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I. INTRODUCTION

4001 Key to the Ministry of Temporalities is awareness that all created things are the possession of God who made them. Entrusted with God’s work in the world, the faithful have the responsibility for all that has been given to them. This partnership with God calls us to renew our stewardship of the personnel, property, and finances committed to our care.

4002 At the diocesan level we will strive to use sound management principles rooted in Gospel values in order to assist parishes / departments / agencies in their efforts to serve the world and seek the Kingdom.

4003 In accord with Canon Law, the Second Synod of the Diocese of Toledo, the directives of the Diocesan Bishop, and in collaboration with pastors/pastoral leaders, our functions are to provide directives, and to acquire, safeguard and administer the temporal goods of the diocese. All finance council members, bookkeepers, business managers, and pastors/pastoral leaders should review and take ownership of the Temporal Goods section of the Pastoral Policy Handbook to ensure compliance in all areas. The review of the Temporal Goods section is to be documented by applicable employees and finance council members by signing a confirmation that each has read, understands, and will adhere to all policies.

4004 The offices dealing directly with the temporal goods of the church are: Financial Services, Catholic Foundation Office, Building Commission, Toledo Diocesan Liturgical Commission, Pension Office-Lay Retirement Pension Program and Priests’ Retirement Program, Human Resources Office, and Insurance Office (PSI).
II.  FINANCIAL SERVICES

4005  The Office of Financial Services provides centralized accounting services for departments of the diocese, and accounting/management support to the diocesan parishes and agencies. It has responsibilities for the investment of diocesan funds, assuring that the investments are sound and socially responsible in harmony with church teaching.

Annual Report

4006  Each parish and school is to submit a copy of their annual financial report and statistical data to the Diocese upon conclusion of each fiscal year (June 30). Reports are due in the Diocesan Office of Financial Services by July 31. The reports are to follow the procedures as set down in the Parish and High School Accounting Manuals. If the parish or school is unable to submit the report by the deadline, a formal request for extension should be made by contacting the Diocesan Comptroller.

Assessments

4007  Diocesan fiscal solvency depends on the support of all the catholic people of the diocese. It is imperative that there be developed in parishioners a healthy sense of the local church that transcends their own parish or region.

Diocesan Assessment

4008  The formula for arriving at the assessment will be as follows:

- The diocesan assessment will be based on parish income from all its Sunday and Holyday collections (including Christmas and Easter).
- The assessment rate will be 10% for parishes without schools, and 5% for parishes with schools.
- Diocesan assessments must be paid first before new improvements are undertaken or payments made on the funded debt of the parish.

Scholarship Fund Assessment

4009  An assessment of ½% will be added to the diocesan assessment described above, using the same formula. This applies to all parishes, with or without a school. Half the money raised each year will go directly to scholarships, and the other half will be invested in the scholarship fund to increase its ability over time to provide even more scholarships.

Priests’ Retirement Fund Contribution and Annual Collection
4010 As with the diocesan assessment, parish income from all its Sunday and Holyday collections (including Christmas and Easter) will be the basis of a 4% contribution to the Priests’ Retirement Fund from each parish. This will be phased in over three years, with fiscal year 2009/10 at 2½%, fiscal year 2010/11 at 3¼ %, and fiscal year 2011/12 at the full 4%.

4011 In order to help meet this important and significant contribution, parishes will be able to rely on the recently instituted annual Priests Retirement Collection. The diocese will continue to help raise awareness about this collection and provide technical assistance for making it more successful. Whatever money a parish raises in this collection will be applied directly toward its priests retirement contribution, and only the remaining balance will be billed to the parish.

Charitable Ministry Fund

4012 So that our local Church as a diocese can continue to carry out works of charity and service, there will be a 5% tithe to the Diocesan Charitable Ministry Fund on all non-restricted bequests to parishes. “Bequest” means just that, a legacy left by someone who is deceased, and only a bequest to which no restriction has been attached by the donor.

4013 The amount tithed for the Charitable Ministry Fund for the fiscal year should be manually entered on Schedule B (side 2). If the undesignated bequest is received by the parish, the 5% tithe should be sent to the Diocese upon receipt. If the bequest is received by the Diocese directly, the 5% will be deducted prior to forwarding the bequest monies to the parish or school.

Deposit and Loan Fund (DLF)

4014 This fund is considered a cooperative ministry opportunity for the entities within the diocese to provide safe and secure investments and reasonable loans rates.

4015 The DLF is established as a mechanism within our structure by which parishes, schools and other diocesan entities can invest their funds in cash demand savings accounts; these funds will be used to provide loans to those entities that deposit money with the fund at below market interest rates. The Diocesan Finance Council reviews the market interest rates quarterly and makes recommendations to the Bishop regarding appropriate interest to be paid on the savings (deposits) and interest to be charged on the loans. The goal is to provide interest on deposits that would average the one year CD (non-promotional) rate, and an interest rate on loans below the commercial loan rate.

4016 Surplus parish funds should be deposited with the DLF in order to help other parishes that are in need of monetary assistance (see Addendum "F"). Interest, which may be reinvested or paid out, is distributed at least twice a year.
Participation in the Loan Program by a parish requires previous involvement in the Deposit Program. If a parish wishes to borrow money, the pastor/pastoral leader is required to send such a request to the Diocesan Bishop. This request is to include the purpose of the loan, a summary of the parish’s financial situation, Parish Finance / Pastoral Council approval and method/plan of repayment. Monthly interest and principal payments are required to maintain solvency of the DLF. The parish must be current on debts to the diocese, i.e. other loans, assessments, psi premiums, and any other obligation. Operating loans are not granted except in extraordinary circumstances. To assist in evaluating payment options the Office of Financial Services should be contacted.
III. INTERNAL AUDITING

4018 The primary purpose is to assist the pastors/pastoral leaders and financial personnel in providing proper accounting of parish funds both to the parishioners and to the diocese.

4019 With the appointment of a new pastor/pastoral leader, an audit of all financial records will be scheduled. An audit may also take place as warranted by special circumstances. Parish requests for audits are reviewed when received and scheduled accordingly. For those interested in having an audit, inquiries may be directed to the Diocesan Bishop or the Diocesan Finance Officer. This service is normally provided to the parishes without charge.

4020 In addition to Diocesan audits, parishes are required to conduct annually their own internal audits or reviews. Diocesan assistance is available in setting up the format for parish level audits.

Parish Finance Council Internal Audit Guidelines Outline

4021 The first step is to become familiar with the diocesan Parish Policy Handbook, Temporal Goods Section. Once this is accomplished, the outline below can be followed to review internal controls, financial recordings and activities both for parish records as well as for parish organizations.

4022 There are three levels of review that are being outlined. Dependant on the level of experience and accounting background on the council it is recommended that a parish finance council begin with the basic level and the increase their process to include all three levels.

I. Basic Level

Some on-going review procedures/oversight by designated finance council member(s)

- Monthly review of bank statement reconciliation
- Monthly review of financial statements/cross –checking to general ledger
- Quarterly review of payroll tax reporting forms and tax payments for timeliness and accuracy
- Annual review/assessment of internal controls
- A simple report to be generated, distributed to parishioners and retained with finance council minutes
II. Intermediate Level (includes “basic” level procedures)

- Establish an audit sub-committee within the finance council
- Determine schedule of programs/departments to be audited annually
- Document scope of work done, include findings and recommendations (retain with finance council minutes)
  - Audit questionnaire and outline of procedures are available upon request from Diocesan Internal Auditor
  - A simple report to be generated and distributed to parishioners

III. Advance Level (includes “basic and intermediate” level procedures)

- Program a comprehensive audit annually
- Document findings and recommendations
- Inform parishioners of work done

Copies of all reports are to be forwarded to the diocese for review and to be retained in the parish files. Guidelines for the basic and intermediate level reviews are posted on the diocesan website.

4023 High schools and consolidated school systems should have a professional audit completed every three (3) years by an outside firm or the diocesan internal auditor. A review (by an outside or internal source) should be completed in the other years. Copies of audit and review reports should be sent to the diocese (attn: Internal Auditor).

IV. Catholic Foundation

4024 The Roman Catholic Diocese of Toledo Foundation was established in the fall of 1988. Its mission is:

- To provide financial resources to support the Catholic Church’s work of education, formation, evangelization and social ministry

  - Education – provide scholarships, tuition assistance and grant opportunities for Catholic schools K-12
  - Evangelization – religious education and outreach to the faithful and those seeking the Gospel message
  - Formation – adult, youth and young adult faith formation, and seminarian, diaconate, and lay ministry recruitment, formation and support
  - Social Ministry – outreach of the Church in social justice, equal access, migrant and minority programs
The Catholic Foundation will provide for the future of these ministries by building a solid financial base with resources available to the Diocese and parishes through endowment and grant opportunities.

