



Catholic Diocese of Columbus

400.0 - Cash Receipts and Collections

The controls we institute over funds received into our Parishes, Schools, Agencies and Institutions are instrumental in assuring that we fulfill our responsibility as good stewards of the temporal goods of the church.

The primary controls to be implemented with regards to receipts i.e., cash and/or checks, are:

- 1) Dual control – defined as two individuals who are not related
- 2) Secure environment
- 3) Timeliness of processing
- 4) Accurate and complete recording and subsequent reporting

These controls will apply throughout the Collection/Receipt process. The following policies and guidelines have been created to assure the adequacy of these controls:

401.0 - Applicable Collection Types

402.0 - Proper Collection Handling

402.1 - Collection Handling - Dual Control

402.1.1 - Count Teams

402.2 - Adequate Physical Safeguards

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408.0 – Credit Card Information Control Requirements



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401.0 - Applicable Receipt Types

All types of receipts are subject to the receiving, recording, safekeeping, deposit and bank reconciliation handling processes outlined in the policies of **Section 400.0** including but not limited to:

- **Parishes/ Elementary Schools**
 - Sunday and Holy day collections
 - Designated special collections
 - Fund raising events, fund drives, donations
 - Pre-school or religious education receipts
 - Miscellaneous receipts such as votives, altar flowers, etc.
 - Cafeteria receipts
 - Tuition Receipts
 - Auxiliary Organizations (i.e. Women's Club, Athletics, etc.)

- **High Schools/Interparochial and Consolidated Elementary Schools**
 - Fund raising events, fund drives, donations
 - Tuition Receipts
 - Cafeteria receipts
 - Department programs/ events
 - Auxiliary Organizations (i.e. Athletics Boosters, etc.)

- **Agencies, Departments and Institutions**
 - Payments for accounts receivable
 - Diocesan assessments
 - Capital fund drives
 - Annual Diocesan fund drives
 - Agency or Department programs/ events
 - Miscellaneous operating receipts



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402.0 - Proper Collection/Receipt Handling

Written collection/receipt handling procedures, consistent with the policies in this section, must be established and followed.

An example of collection/receipt handling procedures can be found in **Policy 1806**.

Policy 1807 provides an example of the proper procedures to follow related to the depositing of receipts.

Proper collection/receipt handling procedures must include the following:

- Dual control throughout the collection/receipt to deposit process **(Policy 402.1)**
- Segregation of duties within the process **(Policy 402.1)**
- Adequate physical safeguards **(Policy 402.2)**
 - o Secure funds from the completion of collection/receipt until counting begins
 - o Restricted and secure environment for the collection/receipt and counting process
 - o Locked and restricted storage of funds not deposited on a same day basis
- Accurate recording and tracking of collection/receipt results **(Policy 404.0)**
- Timely deposit of funds **(Policy 402.3)**
- Independent reconciliation of accounting and bank records **(Policy 305.0)**
- Preparation and distribution of individual contribution statements **(Policy 404.1)**
- Restrictive endorsement of checks **(Policy 402.3)**

Cash receipts are to be documented on a Cash Receipts Log (see example in **Policy 1801.0**). The Cash Receipts Log is to contain:

- each major category of funds received and be in sufficient detail to allow reconciliation of all accounting entries.
- totals which tie to the deposit.

For example, a Parish Cash Receipts Log should contain:

- offertory envelopes – cash;
- offertory envelopes – check;
- offertory - loose cash;
- offertory - loose check; special collections (detailed by collection); etc.

Another example would be receipts from an athletic event, where the Cash Receipts Log is to contain:

- gate receipts (cash and check if applicable);
- concession receipts; etc.



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402.1 - Receipt/Collection Handling – Dual Control & Segregation of Duties

It is a basic rule of internal control that there must always be some measure of dual control over the receipt handling process.

This is required from the time of receipt until the time of deposit.

Dual control means multiple individuals who are not related to one another by marriage, immediate family or other relationship that by its nature could lead to collusion.

Ideally different individuals will complete the receiving, processing, recording, deposit and bank reconciliation processes.

If this level of segregation is not an option, these duties are to be separated between the available people as much as possible.

In no instance, however, is any single person to have responsibility for all phases of the process.

Agencies, Departments & Schools

When the mail is opened, a list of receipts should be made.

The person opening the mail and preparing the list should be independent of the accounting function.

If this is not feasible due to staffing levels, a separate person is to compare this list with the journal record and the bank deposit each time the process takes place.

Parishes

Count Teams are to be used for offertory collections and other parish receipts.

At least three people are to be present when collections are counted.

No one should ever access, sort or organize money independent of the count team.

