

Stewardship Tasks for Parish Secretary and Parish Bookkeeper

C: TASKS FOR PARISH SECRETARY AND PARISH BOOKKEEPER

1. Payroll and Employee Related Matters

(This section is intended as a guide to supplement existing Federal and State legislation and Diocesan policies, and should not be regarded as the definitive and only document on payroll administration.)

Assistance and advice of a general nature and on accounting and taxation matters may be sought from the Diocesan Finance Department – Administration. The MYOB Accounting Plus system has greatly simplified many of the procedures relating to the maintenance of Parish Payroll Processing. For Further details refer to “*MYOB Business Seminar – Staff and Payroll Management*”.

For information on all employment matters, contact the Diocesan HR Manager (9847 0000). The document **Information for Parish Staff** provides a place for all involved in parish life to find the support available from the Diocese. This support is for those in parish ministries, for parish office staff and for volunteers in parishes.

This document provides the electronic links to information on the Diocese of Broken Bay (DBB) internal net, [CuriaNET](#). To access CuriaNET, each parish has a username and password, which is on the inside cover of the red binder labelled INFORMATION.

1.1. Mandatory Employee Records

Parishes are required to ensure that a complete and accurate personnel file exists for each employee. The Diocese has policies, guidelines and procedures across most aspects of employee relations. ‘*Personnel Records Policy and Procedures*’ is replaced under 2.1 Respect People in *Information for Parish Staff*.

Parishes as employers are required to keep the following records. All employment records must be legible and in English, in a paper or electronic format (computer file).

a) Signed Letter or Contract of Engagement

This is an important document setting out the terms and conditions under which Parish staff has been employed. The Diocese provides a template for different forms of employment contract.

A *Signed Employment Contract* should be held on file for each employee and contains the following information:

GENERAL

- Full name of employer and ABN
- Full name of employee
- Classification of the employee under any Award
- Whether the employee is full-time or part-time
- Whether the employee is employed on a permanent, temporary or casual basis
- Date on which the employee was first employed by the employer

REMUNERATION and HOURS WORKED

- Number of hours to be worked, and over what period
- Employees start and finishing times each day

- Rate of pay (per week, day, hour or other period)
- Gross amount to be paid to the employee and any deductions made
- Any other relevant Award details

LEAVE ENTITLEMENTS

All permanent and part time employees are entitled to paid and unpaid leave such as holiday leave, sick leave, parental leave, long service leave etc. These entitlements may vary depending upon how long the employee is engaged. Leave entitlements are in the Employment Contact. Consult the Leave Guidelines for all forms of Leave. This document is on CuriaNET.

Annual Leave is to be taken annually and not more than eight weeks annual leave can be accumulated according to Diocesan policy. Staff can be directed to take Annual Leave once they have accumulated eight weeks. Long Service Leave is taken after 10 years of continuous service. Staff can be directed to take their Long Service Leave.

1.2. Superannuation Guarantee Contributions (SGC)

The contract will also specify what Superannuation contributions the employer is required to make.

b) Copies of Relevant Awards

As provided for in industrial law employees must be able to examine their entitlements under the Award at any time. These awards are available on:
<http://www.cccatholic.org.au/client-home>.

Contact the Diocesan HR Manager for more information.

- Clerks Private Sector Award 2010 (MA000002)
- Miscellaneous Workers 2010 (MA000104)
- Hospitality Industry General Award 2010 (MA000009)

However, there is no Award that covers Parish Ministry workers (e.g. youth, music, and liturgy, sacramental, catechetical, pastoral and similar works within Parishes). The remuneration rate for Parish Ministry workers changes each year. The guide to the level of remuneration and the rate of pay for each level is available from the Diocesan HR Manager.

c) Child protection – Working with Children Check (WWCC)

Parishes are required to adhere to the Child Protection Act 2012 when employing parish staff. All employees who work with children are required to obtain their Working with Children Check (WWCC) number before employment or volunteering. For more information go to Information for Parish Staff in Section 3.1

WWCC information is entered into PACS for each person in a ministry that requires the check number. The forms in hard copy are to be stored securely in the one place.

d) Tax File Number (TFN) Declaration

The employer is required to obtain a TaxFile Number Declaration Form from each employee in which the employee declares whether or not they wish to claim the *Tax-free Threshold, Family Tax benefit*; whether they have a HECS debt etc. The rate of PAYG to be withheld is dependent on this information. Copies of this form can be obtained from the ATO or from any Post Office or Newsagency, and once completed and returned by the employee, must be lodged with the ATO as required, with a copy held on each employee's file.