The Catholic Foundation

- Manages all development activities for the Diocese of Toledo
  - Manage Diocesan Annual Catholic Appeal (ACA)
  - Planned Giving/Major Donor
  - Parish/School support
    - Run Capital Campaigns
    - Offertory enhancement programs
    - Other consultation services as needed
    - Local Development staff/volunteers
    - CCMT Development Officer
    - Stock/gift transactions
- co-chairs the Diocesan Investment Committee that oversees and manages the relationships with the custodial firms and investment managers for all invested funds
- insures that all investors are provided prompt, accurate and timely reports on their investment accounts

Participation in the Catholic Foundation can be accomplished through a simple application available from their office in the Secretariat of Finance and Administration. A minimum of $5,000 is required to open an account. Inquiries and paperwork should be directed to the Foundation Office. Parishes, schools and agencies may set up multiple deposit accounts to meet the restrictions of donors.

Various investment diversification options are available: the Foundation Office and Board working with the Diocesan Investment Committee and outside consultants have established four investment pooling options based on the level of risk and return the parish and diocesan entities are seeking. All follow the USCCB Socially Responsible Investment Policies. Information is available by contacting the Foundation Office.

After the initial amount is deposited, additional deposits can be made in any amount at any time. Monies begin earning interest upon receipt. Account reports are sent quarterly. The Foundation is subject to an annual outside audit.

If a parish, school, cemetery, or other agency of the Diocese of Toledo maintains an investment account outside the Foundation it must be able to show evidence
that invested monies adhere to the USCCB Socially Responsible Investment Policies. Contact the Diocesan Finance Officer for more information

**Endowment Funds**

4031 Endowment funds are restricted as to purpose, generally with the principal not to be invaded. A charter, with specific by-laws establishes these restrictions. **All charters must have the approval of the Diocesan Bishop.** A Board of Trustees is required and is to be actively involved in the management of the funds. **The Trustees must meet at least annually and a current list of trustees is to be provided to the Bishop annually and whenever a change is made.** Further information is available by contacting the Foundation Office. Accounting procedures for endowment funds are detailed in the Parish Accounting Manual. If there is a manager for the parish or school endowment, that person is able to invest these monies in stocks or mutual funds. (Caution should be taken with mutual fund investment as it relates to socially responsible criteria).

**Diocesan Designated Collections**

4032 The United States Conference of Catholic Bishops establishes dates for diocesan designated collections annually. The diocese publishes a schedule of these collection dates each year. These collections provide funds for financing special outreach and activities of the church outside the diocese. The monies are to be forwarded to the Catholic Foundation Office within thirty (30) days of collection.

4033 There are 12 national collection that are required to be taken in every parish: Catholic Relief Services, Retired Fund For Religious, Campaign for Human Development, Peter’s Pence, Propagation of the Faith, Aid to the Church in Central and Eastern Europe, Holy Land, Catholic Home Mission, Church in Latin American; Black and Indian Missions, Catholic Communications, and Catholic University.

4034 There is one local collection to support the Diocesan Priest Retirement Fund, this collection is in October each year and can be used to offset the Priest Retirement Contribution.

**Diocesan Annual Catholic Appeal (ACA)**

4035 The ACA drive is the funding source of many diocesan sponsored ministries. It is conducted in the second quarter of the calendar year (fourth quarter of the fiscal year) (after Easter) in all parishes in the diocese and is overseen by the Foundation Office.
There should be no competing appeal for funds during the “Annual Catholic Appeal” (ACA) Campaign. Parish fund-raising projects are to be delayed until after July 1st and completed before February 1st of each year.
V. Accounting System

4037 Adherence to uniform procedures is necessary to provide accurate and consistent accounting. To this end, the diocesan accounting system for parishes and high schools has been developed. Strict compliance with this system is mandatory throughout the diocese. Standardization of accounting procedures improves efficiency of operations at both the parish and diocesan levels. It also helps to facilitate those times of transition of both accounting and administrative personnel.

4038 To support this uniform system of accounting for all parishes and Catholic schools, two manuals have been developed - Parish Accounting Manual (revised July 1998) for churches and elementary schools and High School Accounting Manual (revised July 2002).

4039 In addition to the requirements stated in the accounting manuals, parishes and diocesan agencies must also be in strict compliance with all the requirements, regulations and statutes of government agencies that pertain to parish operations/functions. These include, but are not limited to, federal, state and local payroll tax filings, gambling and liquor licensing, and employee hiring requirements. The diocesan Comptroller can provide specific information to the parishes as questions arise.

General Procedures

4040 The pastor/pastoral leader is to be a signer on all the financial accounts of the parish. At least one other signer should be authorized on the parish/school accounts for availability when the pastor/pastoral leader has to be away. Someone from the finance council would be a good candidate. No one who writes the checks, reconciles the bank accounts, or is involved with making accounting/bookkeeping entries is to be listed as a signer. All the accounts must be in the name of the parish. No parish monies are ever to be deposited into a personal account or maintained off the books in any circumstance. All funds deposited or held in the name of the parish or institution are exclusively the property of the church.

Church and school checking accounts, ledgers, and canceled checks (if canceled checks are still provided; most banks use electronic images for canceled checks) are parish property, and they must be preserved on site. It is strictly forbidden to remove them from the parish or destroy them.

4041 All receipts from all expenditures for whatever purpose must be entered in the parish ledgers and listed in the annual financial reports. It is strictly forbidden to remove them from the parish or destroy them.
Bank statements, canceled checks (if they are provided, see ¶4040) and paid invoices should be kept for seven (7) years. Payroll records and tax payment documents should be kept for at least four (4) years according to the Internal Revenue Service. Effective January 1, 2007 the State of Ohio wage and hour laws require that this information be kept a rolling six (6) years. General ledgers (computer systems) and receipts and disbursements journals (manual systems) are considered permanent records. Follow the Diocese of Toledo record retention documents available on their web site.

Penalties for failure to process payroll tax reporting and payments can be severe. It is recommended that parishes/ school use outside services for the processing of payroll and the completion and filing of tax returns and payment. If a parish/school receives a notice from IRS for failure to process these forms and payments in a timely manner, the parish/school is required to contract with an outside service for these functions.

In the event of a pastor/pastoral leader's death, checks on the parish checking account are to be signed by the priest duly appointed as administrator, but only after official letters of authorization have been received from the diocesan Bishop.

A Parish Profile and the Status Animarum are to be prepared by each parish after the end of the fiscal year (June 30th); this is part of the Annual Report, see ¶4006.

All checks payable at the Diocese should be written payable to "Diocese of Toledo." The specific item covered by the check is to be indicated in the memo field of the check and forwarded to the Catholic office building for diocesan obligations and collections.

Budgets

Budgeting is an essential tool in assessing the financial position of the parish throughout the year. Annual budgets for church and school are to be prepared. Input should be gathered from school and church personnel, committees, and councils, with final approval given by the pastor/pastoral leader, finance council, and submitted to the Diocesan Bishop by May 1st for approval. If the annual budget is not submitted by the deadline, the diocesan Comptroller should be contacted to formally request an extension.
Internal Controls

4048 Good internal controls provide for segregation of duties in the areas of record keeping, handling of cash, and reconciliation of accounts. Safeguarding of assets, both monetary and personnel is of primary importance. Losses of parish or school monies as a result of non-compliance with all applicable internal control policies will not be covered by insurance. With this in mind, the following topics highlight controls parishes should have in place.

Cash

4049 The key word in cash handling is togetherness. There must always be dual control over cash. This is from the time of receipt until the time of deposit. Dual control means two individuals who are not related. A husband and wife team of money counters, for example, is not acceptable without a third, unrelated person present.

4050 Tamper resistant bags should be used to secure the offertory collections at each Mass. The counting of all receipts is to be done on parish premises, in a secured area. Collections should be counted by rotating teams, appointed by the pastor/pastoral leader and at least two count teams should be used for each count. Team members should also be rotated periodically among the count teams. Detailed tally sheets of the deposits should be prepared by the counters, signed by them and retained in the parish financial files. Loose cash is to be counted separately and recorded as such on the tally sheets. Children should not be allowed in the counting area and employees who work with the accounting records should never be involved in the counting process.

4051 The total collection per the tally sheet should be compared to the total amount posted and the amount deposited and all deposit information should be maintained with the tally sheets. The pastor or pastoral leader should review the weekly tally sheets and initial/date the tally sheet to document this review. Annual statements of contributions should be made available to parishioners at calendar year-end or as requested. They should also be encouraged to use offering envelopes and make their contribution by check, not cash. Envelopes should be maintained at least through the end of the first quarter in the following calendar year.

4052 No surplus of cash is to be kept on the premises for more than 24 hours following the last collection of the weekend and/or holy day/holiday. The amount considered “surplus” will vary due to size of parish/school and might be a low as $500.00 to as much as $5,000.00 depending on size of budget and usual cash flow. The amount considered surplus should be established locally. If personnel are not available to prepare collection receipts for deposit on the day received, the monies should be taken to the bank for safekeeping (where available) and retrieved at a later date to be processed and deposited.
In the case of midweek receipts, if not deposited on the day received, they must be secured in a safe or locked cabinet. The combination to the safe or the cabinet keys should be restricted to authorized personnel only, as approved by the pastor/pastoral leader. All safe combinations are to be changed whenever there is a change in key personnel such as the pastor/pastoral leader or business manager. Bank deposits are to be made in a timely manner. If a courier service is available, consideration should be given to utilizing this option.

