

Best Practices - Auxiliary Organizations

Definition

A parish auxiliary organization is a group that exists for the benefit of the parish and operates under the auspices of the pastor of St. Juliana Parish. Such groups may operate under the federal tax ID number issued to the parish, providing established policies and procedures are followed. Any group which does not adhere to the policies outlined herein, as well as any other operating guidelines established by the pastor, will have their parish auxiliary organization status revoked and will be prohibited from using the parish identity and tax ID number in the course of their operations.

Proper accountability

Auxiliary organizations are accountable to the pastor; therefore, an annual report must be submitted to the pastor or his designee no later than July 15. The annual report should include both the activities as well as the financial results of the auxiliary organization.

Bank accounts

The pastor is to be a signatory and primary receiver of information on any bank accounts held by an auxiliary organization. It is required that the original bank statement be mailed directly to the parish where a copy is retained and then forwarded on to the auxiliary group for reconciliation.

Funds remaining at the end of the year

Excess funds (those more than the amount needed to begin next year's activities) in auxiliary bank accounts are to be transferred to the parish at the end of each fiscal year.

Use of the parish tax ID number

Groups that use the parish tax ID number must account for and retain documentation for all receipts and expenditures.

Financial transactions

Transactions must be recorded promptly in an automated accounting system such as QuickBooks or Quicken.

Reporting

The Treasurer must report the group's financial activities to its members, the pastor and the finance council, no later than the end of the month following the reporting period. Results to be shared include sources and amounts of income and expenses, and unpaid bills. If a group meeting does not occur during which the report may be presented, it must be made readily available to all members. The annual report for the fiscal year must also be reported or made available to the group no later than July 15.

Financial records

All financial records documenting transactions should be available to the parish as needed. Records should not be kept offsite at the residence of group members or other locations where access to the records is limited. Financial records are the property of the parish.

Use of tax exemption letter

Use of the letter is reserved for purchases for the church and school. ***The tax exemption letter may not be used for personal purchases under any circumstances.*** The letter should be secured so that access is limited to authorized individuals and a log is to be maintained by the group, that tracks possession of the tax exemption letters issued to their organization.

Internal Revenue Service reporting

Adhere to all IRS requirements related to reporting of income and payments, including but not limited to

forms W-9, 1099-MISC and acknowledgment of donations of \$250 or more from a single donor. Current publications and forms can be obtained site at www.irs.gov.

Risk Management

Use of volunteer labor

Groups are encouraged to coordinate their activities in a safe, thoughtful manner. Members should not engage in hazardous activities, which normally include electrical, mechanical and plumbing, activities involving ladders or scaffolds and activities involving dangerous equipment or chemicals.

Contractual agreements

Groups are to refer all contractual agreements to the pastor for review and signature.

Insurance

The Archdiocese of Chicago is self-insured. Parish auxiliary groups that operate under the auspices of the pastor are eligible for coverage provided the policies and procedures governing the use of parish facilities are followed. The business office is available to provide counsel regarding insurance requirements and eligibility.

Accounting Practices

Receipts are handled properly

Ideally, a counting team of two or more persons should open and record income and prepare deposits for group activities. Deposits should be delivered to the bank as soon as possible. If a timely deposit cannot be made, monies should be kept in a locked safe at the parish or school office. Cash management supplies and required forms are available through the parish office.

Disbursements are supported by documentation

Verify all items were received prior to presenting for payment. Check items received against documents for description, quantity, and prices. Checks must not be issued without an original receipt/invoice and check requisition form. Check amounts are compared to the list of disbursements accompanying the checks; this documentation (defaced to prevent reuse) is retained as proof of the disbursement. Invoices should include certain minimum information such as vendor, date of service or purchase, description of service provided or goods purchased.

Duplicate payments are prevented

Receipts, invoices and requisition forms are canceled upon payment to prevent duplicate payments. The number and date of the check is recorded on the invoice.

Document retention

Original supporting documentation should be forwarded to the Pastor or his designated representative on a monthly basis for review and retention. The supporting documentation should include invoices or receipts that provide evidence of the transaction, pre-numbered petty cash receipts if applicable, and the expense account debited. Invoice approval should be recorded by signature and dated. Bank records, including cancelled checks, deposit slips and credit/debit memos, are to be forwarded to the Pastor or his designated representative with the completed bank reconciliation.

Proper controls over checks

Checks are made payable to a person or organization. No check is made payable to "cash". Access to unused check stock is restricted; voided checks are defaced and retained so as to maintain

proper sequential integrity. If an account is closed, remaining check stock is shredded prior to disposal.

Bank accounts are reconciled monthly

Bank accounts are reconciled each month and reviewed by the Pastor or his designated representative. To provide adequate segregation of duties, an individual other than the Treasurer should complete the monthly bank reconciliation. Required disbursement and deposit documentation (refer to **Document retention**) should be included with the bank reconciliation report. All checks that remain outstanding for more than two months should be investigated and resolved. Contact the payee if necessary, checks may need to be voided and reissued.

Petty Cash

Petty cash fund

The group may designate a petty cash fund for small incidental expenses, such as postage.

Petty cash transactions

Record all petty cash transactions in a petty cash register to maintain a clear record of the payment of expenses with a small amount of cash. Sequentially pre-numbered two- or three-part petty cash receipts should be used to identify the person paid, the reason, the amount, and the date of payment.

Petty cash fund limit

Maintain a petty cash fund limit at no more than \$200. At any point in time, cash and receipts should equal the total of the fund. Replenish the cash fund as needed by generating a check made payable to the Treasurer for the amount required to return the fund to its limit. Record the transaction appropriately in a petty cash register. The petty cash register should be available for the Pastor's review at any time.

Disbursements are supported by documentation

Keep petty cash receipts to document the types of expenses, the payee, and number of transactions to determine that petty cash is appropriately used.

Authorized custodian

The Treasurer is the person responsible for processing transactions and serving as a custodian of the petty cash account.

Adequate physical safeguards

Petty cash funds and records are to be stored in a secure and locked drawer, box, or office.