Post 1 July 2007: Employees should be aware that, following the implementation of the new Superannuation legislation, "when an individual makes a TFN declaration to their employer they

are also authorising their employer to provide the TFN to their superannuation fund". Employers are therefore obligated to pass the employee's TFN to the respective Superannuation fund(s).

e) Superannuation Choice

All Parish staff are offered Super Choice as required by the legislation. Parishes also provide a *Standard choice form* within 28 days in the following situations:

- if an existing employee requests a form in writing (you only have to act on one request every 12 months)
- if you become aware that you are unable to contribute to an employee's chosen fund or that it is no longer a complying fund, or
- if you change your employer fund

If an eligible employee chooses a new fund, you have to arrange to pay contributions into that fund, within a two month period. After this time, any superannuation contributions paid for that employee must be to their chosen fund.

If an employee has not made a choice at the time you are required to pay a superannuation contribution, you must pay the contribution to your employer fund by the required cut-off dates.

Parishes must keep records that:

- show you have offered choice of superannuation fund to your eligible employees and provided them with a *Standard choice form*
- show that you have acted on your employees' choice of superannuation fund, and
- contain information about your employer fund

Parish choice of superannuation fund records must be in English and be kept for five years. If the records are not in a written form (for example, in an electronic medium such as magnetic tape or computer disk), then they must be in a form which is readily accessible and easily converted into written English.

For further information on Superannuation refer to the ATO website at:

<http://www.ato.gov.au/super/>

f) Superannuation reform changes – SuperStream:

SuperStream is a new standard for the way employers pay contributions and send information to super funds.

- SuperStream compliance: currently MYOB v19.10 MPowered Super is NOT SuperStream compliant. However MYOB have indicated that V19 will have a SuperStream –compliant service available in the coming months.
- We recommend that all parishes sign up with the ATO Small Business Superannuation Clearing House. Refer to Section B points 7.1.and 7.2. for further instructions

Note:

- If you have not received the relevant details of SMSFs that employees are using, the employer has the option to use their default fund in order to meet their legal super guarantee obligation.
- The employer should provide a Super Choice form to the employee, and if this is not completed within 28 days, then the employer can pay the SCG amount into their nominated default fund.
- If you have failed to make a payment within a reasonable time period (didn't have the Super Fund details) the employers default Super Fund will not accept the late payment. The late payment needs to be paid to the ATO, and a fine incurred.

g) PAYG Payment Summary

Parishes must provide employees with pay slips each time they are paid. The pay slips must contain information as required by the Industrial Relations legislation, including, but not limited to:

- Job classification
- Normal payroll details
- Expense benefit details
- Superannuation details
- Leave accruals – holiday leave and LSL

N.B: Pay slips for “casual” employees must show the “Annual Leave” component of their remuneration separately

As soon as possible following 30th June each year, every employee, including those that did not pay tax during the year, must be issued with a PAYG Payment Summary, but no later than 14th July each year. A copy of these should be kept in each employee’s file.

h) Employee’s pay cycle and pay slips

Employees should be paid according to the parish pay cycle and not by their start date. Usually this pay cycle is fortnightly starting on a Monday and finishing on a Friday. Pays are then processed on the following Mon/Tuesday and are in the employee’s bank account by the Wednesday.

Recommendation is that all employees are paid fortnightly in the same pay cycle.

It is the obligation of the employer to provide payslips for staff. Please refer to the link below

<https://www.fairwork.gov.au/pay/pay-slips-and-record-keeping>

Are you compliant?

Fair Work Inspectors can issue employers with on-the-spot infringement notices for failing to meet record keeping and pay slip obligations under the Fair Work ACT 2009

Any infringement notice can be issued within 12 months from the day the contravention(s) is alleged to have occurred. Generally, employers have 28 days to pay the penalty shown on the infringement notice.

Max fines payable from an infringement notice are:

For individual: \$510 per breach

For business: \$2,550 per breach.