A second counter is to verify the work of each individual.

Note: Refer to **Appendix 1806** for recommended counting procedures.



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402.1.1 - Collection/Receipt Handling – Count Teams

A count team will consist of three people, unrelated to each other.

A husband and wife are not to serve together on the same count team, unless a third, unrelated person is present.

Multiple teams are to be established so the collection counting duties can be rotated on a periodic basis.

If the number of available volunteers is insufficient to allow three on the team, two may be used but they are not to be related.

A member of the staff may be included in the count team, but this should not be the staff member responsible for posting transactions to the accounting records or census.

Detailed tally sheets of the deposits are to be:

- prepared by the counters
- signed by each of them
- compared to the parish and bank deposit records
- ultimately retained in the parish financial files
- Loose cash is to be counted separately and recorded as such on the tally sheets.

To prevent distraction, children of counters should not be allowed in the counting area with the team.

Employees who work with the account records should not be involved in the counting process as an assigned member of a count team, nor serve in a substitute capacity.

Note: Refer to **Appendix 1806** for recommended counting procedures.



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402.2 - Cash Receipt Handling - Adequate Physical Safeguards

Adequate physical safeguards are to be provided throughout the receipt/collection process.

Securing the Receipts/Collection

From the time funds are received until processing begins, the receipts are to be secured in tamper resistant bags or by other controlled means.

Payments received via U.S. mail or courier are to be secured in a locked safe or area with restricted access until the time of processing.

The safe combination and/or keys are to be carefully controlled.

Receipt Processing Areas

The counting of all receipts is to be done on parish, school, department or agency premises in an area with access limited to only those involved in the receipt handling process.

No monies are to be removed from the premises under any circumstances before the bank deposit is prepared and sealed in tamper resistant bags.

No individual is to have the responsibility for safeguarding these receipts in his/her home or other location off the premises.

Bank Deposits

Secure measures are to be established for delivery of receipts to the bank to safeguard both employees and receipts.



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402.3 - Receipt Handling - Deposit Preparation & Timeliness

Receipts are to be processed and deposited on the day of receipt or next business day.

When the mail or secured storage bags are opened, a list of receipts is to be made.

Checks and cash are to be counted and logged separately on tally sheets, deposit tickets and the accounting system/ ledger sheets.

Checks must be restrictively endorsed during the counting procedures.

A deposit report is to be compiled and signed by team members where applicable.

In the case of off cycle receipts (received on days when receipts are not being processed), they are to be secured under dual control in a safe or locked cabinet with restricted access.

Note: Refer to Appendix 1807 for sample Collection deposit procedures.



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403.0 – Cash Management Guidelines

Collection Methods

A range of methods are available for collection of funds.

- 1) The longstanding and most popular methods of making contributions are still **cash and check**. Of the two, the use of checks is encouraged for the information and audit trail they provide. The drawbacks to checks are the possibility of higher bank fees and deposit float i.e., the time it takes the bank to collect funds from the payer's bank.
- 2) **Electronic (ACH) debits** are becoming more widely accepted by individual payers. They offer convenience for the payer and reliability for the collector. Many banks offer web based services that allow repetitive files to be created and initiated easily. In most cases, funds are available on the next business day following initiation. Based on the volume of debits initiated, fees may be lower than over the counter deposits. Several key factors to consider are:
 - a - Signed payer authorization form is required prior to initiation
 - b - Appropriate ACH entry types should be used for individual vs. business payers
 - c - Dual approval must be established for file creation and initiation
- 3) For ongoing or extended collection processes such as fund drives, a **lockbox service** may be of benefit. Lockbox outsources the delivery, processing and deposit of payments to a bank operations group. Detail ranging from a deposit report to check copies with invoices to electronic reports images are returned to the lockbox owner on a daily basis for posting to in-house accounting systems. This option should be carefully evaluated before committing as the cost may exceed the benefit.
- 4) One additional option for contributions is the use of **credit cards**. Similar to the lockbox process, significant volume may be required to make this method cost-effective. A merchant service relationship with a financial provider will be required to process payments and any declines. Fees will vary based on relationship and volumes. In addition, the credit card industry has instituted policies that must be followed by any entity accepting payment through credit cards (see Policy 408.0 – Credit Card Industry Control Requirements).

Funds Availability

Consideration should always be given to the timing of when funds deposited are available for use. When checks are deposited over the counter or through a lockbox, time must be given for the bank collection process (also referred to as float) before withdrawing or writing checks on the money deposited.

Although general guidelines exist for bank collection times, float will vary from bank to bank and should be verified with your institution.

