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QUARTERLY BUDGET REVIEW

As you are aware, the Diocese has placed an emphasis on operating the parish or school with a balanced operating budget. One of the duties of the parish or school Finance Council is an ongoing review of the budget to actual results. The review must take place on AT LEAST A QUARTERLY BASIS. A monthly review is highly recommended. The review of budget to actual must be documented in the minutes of the Finance Council or some type of acknowledgement from the Finance Council members that they have performed the review. Most accounting systems have a feature that allows the bookkeeper to enter the budgeted amounts into the system by account and line item. It is recommended that the budget be entered into the general ledger system, which will facilitate a thorough review by the Finance Council.



PAYCOR TIP

The Diocese of Cleveland has been assigned a new Paycor customer service representative. Adam Forbes replaces Henry Hartmann who has served the Diocese since we became a customer of Paycor. You may reach Adam Forbes at Paycor by calling 1-855-565-3285 or by e-mail at aforbes@paycor.com. If at any time you need assistance and are unable to contact Paycor, feel free to contact Jen D'Amico in the Diocesan Human Resources Office at ext. 5420 who may be able to guide you through an issue.

OFFERTORY COUNTING PROCEDURES

Periodically, we are asked about offertory counting procedures. There are a few basic procedures that all parishes need to follow, including:

- No one is ever to be left alone with cash for any reason. There must always be at least two people with the cash while being prepared for storage, being counted, and being transported. The two persons with the cash must not be related parties.
- All items that are received in the collection basket must be opened and processed for deposit. Envelopes are not to be forwarded to anyone else for processing.
- The counters must prepare and secure the deposit. It is not permitted for anyone else to re-count the deposit before it is processed at the bank.
- When transporting the deposit to the bank, two people must go to the bank. This is for the safety and security of the person(s) transporting the collection.
- There should be at least two rotating teams with at least 4 counters per team. No person should count every week.



MONEY COUNTERS

TUITION REVIEW

Every school in the Diocese handles its tuition billing and payments. All of the transactions relating to tuition must be properly recorded in the general ledger in a timely manner. We offer the following points to consider:

- ✓ The total amount of tuition outstanding must be reflected on the balance sheet of the parish or school. The amount shown on the balance sheet as outstanding must reconcile exactly to the subsidiary record of tuition billings and payments.
- ✓ It is recommended that tuition records be maintained in a billing system. Monthly statements should be sent for accounts with any monthly activity or a balance due at the end of the month.
- ✓ For student accounts that are past due, it is recommended that telephone calls be made and letters be sent to remind the parents that the amount is due. This should be done in accord with the tuition policy outlined in the student handbook or parental tuition contract. Parishes and schools are NOT permitted to take any legal action or hire a collection agency without the written permission of the Diocesan Legal Office.
- ✓ As a reminder, any tuition recorded on the balance sheet in the previous fiscal year as tuition or registration fees received in advance must be recognized as earned revenue in the following fiscal year.

HSA REMINDER

Due to the recent blackout period and the switch to the new HSA platform rolled out by PNC, please review that all HSA deductions and contributed amounts are recorded both in payroll and in the participants bank accounts. This will assist with W-2 reporting at year end.

CREDIT CARD SECURITY

Many parishes have a credit card available for properly authorized employees to use to purchase items for parish or school use. We offer the following best practices surrounding the use and control of credit cards:



- At no time should personal, non-business purchases be made on a parish credit card. Only business use of the card should be permitted.
- All receipts must be attached to the credit card bill when payment is processed by the business office. Anyone using the parish credit card should obtain a receipt for purchases and the receipt should be forwarded in a timely manner to the business office.
- When available, both copies of the charge receipt is required for all purchases. One copy will give the amount of the total charge. The other copy will provide the detail of the items purchased. This is useful to ensure the business purpose of the charged items.
- If the bank offers e-mail alerts, it is a good idea to activate the alerts. This will notify the pastor of activity on the card, and the reasonableness of the transactions being processed. Periodically throughout the month, the on-line information should be reviewed to make sure no fraudulent transactions have taken place.
- Never share the card number or pin number for the card with an unauthorized individual. The pastor should determine who is authorized to use the card.
- The card number must remain secure. The number should not be stored electronically or on paper in any office or in a personal residence.

GIFTS AND RECOGNITION TO EMPLOYEES

This will be the last newsletter before the Christmas season, so it is appropriate to remind parishes and school regarding gift giving to employees and volunteers.

- ◇ All gifts to EMPLOYEES are taxable, and therefore must be included on the W-2 form at the end of the year. All gifts must be PROCESSED THROUGH payroll, not simply added to the W-2 form. A gift of ANY amount in cash or a gift card is taxable.
- ◇ Gifts to employees from all parish or school accounts must be included. It does not matter that the pastor, principal, or teachers are given gifts from the PTO account or the Ladies Guild account. If the gift comes from an account that uses the tax identification number of the parish or school, it must be reported.
- ◇ Physical gifts to employees, such as a box of candy, a book, a bottle of wine, a candle, etc. are not taxable to the employees as long as it is reasonable in value.
- ◇ Volunteers are allowed to receive an appreciation gift (including cash) from the parish or school, as long at the value of the item is reasonable. You may not funnel a cash gift or a gift card to an employee through a volunteer.



GROUP TERM LIFE INSURANCE

Many employees in the parishes and schools of the Diocese received group life insurance benefits as a benefit of their employment. The Internal Revenue Service requires that the amount of the premium for coverage in excess of \$50,000 be reported as taxable income to the recipient. The Diocese Benefits Office sends a notice to each parish or school listing the name of the participant and the amount of the premium for the insurance that exceeds \$50,000. The amount on the report from the Benefits Office **MUST BE PROCESSED THROUGH PAYROLL**. It is not correct to just include the amount on an employees W-2 form without processing the amount through payroll. If an employees is on the listing you receive and they have left the employment of the parish, you must process the amount through payroll for the number of months they were employed by the parish or school. Please make sure you give the matter your immediate attention when you receive the notice. If the amounts are not processed through payroll, there is a possibility of an IRS examination and possible penalties. Please be sure to be on the lookout for the notice from the Benefits Office very soon. You may choose to process the amount on a monthly basis, which minimizes the tax impact to the affected employee or you may choose to include the amount as a lump sum on a payroll before the end of the calendar year. In either case, the amount must be processed **BEFORE DECEMBER 31, 2018**.

Dates to Remember	October 1, 2018	Reconcile and remit designated collections received during the 1 st quarter of the fiscal year
	October 15, 2018	Unemployment report due to ACR
	October 31, 2018	Quarterly report toolkit due to the Finance Office for the period July 1, 2018 through September 30, 2018
	November 1, 2018	Unclaimed funds report due to the Ohio Department of Commerce; must file negative report if no funds meet criteria