

DIOCESAN FINANCE MANUAL

FOR

PASTORS, PRINCIPALS, ADMINISTRATORS



DIOCESE OF SALT LAKE CITY

EFFECTIVE JANUARY 1, 2021

DIOCESE OF SALT LAKE CITY
27 C STREET
SALT LAKE CITY, UTAH 84103-2397



TELEPHONE (801) 328-8641
FAX (801) 328-0324

OFFICE OF THE BISHOP

January 5, 2021

Dear Friends,

Greetings of Christ's Peace and Love for all who administer finances on behalf of our local Catholic Church!

The proper financial management of a diocese, parish, mission or school is a serious and sacred responsibility that requires careful management and oversight. In the New Testament, in fact, Saint Paul lists the administration of church goods as among the gifts given by God for the well-being of the faith community. Today, more than ever, people expect transparency and that proper systems, procedures and oversight for church finances be observed.

Financial management has never been more complex, with tax laws, liability issues, employee benefits and insurance requirements. While larger parishes and schools can often hire financial managers, there are few such resources for smaller ministries. It is, nevertheless, the responsibility of the pastor, principal or chief administrator to oversee adherence to diocesan fiscal policies and procedures in order to ensure the proper care of church finances and properties.

The Diocesan Finance Council provides advice, support and oversight for the bishop in the administration of fiscal affairs. It is essential that every parish, school and church institution to have a finance council that meets regularly to provide advice and oversight for proper fiscal management. The Diocesan Finance Office will assist local administrators in the implementation of these policies and will provide support for those needing assistance.

The Diocese will continue to conduct local fiscal reviews to make sure financial management is in compliance with the expectations outlined in this financial manual. Every effort must be made to guarantee there is transparency and honesty in the care of gifts provided by the faithful for the church. We are all accountable before God in this effort.

I am grateful to all who dedicate their time and expertise for the proper administration and care of church resources. With assurances of my prayerful wish of God's blessings to you and to our ministry to our local Catholic church in Utah, I remain

Sincerely yours in Christ,

A handwritten signature in black ink, reading "Oscar A. Solis".

The Most Reverend Oscar A. Solis, D.D.
Bishop of Salt Lake City

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 ensure 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 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
ACCOUNTING FOR ENDOWMENT FUNDS	41