No monies may be removed, under any circumstance, from the parish for holding or processing at a private residence or other location. No individual should have the responsibility for safeguarding parish assets in his/her home or other location off parish premises.

Pre-numbered receipts should be given for cash received.

Bank Accounts

To safeguard parish assets, it is essential first to know where they are and who is controlling them. From time to time every parish is to contact the financial institutions with which it transacts business and request print-outs/listings of all accounts in the name of the parish or under the parish ID number. In smaller communities, it would also be advantageous to approach all the local banks, even though the parish has no knowledge of active accounts with them. This should be done at least every three to five years. The pastor/pastoral leader and finance council should then examine the lists of accounts. This examination should include identification of accounts, a review of their purpose, an evaluation of the need for the account, and determination to retain or eliminate the account. In general, we see consolidation and centralization as the goals to be attained.

For clarification, the parish/school ID number EIN can only be used with the parish/school's permission; such permission should only be given to organizations that are part of the parish/school and thus the responsibility of the parish/school. Organizations, such as Guild, Altar Society, Scout Troup, Men's group, and athletic groups) are to use the parish ID on all of their bank accounts. These records are the property of the parish and the funds are thus parish funds.

It is encouraged that all parish bank accounts be maintained by employees, preferably administrative or office personnel. Examples of bank accounts commonly kept by non-employee parishioners are bingo, cemetery, festival, and parish-affiliated organizations. Although individuals may serve as managers/coordinators in these areas, bank statements are not to be mailed to their homes.
Parishes often have other bank accounts for specific programs such as religious education, youth ministry, pre-school and extended day care. Separate bank accounts are not required for any of these programs, nor are they recommended. For parishes with smaller programs (and minimal activity), the transactions should be readily processed through the central parish checking account.

For those parishes with schools, it is expected to have a centralized accounting system, i.e. all school financial transactions processed through the general operations parish checking account. Separate bank accounts for school transactions are not permitted. As the parishes subsidize the schools, bookkeeping for the churches and schools is inter-related and financial transactions can be processed more efficiently using one bank account.

Separate bank accounts are required for cemetery and cafeteria transactions; however, parishes must have controls in place to review the activity in these accounts. Restricted monies, such as endowment funds, should also be held separately from operating funds. A separate bank account is required for Mass stipends, as indicated in the Parish Accounting Manual, Procedure 5.

A separate bank account is required for weekly/monthly bingo. Bingo sessions that are held related to a specific fundraising event (ie: festival) do not require separate bank accounts. It is recommended that this requirement be verified with the State each year.

All bank statements, including those of parish organizations, must be mailed to the parish office, and a copy of the reconciled statement maintained in the parish office.

All bank statements are to be opened and reviewed by someone other than the individual who maintains the account. The monthly reconciliation of the bank accounts, which should be clearly documented, is to be performed by someone who is not a signer on parish accounts or responsible for any bookkeeping functions and must be reviewed by a member of the finance council.

Parish organizations or other affiliated groups that have bank accounts using the parish EIN are to provide a detailed, annual financial statement to the pastor/pastoral leader. In addition, it is required that the parish business manager/bookkeeper and/or a finance council representative review their financial records annually.
Disbursements

4066 Elimination of unnecessary bank accounts greatly aids control over disbursements. Payment of all parish expenses (church and school) from a central checking account is recommended. Checks are to be signed by the pastor/pastoral leader or other individual who is not involved in bookkeeping / recording of transactions. Parishes may wish to consider requiring two signatures on each check – the pastor/pastoral leaders’ and a second individual. The use of a second signature is an internal control function as many banking institutions will not monitor this requirement.

4067 Use of a signature stamp for check signing is not permitted.

4068 Anyone who deposits the money, writes the checks or reconciles the bank accounts is not permitted to be a signer on the parish bank accounts.

4069 The bank statements should be opened and reviewed by the pastor/pastoral leader or a finance council member. This review is to be documented by initialing/dating each statement. The finance council should also open and review the statements if the pastor/pastoral leader signs the checks.

4070 No one individual should ever have total control over an account. This not only gives that person who might be inclined to misappropriate parish funds an opportunity to do so, but it also leaves an honest employee without a defense should his/her actions be questioned. As an employer, the parish can and must provide the proper separation of duties to secure the assets of the parish.

4071 Pre-numbered purchase orders, or a formal check request, should be used for all disbursements that do not have standing authorization for payment. Supporting documents (invoices, approved check requests) should be attached to checks and inspected by the check signer before signing. These supporting documents should be stamped “paid” to prevent the possibility of duplicate payment.

4072 Under no circumstances should blank checks (those with no payee) be signed and they should be stored in a secure location.

4073 Voided checks are to be retained and marked void.

4074 Payments in cash are not proper, except for minor disbursements from a petty cash fund. (A petty cash fund is considered an asset of the parish and is to be included on the books). Cash gifts to employees for Christmas or bonuses are not permitted. Employees must be paid by payroll check for these purposes and the gift and/or bonus amount must be included in the employee’s salary when preparing Form W-2. The pastor/pastoral leader and associate pastors are not eligible to receive any bonuses or gifts and should be excluded from the list of recipients. Checks written to “Cash” are not permitted under any circumstance.
Parishes may wish to consider credit cards as a convenience for certain purchases. This not only eliminates the need for reimbursements to employees, but it also provides a good documentation of expenses. Receipts for each transaction are to be turned into the bookkeeper or business manager in support of each charge with an explanation of the business purpose. Credit card statements alone are not considered sufficient documentation as support for associated charges. Credit cards should only be issued to personnel who have the appropriate authorization to approve expenditures. The cards should be issued under the parish/school EIN and each card should include the parish/school name in addition to the cardholder’s name. Parish or school credit cards shall be used for business use only and no personal expenses should be charged to the card whether or not the cardholder or the parish pays those charges. The credit card balance should be paid in full each month and the parish should not be responsible for payment of any penalties, fines, finance charges, and/or late fees. Cash advances on credit cards and use of a parish or school debit card are not permitted in any circumstance.

Records and Reports

The annual parish financial report to the diocese is to be signed not only by the pastor/pastoral leader and the report preparer, but also the members of the finance council, pastoral council president and school principal as applicable. Besides their signatures a printed list of their names, addresses and telephone numbers is to be provided. Their statement to the diocesan Bishop indicates that they have examined the report and believe it to be an accurate representation of the financial position and operations of the parish.

This declaration should be based on observation of factual data. Monthly financial statements should be prepared by the bookkeeper for the pastor/pastoral leaders’ review and presentation to the finance council. The monthly balance sheet, income statement, and list of all unpaid bills (current and prior months/years) should be given to the finance council for review at each meeting. This information should be sent out to the council members at least a week in advance of the meeting so they may review the documents and develop questions prior to the finance council meetings.

All parish finance councils should develop a program for conducting their own internal audits of parish financial operations. As the frequency of diocesan audits is limited, an ongoing review process at the parish level is essential to the oversight of parish financial operations. The diocese can provide assistance in initiating this procedure. See ¶4021 and ¶4022 in the Internal Auditing section for internal audit guidelines.
TRIP/SCRIP Programs

4079 Bank account: a separate bank account must be maintained for the Trip/Scrip program. No other funds are to be co-mingled with this bank account.

4080 Segregation of duties: ideally the receiving, processing, recording, and bank reconciliation function are completed by different individuals. Separate these duties between the available people as much as possible. There must be at least two volunteers running the program in order to comply with segregation of duties policies. One volunteer acting as the program coordinator and handling all aspects of the Trip/Scrip operations is not acceptable. The program is to be discontinued if compliance with all applicable internal control policies is not attainable.

4081 Financial Reports: credits are to be documented and reconciled to gross sales and cost of merchandise sold. Financial reports (in a format which tracks inventory, tuition credits, and expenses appropriately) are to be provided to the pastor/pastoral leader and principal on a monthly basis.

4082 Oversight: because of the volume of certificate sales, the parish finance council is to provide oversight for the operation of the TRIP/SCRIP program. A finance council member is to review income, expenditure documentation, any inventory of certificates on hand and bank statements, at least quarterly. This review is to be documented by initialing/dating the financial reports or by noting in the finance council meeting minutes.

4083 Many parishes with school have TRIP/SCRIP programs. Though direct income to the school may represent a small amount, in most cases total sales can be very large. Since the vendor certificates are similar to cash, certificates are to be safeguarded with great care.

