



BUSINESS PRACTICES REQUIRED FOR PARISHES
IN DIOCESE OF ORLANDO



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I. Canonical Overview

Consistent with Canon Law and the norms of the Diocese the Bishop is responsible to exercise careful vigilance over the administration of all goods belonging to the public juridic persons subject to him, including all parishes within the Diocese (Canon 1276). In the exercise of this responsibility, the Bishop is required to issue instructions for the proper administration of these persons (Canon 1281) and to define the acts which exceed the limit and manner of ordinary administration (Canon 1281). The norms contained herein are given to guide the parishes in their proper administration and to define ordinary administration. Pastors and administrators cannot go beyond the limits of their authority as defined in this Policy, without the written authorization of the Bishop (Canon 1281). Beyond the precepts defined within this Policy, no action may be taken that would worsen or damage the stable patrimony of a juridic person (a parish) without permission of the Bishop (Canon 1295). Parishes are established on a stable basis whose pastoral care is entrusted by the Bishop to a priest as its proper pastor. The Bishop does not administer these parishes but must entrust each juridic person to a pastor or administrator (Canon 519). The Bishop places the parish in possession of the pastor (Canon 527). A parish is entrusted to a pastor under the authority of the diocesan bishop and exercises pastoral care and the duties of teaching, sanctifying and governing (Canon 519). Each parish within the Diocese is to have a parish finance council (Canon 537). Each parish has a right to acquire temporal goods to accomplish its mandate (Canon 1259). Such goods belong to the parish (Canon 1279). In harmony with civil (secular) law, parish property is held in trust by the Bishop for benefit of the parishes within the Diocese.

II. Purpose

This section provides an overview of the business practices for the parishes within the territory of the Diocese, including parish schools. Pastors, principals, and all employees of parishes shall observe the applicable civil and Canon Laws, the particular law of the Diocese and instructions promulgated by the Bishop or his designee pertaining to the administration of the parishes within its territory.

III. Parish Financial Governance

In January 2007, the Budget and Finance Committee of the USCCB reviewed and approved the recommendations concerning parish finance governance developed by the Accounting Practices Committee (APC) of the USCCB. Such recommendations of the APC were made in view of increasing financial scrutiny about parish finances from parishioners and the duty to be good stewards and faithful ministers of the patrimony of the parish. Likewise, governmental requirements such as Sarbanes Oxley and other initiatives are increasingly impacting not-for-profit organizations. The parish financial recommendations, developed by the APC include “best practices” to improve Diocesan policies relative to financial governance at the parish level. Accordingly, these “best practices” have been incorporated into the particular law of the Diocese for all parishes within its territory. Such guidelines and norms are as follows:



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A. Significance of Guidelines

These guidelines are to be followed by parishes and their parochial schools; auxiliary organizations related to parishes (such as altar and rosary societies, men's and women's groups, parent-school organizations, and school foundations) are also to follow these guidelines. The Office of Catholic Schools is responsible to provide an overview of business practices and guidelines applicable to parish schools. Such parish school guidelines are complementary to the information contained in this Policy.

It is the obligation of the pastor to assure implementation of these guidelines; this will necessarily involve the pastor's periodic reexamination of the protocol for parish financial and business operations and of the financial reports. It is always important to remember that the Pastor sets the tone and interest in proper business procedures and controls. If the Pastor expresses and models an interest in proper business procedures, in order to protect the Church and the temporal goods and resources donated to the Church for its mission, the staff will emulate the same interest. Consistent with Diocesan policies, the pastors within the Diocese must implement the Conflict of Interest Policy for their respective parishes and encourage their employees to act in a fashion that represents the parish in a professional and courteous manner. The parish finance council is to assist the pastor with the implementation of these policies and recommendations.

Any reference in this policy to Pastor refers equally to Parochial Administrator, appointed by the Bishop.

B. Stewardship of Assets.

Pastors are to supervise the financial and business operations of the parishes. If there is no pastor, the administrator of the parish is to oversee the parochial financial and business administration. Pastors and parish personnel may not undertake transactions or represent directly or indirectly any express or implied authority beyond the scope of authority defined by this Policy and pursuant to the Guidelines of Authority as noted in this policy.

1. Parishes are not to take up collections for, distribute funds to, accept gifts for or act as a conduit for funds to any charity or entity outside the United States without first contacting the Diocesan Finance Office.
2. Each parish is to maintain the parish financial information utilizing an integrated accounting software program, including the standardized chart of accounts, as set forth by the Diocesan Finance Office. Parishes are to use the modified cash basis of accounting.
3. Pastors are to ensure parish compliance with applicable civil law including, but not limited to, sales tax collection and remittance, employment taxes, fundraising, and copyright laws.
4. Proper stewardship of parish assets requires that those hired to assist a pastor with management of a parish's finances be competent in business matters. Pastors are to hire individuals who are trained, experienced, and skilled in business and accounting and are to involve the parish finance



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council in hiring this individual. Prospective employees are to submit resumes that detail business expertise. Contact the Diocesan Human Resources Office and Diocesan Finance Office regarding the hiring of individuals for the positions of director of operations, business manager, operations manager, bookkeeper and accountant.

5. In addition, parishes are to thoroughly check references and perform such background checks and screening as required by the Diocese of Orlando, including verification of any prior work experience in the Diocese, in order to ensure the prospective employees have sufficient skill and experience to perform the required tasks and are qualified to be employed within the Diocese.
6. Parishes that cannot afford to pay a salary sufficient to attract a person qualified to manage parish finances should consider partnering with other parishes to share in the cost of a qualified person.
7. Parishes are required to provide statistics regarding Mass attendance and reception of the Sacrament of Reconciliation during the months of March and October on forms furnished by the Chancellor or designee.
8. Parishes and schools are prohibited from loaning any parish or school monies to any individual or organization without the written permission of the Bishop. In addition, parishes may not mortgage, pledge or commit parish assets, resources or funds without prior written approval of the Bishop.

C. Parish Guidelines of Authority – Authorization Limits.

The following authorization limits are defined to help identify the point at which certain defined parish activity moves from ordinary administration to extraordinary administration requiring approval of the Bishop or his designee (Canon 1281). A pastor is free to act in areas of ordinary administration that are not restricted by requirements with respect to alienation of ecclesiastical goods (specific limit for a parish is available from Diocesan Finance Office) or do not require other approval or review as defined within this Policy or other requirements of the Diocese of Orlando. For example, acts of extraordinary administration may include, but are not limited to, the purchase of land, construction of new buildings, extensive renovation of existing buildings, the refusal of a major bequest, and the dedication of surplus funds as endowments. In general, the threshold for determining acts of extraordinary administration is \$25,000 or 5% of the parish's prior year ordinary income, whichever is less. For the purposes of determining the threshold, ordinary income excludes items that are not recurring and operational in nature such as one-time bequests, capital campaign proceeds, proceeds obtained from insurance settlements, etc.

- I. For capital expenditures (defined as the purchase or construction of an asset with a useful life > 1 year), a pastor may approve any singular expenditure or commitment up to \$25,000. A project may not be disaggregated to create elements below \$25,000 to avoid this limitation. All elements of a project are conjoined for the purpose of determining the cost impact and approval limitation. Capital projects with a cost in excess of \$25,000 require approval of the Bishop or his designee.



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With respect to any parish capital expenditure recommended by the Diocesan Finance Committee, and if needed, the Diocesan Design and Construction Commission, and subsequently authorized by the Bishop, if it is subsequently determined that a significant overrun is expected to occur, the transaction shall be returned to the Senior Director of Design, Construction and Facility Maintenance Services for submission to the CFO and, if such overruns exceed \$25,000, to the Diocesan Finance Committee for further action.

