

**Archdiocese of Anchorage
Accounting Best Practices Guide**

Governance	
1	Establish Finance Council in the Parish.
2	Finance Council is composed of members with no business conflicts.
3	Finance Council completes Year End Parish Certification Letter and representations.
Financial Reporting	
1	Report annual financials to parishioners.
2	Publish monthly financials.
3	Journal entries are documented and approved.
4	Monthly financial reports to key leaders in parish/school.
5	Prior periods cannot be reopened.
CASH RECEIPT	
General Guidelines	
1	Cash is always under dual control (and access).
2	Drop safe is used for all receipts and secured to facility in inconspicuous, accessible location.
3	Access to safe is limited to pastor/principal and one back up (parochial vicar, deacon, assistant principal) for emergencies.
4	Safe is opened with 2 people, and a log is kept of details.
5	Payment box is used for miscellaneous monies, state "checks only", and cash access same as above.
6	Receipts are enclosed in tamper resistant/evident bags or envelopes (numbered) before secured in safe.
7	For control reasons, bookkeeper and other record keepers do not touch cash.
8	Bookkeeper lists all deposits separately by type and denotes cash & checks on deposit summary.
9	Deposits transport to bank by security service or 2 people.
10	Cash receipts are documented with prenumbered receipt tickets, statements or letters
CASH RECEIPT	
Offertory Receipts	
1	Two ushers gather offertory collections, place into tamper-resistant or evident moneybags, sign a log and seal money, then deposit in drop safe. Do Not Sort.
2	Three independent volunteers count the money (No other financial duties).
3	Bookkeeper supervises the money counters.
4	Offertory is counted on Mondays in a controlled environment.
5	Counts sorted by Mass, by type (envelope checks, envelope cash, loose checks & loose cash).
6	Separate count sheet is used for EACH Mass.
7	Count sheet specifies Mass date, time, counter signatures, and subtotals by type.
8	Count sheets are completed in INK since they are official church documents.
9	Three people count each Mass collection together and sign count sheet.
10	Counters open each envelope, and write amounts on the outside distinguishing between cash/check.
11	Counters endorse checks immediately "for deposit only", bank and account number.
12	For loose checks, one person tallies checks and second person copies checks. Upon return from copier, a second tally is done on the checks and compared to original tally. Copies should also be tallied.
13	Deposit is prepared with multiple counters present, and placed in tamper resistant/evident moneybag.
14	Bookkeeper prepares Currency Transaction Report for cash deposits over \$10k.
15	Receipts posted in software by an appointed record keeper with no conflicting responsibilities (non-usher, counter, bookkeeper, finance council member).
16	Software data is posted by Mass/collection, envelope checks, envelope cash, loose checks, and loose cash and then exported to Excel and balanced to count data in total and in detail.
17	Receipts posted within 2-3 days, using original contribution records.
18	After balancing software, batches closed and batch list generated weekly.
19	Independent party ensures amounts counted, deposited and posted all agree.
20	Fluctuations in offertory are monitored for trends, especially cash.
21	Offertory envelopes are retained 2 years and then shredded.
22	Cash from offertory is deposited in tact without any check substitutions. Split checks recorded as a separate batch. Mass stipends are deposited, booked as a liability and paid via payroll system or accounts payable but not in cash.
23	All deposit paperwork, including source information and deposit slip is filed appropriately.
24	Someone other than record keeper prepares statements, at least annually, for all parishioners regardless of contribution amount.
25	Second collection contributions are always recorded and remitted regardless of date or amount received and are not recorded as regular offertory.
26	All diocesan second collections are sent to Archdiocese via check within 30 days, in full.
27	All parish-specific second collections have written approval from the Archbishop.
28	Offertory is booked as revenue in the General Ledger. Archdiocesan second collections are booked as an exchange on the balance sheet.
29	Parish has a written offertory receipt procedures which it complies with.
CASH RECEIPT	
Miscellaneous Receipts (any cash receipts outside of Offertory, by any organization)	
1	Miscellaneous cash/check receipts are processed in one, consistent manner.
2	The parish has a designated cashier(s) to receive money, and provide receipts.
3	The parish uses prenumbered, preprinted receipt books.
4	Receipts issued for ALL monied transaction, unless it will be acknowledged in another manner (i.e., a letter or statement).
5	Receipt books are periodically reconciled to deposits.
6	Cashier immediately endorse checks upon receipt.
7	Cash receipts are properly documented via a cash journal, including name, amount, check number, date, and purpose.