LEGAL OBLIGATIONS:

Failing to comply with payslip obligations can be very expensive. Below is a summary of key things employers need to know:

- Payslips must be issued to employees within 1 working day of the payment being processed. Even if an employee is on leave, employers are still required to issue them with a pay slip.
- Payslips can either be in hard copy or electronic form. The same mandatory information must be included regardless of how the payslip is produced.
- The following information must be included on payslips:
 - The employer’s and employees name
 - The employer’s ABN
 - The start and end date of the relevant pay period
 - The date the payment is being made
 - The gross and net payment amounts

- If the employee is paid an hourly rate, the payslip must show the employee's ordinary hourly rate, the number of hours worked at that rate and the total dollar amount of pay at that rate.
 - All superannuation contributions paid for the employee's benefit
 - All deductions from the employee's pay including the amount and details of each deduction and the name or name and number of the fund/account the deduction was paid into
 - The amount of contributions made during the pay period (or the amount of contributions that need to be made)
 - The name or the name and number of the superannuation fund the contributions were (or will be) made to
- Leave balances don't need to be shown on an employee's pay slip. But it is a good idea and best practice to have it on there because it allows employees to keep track of leave balances and can make dealing with leave requests easier.

i) When does employee leave accrual stop accruing?

- When the employee leaves the parish accrued annual leave and leave loading should be paid out.
- When employee is on LSL annual leave is accrued.
- When employee is on Maternity leave no annual leave is accrued.
- When employee is on w/comp annual leave is accrued.

1.3. Additional Employee Information

In addition to those mandatory records outlined above, the following should also be maintained for each employee:

- Job description
- Job advertisement
- Employee's application
- Correspondence with employees
- Performance appraisals and review
- Leave applications (holiday, sick, LSL, time-in-lieu etc.)

1.4. Archiving

Payroll records must be retained for seven years.

1.5. Tax File Number (TFN)

Whenever an individual completes a TFN declaration the employer is required to ensure that the employee's TFN has been provided to their respective superannuation fund(s).

1.6. Superannuation Guarantee Contributions

The National Catholic Superannuation Fund is owned by Catholic Church Insurances and is the default employer Superannuation Fund recommended by all Australian Dioceses.

Currently, where an employee over the age of 18 years earns more than \$450 (before tax) in any month, it is a legal requirement that Parishes pay the SGC. Even if the employee's usual monthly pay does not exceed \$450, once that figure is exceeded in any month, it is mandatory that the SGC be paid – for that month. Each Parish should check regularly that its legal SGC obligations have been met by examining its monthly Payroll Register Summary to determine if a liability existed during the period.

The calculation for the SGC is currently 9.50% of an employee's earnings for gross ordinary hours of work, exclusive of such payments as:

- Overtime

- Reimbursement of expenses e.g. travel costs
- Bonuses that do not relate to specific performance e.g. Christmas bonuses
- Benefits subject to Fringe Benefits Tax
- Annual leave loading

Superannuation Guarantee Contributions must be remitted in accord with ATO requirements i.e. at least four times a year, within 28 days after the end of each quarter; except in the case of employee member contributions which must be remitted monthly. Note however that some complying Superannuation Funds e.g. *Australian Super* require the employer to remit contributions (SGC obligations, salary sacrifice and after-tax member contributions) within 14 days of the end of the month.

For further information on Superannuation refer to the ATO website at: <http://www.ato.gov.au/super/>

1.6.1. Concessional Contributions

Concessional contributions refer to superannuation contributions made from pre-tax income for which a tax deduction is made. They include SGC contributions (refer Section 5.7 below) and salary sacrifice contributions. These contributions are taxed at 15%.

Employees should be made aware of the implications of failing to provide a TFN to their Superannuation Fund i.e. it will result in their concessional contributions being taxed at the top marginal tax rate plus the Medicare Levy.

1.6.2. Non-Concessional Contributions

Non-concessional contributions refer to contributions made from a person's after-tax income. These contributions can only be made if the employee is:

- 64 years old or younger;
- 65 years to 74 years old and the employee satisfies the work test

Individuals 75 years and over are not eligible to make non-concessional contributions into their superannuation.

It is also important that employees be made aware of the fact that Superannuation Funds will not be allowed to accept any non-concessional contributions where a TFN has not been

Stewardship General Information for Parish Offices

D: GENERAL INFORMATION FOR PARISH OFFICE

1. Parish Bank Accounts

Parishes should operate the minimum number of bank accounts necessary to conduct Parish business. Maintaining unnecessary, additional bank accounts takes up valuable time in reconciliation, involves unnecessary work and increases the potential for error.