2. A pastor and his business administrator must consult with the parish finance council when operating expenditures, not included in the approved parish budget (defined as the purchase of goods or services that will be expensed in the parish's statement of activities) are greater than 2.0% of the parish's annual budgeted offertory revenue.
3. For fundraising, pastors may approve fundraising initiatives of up to \$25,000 in estimated revenues except for capital campaigns (defined as those that relate to the establishment of a pledge campaign for funding a construction or renovation project, debt reduction, endowment or similar needs). Any capital campaign is first evaluated by the \$25,000 limitation noted above. Therefore any capital campaign for projects estimated to cost in excess of \$25,000 require approval of the Bishop and when approved, is undertaken in collaboration with The Catholic Foundation of Central Florida.
4. Any real estate transaction (purchase, sale, lease or encumbrance) requires written approval of the Bishop. The Bishop's signature is required for all real estate purchases, leases and sales.
5. Alienation of temporal goods¹ in excess of prescribed limits requires written approval of the Bishop (Canon 1291). Disposal of historical property or assets that would affect the stable patrimony of the parish may also require written approval of the Bishop; the Diocesan Finance Office should be contacted for information.
6. Transfer of ownership of parish assets (other than through payment of ordinary operating expenses) to any other organization including Catholic or non-Catholic organizations, with or without shared interest, vision or ministry is defined as alienation of property and requires written approval of the Bishop. No action may be taken that would adversely affect the stable patrimony of the parish. In addition to real property owned by the parish, stable patrimony is defined as savings and investments the parish may hold for the long term benefit of the parish and excess savings the parish may hold without a defined purpose.

¹ Temporal Goods - A canon law concept referring to (1) corporal goods (tangible assets) and incorporeal goods (intangible assets); (2) moveable or immovable goods and (3) fixed or stable capital (donations that are fixed for specific purposes) and free capital (cash without any restrictions).



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D. Cash Management and Oversight.

It is highly recommended that the parish pastor be the sole parish signer on all bank accounts and, as a means of further enhancing oversight and accountability, the parish pastor should also select either the Dean, Diocesan CFO or Vicar General to serve as a back-up signer on such accounts. If having the pastor as the sole parish-based signer for the bank accounts is impractical due to the volume of checks to be signed or because of frequent unavailability of the pastor, a second parish-based signer can be added. The second parish-based signer should either be the Parochial Vicar, Parish Deacon or Pastoral Assistant. On an exception basis only (principally for parishes without a Parochial Vicar, Parish Deacon or Pastoral Assistant and solely at times when the Pastor will be absent for an extended period of time), another qualified individual, such as the Chair of the parish finance council, may be approved to sign such checks for a limited time frame. Such approval should be requested in advance and obtained in writing from the Diocesan Finance Office. If approved, this other qualified individual cannot be the one who prepares checks and records financial activity in the parish accounting system. Parishes utilizing Diocesan Shared Accounting Services will also have a Diocesan signer on all bank accounts.

1. The signers on the bank accounts cannot be the same staff or volunteers who also prepare the checks, perform the bank reconciliations or have control over the parish accounting program or financial reporting system.
2. The following internal control procedures are to be implemented in order to provide a high degree of protection:
 - a. The pastor should sign all checks and if impractical as noted above, the Parochial Vicar, Parish Deacon or Pastoral Assistant should be added.
 - b. Online, wire and/or telephone transfer/payment of funds are not to be utilized except for Florida withholding taxes, for transfers to or from the Diocesan Savings Fund (DSF), payments for capital expenditures from the DSF, transfers to a payroll service, or facilities use payments to Arthur J. Gallagher.
 - c. The use of a check for transferring funds between parish accounts should be the norm. Checks used to transfer funds must be made payable to the account and never to cash or to the bank. On-line transfers are restricted to transfers between parish bank accounts and must be approved by the pastor.
 - d. A blank check is never to be signed. If the Pastor is going to be unavailable for a period of time an appropriate secondary signer should be selected and designated by the pastor as discussed earlier in this section.
 - e. As noted above, the pastor and that person selected by the pastor as a “back-up signer” are to be the signers on all parish-related bank accounts using the parish name and/or taxpayer identification number.
 - f. Parishes are to instruct banks that they wish to receive images or copies of all cancelled checks and deposits.. The pastor is to receive all bank statements in unopened form, examine the check copies or canceled checks and deposit slip copies, review bank transfers or cash withdrawals, and investigate any unusual items, payees or endorsements.



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account for restricted donations. When contemplating whether to open an additional account, parishes should remember the following: all bank accounts must be reconciled monthly, the pastor is to receive the bank statements unopened, the pastor must be a signor on all accounts and the pastor is strongly encouraged to sign all checks.

8. Only those bank accounts that are specifically for parish business may use the parish tax identification number (EIN). All parish activities utilizing the EIN (including auxiliary and related parish organizations such as the women's guild, men's club or athletic programs) are to submit their financial information to the pastor for review and included in the parish accounting system. The pastor must be a signer and receive the bank statement for all accounts using the parish EIN including parish auxiliary organizations. All accounts of auxiliary organizations are subject to the authority of the pastor.
9. Parishes are to obtain and use their own EIN, sales tax licenses, state and city sales tax exemption certificates and payroll withholding accounts and should never use the identification numbers, or licenses, of the Diocese of Orlando, an affiliated entity, organization, or other 501(c)(3). Conversely the parish should never "loan" its EIN or any license to any other organization.
10. Fundraising in any amount at the parish may never occur without the pastor's prior permission. Please refer to section *C. Parish Guidelines of Authority – Authorization Limits* for additional information on the approval of capital campaigns.

E. Cash Expenditures.

1. All payments of parish funds must be supported by appropriate documentation such as original receipts, invoices, contracts, etc. This documentation must be maintained in an orderly filing system. The documentation or receipt is to be marked in a manner that identifies payment. Parish funds may only be used for a proper parish or charitable expense. Borrowing parish funds or assets for personal use is forbidden. If any parish employee suspects inappropriate use of parish funds or assets, the pastor of the parish or, in his absence, the Diocesan CFO, is to be notified immediately.
2. All payments of parish or school bills are to be entered into the parish accounting system.
3. All parish expenses are to be paid by parish check; online payments or payments by credit card should not be utilized.
4. Parishes are prohibited from maintaining bank account debit cards linked to the main parish operating bank account. Debit cards should never be used to withdraw cash for any purpose.
5. Parishes are discouraged from using credit cards. Most parish expenses can be incurred utilizing an ordering system with specified vendors, through establishing an account with regular vendors or through reimbursing employees. If the parish determines the need for a credit card,



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appropriate financial controls must be maintained on the card including defining custody of the card, such as but not limited to; who can use the card and for what purposes, inspection of purchases and invoices and matching of the invoices to the review of the billing statement.

6. Payments to vendors for services rendered should not be made until the parish is in the receipt of a W-9 form from the vendor, substantiating the vendor's IRS status, unless the vendor is a known corporation, not-for-profit, or governmental entity. The W-9 information will be necessary if the parish is required to issue a 1099-Misc. form at the end of each tax year.

F. Cash Collections.

Parishes are to take all necessary precautions to protect the cash of the parish by implementing safeguards to prevent unauthorized use as defined by the Diocesan Finance Office.