4084 Volunteers: “The Internal Revenue Service has concluded that Scrip programs generate unrelated business income, unless they can qualify for the volunteer exception under section 513(a) (1) of the Code.” (Substantially all the work in carrying on the activity must be performed without compensation.) Thus, the program must be run by volunteers. Often, Home and School Associations or other parish organizations are responsible for these programs. It is not necessary for an organization to run the program, only to have volunteers in charge.

4085 Tuition credit: Tuition credit received by a scrip participant is considered a rebate and not includable in gross income. A written agreement should be implemented between the parish/school and program participants that indicate how the rebate is calculated and describes the participants’ options and elections for receiving the benefit of the rebate amount.
Inventory: Certificate sales involve very large sums of money, especially if the parish keeps an inventory on hand. When buying certificates for inventory, remember that the parish is working on a small profit margin. In other words, if the parish only makes 4% on certificate sales, it is relatively easy to invest more in inventory than the parish ever sees in profit. Inventory is to be maintained on parish/school ground in the safe or fireproof file cabinet.

Pre-paid Sales: The recommended procedure is to have individuals order certificates, pre-pay and then have the certificates provided to them. This involves collection of money, payment by wire (although other method of payments may be used) for purchases, and sorting of certificates to each individual family when the order comes in.

Order forms from individuals need to be accompanied by payment. On the order form it should be indicated if cash or check is used for payment. Payment by check rather than cash should be encouraged.

Deposits should follow normal procedures, such as restrictive endorsement of checks, initiating a deposit slip, reconciling the money collected from the order forms to the deposit total. Checks deposited should be photocopied and attached to the duplicate deposit slip.

Certificates need to be stored in a secure area, all inventory is to be stored on parish/school grounds in the safe or fireproof file cabinet, before they are disbursed to the individual purchasers.

The TRIP/SCRIP program has software available which records purchases by family, indicates discounts provided, and provides a list of purchased items for each week’s sales. It is recommended that this software or other software options be investigated and used.

The purchaser should be provided with a list of what they ordered and received (back orders and the date they were filled should be indicated), then sign a sheet that they have received their certificates.

Record Keeping: The SCRIP/TRIP program is unique because of the large flow of revenues. For this reason, certain safeguards are necessary:

A separate checking account is warranted to track all activity. The pastor/pastoral leader and the school principal are to be signers on the account. All bills should be paid at the parish/school office. Original invoices should be filed on parish/school premises. Copies can be used for inventory purpose by the volunteers.

Revenue should be counted on parish/school premises and the deposit taken to the bank by someone other than persons counting the money.
The bank account should be reconciled by the individual who reconciles the other parish bank accounts.

We recommend the volunteer in charge keep a record of the number of certificates on hand and the number of certificates sold each week. Financial reports to the pastor/pastoral leader and the principal should be provided on a monthly basis.

If certificates are sold after Masses, there may be several persons involved. These persons should keep a running inventory. They need an inventory sheet that tells them how many of each type of certificate they have. They should record how many certificates they handed on to the next seller. When the money and certificates are returned to the volunteer in charge, he/she should reconcile the starting inventory of certificates, money collected and the ending inventory of certificates. No one person should be alone with the money or certificates at any time.

Certificates should be kept in a manner that makes inventory easy. For instance, each type of certificate could be kept in a separate envelope. When a seller receives the certificates, he/she should then be able to count how many of each certificate he/she receives easily. Each new seller must count the certificates and cash he/she receives. This is essential to protect the certificate inventory and cash receipts.

It is advisable to have someone who is not involved in certificate sales to check the inventory periodically and sign that they agree with the inventory. Inventory should be reconciled to the sales by someone other than the program coordinator, such as a finance council member, or other volunteers that participate in program operations. This should be done at least twice a year.

An annual financial report, in a format acceptable to the diocese, needs to be forwarded to the Diocesan Finance Office along with the other parish financial reports.

On a monthly basis, the amount of tuition credit and net profit should be reconciled to the cash and the inventory on hand.

**Policy on Theft in the Workplace**

This details procedures to be followed when a theft is discovered or there is a suspicion that a theft either has occurred or is on going. Familiarity with and implementation of this policy will provide for a proper resolution of incidents of theft. It is also intended to assist you in the prevention of such theft.
Focus on Prevention

4104 Once you have identified the weaknesses in your parish operations, take appropriate corrective measures.

4105 You cannot control an individual’s personal circumstances or behavior; however, you can have internal controls in place that reduce/limit the possibility of theft. Efforts in this area yield the greatest return.

Red Flags

4106 Warning Signs from Records and Documents

- Records altered or missing
- Checks missing or issued out of sequence
- Excessive number of “voided” documents
- Bank deposit amounts that do not correspond with posted receipt amounts
- Documents not properly signed or countersigned
- Excessive use of substitute records because originals are “lost”
- Different figures on original and copies of the same document

4107 Warning Signs from Employee Activities

- Frequent errors due to “carelessness” or deliberate intent
- Frequent short-cuts in procedures to “expedite” procedures
- Coming in too early or staying too late for no good reason

4108 Warning Signs from Personal Behavior

- Has more money or spending more than earnings could support (buys expensive items - jewelry, car, house, boat -- has expensive hobby -- always picks up check at restaurants
- Unexplained mood swings or compulsive behaviors
- Unable to deal with pressure
- Over-reaction to daily routine changes
- Inordinate concern when others question work
- Double talk or inconsistencies when explaining discrepancies or “errors”
- Never takes time off or vacation
• Comes in during vacation or day off
• Chronic job frustration, low morale
• Suggestions of heavy personal debt

First Steps

4109 As soon as a theft is discovered or an irregularity is suspected, parishes must contact the Moderator of the Curia and Diocesan Finance Officer.
4110 To the extent known, a written record is to be made of what has occurred (when, where and how). Focus on factual data, being as specific as possible.

4111 Keep the matter confidential, discussing the situation with only those who have a clear need for the information.

4112 Maintain normal working conditions. Do not alter existing procedures as this may alert a suspected individual to your concerns regarding him/her.

4113 Take no actions against a suspected individual until a complete investigation has been conducted and evidence of wrongdoing has been obtained and appropriately documented. (In most egregious cases you can opt to suspend an employee without pay pending the outcome of an investigation).

Investigation

4114 Conducting an investigation is a delicate initiative, even in the most clear-cut cases. An important early decision is to determine who will conduct the investigation. The severity of the situation is a significant factor in this regard. The matter may be turned over to the police or handled internally. Legal counsel may be obtained in some instances. The decision to seek legal counsel is solely at the discretion of the diocese. In all cases, the Diocese will give guidance in the investigation process.

4115 A document outlining investigative procedure is available from the Diocesan Human Resources Director. It is highly recommended that you utilize a professional investigator to complete this process. You may contact the General Counsel of the Diocese for recommendations.

4116 In theft situations, investigations often begin with a “hunch” about the identity of the thief. Although such a hunch may prove correct, it can create a biased investigation with resultant legal problems. A slight suspicion calls for a more guarded approach than an outright appearance of wrongdoing. The goal of any investigation should be to have a complete, objective and accurate process. Remember, the decision to seek legal counsel is solely at the discretion of the diocese and in all cases, the diocese will give guidance in the investigation process.
To avoid bias, a theft investigation should begin with a broad focus. Rather than asking, “Who did this?” a theft investigation should begin by asking, “How this could have happened?” and “How do we prevent this from happening in the future?” By framing initial questions this way, we can ensure that investigations do not become focused on a particular individual until after evidence is obtained. When the investigation has been completed, if there is evidence that theft has occurred, the matter shall be reported to the appropriate law enforcement agency.

Examine Operational Procedures

- Who is authorized to sign checks?
- Who handles cash?
- Who makes bank deposits?
- Who opens bank statements?
- Who reconciles bank statements?
- Who posts to the ledger?
- Does too much control exist within one person or position?

Do not put the authority to initiate, approve, and reconcile an activity with one person.

- Who counts the weekend collection?
- Is counting done in a physically secured area?
- Are detailed collection reports prepared and signed by the counters?
- Are significant accumulations of cash deposited within 24 hours of receipt?
- Are receipts given for cash transactions?
- Is there a paper trail for transfers of cash between two individuals?

There should always be dual controls over cash.
Potential Liability

Because the integrity of employees is placed at issue in theft investigations, a haphazard or incomplete investigation can be the catalyst for defamation, negligence, invasion of privacy, and wrongful discharge litigation. For this reason it is important to consult an attorney before launching an investigation. Please remember that the involvement of an attorney is solely at the discretion of the diocese, and if an attorney is to be involved, the diocese will refer an attorney to the parish. Once begun, an investigation should proceed under the guidance of counsel. The diocesan Comptroller and Director of Human Resources are also available for assistance, and should be informed as to the progression of events.

Deciding Who Should Investigate

An important early decision is to determine who will conduct a theft investigation. The attorney can guide you in determining whether the investigation should be coordinated by parish personnel or with outside assistance, or a combination. If the theft is significant, police involvement should be contemplated at the outset. If the local police are willing to conduct the entire investigation, their involvement not only helps to minimize employer liability, but also demonstrates to employees that the employer is serious about workplace theft.