The general ledger set up in a computerised accounting system such as *MYOB Accounting Plus* provides for as many Income & Expenditure categories as a Parish is likely to require, thereby eliminating the need for additional bank accounts.

- All Parish Bank accounts will be maintained with the Catholic Development Fund (CDF) Diocese of Broken Bay
- Each Parish will maintain a bank account known as the **Church Account**, through which all general parish income and expenditure will be passed
- A separate bank account will be maintained for the **Ancillary Fund** (where such a fund already exists)
- A separate bank account will be maintained for the **School Building Fund** (where such a fund already exists)
- A separate bank account will be maintained for the **Pastoral Revenue Account**
- Other bank accounts e.g. **Youth Ministry** etc., can be maintained at the Parish's discretion
- Parish Account Signing Authorities and Electronic Transfers:
All cheque and electronic banking are to be signed or authorised by two people.
Each parish can have a number of CDF account signatories where any two can sign.

The benefits of this were highlighted and there was overall acceptance of this change particularly as parishes will move to reducing the issuing of cheques and increasing the use of electronic payments via CDF online. The other benefit is that the policy change caters for periods of absence of the parish priest which will help to make processes smoother.

As the Parish Priest or Administrator continues to have ultimate responsibility for expenditure the Parish Priest or Administrator should be one of the signatories or one of the two authorisers of transactions in CDF online.

It is at the discretion of the Parish Priest or Administrator as to whom and how many are appointed as the authorised persons. Some parishes have appointed the assistant priest, deacon, parish secretary and chairperson of the finance committee or a combination of these.

While cheque writing in parishes will continue to lessen, care should be taken when issuing cheques due to incidences of cheque fraud.

2. Church Account

The Church Account reflects the 'financial life' of the Parish and should therefore be used for all day to day income and expenditure purposes, with the exception of the special purpose accounts listed below.

Deposits to the Church account will include:

- 2nd collection (loose and envelopes)
- Other Special collections (retained for a short period prior to remitting to the appropriate charity)
- Donations and bequests
- Transfer of interest and/or capital from any Term Deposit accounts
- Pastoral Programme receipts
- General receipts such as rent received, CCI Insurance commissions and Diocesan rebates

- Interest received
- Non operating revenue (loan drawdown, sale of assets)

Payments from the Church account will include:

- Regular transfers to the Ancillary Fund (for parishes still offering a tax deduction i.e. amount of Second Collection requiring a Tax deduction) – via the Ancillary Fund Clearing Account
- Day to day administrative expenses
- Altar and Church requisites
- CWF shortfall (not covered by the Ancillary Fund)
- Donations (General and Specific)
- Office expenses
- Employment expenses
- Audit, Legal and Accounting fees
- Repairs and Maintenance (non-school)
- Repairs and Maintenance (school)
- Pastoral Programme expenses (Youth, Liturgy, Sacramental etc.)
- Insurance
- Utilities (electricity, gas)
- Rates (water, council)
- Telecommunication costs (telephone, Internet)
- Travelling and Car Allowance
- Credit Card expenses
- Superannuation (Clergy)
- Non-operating expenses (loan repayments, interest etc.)
- Vestments purchased for the parish. These vestments remain in the parish. Vestments that the priest keeps with him as he moves from parish to parish are his personal property and are to be paid for personally.

3. Pastoral Revenue Account

Stole fees that are generally accepted for the provision of the sacraments are donations and therefore are the property of the Diocesan Pastoral Revenue Fund.

The seven sacraments are: Baptism, Confirmation, Reconciliation, Eucharist, Wedding, Anointing of the Sick and Holy Orders.

Where parishes are operated by Religious Orders, the Religious Order keeps any stole fees.

Where parishes are operated by Religious Orders any fee for the hire of the church for weddings and funerals is to be split 50/50 between the parish and the Order.

The Pastoral Revenue account is administered on behalf of the Diocesan Pastoral Revenue Fund.

The full amount of the 1st Collection, all Stole Fees and the proceeds of Christmas and Easter Offering collections will be deposited into the Pastoral Revenue Account. Household expenses for the Parish Clergy and Mass Supply are taken from this account. Note, however, that travel cost of priests providing Mass Supply is paid for from the Church Account.