1. Supervision of cash collections is to include secure handling of cash receipts and cash disbursements of parish funds in a manner that minimizes the potential for waste, fraud, or abuse, and establishes accountability for financial activities.
2. Each parish is to safeguard the offertory collection and to assure that the offertory is in the possession of more than one person at the time of collection, counting and depositing the receipts. Offertory count teams must include three or more unrelated members and should be rotated on a regular basis. The best practice is to have separate count teams that rotate. If only one count team exists, ensure that it has sufficient members to rotate functions and to have sufficient people in the event some team members are missing.
3. Secure storage of offertory collections and an established procedure for making deposits in a rapid and safe manner are to be implemented. Parishes should utilize an armored car service when feasible.
4. Parishes must deposit offertories intact. No monies are to be withdrawn from the offertory prior to deposit for any purpose, including (but not limited to) funding petty cash, cashing checks for anyone, or paying reimbursements.
5. Likewise, cash and check receipts from sources other than offertory collections (tuition, fundraising events, etc.) should also be in the possession of more than one unrelated individual at the time of collection, counting, and deposit.
6. Every parish should have a safe. Safes should be located in a discrete location and attached to a structure so that they are not easily moved. Although there are various types of safes available, the drop safe is preferred for a parish within the Diocese of Orlando. A drop safe permits anyone at the parish to "drop" funds into the safe without opening the safe. In addition, unauthorized individuals are prevented from opening the safe without the key or combination.



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7. Cash and checks from all sources should be retained in a safe at all times other than collection, counting, or deposit at the bank. These funds should be deposited into a bank account as timely as possible.
8. Access to the safe is to be restricted to only those individuals who have valid business purposes for access, and access must be approved by the pastor. Keys or combinations to safes should be changed as staff changes and periodically for proper controls. Accessing the safe should require two individuals – i.e. dual combination or additional lock, etc.
9. Parishes are required to use tamper-evident, pre-numbered bags as defined by the Diocesan Finance Office to secure the offertory after Mass.
 - a. An inventory of each bag should be maintained in the Tamper Evident Master Bag Log (the “Master Log”). The Master Log should contain the serial number of each bag, and updated as bags are issued and received.
 - b. A designated individual who is not part of the collection or count process should maintain the bag inventory and the Master Log. This same individual completes the Tamper Evident Control Log (the “Control Log”) for the weekend Masses and issues a sufficient number of tamper-evident prenumbered plastic bags based on the number of Masses and collections that will be taken on any given weekend. The individual labels each bag in pen with the following information: date, Mass time, and initials the bag.
 - c. At least one bag, of sufficient size, should be available for each collection at each Mass (one for the first collection and one for the second collection).
 - d. When the collection is finished, at least two ushers at each Mass will empty the entire collection from the baskets into the numbered tamper-evident plastic bags. Each bag is to be signed and dated with a permanent marking pen by at least two ushers. The ushers will sign and date the Control Log for each bag they were given after comparing the serial numbers on the bags to the serial numbers listed on the Control Log.
 - e. The tamper-evident bag(s), once sealed, will be placed by the ushers in the safe or other secured area.
 - f. After the last Mass, the original Control Log will be placed by the ushers in the safe or other secured area.
 - g. The completed Control Log and tamper-evident bags removed from the safe are reconciled by the count team prior to the beginning the count process.
10. For any funds collected other than offertory, the parish should issue receipts. A triplicate receipt book is recommended so that one copy of the receipt is given to the payer; the second copy is attached to the check(s) or cash, and the third copy used to reconcile the weekly deposits.
11. Parishes should always reconcile receipts from tuition, fees or other fundraising efforts to the amounts recorded in the financial system and FACTS tuition management system.



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12. Upon receipt of bank statements, parishes should agree the deposit count sheet total amounts to the deposit slip and deposit on the bank statement. Any significant discrepancies should be investigated and reported to the Pastor.
13. Special collections required of each parish fulfill the responsibilities of the Diocese for the support of local, national, and international works of charity and education. Every parish should permit and encourage a full opportunity for people to participate in these appeals. They are important in showing worldwide communion with the poor, the underprivileged, and the needy.
 - a. The collections established for this Diocese shall be defined annually by the Bishop (Canon 1266) and published by the Diocesan Finance Office.
 - b. Many other appeals are received by the Bishop. Occasionally certain appeals and emergencies that appear especially worthy and the Bishop will bring them to the attention of the pastor and his people with a request for their support.
 - c. These Special collections must be accounted for as restricted funds in the parish's financial reporting system. In addition, parishes must remit them to the Diocesan Finance Office in a timely manner.

G. Parish Financial Reporting

(Forms for Parish Financial Reporting will be updated and sent separately at the close of each fiscal year)

- I. *Annual Report to the Diocese* – The Bishop is required to receive an annual report from the parishes within his diocese (Canon 1287). Within the Diocese, parishes are required to send to the Diocesan Finance Office the Annual Report, on forms provided by the Diocesan Finance Office. The Annual Report is due on or before August 31st. It includes the following:
 - a. Year End Parish Financial Statements, including comparative statement of net assets (Statement of Financial Position) and statement of activities (Statement of Financial Activity) for the current year and prior year.
 - b. An investment report as of the Statement of Financial Position date.
 - c. An indebtedness report as of the Statement of Financial Position date.
 - d. A summary of capital expenditures for the latest fiscal year.
 - e. A summary of significant financial events for the latest fiscal year.
 - f. A listing of past-due obligations.
 - g. A listing of restricted gifts received.
 - h. Consistent with the recommendations of the USCCB in January 2007, a parish is to include in its *Annual Financial Report* the following:
 - i. The names and professional titles of the members of the parish finance council.
 - ii. The dates of the finance council meetings during the past fiscal year.
 - iii. The dates when the *Annual Financial Report*, including the parish financial statements and budget, were approved and made available to the parishioners.
 - iv. A statement signed by the pastor, the parish finance council members and the parish business manager (if one exists) or parish accountant/bookkeeper that the



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financial statements submitted as part of the *Annual Financial Report* to the Diocese of Orlando fairly and accurately reflect the financial activity of the parish and that the parish finance council has been directly involved in creating, reviewing and approving both the *Annual Financial Report* and budget and, if not, the reasons should be clearly disclosed.

- v. A statement signed by the parish finance council members that no action was taken in the prior year and that no action is anticipated in the forthcoming year that give rise to a conflict of interest for the members that has not already been reviewed by the parish finance council, that the appropriate Conflict of Interest Forms have been signed by all applicable parish personnel according to the policy of the Diocese of Orlando, and that no report was received by the members, anonymously or otherwise, of any suspicion of fraud, embezzlement or the misuse of parish funds.
2. *Parish Financial Reporting to its Parishioners.* Parishes are to report to their parishioners, at least annually, the operating budget and financial statements, including a summary balance sheet and income statement, reflecting the total parish financial activity.
 3. *Interim Parish Financial Statements.* In order to fulfill its responsibility to assist the Bishop in his supervision of parishes, the Diocesan Finance Office may require interim financial reports from parishes. This may result in monthly reporting or other less frequent financial statement reports. At a minimum, all parishes will report their mid-year financial results through December 31st, no later than the following January 31st. Although the Diocese generally requires summary monthly information, the parish may be required to submit detailed transaction information on an as needed basis.
 4. *Parish Budgets.* In connection with the annual reporting obligations described in Canon 1287 and based on guidance from the USCCB, each parish must provide the Diocesan Finance Office a copy of the annual budget of the parish. A parish budget is to be developed and reviewed by the parish finance council and submitted annually by June 1 to the Diocesan Finance Office. As part of the budgeting process, each parish is to make provision for savings to insure the long-term financial health of the parish. Savings should include amounts established for future building repair and maintenance, emergency funds, and general use.
 5. Parishes may not submit a deficit budget unless the deficit results from a short-term cash deficiency due to a construction project.
 - a. The parish finance council is to assist with the development of the parish budget and must give its approval to the pastor before the budget can be completed and adopted.