Expedited use of funds may result in “uncollected balances” and penalty fees on your account.



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404.0 - Tracking Contributions

Parishes

As a final step in the collection/receipt processing cycle, contributions will be logged into the Census or other system of record prior to month end. Specific procedures should be developed to instruct the person(s) performing the data entry of receipts/contributions.

The actual amount received will be noted on the source document or envelope during the counting process to provide clarification for data entry.

All contributions will be entered with the date of receipt regardless of the date on the envelope or source document. This allows the total contributions entered to be reconciled with the collection/receipt log and accounting entries for a given date.

Refer to **Appendix 1808 – Recording the Donations** for a procedural example.

Agency/Institution/Schools

Contributions made to these entities must be recorded in a journal so that the following information is noted:

1. date of donation
2. date of deposit
3. amount
4. donor
5. donor intent

This journal must be reconciled to the accounting system of the entity on a monthly basis.

Care must be taken with contributions made near the end of the calendar year to assure that they are posted in the correct year for the donor's tax purposes



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404.1 – Contribution Statements

Contribution statements should be prepared and distributed to donors on no less than an annual basis, regardless of the amount contributed. For single gifts of \$250.00 or more, it is very important that written documentation is provided to the donor to allow them to deduct the gift. If it is not provided, the IRS can disallow the deduction.

Preferably, the individual who creates the statements will be independent of the counting, depositing, and recording of the collections/receipts. If staffing doesn't allow for this level of separation of duties, an independent verification of contributions should be performed on a regular basis.

For Parishes, contribution statements should be sent to anyone making a donation during the year, whether or not the parishioners are still active.

This policy applies to donations for:

- offertory,
- fund drives,
- gifts and bequests,
- special collections, and
- other tax deductible collections

This policy does not apply for:

- fees (i.e. Vacation Bible School, Catholic Times subscription)
- tuition
- the dinner portion of a fundraiser
- Mass Stipends, etc.

Per the Internal Revenue Service, contribution statements should be provided by January 31 of each year for the prior calendar year. The requirements published by the IRS are as follows:

A donor cannot claim a tax deduction for any single contribution of \$250 or more unless the donor obtains a contemporaneous, written acknowledgment of the contribution from the recipient organization. An organization that does not acknowledge a contribution incurs no penalty; but, without a written acknowledgment, the donor cannot claim the tax deduction. Although it is a donor's responsibility to obtain a written acknowledgment, an organization can assist a donor by providing a timely, written statement containing the following information:

1. name of organization
2. amount of cash contribution
3. description (but not the value) of non-cash contribution
4. statement that “**no goods or services were provided by the organization in return for the contribution**”, if that was the case



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5. description and good faith estimate of the value of goods or services, if any, that an organization provided in return for the contribution
6. statement that goods or services, if any, that an organization provided in return for the contribution consisted entirely of intangible religious benefits, if that was the case

It is not necessary to include either the donor's social security number or tax identification number on the acknowledgment.

A separate acknowledgment may be provided for each single contribution of \$250 or more, or one acknowledgment, such as an annual summary, may be used to substantiate several single contributions of \$250 or more. There are no IRS forms for the acknowledgment. Letters, postcards, or computer-generated forms with the above information are acceptable. An organization can provide either a paper copy of the acknowledgment to the donor, or an organization can provide the acknowledgment electronically, such as via an e-mail addressed to the donor.

In preparing contribution statements, you should list all individual donations of \$250 or more by the date of the donation. All other gifts can be combined in a single line item with appropriate wording such as "All other donations, each less than \$250".



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404.2 - Reviewing Donor Contribution Reports

Each time contributions are posted to the Parish Census System, a Contribution Summary Report will be printed and compared to the collection/receipt logs and deposit records.

The contributions must agree to the totals received and deposited.

Differences will be reported to the Pastor/ Director/ Principal and researched immediately.

Note: See **Series 1800 Forms & Examples** for a recommended format for a Parish Collection Log.



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405.0 - Remittance of Special Collections

All parishes will initiate a collection for each of the purposes designated by the U.S. Conference of Catholic Bishops according to the timeframes indicated on the current published schedule.

These collections are to be made using a separate envelope to maintain segregation from regular collections.

Proceeds of these collections will be remitted to the Finance Office and made payable to the Diocese of Columbus within eight (8) weeks of the published date of the special collection.

The Finance Office is responsible for remitting the total proceeds to the appropriate entities.

Note: See **Policy 1810.0** for the USCCB Special Collections schedule published by the Diocese of Columbus.