Deposits to the Pastoral Revenue Account will include:

- First collection
- Stole Fees
 - Baptisms
 - Weddings
 - Funerals
- Christmas Offerings
- Easter Offerings
- Interest received

Payments from the Pastoral Revenue Account will include:

- Food, beverage and household consumables (washing detergent, soap, vacuum cleaner bags etc) Personal items (toothpaste, glasses, deodorant, shampoo, clothing, footwear, chemist and medical bills) are paid for by each priest personally.
- Housekeeper, cooks and cleaners wages and superannuation
- Electricity/gas for the Clergy
- 50% of the cost of security arrangements for banking Parish collections
- Mass Supply (Travel costs are from the Church account)

Telephones, Internet, Newspapers and Foxtel are Parish not Pastoral Expenses.

A priest may have visiting clergy come and stay. Hospitality is to be extended to all visiting priests and any costs incurred would be Pastoral Revenue expenses.

Any costs associated with friends or family of a priest staying in the Presbytery would be a personal expense of the priest or the individuals themselves.

Pastoral Revenue accounts do not operate as a separate legal entity i.e. they are not registered with ASIC, they don't have an ABN; and nor do they have *GST Charity Concession* status. Therefore, no GST claims can be made on Pastoral expenses. All Pastoral Revenue accounts will be classified as "N-T".

3.1. Mass Offerings

Mass stipends are donations by a parishioner to a priest to have a Mass said for a sick or deceased relative or friend. Today the parish priest decides what happens to Mass stipends in his parish. Some priests accept Mass stipends personally and they declare these as income in their tax return. Some priests do not accept Mass stipends but obviously still say the Mass. When the priest cannot celebrate these Masses the stipend should be sent to "the missions" where the Mass is then said.

3.2. Christmas gifts to Priests

It is obvious with Christmas gifts that the intention of the donor is to give a gift to the priest. These gifts even if cash, are not income to a priest, therefore do not need to be declared in his tax return.

3.3. Sustentation and Surplus Obligations

Pastoral Revenue is used to meet the salary of the parish priest, the domestic needs of each presbytery and the expenses of the Bishop.

The *Sustentation Fund* represents the monies used to meet the expenses of the Bishop. Whilst the *Surplus*, which is paid into a central fund, ensures that all active priests receive the same salary and provides for retired and sick priests. A Board elected by the priests of the Diocese manage the fund.

At the end of each quarter (September, December, March and June) Sustentation and Surplus amounts will be remitted to the Diocese.

4. Ancillary Fund Account

Where the Parish has an Ancillary Fund, it is an ATO requirement that funds are deposited into the Ancillary Fund Account at regular intervals. Such deposits (made from the Church Account) should not be less frequently than monthly.

Any donation made to an Ancillary Fund entitles the donor to a tax deduction. By transferring a proportion of the 2nd Collection into the Ancillary Fund the Parish is able to give a tax deduction to parishioners. The percentage of the Planned Giving receipts declared to parishioners as being applied to the Ancillary Fund should be calculated as:

Total Deposits into Ancillary Fund from the 2nd Collection

Amount of Second Collection requiring a Tax deduction

Once funds are in an Ancillary Fund they can only be used to make payments to Deductible Gift Recipients (DGRs), or pay direct costs associated with administering the fund e.g. bank charges, cost of printing envelopes, accounting and audit fees relating expressly to the gift fund. ATO requirements are outlined in "Gift Pack – for Deductible Gift Recipients and Donors" – NAT 3132-04.2011

The Ancillary Fund Account will be used for depositing:

- The declared percentage of all contributions to the Planned Giving program requiring a tax deduction
- Interest received

Payments from the Ancillary Fund will be for:

- Meeting a Parish shortfall in Parish collections for any Charitable Works Fund (CWF) quota. These shortfall payments are to be made payable to Confraternity of Christian Doctrine (CCD)
- Centacare donations
- Diocesan School Building Fund (DSBF) donations
- Direct administration costs (as noted above)

Parishioner will indicate whether they require a tax deduction. To ensure that all such parishioners are able to share equally in any tax deductions, the following will apply:

- The Envelope collection should be split at budget time between Church and Ancillary Fund
- The Ancillary Fund donations should reflect the anticipated CWF shortfall
- If there is no CWF shortfall, then there is no real advantage to the Parish using the Ancillary Fund
- Funds accumulating in an Ancillary Fund serve no worthwhile purpose
- All parishioners wanting to receive a tax deduction should receive the same percentage deduction

Parishioners should not be allowed to donate directly into the Ancillary Fund.