8	Prenumbered/preprinted Income Remittance Form (IRF) is generated in ink for all internal remittances, with receipts, cash journal. IRF is placed in tamper-proof/resistant moneybag and drop safe. Third party ensures deposit is accurate and completed.
9	Volunteer money counters process parish & school receipts for deposit in similar manner to offertory collection controls.
10	Record keepers maintain financial receipt records using approved Archdiocesan software.
11	Cashier and record keeper are separate people. Receipts posted from original records, in a timely manner.
12	Independent party reconciles general ledger to receipt records.
13	Stock donations recorded at mean value on gift donation date; difference between gift and liquidated values is booked as a gain or loss.
14	Material in-kind donations are recorded at fair market value and acknowledged with the date and description of donated goods.
15	Bookkeeper reconciles GL accounts in writing periodically. Pastor/principal reviews/approve reconciliations
16	Parish verifies with the Archdiocesan Finance Office what receipts qualify as assessable vs. non- assessable, and revenue vs. exchange.
17	Any prepaid tuition, registration, etc. for schools, preschools, religious education, etc. is recorded as deferred revenue. Prepays are reconciled in writing.
18	Pastor/principal approves all fundraisers.
19	Statements are sent throughout the year to parishioners and parents for all monies received. Day care payments are acknowledged at calendar year-end. Tax-deductible donations are recorded appropriately on the parish or school books and acknowledged. Any donation over \$75 should note the fair market value of any benefits received in a tax letter to donor.
20	The parish/school has established & implemented a written procedure for handling receipts.
CASH RECEIPT	
Reconciliation of Expected Revenues	
1	Expected revenues (tuitions, pledges, etc.) are maintained electronically and reconciled to amounts paid, and amounts due by family or individual. Bookkeeper and record keeper periodically reconcile expected revenue in writing.
2	Waivers of payment (scholarships, financial hardship, refunds) are documented and approved by the pastor or principal.
3	The parish increases a pledge amount when contributions received exceed the pledge balance.
4	For parish operations with inventories (bookstores, concessions, cafeterias, parish gift shops, etc) the bookkeeper and manager meet and reconcile sales to the general ledger monthly, in writing. Inventory is conducted annually, and tested periodically.
CASH RECEIPT	
Pass--through Donations	
1	Receiving charity should not recognize revenue and should not acknowledge tax deductibility of the donation.
2	For U.S. charities, the final recipient of the donation should acknowledge the tax deductibility of the donation. Donations to foreign charities that have no U.S. affiliation are not tax deductible.
3	Local charity receipts are collected under dual control and properly safeguarded until remitted to charity. Local charity, NOT the parish, deposits, posts, and send acknowledgement to donor.
4	Peter's Pence donations are posted but not acknowledged for tax purposes.
5	Parish controls the disbursement of money to foreign charities and overseas sister parishes
CASH RECEIPT	
Electronic Giving Donations (E--Giving)	
1	Electronic Giving or electronic funds transfer is accomplished via the Automated Clearing House.
2	E-Giving is conducted via a secured website operated by third party vendor.
3	Donor contacts parish business office for E-Giving instructions.
4	Donor registers confidential bank and other information directly via website.
5	If donor cannot register via website, bookkeeper registers donor.
6	Vendor provides report listing donor's name and donation amount and total deposit.
7	All donor forms containing confidential information are be secured with access limited.
8	Donor makes any changes directly via website. The parish does NOT receive/maintain ANY parishioner credit card or bank information.
9	Bookkeeper prints the E-Giving vendor reports weekly.
10	Bookkeeper creates a weekly Excel spreadsheet supporting deposit and general ledger amounts.
11	Bookkeeper summarizes E-Giving deposits on weekly deposit summary sheet below cash/check deposits.
12	Record keeper posts E-Giving donations weekly to ParishSoft as separate batch from vendor reports.
13	Bookkeeper files all vendor reports and Excel spreadsheet noting ParishSoft batch number weekly.
14	On a weekly basis, pastor ensures E-Giving donations per weekly deposit summary sheet agree with vendor and ParishSoft reports.
15	On a monthly basis, independent party, ensures E-Giving deposits per bank statement agree with weekly deposit summary, vendor and ParishSoft reports, and general ledger.
CASH RECEIPT	
Remote Deposit Capture (RDC)	
1	RDC can be used to safely and conveniently deposit checks electronically into Wachovia bank accounts. An RDC scanner should be purchased through Wachovia or other financial institution and software is easily installed on a designated, internet ready personal desktop computer.
2	Bank account numbers are downloaded on to computer and scanner is plugged into computer's USB port.
3	Personal, business, treasury, and traveler's checks and money orders can be deposited, as long as all items are payable in U.S. dollars and drawn on U.S. banks. Foreign currency items are not eligible for RDC.
4	RDC has safeguards and controls built into the system to safely and securely scan and transmit deposit such as user identification and security password protection, batch processing, digital imaging of front/back of check, and automatic on screen listing of checks deposited, balancing of deposit, and error and duplicate check detection. Wachovia customer support is available for assistance.