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406.0 - Fund Drives

All funds drives will be authorized in accordance with the Decree of Promulgation issued by the US Conference of Catholic Bishops in relation to Canon 1262 (a copy may be found on the USCCB website at <http://www.usccb.org/norms/1262.htm>).

Funds collected through the fund drive will not be comingled with other receipts/collections of a parish/school/department or institution.

All standards set forth in previous policies of **Series 400 Cash Collection & Receivables** will also apply to the receipts of a fund drive.

Note: Refer to **Policy 1402 Construction Policy** or contact the **Office of Development and Planning** for additional information on the fund raising process.



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407.0 - Mass Stipends – Accounting for Receipts and Disbursements

A unique register or book will be established for Mass stipends in each parish.

A separate checking or savings account is required for stipends.

All stipend accounts must be reported in the parish financial report – Statement of Financial Position. Refer to **Policy # 203.7 –Chart of Accounts – Parishes – Accrual Basis and Policy #202.4 – Financial Reports – Parishes - Accrual** for additional information.

As Mass requests are taken, they will be recorded in the Mass intention book. The amount of the Offering given for Mass intentions is to be recorded in the Mass intention book and in the accounting system as received.

Disbursement of a stipend(s) will be made to the celebrant after the Mass has been offered on at least a monthly basis.

The outstanding Mass intentions in the register/book should always balance to the dollars in the stipend account, less any interest accrued. Activity is to be reconciled on a quarterly basis.

In accordance with Protocol 03/97 given by decree on May 15, 1997, Parishes and institutions that receive Mass offerings to be offered in that church or institution may not retain more than can be discharged in two years. Excess Mass stipends are to be forwarded to the Missions Office for distribution to local and missionary priests in need of them. Masses with conditions that cannot be fulfilled by other priests cannot be transferred unless the donor personally withdraws the condition.

If interest accrues on Mass stipend funds, it is considered normal parish income. The interest is to be transferred on a regular basis (at least annually) to the general fund of the parish or institution, and not allowed to accumulate in the stipend account. The amount transferred is to be recognized as income in account 70 – Other Parish Income.

A Mass must be offered by the pastor for the people of the Parish (Pro-Populo) each Sunday and each Holy Day of Obligation (Canon 534, section 1). Pro-Populo Masses must be offered gratis and it is not permitted to superimpose another intention to be offered by the same celebrant at the same Mass. If another priest is requested to offer the Pro-Populo Mass by the pastor, the pastor shall tender the current stipend of \$10 to the priest offering the Mass, unless the latter voluntarily waives it. A pastor who has care of more than one parish is bound to apply only one Pro-Populo Mass for the entire people entrusted to him (Canon 534, section 2).

Bination and trination stipends received by a celebrant are to be forwarded to the Chancery Office on at least a semi-annual basis for distribution to the seminary fund in accordance with Diocesan custom.



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408.0 – Credit Card Information Control Requirements

The payment card industry (PCI) has developed a set of requirements for the purpose of protecting credit card information from theft. For any Diocesan entity that accepts credit card information for any purpose (i.e. donations, tuition, purchases, etc.), these requirements apply.

To determine if these standards apply to you, you will need to answer the following questions:

1 – Do you accept credit cards for payments (i.e. donations, tuition, fundraisers, fees, etc.). If the answer is no, then you can stop here as the standards do not apply to you.

2 – Do you retain card information (i.e. card number, expiration date, cardholder name, pin #, etc.):

- On paper
- On your local PC or network
- At a card processor

If the answer to this question is yes, then the standards apply to you, at least in part.

The requirements issued by the payment card industry are:

Build and Maintain a Secure Network

Requirement 1: Install and maintain a firewall configuration to protect cardholder data

Requirement 2: Do not use vendor-supplied defaults for system passwords and other security parameters

Protect Cardholder Data

Requirement 3: Protect stored cardholder data

Requirement 4: Encrypt transmission of cardholder data across open, public networks

Maintain a Vulnerability Management Program

Requirement 5: Use and regularly update anti-virus software

Requirement 6: Develop and maintain secure systems and applications

Implement Strong Access Control Measures



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408.0 – Credit Card Information Control Requirements

Requirement 7: Restrict access to cardholder data by business need-to-know

Requirement 8: Assign a unique ID to each person with computer access

Requirement 9: Restrict physical access to cardholder data

Regularly Monitor and Test Networks

Requirement 10: Track and monitor all access to network resources and cardholder data

Requirement 11: Regularly test security systems and processes

Maintain an Information Security Policy

Requirement 12: Maintain a policy that addresses information security

If you accept card data, please contact the Finance Office so that the requirements above can be evaluated in light of your procedures to determine how best to implement a system of controls so that you are in compliance with the PCI requirements.