Parishes need to consider the benefits of giving small tax deductions to parishioners

5. School Building Fund

A separate account must be kept if a Parish has a registered School Building Fund - this is a requirement of the ATO.

A number of years ago there was a fundamental change to the way school capital expenditure and maintenance programs were to be funded, with the costs now being met by contributions to the Diocesan Schools Building Fund. However, many Parishes are still maintaining School Building Fund Accounts.

These accounts are now essentially used only for depositing:

- Interest received

Accepted outlays of a School Building Fund are expenditure on capital improvements and maintenance, as well as installing and maintaining fixtures.

Payments from the School Building Fund can only be used for:

- Purchase of land for which there are definite plans to construct a building to be used as a school or college
- Construction or purchase expenses and associated financing costs
- Painting and general maintenance of school buildings, and building insurance
- Expenditure on carpets that are fixed to the floor of the school building
- Administration costs of the fund, including bank fees, accounting costs and fundraising expenses

IMPORTANT: The ATO specifically forbids the use of funds from the School Building Fund for any purpose other than the five items shown above. Note specifically that costs associated with running expenses of the school cannot be paid by the school building fund. Care must be taken to avoid

having excess funds in this account as they will be "frozen" and unable to be used for any other purpose.

Note however, that existing School Building Fund accounts may be closed by transferring the balance of account to the Diocesan School Building Fund. Contact the Diocesan Finance department for further information.

6. Other Bank Accounts

6.1. Interest Bearing Term Deposit Accounts

Parishes should not operate any more Bank accounts than is absolutely necessary. However, when there is a regular surplus of funds in the Church account, it is prudent to invest such funds in an Interest Bearing Term Deposit Account with the CDF, thereby attracting a higher rate of interest.

Parishes can maintain other bank accounts such as Youth Ministry, but only where the use of such accounts is clearly justified. Such accounts should be brought into account on the Balance Sheet of the Church Account.

6.2. Clearing Accounts and Loan Accounts (non-Bank)

These accounts are not bank accounts, but rather are special general ledger accounts set up within MYOB Accounting Plus to accurately reflect the respective entity's liabilities.

Examples are:

Church Account	Ancillary Fund Account	Pastoral Revenue Account	Illustrative Usage
Ancillary Fund Clearing Account (Liability)	-	-	<ul style="list-style-type: none"> o Recording pending transfer of portion of Planned Giving (requiring a tax deduction) to the Ancillary Fund
Pastoral Revenue Loan Account (Asset)	-	Church Loan Account (Liability)	<ul style="list-style-type: none"> o Payment/transfer of household expenses o Payment/transfer of Housekeeper Wages & Super

6.3. Ancillary Fund Clearing Account in MYOB

This account is used to transfer "The declared percentage of the Envelope Collection requiring a tax deduction" from the Church Account to the Ancillary Fund e.g.:

DR Bank
 CR Envelopes (x% of Planned Giving)
 CR Ancillary Fund Clearing Account (y% of Planned Giving)
 (x+y =100%)

6.4. Special Collections Clearing Accounts

These accounts are used to temporarily hold monies from special collections. Except for short periods of time, when proceeds of special collections such as Project Compassion (Caritas), Charitable Works Fund Collections (CWF) etc. are received over a number of weeks, these accounts should normally have a zero balance.

Once a reasonable period of time had elapsed, the balance accumulated in the account should then be paid out to the appropriate charity.

CWF cash collections should be deposited into the parish account where it is recorded in a clearing account in MYOB.

CWF credit card payments are to be processed through the parish BPoint into the parish account where it is recorded in a clearing account in MYOB.

When the collection is completed the accumulated funds are transferred to the Diocesan CWF account via CDF online.

6.5. Credit Card Clearing Accounts

These accounts are used to temporarily record Credit Card (VISA/MasterCard) direct debits, until receipts are verified and authorised by the parish priest then the correct allocation of expenses can be determined. These accounts should have a zero balance at the end of each month.

6.6. Inter fund Loan Accounts

These Loan accounts are used to reflect monies owed by one account e.g. Pastoral Revenue Account, to another account e.g. Church Account. The respective balances of these accounts should cancel each other out.

Similarly, Inter fund Loan accounts are used where it is necessary to temporarily loan funds from one account to another.

