

IV. FINANCIAL PROCEDURES

INTRODUCTION

As never before, proper financial management has come under careful scrutiny. While administrators of various church entities are usually good stewards of the material resources entrusted to their care, some can fail to implement the required systems, procedures, and oversight that faithful stewardship requires. Nevertheless, it is ultimately the responsibility of the pastor, principal, or administrator to oversee adherence to diocesan fiscal policies and procedures and to ensure the proper care of church resources. It is the responsibility of the Diocesan Finance Council to provide direction and support for the proper administration of fiscal affairs throughout the diocese. It is the role of the Diocesan Finance Office to assist local administrators and finance councils in the implementation of diocesan policies and procedures. For additional information, regarding policies and procedures consult the Diocesan Finance Manual for Pastors, Principals and Administrators, as well as the Construction Manual of the Diocese of Salt Lake City.

A. CHECK SIGNATURES

Pastors, principals and administrators are the primary signors of parish, school or other agency checks. When circumstances warrant, other persons may be designated as signors, but never those who prepare the checks.

B. DEPOSIT AND LOAN PROCEDURE

1. All entities must deposit excess funds in the Diocesan Capitol Corporation.

Excess funds are defined as any funds exceeding the next month's anticipated expenditures. Such excess funds are to be deposited through regular intervals to the particular account held by Diocesan Capitol Corporation. Deposit slips are available at the Diocesan Finance Office.

2. Withdrawal of funds from Deposit and Loan. When funds are to be withdrawn from an account, the pastor or administrator must submit a request for such in writing to the Office of the Vicar General stating the amount to be withdrawn and the reasons for the withdrawal. The vicar general submits this "Request for Payment" to the Diocesan Finance Office and a check will be mailed to the parish or institution. Expenditures over approved limits will require the bishop's authorization. (Cf. E. Parish Expenditure Limits, page 18)

An amount up to \$5,000.00 can be withdrawn on notice. When larger amounts are required, more notice may be required.

3. Interest on Accounts. The payment on savings is calculated at 3% below the D&L loan rate.

4. Loans. The diocese charges $\frac{1}{4}\%$ above prime on loans from the Deposit and Loan. The Deposit and Loan Fund is used to loan funds to entities in the diocese. Loans will be made from the Fund for new capital projects, remodeling, extraordinary maintenance, etc. Entities requesting loans must have a minimum of 60% of the total amount required on deposit in the Fund together with pledges. Loan requests for capital improvements will only be considered for projects approved by the Diocesan Building Commission and, if church or sanctuary work is

proposed, the Diocesan Liturgical Arts Committee. Loans must usually be approved by the Capital Development Corporation.

5. Interest on Loans. The interest charged on the loans from the Deposit and Loan Fund is ¼% above prime rate. The interest on loans is 3% higher than the amount paid on deposits. It is based on prime rate calculated at the beginning of each quarter of the year (Jan. 1, April 1, July 1, and Oct. 1). When the Deposit and Loan Fund has to borrow in the commercial market to meet funding needs, the borrowers from the Fund will pay an interest rate commensurate with the increased cost of money.

6. Payments on Loans. The Capital Corporation Development determines the length of time allowed for the repayment of loans (usually not to exceed ten years) and stipulates the amortization schedule.

C. VEHICLE PURCHASE OR SALE

Whenever a vehicle is purchased or sold, either the Diocesan Finance Office or the Director of Diocesan Pastoral Operations is to be notified so that the vehicle can be added or removed from insurance coverage. It is necessary to supply the year, make, model, and vehicle identification number (VIN). Personal automobiles or vehicles cannot be registered in the name of and Employer or specified entity. Clergy purchasing automobiles should designate the Owner as the Roman Catholic Bishop of Salt Lake City, Catholic Diocese of Salt Lake City, Catholic Foundation of Utah, Mount Calvary Catholic Cemetery, or the name of the Series LLC or Skaggs.

D. PARISH INVENTORIES

An inventory of the contents of all buildings should be on file in the entity's office. The Inventory is to be updated every three (3) years, or when there is a change in pastor, principal or administrator.

E. ANNUAL FINANCIAL REPORTS

A detailed annual financial report of each entity, indicating assets, liabilities, revenues and expenditures is to be sent to the Office of the Bishop by July 31st each year. Forms and format for this report are available from the Diocesan Finance Office. (Canon 1287,§1).

Each pastor/administrator is to give an annual financial report to the faithful. (Canon 1287 §2).

F. PARISH/SCHOOL FINANCE COUNCIL

Each parish and school are to have finance councils to assist the administrator in the fiscal management of the parish or school. Church law as well as the norms of the diocesan bishop require such councils. (Canon 537).

The council is comprised of a least three (3) members of the Christian faithful appointed by the pastor, principal, or administrator, who can provide prudent financial advice.

Together with the pastor/administrator the council prepares the annual budget and periodically (perhaps monthly) reviews the income and expenditures of the institution.

G. PARISH/SCHOOL AUDITS

Parishes, missions, schools and other institutions are to be periodically reviewed for financial compliance with diocesan policies and generally accepted accounting standards. The Diocesan Finance Council schedules the reviews to be performed and reviews the reports issued for each institution.

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H. CONTRACTS FOR CONSTRUCTION OR REMODELING

Any contract for architectural services, construction, renovation, or remodeling of any parish, mission, school or other facility, is to be prepared by the Office of Diocesan Pastoral Operations.

I. LEGAL COUNSEL

Pastors, principals and administrators are to consult the Vicar General or Director of Diocesan Pastoral Operations before consulting or hiring legal counsel.