Because workplace theft is not a high priority for many police departments, employers often become frustrated and decide to handle employee theft investigations without police involvement.

Some employers may prefer to conduct their own investigations but they are often not trained to do so. If an employer decides to conduct its investigation, it must determine who the best person to coordinate the investigation is and what course the process should take. Generally, it is best to consult an attorney before moving ahead. The attorney can outline the parameters of the interviewing process, for example, spelling out which questions are appropriate and which are not.

Ideally, the person selected to conduct the investigation should be someone who can be fair and impartial, does not have interests that would prejudice the investigation, and has the appropriate experience and expertise.

Interviews

Interviews are critical to the quality and thoroughness of an investigation. Interviews should include people who might be witnesses, or who would have a reason to know about the actions of a suspect, even if it is second-hand knowledge. Effective steps to follow in conducting investigatory interviews are as follows:
- Conduct interviews only with people who would have a reason to know about the actions of an alleged suspect or incident.
- Conduct interviews in a private place under relaxed and non-intimidating circumstances as possible. Do not conduct group interviews.
- Explain that the purpose of the interview is to give the interviewee an opportunity to tell what he/she knows or to explain his/her actions and to provide a factual basis the employer may record.
- Question interviewees only for a reasonable period of time.
- Avoid any appearance or inference that an interviewee is not free to leave if he/she desires.
- Emphasize the confidentiality of the investigation to every interviewee. Both during and after the investigation.
- Divulge only what is necessary to each interviewee.
- Avoid accusatory questions and police-style interrogation techniques.
- Take accurate notes throughout the interview. Focus on factual data as much as possible, avoiding emotional responses and second-hand information.
- Make sure that the interviewee has had a fair opportunity to communicate his/her side of the story. Afterwards, you can thoroughly research any defense for credibility.
- Allow the interviewee, whether suspect or witness, to review any written statements and make changes to them. Request that the interviewee sign and date the written statement. The interviewee should initial changes to written statements.

Knowing how to ask questions is the heart of an effective interview. The following techniques will help:

- In advance, outline the situation, as you know it, and draft a preliminary list of questions.
- Talk first with those whom you believe have the most information.
- Start with “broad” questions and then use follow up questions as needed.
- Ask who, what, where, when and how.
- Ask questions that elicit relevant facts and the relating of events chronologically.
- Don’t “shape” the responses or put words into the interviewee’s mouth.
- Review your understanding of the information you are being told.
Before concluding an interview, ask for any other information or documentation that might be helpful and urge the interviewee to come back at any time with such additional information.

Confidentiality

4126 Investigations of theft involve serious allegations that can have a devastating impact on an employee’s career. Even an appearance of dishonesty can damage an employee in the eyes of co-workers and supervisors. To safeguard confidentiality in investigations, the following steps should be taken:

- Be sure that no suspect(s) is identified before the investigation begins.
- Stress the confidentiality of the investigation to every interviewee both during and after the investigation.
- Share results of an investigation with only those who have a clear need for that information.
- Store investigation file(s) in a secure place and guard who has access to the confidential information.

Documentation

4127 Successful investigations require effective documentation of interviews and other findings. Documentation must clearly indicate all interview testimony and other relevant information collected in the investigation process. Focus on factual data with as much proof as possible.

4128 To be useful documentation should be:

- objective
- factual
- specific
- contemporaneous with the event documented
- (record notes as you proceed)

Take Appropriate Action

4129 Take no actions against a suspected employee until a complete investigation has been conducted and evidence of wrongdoing has been obtained and appropriately documented. In most egregious cases, however, you can opt to suspend an employee without pay pending the outcome of an investigation.
Consult with the attorney to review all documents and testimony obtained in the investigation to make sure evidence is credible and reliable.

After analyzing the facts gathered from the investigation (in consultation with the attorney), the next step is to arrive at a conclusion based on the findings and to recommend corrective actions i.e.: termination, prosecution, etc.

**Federal Tax Exempt Status**

Under the IRS group ruling, Catholic churches listed in the Official Catholic Directory (Kenedy) are exempt from federal income tax. This is based on Section 501(c) (3) of the Internal Revenue Code. The IRS does not give each church a tax-exempt number. There is only a group ruling number, which is 0928.

If a vendor asks for the tax-exempt number, parishes should indicate that they are exempt because of their status as a church. If needed, a "Blanket Certificate of Exemption" form should be completed and provided to the vendor.

Do not use the parish Federal Employer Identification number (34-XXXXXX) to identify you as exempt from sales tax. This is not a tax-exempt number. Vendors who accept it as such are misinformed.

**State of Ohio Tax Exemption**

For parishes that purchase items for resale, there is a vendor number which must be obtained from the state. This is done so parishes do not pay sales tax when purchasing items for resale and then collecting and paying sales tax to the state after the sale.

Ohio Sales Tax on Sales or Services by Churches, Charities or Organizations Exempt from Federal Tax under IRC Section 501(c)(3)

- The State of Ohio provides a sales tax exemption for sales of services or items by churches, charities, or organizations exempt from federal taxation under Internal Revenue Code ("IRC") Section 501(c)(3). However, Ohio Revised Code Section 5739.02(B)(9) states that if the number of days on which such exempt sales are made exceeds six in any calendar year all subsequent sales will be subject to the tax.

- Ohio Revised Code Section 5739.17 requires that each vendor making retail sales must apply for and obtain a vendor's license from the county auditor of the county in which sales are to be made.
Generally, all sales by groups within a church or within an organization shall be considered to be sales of that church or that organization, except sales made by separate student clubs and other groups of students of a primary or secondary school, and sales made by a parent-teacher association, booster group, or similar organization that raises money to support or fund curricular or extracurricular activities of a primary or secondary school, shall not be considered to be sales of such, and sales by each club, group association, or organization shall not be included for purposes of the six-day limitation (Ohio Revised Code Section 5739.02(B)(9)).

Ohio Revised Code Section 5739.02(B)(9) and the six-day limitation also applies to sales of tangible personal property, including food and soft drinks, by a church, charity or organization exempt from federal tax under IRC Section 501(c)(3). Food sold for consumption off the premises of the seller is not taxable. Food sold for consumption in a building or area under the control of the seller is not sold for consumption off the premises of the seller and therefore is not exempt from tax. Important to note, food sold to students only in a cafeteria maintained in a private or parochial school is not taxable. As such, Ohio Revised Code Section 5739.02(B)(9) and the six-day limitation applies to sales of concessions at athletic events (i.e. Catholic Youth Organization events).
VI. PARISH REVENUES

4137 The ultimate source of support for the parish, school, institution or agency is the regular contributions of the people. Without the material support provided by the people, the church’s work will remain undone. Therefore, it is the obligation of every member of the church to contribute his/her just-share in proportion to his/her means.

Sunday Collections

4138 The primary source of funds in the parish is the Sunday collection. Other fundraising efforts are to be considered secondary or supplementary. Tithing and offertory enhancement programs are encouraged as representative of the ideal of sacrificial giving. Stewardship programs, based on annual pledges, are encouraged as another means of support of the mission of the church.

Fundraisers

4139 If the ideals of a just-share, and even sacrificial giving, do not provide sufficient revenue, additional fundraising efforts such as festivals, bingos, Monte Carlos, and socials are permissible; however, parishes should not rely on these functions in order to attain a balanced budget. All fundraisers must be approved in writing by the pastor in consultation with the parish finance council and school advisory boards. This approval must be documented using a standard form(s) or in the meeting minutes.

Societies / Organizations

4140 Revenues generated from the activities of parish societies/organizations are also available for the support of the parish. The use of these funds shall be at the discretion of the membership or officers of the society as provided in its constitution or by-laws, but shall be subject to the approval of the pastor/pastoral leader.

Capital Campaigns

4141 Capital Campaigns at the parish level shall be considered extraordinary and must have the prior written approval of the diocesan Bishop. Requests are to include the approval of finance and pastoral councils and specific procedures for the plan. Under no circumstances can parishes/institutions solicit funds from parishes or diocesan entities outside the Diocese of Toledo.
**Loans**

4142 The Diocesan Bishop must approve all loans. He must also sign all loan documents from a lending institution unless prior, written delegation is given for the pastor/pastoral leader from the Diocesan Bishop to sign the documents. No parish or institution in the Diocese of Toledo should loan money to another parish, institution or individual.

**Leasing of Ecclesiastical Goods**

4143 The valid leasing of ecclesiastical goods owned by a parish requires consent of the Diocesan Bishop when the market value of the goods to be leased exceeds $100,000 or the lease is to be for 1 year or longer.

**Donations of Stock**

4144 Donated stock is to be sold as soon as possible in ordinary circumstance. An example of an extraordinary circumstance is a restriction on sale placed by the donor. In all cases, if stock is not sold within thirty (30) days of receipt, approval of the diocesan Bishop is required for any time extension. Due to the paperwork regarding legal structure and signing authority it is strongly recommended that these transactions be processed at the diocese. The Foundation Office is available to assist parishes with the sale of stock.