7. Accounting Systems

- Parish Financial Records will be maintained in accord with Generally Accepted Accounting Principles (GAAP) and Diocesan policies and guidelines
- Parishes will use a computerised accounting system, namely *MYOB Accounting Plus*, to maintain their financial records; all such accounting system software will be maintained at current software release levels
- The MYOB Audit Tracking tool will be activated to support the audit process
- The preferred operating environment supporting MYOB is Microsoft Windows, supported by Microsoft office products e.g. Excel and Word
- The preferred Parish Administration system is Parish Administration and Communications software (PACS) previously *Visual Parish Data System (vPDS)*
- Parishes will maintain a standard *Chart of Accounts* as determined by the Diocese
- Parishes will ensure that all transactions are promptly recorded; and that the recorded transactions are valid, accurate, authorised and classified so as to facilitate the preparation of reliable financial information
- Parishes will maintain the MYOB Administrator User Id and Password.
- Access to Parish financial and other system maintained data will be password protected; and passwords will be changed on a regular basis
- Parish data will be backed up on a regular basis, with a copy of backups held off-site for use in a disaster situation
- Confidentiality of Parish data will be maintained at all times

8. Budgeting

- The Parish will prepare and maintain a two to five year rolling budget forecast of Income & Expenditure in accord with the Parish Strategic Plan
- The Parish will prepare and maintain a five year rolling Parish Property Maintenance Plan incorporating estimated costs, priorities and risk assessment. This plan will be incorporated into the overall rolling forecast of Income & Expenditure

9. Financial Reporting

- The Parish will produce Bank Account Reconciliations, Balance Sheets and Profit & Loss Statements on a monthly, quarterly and yearly basis
- The Parish will report to the Dioceses quarterly on Pastoral Revenue Income & Expenditure. Sustentation and Surplus obligations will be remitted to the Diocese in a timely manner
- The Parish will produce regular financial reporting for the Parish Finance Committee, preferably monthly, but no less frequently than quarterly, as follows:
 - Current Cash at Bank position (cash and Term Deposits)
 - Actual YTD Income & Expenditure compared to Last Year

- Actual YTD Income & Expenditure compared to Budget
- Monthly Cash Flow Statement
- An annual statement of Income & Expenditure of the Parish Pastoral Revenue account will be prepared for the Parish Finance Committee (ref: Clergy Board Constitution Article 11.5)
- The Parish will submit an annual Parish Financial Report to the Diocese by no later than 31 October each year, signed by the Parish Priest and countersigned by the Chair of the Parish Finance Committee
- The Parish will present an annual statement of Income & Expenditure of the Church and Ancillary Fund accounts to the parishioners by no later than 31 October each year

10. Auditing

- The financial accounting records of all parish accounts will be subject to an external audit on a periodic basis
- Auditors should be registered company auditors. If this is not possible, then the minimum qualifications will be current membership of one of the recognised Accounting Societies e.g. CPA, ICCA
- The auditor will not be a member of the Parish Finance Committee
- The auditor's report will express an opinion as to how well the financial report presents in accordance with the Australian Accounting Standards and other mandatory reporting requirements.
- The financial affairs of the parish will be subject to a Diocesan "Change of Priest Audit" on the appointment of a new Parish Priest or Administrator.

11. Parish Finance Committee

- Each Parish will maintain a Parish Finance Committee (PFC) to assist the Parish Priest in matters concerning Parish financials, maintenance of parish properties, planning of future capital works, and in the raising of necessary finances for the operation of the various parish services
- Members of the Committee will not have any direct financial interests in the Parish, and act in an advisory capacity
- The PFC will meet at least quarterly, to review the financial affairs of the Parish, and may meet more often according to need
- The PFC will work with the Parish Priest to develop the Parish budgets which should, at the appropriate time, be shared with the Parish Pastoral Council by the Parish Priest
- PFC financial reporting will be in accord with Diocesan Finance Committee Reporting standards and procedures
- Minutes will be taken of all Finance Committee meetings, with a copy of the minutes held with other Parish financial records within Parish offices
- The PFC will conduct a review of parish insurances at least annually, with reference to Catholic Church Insurances (CCI). The review will be undertaken by the end of the quarter preceding the premium due dates

For further details concerning the operation of the PFC refer to "Parish Finance Committee – General Principles" above