5	Dual control should be evidenced throughout process. Checks should be endorsed immediately upon receipt.
6	Deposit should be prepared before RDC process begins. One individual such as volunteer money counter or delegate generates calculator tape listing of checks to be deposited, and records total dollar amount and number of items to be deposited on count sheet, deposit summary sheet, or other original documentation, which is handed to a second individual such as pastor, principal or delegate.
7	Original checks and calculator tapes should be handed to lead volunteer money counter or delegate, who manually enters total amount to be captured (batch total) into computer creating virtual deposit ticket and scans checks. The system reads the numeric and written check amount and notifies individual of any discrepancies.
8	When individual has corrected any reading errors on screen and system's automatic total balances with the manual batch total entered, individual should transmit deposit and generate deposit confirmation listing deposit total and number of items transmitted. Note: System should automatically send an email confirmation including processing date and deposit total to designated individual(s) such as pastor, principal, business manager, or delegate, who agrees deposit amount and number of items deposited with original count sheet or deposit summary sheet and prints/attaches email confirmation.
9	Detailed deposit report should be printed and bookkeeper should securely store the scanned checks with the detailed deposit report for future reference. Bookkeeper is responsible for preventing any scanned, original check from being redeposited.
10	Scanned checks should be stored in locked filing cabinet in secured room with limited access for as long as necessary for business purposes and then destroyed via shredder. Copy of detailed deposit report should be attached to/filed with count documentation.

Accounts Payable

1	Prior to payment, invoices are properly approved. Individuals do not approve their own expenses.
2	Check signer should review completed check and attached documentation for propriety before signing check.
3	Only pastor/priests/principal and one back up for emergency sign checks.
4	Advanced planning is required when check signer is out of office. A completed check can be signed and held until due. Blank checks should be secured with limited access. Under no circumstances should blank checks be signed.
5	All payments are made by check. No disbursements made from un-deposited funds. Checks issued to specific party. NO checks made out to "Cash"
6	No checks should be made out to "Petty Cash". Payments to replenish Petty Cash should be made out to designated individual responsible for Petty Cash. Petty cash administrator submits original receipts monthly to bookkeeper, who reconciles petty cash in writing before replenishing account. Bookkeeper should NOT administer Petty Cash.
7	Cash disbursement activity is recorded in the financial records at least weekly.
8	A minimum of three competitive bids are obtained, documented, and retained for all major expenditures for goods and services.
9	Parish receives Archdiocesan approval for large expenditures. Catholic Construction Services is consulted on capital project, including repairs & maintenance.
10	The parish has a Purchase Order (PO) system.
11	Expense reports are used to claim out-of-pocket business expenses.
12	Expense reports are used to document charges on business credit card.
13	Parish credit cards are NOT used for personal expenses or general parish operations.
14	An approved Check Request form is used when there is no receipts/invoices for documentation.
15	Advances for business trips, fundraiser cash bank, etc. are established on general ledger as accounts receivable in individual's name and eliminated upon return of funds and/or proper documentation.
16	Priests claiming 80% of auto expenses are submitting proper documentation. Priests claiming 80% of auto expenses are receiving reimbursement via payroll addition. Priest and other employees receiving mileage reimbursement are submitting proper documentation. Mileage reimbursement are being paid via regular accounts payables
17	Fund transfers have dual control (two signatures).
18	Unpaid invoices are processed for payment in a timely manner.
19	Payments are booked to proper general ledger account. Expenses are not be booked as debits to revenue.
20	The parish has established and implemented written accounts payable procedures.

Banking and Bank Reconciliations

1	There is only one operating checking account at the parish/school.
2	All savings are on deposit in either an Archdiocesan deposit and loan (D&L) account or common fund account.
3	Approximately two months of operating funds are kept in operating account. Excess funds are transferred to D&L savings account to maximize interest earnings.
4	All cash and investment accounts (operating, D&L, investment, volunteer organization, and petty cash) are recorded on the general ledger of parish/school. All other accounts maintained off the books for volunteer organizations, Mass stipends, etc. should be closed.
5	Written bank reconciliations are performed on all cash and investment accounts monthly.
6	Outstanding checks that have not cleared bank within 90 days are researched and voided and reissued, if necessary.

Accounting Best Practices Recap

7	An independent party such as finance council member reviews all bank reconciliations monthly and initial/date the bank reconciliations evidencing timely review.
8	Hard copies of cancelled checks are obtained for bank accounts if transaction volume is substantial.
9	The parish has established and implemented written bank reconciliation procedures.