4145 A memorandum noting the stock value at the time of donation is to be made in the financial records of the parish or institution. The cash entry is not to be made until the stock is actually sold.

**Wills and Bequests**

4146 The proper entity to receive a bequest is (name), Bishop of Toledo, or his successor. In the case of a general bequest, the document should state "without restrictions for the general purposes of the Catholic Church." For a designated bequest, the document should state "for the benefit of (Name of Parish, School, Agency, or Institution)."

4147 Bequests and donations for a restricted purpose must be used in exact accord with the directions of the donor or testator. Care should be exercised in the acceptance of restricted funds to avoid incurring an obligation, especially of a spiritual nature such as Masses, which might turn out to be impossible or extremely difficult to fulfill. Bequests and donations of property and building require due diligence for environmental issues. Inspections are to be done before considering acceptance of the gift. Also, potential use and ability to dispose of the property should be determined prior to acceptance. See ¶4178-¶4183.
Charitable Contributions

4148 Effective for payments made on or after January 1, 1994, a taxpayer may not take a charitable deduction under section 170 of the Internal Revenue Code for any contribution of $250 or more unless the taxpayer substantiates such contribution with a contemporaneous written acknowledgment from the charitable organization to which the donation was made. A canceled check will no longer constitute adequate substantiation for contributions of $250 or more. The responsibility is on the taxpayer who claims an itemized deduction for a contribution of $250 or more to request substantiation from the charity of their contribution (including a good faith estimate of the value of any good or service that has been provided to the donor in exchange for making the gift to the donee). If the donee organization provided no goods or services to the taxpayer in consideration of the taxpayer’s contribution, the written substantiation is required to include a statement to that effect. The substantiation need not contain the taxpayer’s social security number or taxpayer identification number.

4149 A charitable organization that receives a *quid pro quo* contribution in excess of $75 (meaning a payment exceeding $75 made partly as a contribution and partly in consideration for goods or services provided to the payer by the donee organization) is required to provide a written statement to the donor that:

4150 Informs the donor that the amount of the contribution that is deductible for Federal Income Tax purposes is limited to the excess of the amount of any money (and the value of any property other than money) contributed by the donor over the value of the goods or services provided by the organization, and

4151 Provides the donor with a good faith estimate of the value of goods or services furnished to the donor by the organization. A specific example would be if a charity receives a $100 contribution from a donor, in exchange for which the donor receives a dinner valued at $40, then the charity must inform the donor, in writing, that only $60 is deductible as a charitable contribution.

Bingo

4153 The revised statutes of the State of Ohio on charitable bingo became effective December 15, 1977. Compliance with State of Ohio charity bingo regulations is mandatory. Parishes or institutions, which operate a bingo game, are required to obtain a bingo license. Even if the bingo game is only at an annual festival, a license is required and those involved should be familiar with the statutes. A copy of the statutes and an information summary prepared by the Catholic Conference of Ohio is available from the Chancery on request. Detailed explanation of the bingo rules is included in the Diocese of Toledo Risk Management Manual.

(See section II. Accounting System, 5127, “Ohio Sales Tax on Sales or Services by Churches, Charities or Organizations Exempt from Federal Tax under IRC Section 501(c)(3).”)}
VII. PARISH EXPENDITURES

4154 In the administration of church property, the pastor/pastoral leader is the authorized agent of the diocesan Bishop, but does not possess the legal “power of attorney.” The pastor/pastoral leader, as the authorized agent, must confine himself/herself to the ordinary expenditures of the parish. The ordinary expenditures shall be understood to mean the normal care of the operation of the parish.

4155 All current expenditures must be paid within one month after presentation of statements. To defer payment on any current account due to a merchant for more than six months shall be regarded as prima facie evidence of grave neglect and be cause for censure.

4156 As a general rule, parish bills are to be paid by check. Such checks are to be signed by the pastor/pastoral leader or his designee. Use of a signature stamp for check signing is prohibited. Bills may also be paid by use of a credit card and a credit card statement processed with receipts; this could reduce number of checks issued if managed efficiently.

4157 The salary and household expenses for a priest who serves more than one canonical appointment shall be charged pro rata to each church as determined by the household count if the assignments are parishes. If one of the assignments is an administrative assignment/ministry at an institution, the expense should be split equally (50/50). Salary and benefits are to be managed at one site with the other location reimbursing that site its share.

4158 Housing and board expenses at the time of Forty Hours, Eucharistic devotions, or a mission are to be borne by the parish.

4159 All parish expenditures in excess of twenty thousand ($20,000) dollars or 1% of the parish’s annual budget (whichever is larger) shall be considered extraordinary and must have the prior written approval of the diocesan Bishop. Requests are to include recommendations from finance and pastoral councils and specific procedures for method and plan of payment. Diocesan policy requires that the parish be current on debts to the diocese, i.e. other loans, assessments, psi premiums, and any other obligation.

4160 Any extraordinary parish expenditures not having the approval of the diocesan Bishop are unlawful and become the legal liability of the pastor/pastoral leader and not the liability of the parish or the Diocesan Bishop.

4161 Personal expenditures of the pastor/pastoral leader are and remain such and do not under any circumstances become the obligation of the parish or the Diocesan Bishop.
The expenditures of one parish or mission church may not be assessed against another parish or the funds of one parish transferred to another.

A parish financial report shall be presented to the parish membership annually. At a minimum, the financial report to parishioners should include a balance sheet and income statement, to include all endowments or restricted funds, loans and other obligations to financial institutions, cash balances for parish-affiliated organizations, and any other financial data not included on the financial statements.

At the time of a change of administration within the parish, a certain reporting is required. The outgoing administrator must give a detailed accounting of the status of the parish to the incoming administrator thirty (30) days prior to the date of departure.
VIII. LAND AND BUILDINGS

Acquisition and Disposition of Real Estate

4165 Responsible stewardship of the real estate assets of the Diocese of Toledo requires that transactions involving real estate, including purchases, sales, exchanges and gifts, be conducted in a business-like and commercially reasonable manner. Risks are inherent in every such transaction, so it is important that appropriate safeguards be implemented to avoid costly and unexpected problems.

4166 These guidelines outline the procedures to be followed in the acquisition and disposition of real estate in the diocese with the goals of avoiding inappropriate acquisition or disposition of real estate; promoting uniformity and standardization in real estate transactions in the diocese; avoiding disputes and litigation; and minimizing risks associated with real estate ownership. Every real estate transaction is unique, so these guidelines are not intended to be exhaustive, but to serve as a checklist for insuring that considerations and issues that are important are not overlooked.

Pre-Closing Checklist

4167

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<thead>
<tr>
<th>Document / Action</th>
<th>Acquisition</th>
<th>Disposition</th>
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<tr>
<td>1) Approval of Bishop</td>
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<tr>
<td>2) Listing Agreement</td>
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<tr>
<td>3) Purchase Agreement</td>
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<td>X</td>
</tr>
<tr>
<td>4) Title Examination &amp; Insurance</td>
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<td>5) Survey</td>
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<td>9) Miscellaneous Due Diligence</td>
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<tr>
<td>10) Financing</td>
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</tbody>
</table>
Approval of Bishop

4168 Before engaging in any real estate transaction, and certainly before any documents affecting real estate (including any listing agreement with a real estate agent or broker) are signed, the pastor/pastoral leader must obtain the approval of the Diocesan Bishop. To obtain such approval, the pastor/pastoral leader should submit to the diocesan Bishop a written request to engage in the real estate transaction. The written request should include the following information regarding the property and the transaction:

- location;
- current use and, if the transaction involves the acquisition of property, the proposed use;
- reason for the acquisition or disposition;
- proposed terms;
- source of funding for acquisition;
- whether relevant parish committees have approved the acquisition or disposition;
- names of any real estate brokers, agents, attorneys, accountants or other consultants who will be involved on behalf of the parish or organization;
- any other relevant facts or circumstances.

4169 No pastor/pastoral leader should proceed with a real estate transaction until the diocesan Bishop has given his written approval. Even after such written approval is given, no legal documents should be executed until the diocesan attorneys have reviewed them. It is always preferable that the Bishop or his delegate signs all legal documents. When necessary, the Bishop will sign a Certificate of Authority authorizing the pastor/pastoral leader to sign.

Listing Agreement

4170 When acquiring real estate, no listing agreement, dual agency agreement, or other document to which a real estate broker or agent is a party should be signed without review by Diocesan attorneys.