12. Insurance

- All parish insurance policies will be held with Catholic Church Insurances Ltd (CCI)
- An annual review will be conducted of all parish insurances
- Insurance reviews will also be conducted when:
 - New properties are acquired
 - Significant equipment is purchased
 - There are significant changes to the Parish risk exposure
- Parishes will not knowingly under-insure their risks without Diocesan approval

13. Petty Cash

- An imprest petty cash system will be maintained
- The petty cash float should not exceed \$250
- A cheque will be drawn to establish/replenish petty cash

14. Tax (GST and PAYG) Obligations

- All Payroll processing will be conducted using the Church account
- All GST claims/remittances, PAYG Payable and Superannuation Payable will be processed through the Church account
- Each Parish will submit only one quarterly Business Activity Statement (BAS), and that will be on behalf of the "Church" legal entity
- No GST claims will be allowable for Pastoral Revenue expenditure, as it is not recognised as an entity conducting business

15. Employment Obligations

- The parish will conform to Diocesan policies in respect of:
 - Child Protection
 - Work Health and Safety (WHS)
 - Privacy
 - Human Resource management
- The Parish will maintain an employee file for each of its employees (refer Section 5.2)
- The Parish will ensure that all staff are offered Super Choice as required by the legislation
- The Parish will ensure that a Tax File Number Declaration has been completed for each employee, and that the employee's tax file number has been provided to their Superannuation Fund
- The Parish will ensure that PAYG and Superannuation Guarantee Contribution obligations are being met in accord with ATO requirements
- PAYG summaries will be produced for all employees at the end of each financial year
- An electronic file of all employee PAYG Summaries will be sent to the ATO

16. Record Retention

- All financial records will be maintained for a minimum of five years
- All invoices will be kept and filed in cheque number order and /or in date order for parishes who are batching payments.
- All receipts will be kept and filed in deposit date order
- All employee records (including former employees) will be maintained for seven years

17. Workers' Compensation Insurance

Workers Compensation Insurances a compulsory cover applying to every employee.

Parishes should respond promptly when requested by Catholic Church Insurances to supply salary information needed to calculate the premium.

Workers compensation premiums escalate significantly as a consequence of meeting the cost of claims. However, by implementing sound occupational health and safety (OH&S) practices, the incidence of claims will reduce and, once an injury has occurred, costs can be minimised with a programme of rehabilitation.

18. Sick Leave, Long Service Leave and Annual Leave Entitlements

Staff who are employed on a full-time or permanent part-time basis are generally entitled to various leave entitlements. Where the employment is of a permanent part-time nature, the entitlements are determined according to the number of hours worked as a percentage of a 38 hour week (not applicable to casuals). Leave entitlements accrue as follows:

- Annual leave accrues at the rate of four weeks per year, plus a loading of 17.5%.
 - Annual leave loading is calculated on the full amount of the annual salary
 - Long service leave accrues at the rate of thirteen weeks every fifteen years; and
 - It can become payable after the fifth year;
 - It becomes a mandatory entitlement on the tenth year; and
 - It is payable in full on the fifteenth year
- Sick leave entitlements depend upon the award under which a person is employed

e.g. Clerical & Administrative Employees., Miscellaneous Workers/Gardeners, Guide for Employment of Parish Ministry workers etc.

Long service leave entitlements are governed by the NSW Long Service Leave Act of 1955, whilst Annual Leave is governed by the Annual Holidays Act 1944.

Sick Leave, Annual Leave and Long Service Leave should be recorded as it is taken and details of remaining leave accruals accurately maintained within the MYOB system.

Employee entitlements should be confirmed annually with each staff member, and appropriate provisions made in the balance sheet for such entitlements. This is especially important as Long Service Leave entitlements are transferable from one participating Church employer to another (Agreement between 11 NSW/ACT dioceses effective 1 September 2003).

19. Spending Authority Limits

Parishes will apply the following limits for authorising expenditure:

- a) \$0 - \$50,000 – Parish Priest or Administrator can authorise without referral to the Chancery
- b) \$50,000 or greater requires the permission of the Bishop and the College of Consultors.
- c) For all such expenditure, Parishes will complete Form A – Application for Expenditure and submit the form to the Chancery for consideration.
- d) Any property lease with a duration greater than nine years (whether the parish is the lessor or the lessee) must be approved by the Bishop

The above limits are not applicable for loan repayments.

All capital expenditure beyond which any Parish / Primary School / Secondary School requires the permission of the Bishop is \$50,000.