Volunteer Organization Bank Accounts

1	Parish organizations do not establish a bank account. However, if pastor/principal approves a bank account established as an imprest account, which has limited exposure.
2	Imprest accounts has a maximum balance established by pastor/principal and operate similar to a petty cash account and is only used for incidental expenses.
3	Impressed accounts uses parish/school tax identification number and pastor/principal is an authorized check signer.
4	Receipts collected through fundraisers and other activities are deposited into parish/school operating account. Receipts are recorded properly on the general ledger as exchange or other income/expense, and transferred to imprest account as necessary.

5	Organization representative submits disbursement documentation, including original invoices, receipts, check requests, etc. to bookkeeper, who reconciles imprest account and transfer funds to replenish account.
6	Original bank statements for imprest account are addressed to and maintained at parish/school, as they are Church property and are retained in accord with record retention guidelines.
7	Organization treasurer or representative make a copy of bank statement, reconcile bank account monthly, and submit reconciliation to bookkeeper for review.
8	Finance council member is assigned responsibility for a volunteer organization. Each organization prepares an annual budget.
9	Organizations present a written financial report including sources and uses of funds and variance to budget quarterly to pastor/principal.
Payroll	
1	The parish has proper designated individuals working at the parish as either employees or independent contractors.
2	Every employee has properly completed Federal Form W-4 and Federal Form I-9 (Employment Eligibility Verification) on file.
3	All independent contractors have completed the federal Form W-9 (Request for Taxpayer Identification Number and Certification) and the W-9 is on file. Form 1099-MISC (Miscellaneous Income) is to be filed to report payments of \$600 or more per tax year.
4	Certificate of Insurance are obtained directly from independent contractor's insurance company. Contractors without workers compensation are reported to the Archdiocese annually for inclusion in workers compensation premium calculation.
5	Employees are properly classified i.e., part-time employees should not be expected to work full-time hours.
6	Domestics such as custodians, housekeepers, yard workers, babysitters (nursery workers), etc. are properly classified as W-2 employees eligible for related benefits.
7	Archdiocesan Finance Office has interviewed candidates for finance positions before being hired at the parish/school. All bookkeeping functions are preformed on site at parish/school.
8	Pastor/principal should authorize the hiring of all employees. All new employees have a letter of employment in their file indicating terms of employment and starting salary. Each employee's file contains written evidence of the approved pay rate for that employee.
9	Employees submit a timesheet to immediate supervisor for approval each pay period. The bookkeeper tracks vacation, sick and personal time.
10	Pastor/principal reviews and approves payroll each pay period and evidence review by initialing/dating the payroll reports.
11	The approved payroll reports (payroll registers) are retained in accord with record retention guidelines. The payroll register lists the earnings for each employee, deacon and priest.
12	Payroll deductions are listed as to type and totaled.
13	Employee paychecks are generated bi-weekly versus weekly for efficiency purposes.
14	Cash is never be used to pay for services rendered.
15	Payroll taxes are accurately withheld and paid on time. Bookkeeper reviews, initials and dates Form 941, Employer's Quarterly Federal Tax Return, evidencing proper tax liability has been calculated and paid.
16	Payroll advances and other loans are not to be paid to clergy, employees, independent contractors, parishioners, parents, etc. at the parish/school level. Loan requests are directed to the Archdiocese and paid out of the Assistance Fund.
17	Pastors, deacons, and religious receive the appropriate compensation as stipulated by diocesan guidelines.
18	Food allowance paid to priests is included on their paycheck and W-2.
19	FICA is NOT being withheld on compensation paid to priest.
20	Deacons are paid via payroll with federal and state income taxes withheld but not FICA.
21	Pastor/principal approves all salary and wage increases (and bonuses) in writing.
22	Regardless of amount, the IRS considers cash gifts and the value of gift cards/certificates or other similar items easily exchanged for cash as extra income. Bonuses, stipends, etc. paid to clergy, employees, independent contractors, and volunteers should be included in pay and W-2 with taxes withheld or 1099, as appropriate.
23	Deacons receiving a housing allowance do submit annual housing budget in December of each year by completing the request for housing allowance form.
24	All employees especially finance personnel do take annual vacation preferably one week at a time for internal control purposes.
25	There are NO for profit businesses providing private or group lessons or other goods or services such as a gift shop on parish/school property.
26	The parish/school has established and implemented written payroll procedures.
Miscellaneous	
1	The parish/school use Archdiocesan approved accounting software (Logos/Blackbaud).
2	Archdiocesan Office of Catholic Schools has approved the parish preschools/day cares and/or school before/after school care programs.
3	Pastor/principal has control of the parish/school volunteer organizations operations and funds.
4	All records are retained in accord with Archdiocesan record retention policies and procedures. Sacramental records are kept in secured, fireproof safe or filing cabinet.
5	Potential conflicts of interest are avoided when hiring related parties or when business office personnel serve in financial leadership positions of related volunteer organizations/associations.
6	Miscellaneous procedures are established in writing and implemented at each parish/school.