4171 When disposing of real estate, if the property is to be listed for sale with a real estate broker or agent, it is advisable to have the Diocesan attorneys review any listing agreement. Despite the seemingly standard nature of these agreements, they can create an obligation to pay a commission even when a transaction does not close.
**Purchase Agreement**

4172 A purchase agreement should be signed in connection with every real estate transaction. Other than the deed, the purchase agreement is perhaps the most critical legal document executed in connection with any transaction because it describes the rights and obligations of the parties with respect to the issues described in these guidelines. Accordingly, no purchase agreement should be executed until diocesan attorneys have reviewed it, even though an attorney or real estate broker or agent working on behalf of the parish or organization may have drafted the purchase agreement.

4173 It is always preferable that the Bishop or his delegate signs all legal documents. When necessary, the Bishop will sign a Certificate of Authority authorizing the pastor/pastoral leader to sign.

**Title Examination and Insurance**

4174 A careful examination of title to any property being acquired or disposed of is imperative. The examination should be done by a title company or qualified attorney in the county where the property is located. The title company or examiner should provide copies with its report of all relevant documents and instruments affecting title.

4175 Title companies will not only examine a title, but will also issue an insurance policy, upon payment of a premium, which insures that the party acquiring the property gets good title. There are two basic types of title policies available: title guaranties and title insurance policies. Title guaranties provide assurance that the acquiring party has good title to the property based solely on the title company’s examination of the public record. No protection is offered against any party claiming an unrecorded interest in the property. Title insurance policies offer this protection at an additional cost.

4176 When acquiring property, a title insurance policy must be obtained. The seller should be required to pay all or a portion of this cost. When disposing of property, the parish or organization should pay for only a title guaranty. These obligations should be described in the purchase agreement.

**Survey**

4177 A survey should be obtained of every property to be acquired. The detail and quality of the survey that is necessary depends upon the nature of the property being acquired. Residential properties in developed subdivisions generally require less detailed surveys, while urban, rural and commercial properties require more detailed surveys. Whether the buyer or seller pays for the survey is subject to negotiation, but it is preferable to have the seller pay for it.
Inspections

4178 The physical condition of any property being acquired is obviously important. Accordingly, a qualified person should be engaged (except in unusual circumstances, the inspector should not be a maintenance or custodial person working for the parish or organization) to thoroughly inspect the physical condition of all improvements, including the roof, foundation, structural components, appliances, equipment and systems. Frequently, inspectors will also conduct tests for radon gas; this should be done in all residential structures. The inspector should provide a written report addressed to the diocesan Bishop and the parish or organization detailing the condition. The purchase agreement should expressly permit such an inspection and give the diocesan Bishop the right to terminate the agreement if the physical condition is not satisfactory in any respect. Ohio law requires that sellers of residential properties provide a disclosure form to buyers describing the condition of the property. When disposing of property, this disclosure form must be carefully and accurately completed. In most cases, the pastor/pastoral leader is the appropriate person to complete this form.

Environmental Assessment

4179 Any kind of environmental problem existing on a property can be extraordinarily expensive to remedy and is likely to be a source of dispute. Under-ground storage tanks (including home heating oil tanks), asbestos, radon gas, petroleum contamination, urea formaldehyde insulation and PCBs are common environmental concerns. The pastor/pastoral leader should therefore be particularly attentive to the potential for environmental problems in any transaction.

4180 When acquiring property, an environmental assessment prepared by a qualified environmental consultant should be obtained. Selection of the consultant and the scope of the environmental assessment present a number of issues that should be discussed with diocesan attorneys. An environmental assessment may not be warranted in the case of residential properties unless underground storage tanks, asbestos or urea formaldehyde insulation are suspected of being present or there are other bases for concern, but that determination should be made in consultation with diocesan attorneys. The environmental assessment should, to the extent possible, be coupled with appropriate representations, warranties and indemnities from the seller regarding the environmental condition of the properties. The extent of these representations, warranties and indemnities varies depending upon the circumstances and should be discussed with diocesan attorneys. The purchase agreement should describe in detail the rights of the diocesan Bishop to terminate the agreement as a result of any unsatisfactory environmental condition.
When disposing of property, the diocesan Bishop will not provide any representations, warranties or indemnities regarding its environmental condition except in extraordinary circumstances.

Regulatory Approvals

Church and church-related uses often require special regulatory approvals. Similarly, construction of improvements or renovation of existing improvements may result in the application of a number of laws and regulations that would otherwise be inapplicable. The pastor/pastoral leader should be attentive to whether there are any circumstances that suggest that careful examination of zoning laws, building codes, wetlands laws, land use laws (such as subdivision controls), laws relating to persons with disabilities, environmental laws, child and day-care laws or other laws is warranted. Any such circumstances should be brought to the attention of diocesan attorneys.

Miscellaneous Due Diligence

As with regulatory approvals, unique circumstances may require special investigations, tests or inquiries. For example, it may be appropriate to investigate soil conditions, access, utility availability, private restrictions or subdivision requirements. The pastor/pastoral leader should be attentive to these unique circumstances.

Financing

Any parish or organization that desires to finance the acquisition of real estate must obtain the diocesan Bishop’s approval.

The diocesan Bishop will not provide financing for purchasers of diocesan property except in unusual circumstances. Diocesan attorneys must draft all documents relating to financing provided by the diocesan Bishop. If a purchaser intends to finance the purchase of diocesan real estate other than through a conventional lender, the pastor/pastoral leader should make sure that there is a limit on the amount of financing costs that the Diocesan Bishop will pay.
Closing Checklist

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<table>
<thead>
<tr>
<th>Document / Action</th>
<th>Acquisition</th>
<th>Disposition</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Selection of Closing Agent</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>2) Authority</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>3) Deed</td>
<td>X</td>
<td>X</td>
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<tr>
<td>4) Tax Reports &amp; Forms</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>5) Miscellaneous Closing Documents</td>
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<td>X</td>
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<tr>
<td>6) Insurance</td>
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<td>X</td>
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<tr>
<td>7) Settlement Statement</td>
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</tr>
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</table>

Selection of a Closing Agent

4187 In most areas it is customary to close real estate transactions at the offices of the title company or the bank. These are the preferred closing locations because these institutions are uniquely suited to closing real estate transactions and making necessary filings. Alternatively, the closing may occur in an attorney’s office. Closings at the offices of a real estate broker or agent should generally be avoided.

Authority

4188 Only the diocesan Bishop or his delegate may sign the deed. The pastor/pastoral leader may sign other documents unless they contain undertakings or indemnification by the diocesan Bishop. The diocesan Bishop will provide a letter to the settlement agent upon request indicating what documents the pastor/pastoral leader has the authority to sign on behalf of the diocesan Bishop.
Deed

4189 For a variety of historical and legal reasons, legal title to real estate in the Diocese of Toledo is held in the name of the diocesan Bishop. All deeds or other instruments conveying any interest in real estate (including leases) should be to “Most Reverend N. N., Bishop of the Roman Catholic Diocese of Toledo in America” except in unusual circumstances; conversely, deeds and other instruments of conveyance should not be to the parish or organization. This is true even if property is donated or devised to the parish or organization. Except in unusual circumstances, any deed to the diocesan Bishop should be a “general warranty deed.” The diocesan Bishop will only convey title to real estate by a “limited warranty deed” or “quitclaim deed” because of his unique legal status. The purchase agreement should reflect these requirements. All original deeds must be sent to the CFO of the Diocese of Toledo.

Miscellaneous Closing Documents

4190 State and federal laws require or permit the delivery of certain documents in connection with real estate closings. Among these documents are disclosure statements, mechanic’s lien affidavits and truth-in-lending statements. The title company, the buyer’s lender or the buyer or seller themselves may request additional affidavits, certifications or other documents. Diocesan attorneys should review these documents before execution. The pastor/pastoral leader may sign these documents unless they contain an undertaking or indemnification by the diocesan Bishop, in which case the diocesan Bishop or his delegate should sign them.

Tax Reports and Forms

4191 The settlement agent is often required to file certain tax reports and forms. In residential transactions, the settlement agent must report the sale to the Internal Revenue Service. To do this the settlement agent will need the employer identification number for the Diocese of Toledo. This information can be provided to the pastor/pastoral leader before the closing. The settlement agent will also file a conveyance fee statement or an exemption statement with the county auditor. Since future real estate tax bills are based upon the information contained in these forms, it is important that they be filled out correctly. The pastor/pastoral leader may sign these documents in most cases.

4192 If a transaction involves a gift, the donor may request that the diocesan Bishop or his delegate sign an appropriate Internal Revenue Service form. This request should be referred to diocesan attorneys. Donors should be made aware of the fact that they are solely responsible for complying with relevant tax laws.
Insurance

4193 Before the closing, the pastor/pastoral leader should contact the diocese’s insurance advisors to let them know the date and time of the closing and other relevant information so that appropriate insurance coverage is in place.

Settlement Statement

4194 The settlement or closing statement sets forth the disbursement of funds in connection with the acquisition or disposition of the property, including prorating of taxes, assessments, rent, security deposits and other amounts that are or may be due and payable. It is important that this statement be accurate. Diocesan attorneys should review any such statement. The pastor/pastoral leader may sign the settlement statement in most cases.

