

## Diocese of Covington

### Policies & Procedures Manual

Section: Assets

Policy: Bank Accounts and Bank Reconciliations

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Each parish is to establish a parish general checking account, through which all parish funds must flow, including school tuition and expenses, parish committees' expenses, and funds of parish organizations such as the men's, women's and athletic boosters clubs. In the case of larger parishes, it may be advisable to maintain more than one account. Federal and state regulations may require special activities to have separate accounts, such as charitable gaming activities and/or cafeteria operations. Lastly, particular law of the Diocese of Covington requires that Mass Stipends be deposited into, and accounted for, a bank account separate from all other parish/school accounts.

Parish organizations are to maintain their funds in parish accounts controlled by the pastor. This will strengthen the proper accounting and safeguarding of the organization's assets. It will also allow the organization to take advantage of the internal controls built into the parish operations. A parish organization is defined as any organization that raises, or expends, funds in the name of the:

- Catholic Church,
- Diocese of Covington,
- Parish, its school or any organization of the parish.

#### **Account Setup**

Parish checking, savings and imprest accounts are to be setup using the following parameters:

- Name – The account name should bear the name of the parish, such as “St. Aloysius General Checking Account.”
- Federal Identification Number – As the Diocese of Covington and its parishes is civilly organized as one entity, all parish accounts are to be registered using the Diocese's federal identification number. This number can be obtained by contacting the Diocesan Finance Office.

In the event that a parish organization is maintaining their own accounts, the parish is to take the necessary steps to bring that account into compliance with this, and all other Diocesan, policy(ies). In the interim, until that occurs, the organization is required to comply with the following:

- The pastor must be a signatory on the account
- The account statements are to carry the address of the parish and be delivered directly to the parish business office. The business office is to review the statements, and forward copies on to the organization treasurer.
- The treasurer of the organization is to provide periodic financial reporting to the parish business manager. Such reporting should be on a monthly basis, but cannot be less frequent than quarterly. The reporting will include, at a minimum, a listing of cancelled checks, deposits and the bank reconciliation. Preferably, the organization should be able to provide a balance sheet and income/expense statement as well.
- The parish is required to keep such reporting in compliance with the Record Retention Policy of the Diocese, but no less than the length of time until the parishes next AUP audit.

#### **Signatures on Checks**

The following procedures/requirements for check signing are to be in place on all parish accounts:

- The Pastor must be a signatory on all parish accounts, including all accounts mentioned above. Additionally, the Associate Pastor (if applicable) should be a signatory as well. In the event that the Pastor or Associate Pastor are unavailable to sign checks for an extended period of time, the

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pastor may designate some to act as the designated check signer. This person may not have any finance, accounting or bookkeeping responsibilities in the parish.

- The use of a stamp containing the signature of any check signer of the parish is strictly prohibited. This is not an acceptable internal control procedure and is not to be done. If a parish/school has such a stamp it is to be destroyed immediately.
- The business manager/bookkeeper are strictly prohibited from being check signers.
- Blank checks are never to be signed in advance of being properly approved and completely filled out.

#### **Bank Reconciliations**

The following procedures/requirements for reconciling bank accounts are to be in place on all parish accounts:

- All bank accounts are to be reconciled every month in a timely manner.
- Bank statements for the parish and all parish organizations are to be mailed to the parish office.
- The statements are to be opened and initially reviewed by someone other than the person doing the bank reconciliation. The review should include the following:
  - Review deposits for reasonableness in amount,
  - Verifying signatures and endorsements on checks,
  - Review the checks for unusual or unknown payees,
  - Initial/date the statement.
- After this review, the statement should then be forwarded to the appropriate person or organization responsible for reconciling the statement. The reconciliation should not be performed by anyone with check preparation/accounting responsibilities.
- After the reconciliation has been done, the reconciliation report should be forwarded on to the Pastor and/or Finance Council of the parish for further review. This review should focus on reconciling items on the report and their veracity.

#### **Other Resources and Policies**

Some of the above may be difficult to accomplish due to limited parish staff. If this is the case, mitigating controls must be put in place.

See the "[Disbursements Policy](#)" and the "[Internal Control and Segregation of Duties Policy](#)" for more details in this area.