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H. Parish External Certified Public Accountant (CPA) Review Program and Internal Financial Control Review Program

This section was intentionally left blank. Further information on the current programs can be obtained from the Chief Financial Officer or the Vice President of Financial Operations in the Diocese of Orlando

I. Investments

This section was intentionally left blank. Further information on the current programs available can be obtained from the Chief Financial Officer or the Vice President of Financial Operations in the Diocese of Orlando

J. Records Retention Requirements

Parishes are to maintain an accurate filing system and store critical records in a fireproof and waterproof cabinet or safe. Parish offices are to be locked whenever unoccupied.

1. By state and federal law, certain parish business records must be retained for certain periods of time. The records retention policy provides the minimum number of years for the safe and complete storage of documents. The Diocesan policy on Record Retention is to be utilized by the parishes.
2. If there are documents which the pastor or business administrator believes should be kept, but the type of document is not listed in the Diocesan policy on Record Retention, the parish is advised to maintain the document(s) and to consult with the Diocesan Finance Office.

K. Parish Fundraising, Capital Campaigns, and Gift Acceptance Guidelines

Only the Bishop may accept a gift or bequest consisting of real estate, a building or a business interest, even if designated and restricted for the use of a parish. Detailed guidance for Fundraising and Charitable Gift Acceptance for both the Diocese and parishes is separately distributed, consistent with requirements of Canon 1262. However, a summary of key parish guidelines is as follows:

1. Parishes must obtain the approval of the Bishop before accepting gifts consisting of partnership interests and/or assignment of rights under a contract of real estate, including developed property, undeveloped property, and/or time-shares in property. The Chancellor for Administration or the CFO of the Diocese is to be consulted with and given an opportunity to advise and recommend to the Bishop as to whether to accept the gift.
2. Without prior approval by the Bishop, a parish may accept unrestricted gifts of cash, stock and bonds to the parish so long as such gifts do not convey an ownership position that could give rise to potential liability.
3. Parishes should consult with the CFO of the Diocese and the President of The Catholic Foundation of Central Florida before accepting or agreeing to planned gifts or complicated



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bequests or will arrangements. Planned giving can require and result in legal issues that need to be evaluated at the Diocesan level before agreeing to accept a planned gift. These include charitable lead trusts, charitable remainder trusts, donor advised funds, split-interest agreements, perpetual trusts, charitable gift annuities, and pooled income funds.

4. Parishes should be cautious in accepting restricted gifts. Parishes should review any restriction or condition placed on a gift to determine whether there is a reasonable expectation that the restriction can be met within a reasonable time period. Pass through, agency or exchange transactions or arrangements may not be accounted as charitable gifts to the parish. If a parish is considering such an arrangement, it should consult with the Diocesan Finance Office prior to accepting the arrangement.
5. On an annual basis, a parish is to supply a written acknowledgment of contributions more than \$250.00 or non-cash items worth more than \$250.00 in order to assist donors in obtaining tax deductions on their tax return. If an individual contributes \$75.00 or more to a parish and receives a benefit (such as participation in a fundraising event like a dinner or golf tournament), the parish is to provide a written acknowledgment of the gift and to note the value of the benefit received by the individual.
6. A record of each parishioner's contributions is to be maintained by an individual who has no responsibility for counting collections or handling mail receipts. This individual can be a parish staff member or volunteer who has completed the Diocesan Safe Environment procedures and background screening
7. Parishes must send parishioners annual acknowledgment of their contributions and such acknowledgement is to contain the following confirmation request: "This statement is for your records. Please examine it carefully. If it does not agree with your records, please contact the pastor."
8. The acknowledgment is to include the donor's name, amount of cash donated and/or a description of any property other than cash contributed. The value of any property donated is not stated (as it is to be determined by the donor) unless there is an appraisal or documented value. The acknowledgment includes a statement of the goods or services, if any, provided by the parish to the donor in exchange for a contribution. The acknowledgement is to include a good faith estimate of the value of any goods or services provided to the donor by the parish.

L. Restricted Gifts

Parishes will receive funds from donors for a variety of purposes. The nature of the gift and any conditions thereon will determine if the funds are unrestricted, temporarily restricted or permanently restricted. Also the parish is to consider the intention of donor(s) and may not contradict or defeat this intention without specific permission from the Bishop. Monies raised by the parish during normal operations, through a general solicitation, cannot be restricted. Such funds are unrestricted and are considered



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internally designated. Only a donor can restrict a donation. Such restriction can occur if the donor specifically restricts the use of their gift to an identified purpose in writing. A parish that accepts a restricted gift is required to honor the intentions of the donor. If a parish cannot reasonably expect to fulfill the donor restriction, if any, it should decline the gift. Parishes may not use monies given for a restricted purpose for other purposes without the permission of the donor. Proper accounting requires the identification and separate accounting for general, temporarily restricted and permanently restricted funds. Funds collected for a restricted purpose are to be recorded into the financial records of the parish as restricted gifts and identified and maintained as such until the restriction has been met, satisfied or passed.

Canon Law also addresses the concept of restricted gifts. Canon 1267 §3 “The offerings given by the faithful for a definite purpose can be applied only for that same purpose.” Canon 1284 §3 “observe the prescriptions of both Canon and civil law or those imposed by the founder, donor or legitimate authority...” §4 “accurately collect the revenues and income of goods when they are legally due, safeguard them once collected and apply them according to the intention of the founder or according to legitimate norms;” At a minimum, all restricted funds must be accounted for separately on the parish general ledger. If the solicitation for the restricted funds is intended to recur as part of a regular solicitation or an ongoing program or is an amount greater than \$5,000, then the funds should be maintained in a separate bank account. For example, a one-time restricted donation of a small amount does not require its own bank account. However, a program where restricted funds are received monthly would require its own bank account. All funds raised as part of a capital project / campaign must be maintained in a separate bank account. It is required that restricted gifts not be commingled with general parish operating funds. In those rare exceptions when this has occurred and where the funds have been deposited in the general parish checking account, they should only be held there as long as it takes to transfer the funds to the separate restricted funds account.

Parishes receiving restricted monies must establish a separate depository account and general ledger account in the parish’s financial system in order to accurately track the donor’s gifts. Parishes need to keep a record of restricted gifts including the date of the gift, the donor, the amount, the restricted purpose, when or how the restriction may be satisfied, whether the restriction has been satisfied and when the funds were released from restriction. The following pertains to restricted funds solicited during an approved capital campaign. Prior to solicitation, the pastor and his parish finance council should review the restricted purpose and give their recommendation for soliciting the funds. The parish must clearly inform the parishioners and potential donors of the project and fundraising and that any funds received for this project will be restricted to the defined project. The parish should review the purpose for the fundraising, the timing of the campaign, the estimated timing of the fundraising and the estimated timing for completion of the restricted purpose. In materials and solicitations, pledge cards, pledge envelopes, follow-up reports, communications and individual contribution statements the parish should always include a note that the donations, pledges and pledge payments are restricted for the identified purpose of the campaign. At the completion of the project, the parish should provide a written summary of the campaign to the parishioners and donors. The summary should include the project accomplishments and the cost of the project. In addition, the pastor should disclose the source of funds used to complete the project



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including, parish savings, restricted gifts and pledge payments, fundraising activities, debt financing and repayment terms. Throughout the project, the parish finance council should meet to review the project and the minutes should reflect that the finance council has reviewed the status of the campaign and the use of the restricted gifts. At the completion of the project, the finance council minutes should reflect that the finance council has reviewed the status of the project and determined that the restricted purpose has been completed and that the restricted purpose for which funds were solicited has been met.

M. Other Fundraising Programs

Parishes should be aware of unusual fundraising programs that may jeopardize the parish's tax-exempt status or result in unrelated business income tax. Parishes considering fundraising through product marketing must receive written approval from the Diocesan Finance Office. Examples of such marketing/fundraising include long distance telephone group discounting and group credit cards.

