the parish shall hold these monies in trust for the fulfilling of Mass intentions by the priests.
- 2.) Upon receipt of the \$10.00 offering as a stipend for a Mass intention, the money shall be recorded as a liability. Monies received for unfulfilled Masses can be deposited in the auxiliary account for Mass stipends, but may not be distributed to the priest fulfilling the intention until the corresponding Mass has been celebrated. Stipends are not to be deposited in any account earning a return.

## FINANCIAL POLICIES AND PROCEDURES FOR PARISHES

### SECTION VIII. – PARISH INCOME (continued)

- 3.) The parish shall maintain a permanent and detailed record of all Mass offerings and the fulfillment of these offerings. The required record includes among others the date the stipend was received, the amount of the stipend and the date of the fulfillment.
  - 4.) Under Internal Revenue Guidelines, the parish is responsible for including the amount of the stipends on the appropriate tax forms at the end of the calendar year. For non-parish employees, the Mass stipends shall be reported on form 1099.
  - 5.) A priest who celebrates several Masses on the same day can apply each to the intention for which the offering was given, but subject to the rule that, except on Christmas, he is to keep the offering for only one Mass and transfer the others to the purposes prescribed by the ordinary.
  - 6.) No one is permitted to accept more offerings for Masses to be applied by himself than he can satisfy within a year.
- B.) Stole Fees:
- 1.) Monies received for priestly ministrations within the priest's assigned parish, such as baptisms, funerals, and marriages are considered parish income and must be deposited in the Parish Operating Checking Account. If a Mass is celebrated as part of a wedding or funeral, ten dollars (\$10) of the offering/stole fee shall be treated as a Mass stipend and given to the priest.

## FINANCIAL POLICIES AND PROCEDURES FOR PARISHES

### SECTION IX. - COMPENSATION AND TAX REPORTING

All workers who are hired to provide services for a parish are to be employees for tax purposes (and receive a Form W-2) unless the parish is able to prove that the individual meets the Internal Revenue Service criteria to be classified as an independent contractor for tax purposes (and receive a Form 1099). Failure to make a correct classification can result in penalties, interest and back taxes for both the parish and employee personally. The determination of a worker as an independent contractor or employee must be done on case by case basis and can only be determined by comparing the facts and circumstances to the IRS guidelines.

Employees – compensated on either an hourly or salary basis. Social Security, Medicare and federal income taxes are withheld from their paychecks unless specifically exempt, such as Priests. Compensation is reported on Form W-2 as required by IRS instructions.

Independent contractors – non-employees paid for services. Payments are reported on Form 1099 as required by IRS instructions. Prior to paying an independent contractor, parish must have a signed Form W-9 on file which includes the Social Security Number or Federal Employer Identification Number.

A worker's status is determined by applying relevant facts that fall into three main categories: behavioral control, financial control and the type of relationship itself. In each case it is very important to consider all the facts – no single fact provides the answer.

*Behavioral Control.* These facts show whether there is a right to direct or control how the worker does the work. A worker is an employee when the business has the right to direct and control the worker. The business does not have to actually direct or control the work the way the work is done – as long as the employer has the right to direct and control the work. For example:

1. *Instructions* – If you receive extensive instructions on how work is to be done, this suggests that you may be an employee. Instructions can cover a wide range of topics, for example: how, when, or where to do the work, and where to purchase supplies and services. If you receive less extensive instructions about what is to be done, but now how it is to be done, you may be an independent contractor. For instance time and place may be less important than directions on how the work is performed.
2. *Training* – If the business provides you with training about required procedures and methods, this suggests that the business wants the work done in a certain way and you may be an employee.

## FINANCIAL POLICIES AND PROCEDURES FOR PARISHES

### SECTION IX. – COMPENSATION AND TAX REPORTING (continued)

*Financial Control.* These facts show whether there is a right to direct or control the business part of the work. For example:

- 1.) *Significant Investment* – If you have a significant investment in your work, you may be an independent contractor. While there is no precise dollar test, the investment must have substance. However a significant investment is not necessary to be an independent contractor.
- 2.) *Expenses* – If you are not reimbursed for some or all business expenses, then you may be an independent contractor, especially if your unreimbursed business expenses are high.
- 3.) *Opportunity for Profit or Loss* – If you realize a profit or incur a loss, this suggests that you are in business for yourself and that you may be an independent contractor.

*Relationship of the Parties* – these are facts that illustrate how the business and worker perceive the relationship. For example:

- 1.) *Employee Benefits* – If you receive benefits, this is an indication that you are an employee> If you do not receive benefits, however, you could be either an employee or an independent contractor.

*Example: Organist*

*Behavioral Control*

- 1.) *Instructions* – Organist position typically requires the parish to determine how, when and where work for the position is done and what equipment to use.
- 2.) *Training* – Church typically provides training about required procedures and methods (liturgy) and this suggests that the parish wants the work done in a certain way.

*Financial Control*

- 1.) *Significant Investment* – Organist position does not require significant investment
- 2.) *Expenses* – Organists are typically reimbursed for business expenses, if any.
- 3.) *Opportunity for Profit or Loss* – Organists do not typically have an opportunity for profit and loss in their position

*Relationship of the Parties*

- 1.) *Employee Benefits* – Organists will receive benefits if they are on payroll.

**FINANCIAL POLICIES AND PROCEDURES FOR PARISHES**

**SECTION X. – GUIDELINES AND PROCEDURES FOR MAINTAINING RECORDS**

**FINANCIAL RECORDS**

All financial records should be kept in a safe or locked filing cabinet. Every parish should have a safe. Backups should be made for all computer files.

**CEMETERY RECORDS**

Cemetery records should be maintained in the rectory or cemetery office in a secure fireproof safe or cabinet.

Duplicate cemetery records should be maintained in another location.

**RECOMMENDED RETENTION PERIOD FOR ACCOUNTING RECORDS**

- |  |                             |
|--|-----------------------------|
| • Accounts payable invoices                  | 7 years                     |
| • Accounts payable ledgers                   | 7 years                     |
| • Invoices and paid bills, general accounts  | 7 years                     |
| • Invoices and paid bills major construction | Permanent                   |
| • General ledger, annual                     | Permanent                   |
| • Journal entry sheets                       | 7 years                     |
| • Payroll journals                           | 7 years                     |
| • Payroll tax reports                        | 7 years                     |
| • W-2 and W-4 forms                          | 7 years from date of filing |
| • Duplicate deposit slips                    | 3 years                     |
| • Bank reconciliations                       | 3 years                     |
| • Bank statements                            | 7 years                     |

(Place on Parish Letterhead)

**SINGLE GIFT ACKNOWLEDGEMENT**

(Acknowledgement Date)

This acknowledgement of your contribution to Diocese of Scranton (replace with entity name) is provided pursuant to section 170 (f) (8) of the Internal Revenue Code.

Name of Contributor:

Address of Contributor:

Date of Contribution:

Amount of Cash Contribution of Description of Property:

**CHECK AS APPROPRIATE**

- The donee organization **either** did not provide any goods or services in whole or partial consideration for the above contribution **or** provided only intangible religious benefits.
  
- The donee organization provided the donor with the following goods and services in return for the above contribution.

**(Parish Name)**

By: \_\_\_\_\_

Title \_\_\_\_\_ (e.g., Pastor) \_\_\_\_\_