FISCAL YEAR END
The end of the 2019 fiscal year is just around the corner. There are many important items that must be reviewed before the end of the fiscal year.

- Reconcile all designated collections, individually, ensuring that all money collected during the fiscal year is remitted to the appropriate agency before June 30th. It is suggested that the reconciliation take place during the week of June 24th, and all collected funds remitted. If you need information regarding which collections have been remitted to the Diocese or the amount please contact Nancy Mar in the Finance Office at extension 1037. Any amount collected and not remitted must be accrued for, and appear on the balance sheet as a liability as of June 30, 2019.

- Workers’ Compensation and Unemployment amounts must also be accrued for as of June 30, 2019 if not paid by that date. As a reminder, the amounts reported are NET of Section 125 deductions (health insurance and related insurance deductions).

- All bank accounts must be listed on the annual report. The amounts listed on the annual report must be fully supported by a bank statement AND a bank reconciliation, including Schedule L accounts. The RECONCILED balance must be listed on the annual report. If there are certificates of deposit on the balance sheet and there is no statement received, please verify the June 30, 2019 balance with the bank and post the appropriate interest in your accounting system. All petty cash funds MUST also be reported on the cash section of the balance sheet and the annual report (control account #0101).

(Continued on page 3)
TEST YOUR KNOWLEDGE

Q1: I know that there are many important Human Resources’ forms necessary for every employee; which form is required to be completed by each employee and be on file in the parish office?
A. Form I-9  
B. Form W-4  
C. Form W-9  
D. Form IT-4

Q2: Is it necessary to file an unclaimed funds report if I don’t have any outstanding checks?

Q3: Do I need to complete an Unrelated Business Income Worksheet if I do not have any unrelated income? See answers below

ELECTRONIC PAYMENTS

More and more, vendors are requesting to send invoices to parishes and be paid by the parish electronically. In most cases, it does create a more efficient and secure environment, but several precautions need to be taken.

Invoices received electronically must be examined for accuracy and validity. The invoice received should be matched to services or merchandise purchased and validated in terms of the agreed upon price and payment terms. It is recommended to be familiar with the web address of your vendors to make sure that the invoice you receive was sent by the vendor.

Invoices received electronically should be printed and kept in the parish accounts payable files. As with a mailed invoice, the invoices received electronically are part of parish records and are subject to record retention guidelines.

Diocesan policy requires that the person preparing the invoice or check for payment cannot sign the check. We recommend the same level of approval be in place for electronic payments. The person entering the invoices into the payment system should not have the ability to release the payments. If the banking system won’t allow for the segregation of duties, then parish policies should be put in place to have the transactions approved by another individual before the payment is released. The post-payment confirmation must be reconciled to the pre-approval document by the signer as soon as possible after the release.

Once a payment method has been established and verified, no changes may be made unless it has been verified in writing with the vendor and reviewed by a second party before making the change. For example, if a vendor is normally paid electronically, and you receive an email or telephone call asking for a check to be issued or to change the address or bank account for payment of future invoices, a telephone call should be made to the company asking if they requested the payment method change and for large transactions a letter or fax confirming the change. A record should be kept in the file of the phone call verification.

FESTIVAL TIME

During this time of year, many parishes have already begun planning festivals and summer activities. There are many reminders that parishes will need to consider when planning festivals, noted below:

- Executing Contracts - Pastor is the only authorized signer.
- Contracts - Send to Property/Casualty for review/approval with the Legal Office.
- Diocesan Amusement Vendor Contract Addendum – To be provided/used in conjunction with vendors original contract.
- Certificates of Insurance (COI) – ALL vendors must provide COI’s naming the Diocese, Bishop, and Parish as additional insureds.
- Alcohol – Any exchange of money by cash/credit, ticket, or donation requires State liquor permit and liability insurance from the diocese. BYOB prohibited by law.
- Security – Recommended to hire off duty police for protection of persons and cash intake.
- Cash – Festivals generate large amounts of cash and appropriate controls must always be in place, such as limited admittance to the rooms, and there always must be at least two persons with cash at all times. No one is ever to be left alone with cash.
  - It is not permitted by law to have lottery tickets or alcoholic beverages as raffle prizes.
  - Be aware that since the issuance of the raffle memo, the IRS has changed the withholding rates. The withholding percentage for 2019 is 24% for both regular withholding and backup withholding. If the parish pays the tax on the prize exceeding $5,000 or for a non-cash prize, then the withholding rate would be 31.58%. For a more detailed review of the raffle withholding information, review the Instructions for Form W-2G on the Internal Revenue Service website.

For more information contact Kathleen Pierce - ext. 3400; Chris Easton - ext. 3920; or visit www.discplan.org.
The Central Purchasing Office has ceased operations; however, a few contracts have transitioned to other agencies.

**Effective June 15, 2019, Catholic Community Connection will manage your invoicing/billing and customer service for your Republic Waste Management.** Therefore, as of JUNE 15, 2019, all customer service inquiries, billing questions, service requests and other matters must be referred to Catholic Community Connection. Further information will be forthcoming to all customers directly from Catholic Community Connection. The contact information for Catholic Community Connection (CCC) is:

**Sue Gaughan, Executive Assistant, Catholic Community Connection**  
*Office #: 1-888-742-3668*  
*Email: sgaughan@catholiccc.org*

We envision no interruption of service or any change in pricing; you are obligated to maintain the service if you are currently operating under the CPO plan. This contract is in effect until December 31, 2019. We look forward to working with Catholic Community Connection and Republic Services to manage this contract on behalf of all customers and hope that the program can continue under CCC in 2020 and beyond.