N. Conducting and/or Sponsoring Bingo, Raffle or Other Gaming Activities

Parishes that conduct any gaming activity must comply with federal income, employment and excise tax regulations and the laws and rules as established by the State of Florida.

State of Florida rules include, but are not limited to, obtaining and posting a state license, certification of a games manager, accounting for sales, expenses and prizes, quarterly reporting to the state, and maintaining a separate bank account. Federal rules include, but are not limited to, reporting prizes on a Form W-2G and transmittal Form 1096 as well as following the withholding and backup withholding requirements, including reporting such withholding on Form 945.

To avoid subjecting the parish to unrelated business income tax, substantially all of the work in conducting the gaming activity must be performed by volunteers, that is, without compensation including free or reduced tuition.

Parishes must collect withholding taxes from winners of non-cash prizes based on the fair market value of the prize. There are special reporting requirements for non-resident alien prizewinners.

Proceeds must be retained in a separate account. Monies can only be used to further the exempt purposes of the parish. Clear accounting of bingo, raffle and gaming activity must be maintained.

O. Real Property, Fixed Assets and Other Parish Assets

Each parish as a public juridic person owns its goods that it has acquired for the use of the parish (Canon 1256). In harmony with civil (secular) law, parish property is held in trust by the Bishop for benefit of the parishes within the Diocese. The pastor of a parish administers the parish and its property and represents it in its juridic affairs (Canons 532 and 1279). The pastor is responsible for the use, possession and management of such property. As administrator of parish property, the parish pastor is not the representative or delegate of the Bishop. As such, the pastor, his parish finance council, and his parish staff are to make all attempts to safeguard the parish property.



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1. Some of the methods a parish may use to protect its physical assets would include: securing furniture and fixtures to the floors or walls; locking the church doors, when possible; maintaining smoke detectors and fire sprinkler systems; inspecting building exteriors and interiors, furniture, and fixtures for routine maintenance; and maintaining and reviewing a fixed asset inventory list.
2. It is recommended that routine maintenance be scheduled and performed to prolong the life of assets and to prevent expensive repairs. When maintenance projects are scheduled, the parish tends to plan more effectively to provide the funds for these repairs through current and future budgets. Areas in the physical plant needing routine inspection and maintenance include the roof, exterior of the buildings, parking lot, play equipment, carpet and floors, furnace, and paint, heating and air conditioning units. The inspections may indicate areas where recent repairs may not be holding up and may involve some warranty work.
3. It is recommended that parishes properly record and capitalize fixed assets. Likewise, it is recommended that a parish depreciate its fixed assets using the straight-line depreciation method. Most importantly, it is critical that parishes keep an inventory list of fixed assets, including land, land improvements, buildings and related improvements, equipment, furniture, fixtures, and vehicles. The list would include: asset description including model and make; serial number; purchase date; warranty period; vendor name and address; cost; physical location; and disposal date and amount when applicable.
4. An annual physical inventory of all material fixed assets is to be conducted to assure that property of the parish has not been misplaced or stolen. The inventory should primarily concentrate on identifying capital items such as technology, equipment, furniture, fixtures, vehicles, leasehold improvements, buildings, etc. An annual inventory of assets provides an opportunity to determine when repairs and/or maintenance may become necessary to prolong the life of the asset, or when assets with no useful purpose can be taken off the list and disposed. Each parish is encouraged to either take digital pictures of each room and identify values or, at a minimum, take a digital video of its fixed assets and personal property and have the video stored in a fireproof safe or safety deposit box so that proof of loss can be accessible in the event of fire or other catastrophe.
5. In addition, parish administrators are to maintain an inventory of moveable or immovable goods that is periodically revised.

P. Borrowings

Parishes may not incur any indebtedness other than that permitted in writing by the Diocese of Orlando. This includes both loans and leases. Upon meeting selected underwriting criteria, parishes may borrow only from the Diocesan Savings Fund (DSF). Only the Bishop or his designee may sign debt instruments obligating the Diocese and its parishes to a long-term obligation. Please refer to the Diocese's DSF Policies and Procedures manual for further guidance on borrowing.



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Q. Employment

When assigned to a new parish, pastors are strongly encouraged to work with the personnel employed in a parish. Removing personnel without cause to provide employment for someone with whom the pastor is familiar cannot be justified as an action consistent with Church teaching, values or employment practice. Pastors are expected to clearly communicate, preferably in writing, their approach, expectations and directions to employees. Employees are to perform their functions appropriately and to meet reasonable expectations of the position. Employees are to adapt to new directions as may come from the assignment of a new pastor. Pastors are requested to contact the Diocesan Human Resources Office if they need assistance with employee matters.

1. Employment contracts are utilized exclusively for schoolteachers, school principals, or other school employees only in accord with the norms established by the Office for Catholic Schools.
2. All Church Personnel, including volunteers, must be cleared through the background check process before they can begin their duties according to the 'Safe Environment Policy and Procedures'. The most current version of the policy can be found on the Diocesan website.

R. Payroll

1. Salary or pay rate information in the payroll system is confidential and may not be added, changed or deleted unless there is proper written documentation and approval from the pastor. Payroll changes are not to be made based upon verbal information.
2. The person preparing payroll may not authorize pay rate additions, changes, and deletions.
3. Employees are always paid by check, payroll card, or through a direct deposit to a financial institution, and never are paid by cash.
4. After checks are signed, the supporting documentation is to be filed. The payroll checks are to be hand-delivered or mailed to each person at their current address on file with the parish. No checks may be given to anyone other than the employee, unless the employee has granted advance written permission.
5. A payroll check is not to be cashed by using petty cash, monies held for deposit or offertory collection monies.
6. Advances on wages or salaries are not permitted unless approved by the pastor in writing, who, having met with the employee, has agreed to the advance only in a time of extreme need. A payroll advance to an employee is to be limited to one advance per quarter year. The idea of an advance on salary is not to loan the employee money, but to simply accelerate the payment of the next regularly scheduled paycheck. Therefore, the advance should be limited to the amount of the expected net pay and the entire advance should be withheld from the next paycheck. An



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employee should never have more than one advance outstanding at any one time. An advance that is not repaid in the next paycheck is actually a loan and loans are prohibited.

7. Advances on wages or salaries for any priest assigned to a parish are not permitted unless approved by the Bishop, in writing. The annual Budget Information and Guidelines summary lists the priest compensation amounts approved by the Bishop. Any deviation from these guidelines needs to be approved by the Bishop.
8. The Diocese, its related organizations and parishes have exercised the option to opt out of unemployment compensation insurance through the State of Florida in favor of maintaining a self-insured program in accordance with applicable Florida law.
9. Any vacation accrual cash-out should be made in consultation with the Diocesan Human Resources Office and according to Diocesan Policy.

S. Gifts and Bonuses

Prudent and reasonable decisions are to be carefully made in the matter of gifts or bonuses.

1. A gift to the parish remains with the parish subsequent to the departure of an employee, including the pastor or other ordained staff members. If the gift is clearly intended for individuals (including the pastor)², the gift is not to be treated as a donation to the parish. The parish may not issue a tax-deductible donation letter for such pass through gifts. Pass through gifts to individuals should not run through the parish Statement of Activities unless part of charitable outreach except that such gifts may be made to the employee and subject to payroll tax reporting.
2. As a general guideline, gifts (farewell, appreciation, anniversary, etc.) from the parish budget should be limited to small “token” gifts. No one, including the pastor, may give a gift to oneself or pay personal expenses with parish funds. Approval by the parochial vicar or parish finance council is inadequate authorization as these votes are strictly advisory. Gifts from the parish may include appreciation or reasonable anniversary gifts.
3. All gifts or bonuses (cash and non-cash) to employees in any amount must be reported through the parish payroll system and is subject to withholding taxes, unless specifically excluded by IRS regulations. “Fringe and/or de minimis gifts” do not need to be included in payroll. Cash and cash equivalents (including gift cards) are never considered fringe/de minimis gift according to the current IRS guidelines.
4. Any and all gifts or bonuses to employees must be approved, in writing, by the pastor in advance of the payment and a record of the gifts must be maintained in the parish records.

