

DIOCESAN FINANCE MANUAL

FOR

PASTORS, PRINCIPALS, ADMINISTRATORS



DIOCESE OF SALT LAKE CITY

EFFECTIVE JUNE 1, 2004

Dear Friends:

Saint Paul lists the administration of church goods among the gifts given by God for the well-being of the faith community. Early on, the Apostles selected deacons to oversee the goods of the faithful for the care of those in need.

As never before, the proper financial management of a diocese, parish, school and mission come under careful scrutiny. While administrators of our various church institutions are usually good stewards of the material resources entrusted to their care, some can fail to put in place and observe the required systems, procedures and oversight that faithful stewardship requires.

Financial management has never been more complex, with tax laws, liability issues, employee benefits and insurance requirements, to name a few of the factors that impact fiscal management. While there are often business managers or others who supervise financial operations in larger schools and parishes, there are few such resources in our smaller institutions. Nevertheless, it is ultimately the responsibility of the pastor, principal or chief administrator to oversee adherence to diocesan fiscal policies and procedures and to ensure the proper care of church resources. This is both a privilege and responsibility.

As bishop, I have a Diocesan Finance Council to advise, guide and support me in the administration of fiscal affairs. In the same way, every parish, school and church institution is to have a finance council to collaborate in its proper fiscal management. The diocesan finance office will assist local administrators in the implementation of these policies. In fact, the diocese has established an operations outreach to provide support for more isolated missions that do not have resident administrators.

The diocese will continue to conduct local fiscal reviews, to make sure proper policies and procedures are in place. Where mismanagement or fraud is suspected, outside resources will be employed to assist and investigate.

I thank all who give so generously of their time so that the proper management of church resources is guaranteed. Such is our privilege and our responsibility, for which we will be held accountable.

Sincerely in Christ,

A handwritten signature in black ink, appearing to read "George Niederauer". The signature is fluid and cursive, with a long horizontal stroke at the end.

*Most Reverend George Niederauer
Bishop of Salt Lake City*

June 1, 2004

INTRODUCTION

The purpose of this finance manual is to explain the Diocesan fiscal policies and procedures. There are four major goals the implementation of these policies should achieve.

- To provide standards that insure pastoral accountability for the just stewardship of church, school and institutional resources.
- To reduce the possibility of errors or fraud by applying generally accepted accounting principles and implementing internal controls.
- To accurately report the financial transactions of each year in financial statements and reports.
- To compare year-to-date financial statements accurately.

Religious organizations place significant trust in their employees and volunteers. Since a significant portion of funding is provided in the form of cash contributions, there are operational issues that require careful oversight and control.

Throughout the manual, the Pastor, principal or administrator is considered to be the chief administrative supervisor for the parish, mission, school or agency. A business manager, program director or supervisor sometimes fulfills many of the same responsibilities. In such cases the same policies apply. It must be remembered, however, that the chief administrator is ultimately responsible for the fiscal compliance of the local entity, just as the Bishop is for the Diocese.

NOTE: Throughout this manual the administrator refers to pastor, principal or administrator who has primary responsibility for a diocesan entity.

Cash is an extremely vulnerable asset than can be deliberately misappropriated or lost. The implementation of cash disbursement, cash receipt, and purchasing procedures assures that proper accounting principles are being applied and thus the chance of errors reduced.

By utilizing the capital assets policy, large expenses in any one year are isolated so that they do not distort the comparability of yearly financial statements. So too, by not expensing large capital purchases, the goal, accurate comparability of annual financial statements, will be achieved.

Where there is reason to suspect malfeasance, misappropriation of funds or other irregularities, Diocesan insurance carriers require the Diocese to report such to local civil authorities, with the possibility of their conducting an investigation for criminal wrongdoing.

These are but a few highlights of the policies and procedures outlined in this manual. Hopefully, they will facilitate fiscal accountability in all of our institutions.

**DIOCESE OF SALT LAKE CITY
FINANCE MANUAL
TABLE OF CONTENTS**

	PAGE #
BISHOP'S LETTER	
INTRODUCTION	
INTERNAL CONTROLS	1
CASH	5
CASH RECEIPTS	9
CASH DISBURSEMENTS	15
PARISHIONERS' STATEMENTS	17
DEPOSIT AND LOAN PROGRAM	18
PARISH ASSESSMENT	20
DIOCESAN OBLIGATIONS	20
PAYROLL AND WITHHOLDING TAXES	21
FINANCIAL REPORTING	24
BUDGETS	25
PURCHASING	26
CAPITAL ASSETS	28
INVENTORY	28
DEPRECIATION	30
RECORD RETENTION	33
OTHER CHURCH-RELATED ORGANIZATIONS	35

FINANCE COUNCILS	36
UNRELATED BUSINESS INCOME	37
RESTRICTED FUND BALANCES.....	38
CUSTODIAL COLLECTIONS	39
CATHOLIC FOUNDATION OF UTAH ENDOWMENT FUNDS	40