**Staples**  
Staples Customers should contact Rebecca Jacobs to maintain an account with competitive pricing options. Please contact Rebecca directly at (330) 242-0478, Rebecca.jacobs@staples.com

**FINANCE WORD GAME**  
Unscramble the letters to create the clues. Each result relates in some way to the **FINAL ANSWER**.

- T S S E A  
- L A M S L  
- P R C E T I E  
- R C O E U H V  
- N Y E O M  
- R C O E N C E L I  
**FINAL:**

Hint: Funds for purchases

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**FISCAL YEAR END (Continued from page 1)**

- If the parish has a school, tuition or fees that were received before the end of the fiscal year that were paid for the 2019-2020 school year, must be shown on the parish balance sheet as a liability (Income Received in Advance). If the teachers or school staff are paid over 12 months, the salary that is due in July and August of 2019 must be shown as a liability on the balance sheet, listed as accrued school salaries. Any tuition or fees due, must be shown as a receivable.

- Financial Aid and scholarships should be shown as an expense in the ledger and not netted against tuition or financial aid/scholarship income. The full amount of tuition earned should be shown in control account #4001 Tuition Income. Any write-offs not expensed as financial aid or scholarships should be shown in control account #5005 Bad Debt Expense.

- Offertory Enhancement Accounting—Offertory Rebate from the Diocese should be shown in control account #1013.xx Miscellaneous Income and reported on Schedule E in the toolkit. The Offertory Enhancement expense should be shown in control #2015 Administrative Miscellaneous expense. All assessment invoices for the fiscal year should still be recorded in total in control account #2704.

- The annual toolkit will be available on the Finance Office website. It is located in the RESOURCES section of our page. The report has changed to include accounting for the Offertory Enhancement Rebate. The due date of the annual toolkit to the Finance Office will be August 16, 2019. Please do your best to carefully observe this deadline.

If there are any questions, please contact Gerald Arnold x2170, LuAnn Ashby x1039, or Devra Konjura x3970.

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**INSURANCE REMINDER:** The Diocese made a transition to a new partnership with Oswald Companies effective 4/1/19. General inquiries can be sent to insurancerequest@dioceseofcleveland.org. Please see the new contact information below.

*Lucy Jorz, Client Manager*  
*Email: ljorz@oswaldcompanies.com*  
*Office: 216-367-1828  Fax: 216-367-1829*

*Kevin Van Gilder, Sr. Client Service Administrator*  
*Email: kvangilder@oswaldcompanies.com*  
*Office: 216-352-5772*
**Dates to Remember**

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2019</td>
<td>Fiscal Year Ends</td>
</tr>
<tr>
<td>July 1, 2019</td>
<td>Review payroll information. New health insurance contribution rates and a new clergy remuneration policy take effect today.</td>
</tr>
<tr>
<td>July 1, 2019</td>
<td>Contact parish groups and organizations and request books and records to complete the annual report. All bank accounts must be reported at the reconciled balance.</td>
</tr>
<tr>
<td>July 1, 2019</td>
<td>Parish budget for the 2019-2020 fiscal year begins today. All parishes must operate with a balanced budget.</td>
</tr>
<tr>
<td>July 15, 2019</td>
<td>Workers Compensation Reports and Unemployment Reports are due to ACR, and their related premiums remitted to the Diocese.</td>
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**PAYROLL CHANGES**

- **Employee Health Insurance Deductions**
  
  Beginning July 1, 2019, there are new health insurance deductions in effect for all employees. It is very important that the deductions be correctly calculated, and deducted on a PRE-TAX basis unless the employee has a written election for a post-tax deduction. If you have any questions about the amount that is to be withheld for an employee that is on the health plan, please contact the benefits office and speak with Donna Speagle at ext. 8760 or Paul Hudak at ext. 5030.

- **Priests’ Compensation**
  
  Effective July 1, 2019, there is a new remuneration table in place for clergy in the Diocese. Please ensure that the salary of the priests are adjusted.

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**FRAUD PREVENTION**

Hardly a day goes by that you do not hear about some type of fraud being committed and discovered. Often the schemes are very simple and a little bit of observation could go a long way to discover or prevent a fraud.

An analytical tool frequently used by accountants is called the Fraud Triangle. The fraud triangle is important because it helps us determine the motives, reasons, and opportunities that someone has in committing fraud. By using the fraud triangle, we can better focus on areas that will help the parish and school to detect and prevent fraud. There are three factors that are usually present, at the same time, for an ordinary person to commit fraud: Pressure, Opportunity, and Rationalization.

In this newsletter, we will focus on **Pressure**. In future issues of the newsletter, we will address opportunity and rationalization. The first leg of the fraud triangle represents pressure. This is what motivates the crime in the first place. The individual has some financial problem that he or she is unable to solve through legitimate means, so they begin to consider committing an illegal act, such as stealing cash, or falsifying a financial statement, as a way to solve their problem. The financial problem can be personal (such as being too deep in personal debt or maintaining a lifestyle that is very expensive) or professional (such as their job is in jeopardy or their business is in financial trouble).

**REMEMBER**—Never open a suspicious email and never click on an email link directing you to perform an action or go to a site.