² Gifts should be accepted only if consistent with *Section Y, Conflict of Interest*.



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T. Business Expenses

1. Expenses must be made according to an accountable expense reimbursement plan. An accountable expense reimbursement plan pays an employee for actual expenses incurred on the parish's behalf. Employee expense reimbursements are not reported on a 1099-MISC under an expense reimbursement plan.
2. Expenses to be reimbursed must be a legitimate parish expense, authorized to be incurred and actually incurred on behalf of the parish. These expenses are to be substantiated on an approved expense reimbursement form, with original receipts and a written description of the expense, time, place, business purpose and for meals and entertainment, the people present and business purpose. Credit card statements are insufficient for reimbursement. Credit card receipts and the store register receipt must be submitted to obtain reimbursement from the parish.
3. If an expense is for automobile mileage, the documentation would include a schedule detailing the date, number of miles, destination, and business reason for the trip. The rate of reimbursement is established annually by the Diocesan Finance Office in the 'Budget Information and Guidelines', and cannot exceed the rate established by the Internal Revenue Service. The number of miles submitted for reimbursement must exclude the employee's normal commute to their primary work location.
4. Allowances for automobile expenses are prohibited except for religious when compensation is made according to the Policy for Compensation of Religious as published by the Diocesan Finance Office and the Vicar for Religious.
5. Employee expense reimbursements are paid solely by parish check. Only when the expense is infrequent and minor in amount (under \$25.00) may the reimbursement be made through petty cash.
6. All Diocesan locations are to maintain a personnel file on all full-time, part-time, current and temporary employees. Personnel files are to be kept in a locked, secured location, to be accessed by only those individuals with a legitimate need to view, and should contain, as applicable:
 - a. Employment Application Form and Resume
 - b. Offer Letter
 - c. Documents showing salary/wage change notifications
 - d. Copy of W-4 form
 - e. Job Description
 - f. Acknowledgment of Receipt Page of Diocese of Orlando Employee Handbook
 - g. Background Clearance Notification (Level I and Level II)
 - h. Copy of Pension Enrollment Form
 - i. Performance Evaluations
 - j. Performance Goals



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- k. Performance Improvement Plans
- l. Disciplinary Actions
- m. Letters of commendation
- n. Reference Names and Notes from Reference Check
- o. Worker's Compensation Acknowledgment (Work Injury and Illness Form)
- p. Jury Summons
- q. Time Off Requests (optional)
- r. Time Sheets (optional)
- s. 403 (b) Enrollment form (optional)

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- t. Contract
 - u. Health Certificate Date
 - v. Teacher Certification & Expiration Date
 - w. Complete Transcript
 - x. Continuing Education Verification
 - y. Blood borne Pathogen
7. All Diocesan locations must maintain one additional personnel file separate and apart from the personnel file noted in Section 6, above. This file will contain information related to benefits enrollment (health, life, and dental), workers compensation claims, and Family Medical Leave Act (FMLA) application forms and related information. In addition, all diocesan locations must maintain a file that includes completed I-9 Employment Eligibility Verification forms and the Affirmation of Legal Status for each employee (all employee information can be kept alphabetically in one file).
8. All Diocesan locations are to comply with the requirements of the Diocese of Orlando policy related to fingerprinting and background screening and safe environment training.
9. Although Diocesan locations are required to pay just and livable wages, defining an amount of just or fair wage can be difficult. Care should be taken to pay a fair wage, but care must also be taken to insure church resources are not used to pay excessive wages. The Diocesan Human Resources Office should be consulted in establishing an appropriate salary range for a specific position.

U. Taxation

As a general rule, the parishes in the Diocese are exempt from paying sales taxes on parish purchases if the parish is the end-user of the product. If the products are to be resold (such as fundraising products or books to be sold to people taking a class), the sales tax must be collected and remitted to the appropriate authority in accordance with local and State sales tax regulations.

- l. Parishes are to comply with payroll tax laws including timely remittance of payroll taxes and withholding tax.



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2. Each parish must issue a 1099-Misc form to each vendor if the vendor is paid \$600 or more in a calendar year (for services or a combination of parts and services), and if the vendor is not either a: 1) corporation; 2) not-for-profit entity; or 3) governmental agency. Vendors include clergy providing services. If the payments were payable to a religious order, a 1099-Misc. is not required.
3. Vendors must provide a taxpayer identification number (EIN) on Form W-9. Form W-9 should be requested from the vendor prior to paying the vendor. If a vendor does not provide an EIN, the payment may be subject to withholding tax.
4. Mass stipends paid must be reported to the recipient. The Mass stipends are included on a W-2 for an employee regardless of the amount or on Form 1099 for a supply priest provided such payments for Mass stipends and supply priest stipends (Mass, confession, etc.) totaled \$600 or more in a calendar year. Mass stipends paid to the priests employed at the parish are subject to payroll reporting and applicable payroll taxes. If the priest is employed by the parish and elects to have FICA withheld, then Mass stipends would be subject to payroll reporting and such taxes would be withheld.

A priest's earnings are subject to different IRS reporting rules depending on the nature of the priest's employment. A priest, assigned to a parish in the Diocese of Orlando is treated as an employee for payroll reporting purposes. While payroll tax withholding is required for employees, it is optional for a priest. Priests may request to contribute to federal withholding, and may be exempt from Medicare and social security taxes based on their individual election. In contrast to typical employees, priests are treated as self-employed for social security tax purposes; therefore, priests do not have social security taxes withheld. The parish may not pay the "employer" portion of the Social Security taxes on priests' salaries. At year-end, the priest receives a W-2 as do all other employees.

If a priest is assigned to a parish and belongs to a religious institute, the priest may be paid without tax consequences or reporting provided the payroll check is made payable to the religious institute and the priest. In this example, there is no payroll tax reporting of the payments to the religious institute or the priest. The priest does not receive a W-2 at year end and no payroll taxes are withheld.

Priests who assist in a parish but are not regular employees (supply priests) are subject to Form 1099 reporting provided they are paid a minimum of \$600 in a calendar year. For example, if a priest, assigned to a parish, assists at another parish, the other parish would report the supply priest payments and Mass stipends on Form 1099 provided the payments equal or exceed \$600 in the calendar year.

V. Computer Usage

Computers, software, printers and other technology are provided for the employees of the parish to support their particular roles in the parish. Technology is to be used appropriately, at all times and by all persons, for the work of the parish.



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The Diocese of Orlando provides a Social Communications Policy that outlines the proper use of computers, proper use of the parish computer network, safe practices for managing confidential parishioner data, as well as safe use of the internet. These policies are applicable to all parishes and all parish employees including priests, and any volunteers provided access because of their volunteer role. The policies are available via the Diocesan Intranet. For assistance, please contact the Diocese of Orlando Office of Information Systems and Technology at 407.246.4839 or The Office of Communications at 407.246.4811. The Social Communications Policy is comprised of the following parts:

- Standards for all Communications Policies
- Social Media Policy
- Network Acceptable Use Policy
- Digital Media and Correspondence Policy
- Video and Webcasting Policy
- Consent Form and Administrator Agreement(s)

The Best Practices for Computer Safely document can also be found on the Diocesan Intranet but is not incorporated into the Social Communications Policy.

At all times, the technology remains the property of the parish. Oversight of the pastor may require access to review any information on the computer including e-mail sent and received, and any pictures or documents.

Each Diocesan Entity must have a registered domain name that provides appropriate identification of the entity. The preferable Top Level Domain (TLD) is ".org" which is appropriate for nonprofit organizations. All domain names must be registered in the name of the Diocesan entity and not be registered in the name of an individual. Domain registrations can be set to "auto-renew" with the registrar. The auto-renew feature will help prevent domains from expiring unintentionally.

Business email accounts must only be provided to approved employees. The creation of business email accounts for employees must be approved in writing by the Pastor or Administrator. Temporary employees and interns can be issued an email account that uses the official domain but the email address should be generic in nature and should not identify the person by name. (e.g., receptionist@orlandodiocese.org, intern@orlandodiocese.org, etc.)

Business email accounts must use the domain referred to in the paragraph above. Business email should not use generic domains such as yahoo.com, gmail.com, hotmail.com, etc. For a more detailed explanation of proper email usage refer to the Network Acceptable Use Policy.

The Domain Administrative Contact and all other administration account contacts for websites, email systems, discussion groups, social networking accounts or any other service whether hosted internally or externally must be a senior manager of the organization who has responsibility over the information technology function. For domains, the Technical Contact must be a trusted individual who has direct knowledge of the technical aspects of the website or email system. The Administrative Contact and Technical Contact for domains must not be the same person. User name and password information for management of these services, internal network domains and externally or locally hosted applications



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must be maintained by each entity in a safe and secure fireproof location. The location must be known only to the appropriate IT authority and a senior manager such as Pastor, Principal, Business Manager or CFO.

Connecting personal electronic devices (PEDs) to a Diocesan entity network domain or email account is prohibited unless approved in advance by a secretariat head, pastor, principal or entity director. This includes, but is not limited to, personal computers, tablets, smartphones, printers, flash drives or other external storage devices, switches, routers and wireless equipment. Requests to connect unauthorized devices will be evaluated on a case by case basis and requires the execution of the Acknowledgement and Agreement for Use of Personal Device form (available in the Forms folder on the Intranet). Permission to connect a personal device to a Diocesan network will be limited to exempt employees only.

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W. Categories for Reimbursement of Priests

The parish may not pay for personal expenses of the priests. Accordingly, personal expenses must be separated from business expenses. The following table is utilized for reimbursement of priests assigned to a parish as pastor or parochial vicar. If there are questions regarding any items they should be addressed to the Vicar General or Diocesan Chief Financial Officer.

ALLOWABLE PARISH EXPENSES	UNALLOWABLE PARISH EXPENSES
Salary according to the Clergy Benefit Schedule	Bonuses or other compensation arrangements to priests require approval of the Bishop or Vicar General
Auto reimbursement for parish business miles at the Diocesan published rate	Provision of auto, insurance, maintenance, tires, gasoline, vacation trips
Provision of furnished residence, usually the rectory, food/meals, housekeeping, household supplies, utilities including internet and basic cable TV	Guest space, hotel rooms, meals with friends/family, furniture that the priest takes with him when he moves, expanded cable TV or internet only for private use
Vestments that remain at the parish, laundry of church lines, laundry of personal clothing, dry cleaning of vestments	Vestments retained by the priest when he moves, shoes, personal clothing, dry cleaning of personal clothing
Office furniture, computer, phone, office supplies, internet for business purposes; cell phone if needed for business purposes	Furniture or computer retained by the priest when he moves; internet or computer used only for private use; personal telephone line; personal long distance calls, personal cell phone
Parish gifts (gifts to employees may have tax consequences); parish entertainment for business purposes at reasonable cost	Personal gifts to friends, family, parishioners; personal entertainment; excessive parish entertainment beyond what is reasonable for business purposes
Diocesan retreat; convocation expenses; education as provided in the Clergy Benefit Schedule	Medical copayments, deductibles or co-insurance; personal retreat expenses other than the diocesan retreat; education expenses exceeding the Clergy Benefit Schedule amount; vacations; hobbies



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X. Legal, Governance and Other Matters

Parishes may not file a legal action with a civil court or governmental entity without the prior written authorization of the Bishop (Canon 1288). If a parish or parish employee is named, subpoenaed, or given other notice (formal or informal) of litigation, intention to file a lawsuit, or governmental action, the parish is to notify the Bishop or the Chancellor for Administration immediately. Legal services required by a parish and approved by the Diocese, will be the responsibility of that parish unless agreed otherwise in writing by the Bishop.

1. Parishes may not lend their name or sell naming rights to any organization. Parishes may not enter into or sell sponsor arrangements without written approval of the Bishop.
2. Parishes may not lend their EIN, sales tax licenses, state and city sales tax exemption certificates and payroll withholding accounts to any other organization.
3. Parishes may not enter into a joint venture, partnership, legal alliance, create a separate 501 (c)(3) entity or civil corporation, merger, consolidation or reorganization without the prior written approval of the Bishop. Likewise, no parish may independently seek or modify an existing corporation's status without the written approval of the Bishop.

Establishing any form of endowment agreement, or a separate parish foundation, wherein the parish relinquishes control or ownership of its assets, requires approval of the Bishop.

4. Excluding situations of spiritual direction or the sacrament of Penance, should any member of the parish personnel suspect any criminal behavior, the pastor is to be informed immediately. If the pastor is not immediately available or not the best person to inform, the Vicar General or the Chancellor for Administration is to be notified immediately. The Diocesan policy, Reporting Serious Violations, should be consulted for assistance.
5. Parishes may accept bequests given as a result of vows only with the written approval by the Bishop.
6. All parishes are to permit the use of tax exemption only to those organizations or individuals purchasing items strictly for the use of the parish.
7. Parishes need to follow the policies and guidelines as outlined and issued by the Diocesan Finance Office with regard to participation in the Diocesan-sponsored liability insurance programs. The Diocese of Orlando is one of four dioceses that participate in the Ecclesiastical Province of Miami's self-insured property and general liability program.
8. Parishes are to follow the policies and guidelines as outlined and issued by the Diocesan Office of Human Resources as they pertain to employment practices and benefits administration.



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Parishes are to incorporate the Employee Handbook, as issued by the Office of Human Resources from time to time, into the employment practices of the parish.

9. Parishes with schools are required to utilize the *Diocese of Orlando School Policy and Administrative Manual* as issued by the Office of Catholic Schools in the management and operation of the school.

Y. Conflict of Interest

A Diocesan Policy, Conflict of Interest, addresses expectations for employees who work for or on behalf of the parishes within the Diocese of their special degree of accountability as faithful servants of the Church and the need for operating with the highest ethical standards. It is incumbent upon all to demonstrate the highest level of integrity and honesty in the conduct of their responsibilities, administering the parish affairs with their best skill, care and judgment for the highest benefit of the parish.

Those who work for the parish may never use their positions in conducting the business of the parish for personal gain. The Diocesan Policy pertains to all employees, all priests, all governing Board members and Finance and Pastoral Council members and any volunteer who may be in a position to influence decision making with respect to the resources of the parish.

Z. Parish Assessments

Parishes are required to pay an annual assessment for the support of the Diocese. This assessment is based upon a formula that takes into account parish income, and whether the parish has a school. The assessment is calculated on an annual basis using the parish's prior fiscal year result as reported to the Diocese. Changes in the method of calculation are recommended by the Diocesan Finance Committee at the request of the Bishop, and approved by the Bishop (Canon 1263).

- I. Monies received through fundraising for a capital project are only exempt from assessment calculations if the fundraising and associated projects have been approved by the Bishop prior to the solicitation of pledges and if the campaign is managed by The Catholic Foundation of Central Florida. Monies received as general offertory are to be recorded in the manner consistent with guidance issued by the Diocesan Finance Office. No part of these offertory monies may be recorded in separate accounts. All money received by the parish as part of the general offering of the faithful or from other recurring sources as determined by the Diocesan Finance Office is assessable income as it demonstrates the parish's capacity to contribute to the larger Church. How a parish decides to use this money does not affect whether the money is assessable, nor does it change how the money is recorded. All offertory contributions are recorded in one account, unless it is a second collection for other Diocesan or USCCB causes.



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AI. Parish Risk Management

A consideration of parish risk management includes study of the nature and extent of the risk to which the applicable parish is exposed. All practical methods of eliminating the risk and/or preventing or minimizing losses must be explored in order to reduce the overall exposure to possible material losses. Events, situations or changes in parish business operations, including new programs, may present additional or new risk exposures to the ongoing operation of the parish. Accordingly, a parish may need to obtain proper insurance coverage and/or identify other means to protect assets. Such items must be brought to the immediate attention of the Diocesan Finance Office so that a proper determination can be made.

Parish properties must be insured through the Diocese' Property and Liability Insurance Fund (P&L Fund). This insurance program includes: property insurance, builders risk insurance, general liability, automobile insurance, crime coverage, umbrella liability, directors and officers liability, morality liability, etc. Parish personnel are encouraged to contact the Diocesan Finance Office for any specific coverage questions or for the cost of insurance, to review leases, for certificates or proof of insurance, to report property or bodily injury claims, etc. Each parish should be familiar with the nature and extent of the insurance provided by the Diocesan insurance program.

Education and consultation are provided in the areas of public safety, loss control inspections and recommendations, environmental protection, compliance with governmental regulatory agencies and risk management.

- I. If a parish makes available a portion of its property to individuals or groups, the principles and practices of the individuals or groups must be compatible with the teachings of the Catholic Church. In addition, if the individuals or groups require the use of the property for an event, a Diocesan approved license agreement³ shall be provided and kept on file by the parish office, with a certificate of insurance naming the parish and the Diocese as additional insured parties. The license agreement shall be maintained during any period in which the facility is used and shall be required regardless of whether rent is charged. Discussion with the Diocesan Finance Office is strongly encouraged in these situations.
 - a. Parishes renting or leasing property must have a signed written lease agreement outlining the terms of use and payment.
 - b. Consistent with the Diocese's commitment to promote and help assure a safe environment for children and young people in her care who use and occupy parish-owned buildings and other premises for parish activities, the Diocese and its parishes are to:
 - i. Pre-screen those organizations or individuals that lease or request a use agreement for parish properties.

³ Forms for facilities' usage by groups other than parish or Diocesan groups are available through the Diocesan Finance Office.



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- ii. Require background checks on such tenants as a condition for tenancy when the proposed tenant and the parish share use and/or access to all or any portion of parish property, excluding parking areas.

A2. Parish Finance Council

Every parish is to have a parish finance council to assist with the responsible stewardship of resources, and to be of assistance to the pastor (Canon 537). The parish finance council is to adhere to the laws governing the administration of ecclesiastical goods under Canon Law and in accordance with the policies of the Diocese of Orlando.

1. The pastor is ex-officio Chairman of the council and is to preside over the parish finance council. In the event of a change in pastors, the finance council and the existing members continue in existence until the new pastor confirms the existing appointments or makes new appointments, preferably within three months of his appointment as pastor.
 - a. The council shall consist of at least 3 members of the parish with a maximum of nine (9) members including the pastor.
 - b. The members are to serve fixed terms of no less than one (1) year and no more than three (3) years with the possibility of reappointment.
 - c. The majority of members should be qualified in financial administration and, where possible, in matters of civil and Canon law as applicable to parochial circumstances.
 - d. It is recommended that the parish finance council designate a member as liaison with the parish pastoral council and a member as a liaison with the parish school committee (if one exists).
 - e. The pastor freely appoints half of the members with the remaining members elected by those appointed by the pastor. The pastor, or a majority of the parish finance council, may remove a member prior to the expiration of his term. However, the pastor may only remove members for extraordinary reasons and after consulting with either the Dean of the parish deanery and/or the Vicar General.
2. The finance council should meet at least quarterly (more often is recommended) and minutes of these meetings must be documented and retained at the parish.
3. The parish must submit to the Diocesan Finance Office an Annual Report which includes a list of all finance council members by on or before August 31st of each year.
4. The parish finance council must review and approve the parish budget for approval by the Pastor and forward to the Diocesan Finance Office on or before June 1st.



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5. The duties of the parish finance council are to provide assistance to the pastor or parish administrator in administration of parochial goods and in assessing parish needs for present and long-term financial support. Such duties are numerous and include the following:
 - a. Assisting the pastor in preparing the annual budget of income and expenses according to the guidelines of the Diocese.
 - b. Assisting the pastor in monitoring the budget throughout the fiscal year and in advising the pastor in all financial matters of parochial administration, including the coordination and development of the parish school budget (if one exists) into the total budget of the parish.
 - c. Assisting the pastor in reviewing the monthly or quarterly parish financial statements and monitoring payment of all obligations of the parish.
 - d. Assisting the pastor with an ongoing review of internal control procedures.
 - e. Assisting the pastor to insure there is active and informed participation of the parishioners in the Our Catholic Appeal.
 - f. Assisting the pastor in keeping current with and conforming to Diocesan policies.
 - g. Insuring that the parish remains current with its obligations to the parish employees, parish vendors and Diocesan organizations, including the payment of assessments, insurance premiums, retirement premiums and payroll taxes.
 - h. Assisting the pastor in monitoring and establishing just, fair and nondiscriminatory salaries and benefits for parish employees and in the recruitment and hiring of the parish business manager and/or the parish accountant.
 - i. Assisting the pastor with reporting the parish financial results and the budget to the parishioners on an annual basis.
6. The parish finance council is to review and assist the pastor in responding to issues identified as part of the Parish Financial Review Program. The parish finance council must meet with the CPAs when a review or internal audit is completed at the parish. The parish finance council members, in addition to reviewing the findings, are to discuss with the CPAs any concerns they may have over the management of the funds or resources of the parish. A written response detailing the plan for corrective action for the findings identified through this program must be signed by the pastor and the chair of the finance council and must also be sent to the Diocesan Finance Office.
7. In the event the parish finance council members become aware of any action by the parish that may give rise to a conflict of interest, the member is to report the action or activity to the Chairperson and Pastor immediately, in accordance with applicable Diocesan policy. The matter must be disclosed to the parish finance council and a determination of appropriate action, whether the member must resign from the council or recuses themselves from a particular issue, must be documented in the minutes.



BUSINESS PRACTICES REQUIRED FOR PARISHES IN DIOCESE OF ORLANDO

8. In the event any member of the parish finance council receives a report from someone of suspicion or evidence of fraud, theft or misuse of parish funds or property, they must report the incident to one of the following depending on the nature of the report, the Pastor and/or the Chairperson of the Parish Finance Council. The report is to be raised in the parish finance council meetings and, if deemed credible, must be reported to the Bishop.
9. The pastor is to consult the Parish Finance Council in order to perform the following acts of financial administration:
 - a. To institute parish financial campaigns, drives or systems of special collections (see also Section III, K, *Parish Fundraising, Capital Campaigns, and Gift Acceptance Guidelines*); and, with the additional requirement of written approval of the Bishop,
 - b. To make any extraordinary expenditure (including capital repairs). An extraordinary expenditure is understood to be anything in excess of \$25,000 (see section III, C).
 - c. To sign any contract related to a capital project that exceeds the financial limits of ordinary administration;
 - d. To use fixed capital for any reason beyond that to which it was initially dedicated by the donor or competent authority; and
 - e. Any act of extraordinary administration reserved to the competency of the Bishop of Orlando in accord with the norms of law.

Initial: April 19, 2010
Current: February 16, 2018



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