Post-Closing Checklist

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<table>
<thead>
<tr>
<th>Document / Action</th>
<th>Acquisition</th>
<th>Disposition</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Deed</td>
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<td></td>
</tr>
<tr>
<td>2) Title Insurance</td>
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<td></td>
</tr>
<tr>
<td>3) Delivery to Archives</td>
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<td>X</td>
</tr>
<tr>
<td>4) Tax Exemption Application</td>
<td>X</td>
<td></td>
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</tbody>
</table>

4196 **Deed:** The recorded deed should be returned to the parish or organization after recording.

4197 **Title Insurance:** The title insurance policy should be delivered to the parish or organization within a few weeks after the closing.

4198 **Delivery to Archives:** The original deed, original title insurance policy and copies of all other documents relating to the transaction should be sent to the diocesan Finance Office for recording. The Finance Office will file the necessary documents with the diocesan archives for permanent storage.

4199 **Tax Exemption Application:** If appropriate, a tax exemption application should be filed for the property on or before December 31st of the year following acquisition.
**Construction, Repair, Remodeling of Church Property**

**Diocesan Policy for Expenditures of Parish/Institution Funds**

4200 The diocesan Bishop must approve all contracts or expenditures in excess of $20,000 or 1% of the parish’s annual budget (whichever is larger). The total cost of a project must be considered, even if it is to be completed in stages, with each stage costing less than $20,000.

4201 Builders Risk Insurance is required for projects that require the Bishops approval. This is part of the PSI program, the PSI office must be notified of all projects.

4202 A competitive bid process is to be engaged with all projects at this expense level.

4203 One-half of construction cost is to be on hand and the balance is to be on hand in valid pledges.

4204 A plan to amortize the balance in a reasonable amount of time, preferably five years, is required.

4205 Diocesan policy requires that the parish be current on debts to the diocese, i.e. other loans, assessments, psi premiums, head tax and any other obligation.

4206 The diocesan Bishop must approve the financing plan.

**Diocesan Consultative Commissions**

4207 The Diocesan Building Commission has responsibility to review all areas of architectural and structural design of plumbing, heating, air-conditioning and electrical systems.

4208 The Diocesan Project Review Board: The Bishop may forward the parishes/diocesan entity’s request to this committee for review.

4209 The Diocesan office of Worship has the responsibility to assist, review and recommend plans on liturgical matters to the Diocesan Bishop.

4210 Catholic Schools Secretariat should be consulted on school and classroom-related projects.

4211 Projects that require major funding/loans may be forwarded to the Diocesan Finance Council and College of Consultors for review and approval.
Procedures

4212 After consulting the parish pastoral council, parish finance council and assessing parish-wide support for the project, the pastor/pastoral leader must discuss the project with the diocesan Bishop. The Bishop may require that the project be reviewed by the Diocesan Project Review Board. *(If a church or worship space is involved, consultation with the Diocesan Office of Worship should occur.*) The pastor/pastoral leader may choose to have rough sketches and cost estimates prepared by an architect to aid in explaining the proposal. However, no commitments are to be made to the architect or to the project at this time. After this initial discussion, the diocesan Bishop will determine whether or not further steps in the planning will be permitted.

4213 The pastor/pastoral leader should also provide the diocesan Bishop with a written plan for financing the project.

4214 Once the diocesan Bishop grants permission for further planning, the pastor/pastoral leader must ordinarily engage the services of a registered architect. However, a parish may write to the Diocesan Building Commission noting special circumstances or limited scope of their project and petition for a waiver foregoing such services. The architect prepares preliminary plans and estimates for the project. *(If a church or worship space is involved, comments and recommendations should accompany preliminary plans.*) These are not to be final detailed plans and specifications. The purpose of these preliminary plans is to allow for an adequate review of the project and provide for necessary changes before the final plans and specifications are drawn up.

4215 The preliminary plans are sent to the Moderator of the Curia who arranges for their review by the Diocesan Building Commission. These plans are to be submitted two weeks prior to the commission meeting. The commission will request that the pastor/pastoral leader and the architect present the preliminary plans and offer details or explanations of features that are not clear from the preliminary plans.

4216 The diocesan Bishop, directly or through the Moderator of the Curia, will inform the pastor/pastoral leader of the commission’s recommendations and give appropriate directions. If the pastor/pastoral leader disagrees with the recommendations of the Diocesan Building Commission *(or the Diocesan Office of Worship and Liturgical Music)*, he/she is to offer his/her point of view in writing to the diocesan Bishop with a cover letter from the architect. Prior to that, he/she may choose to discuss the recommendations with the Diocesan Building Commission *(and the Diocesan Office of Worship)* to clarify and solve any differences of opinion.
Once the recommendations of the Diocesan Building Commission (and the Diocesan Office of Worship and Liturgical Music) have been accepted and any differences of opinion resolved and documented, the pastor/pastoral leader seeks in writing the diocesan Bishop’s permission to have final plans and specifications prepared. In the request, the pastor/pastoral leader should also indicate his/her response to the recommendations of the building commission (and the Diocesan Office of Worship and Liturgical Music). Once permission is granted, final plans and specifications are prepared. The pastor/pastoral leader sends a complete set to the Moderator of the Curia two weeks prior to the Commission’s meeting, who arranges for final review by the building commission (and the Diocesan Office of Worship and Liturgical Music).

If the commission (and in the case of a worship space, the Diocesan Office of Worship and Liturgical Music) has no further observations, the diocesan Bishop’s office will grant permission for the plans to be let out for competitive bidding. If either of the consultative bodies has further recommendations, the diocesan Bishop's office will offer appropriate directions. Once the differences of opinion have been resolved and documented, the pastor/pastoral leader seeks in writing the diocesan Bishop’s permission to let the plans out for bids. The bidders must be acceptable to the pastor/pastoral leader. The awarding of the contract must follow an acceptable and explainable process that justifies the award, not simply the lowest bid.

When the bids are in, the pastor/pastoral leader informs the diocesan Bishop in writing of the results and seeks his approval to award contracts and proceed with construction.

Any significant changes in construction plans, specifications, liturgical design, or financing plans subsequent to the final authorization of the project requires a review and approval by the diocesan Bishop’s office.

Within a period of six months to one year after completion of the project, the pastor/pastoral leader, with the cooperation of the parish council, is requested to prepare a short report for the Diocesan Building Commission on the completed project noting approval, satisfaction, commendation or disapproval, dissatisfaction, displeasure with architect or contractors along with any suggestions that might be helpful to other parishes.
## Project Check List

- Parish pastoral council approval
- Parish finance council approval
- Presentation to the diocesan Bishop [possible presentation to the Diocesan Project Review Board] including: project details and conceptual drawings, scope of the project, timing of the project, financial plan
- Response from the Bishop regarding the plan concept and permission to undergo a fund drive, if required
- Initial preliminary building plans presented to the Diocesan Building Commission
- Response from the diocesan Bishop regarding the preliminary plans and permission to complete the building drawings and specifications
- Final plans and specifications are presented to the Diocesan Building Commission [plans and specifications are to be sent to the Moderator of the Curia two (2) weeks in advance of the commission meeting]
- Response from the diocesan Bishop regarding the final plans and permission to let the plans out for bid
- Presentation to the diocesan Bishop regarding the success of the funding for the project and request to award contract and begin construction
- Response from the diocesan Bishop granting authorization to expend the funds for the project, award the contracts and begin construction
- Summary report to the Building Commission six (6) months after the project is completed
Building or Renovation of a Worship Space

Process for the building or renovation of a worship space Diocese of Toledo

4223 Building or renovating a church is much more than planning and designing a piece of architecture; it is also about renewing the community so that its church building will be a sign of its faith. It is about spiritual formation and growth in a faith that is informed and active.

4224 The Diocesan Office of Worship and Liturgical Music stands ready to assist the parishes of this local church in their process toward worthy and appropriate places of worship.

4225 The pastor/pastoral leader appoints a parish committee to formulate a rationale for the project and verify its feasibility. The parish committee dedicates itself to a period of study of the church’s documents concerning worship spaces:

- Constitution on the Sacred Liturgy: Art and Architecture General
- “Built of Living Stones” document
- Instruction of the Roman Missal: Chapter 5
- Diocesan policy
- Pastoral Introductions to the various rites celebrated in the space
- Dedication of a church and an altar

4226 The pastor/pastoral leader sends the project proposal to the Diocesan Bishop for permission to enter the Diocesan Process. If approved, a letter is sent to the pastor/pastoral leader and copies are sent along with the project proposal to the Diocesan Office of Worship and Liturgical Music and the Diocesan Building Commission. The parish may not proceed until this permission has been given.

4227 A member of the Diocesan Office of Worship and Liturgical Music will meet with the parish committee in order to review the diocesan statutes and become familiar with the scope of the project. This member will serve as a liaison between the Diocesan Office of Divine Worship, the Office of Liturgical Music, and the parish committee. The Diocesan Office of Worship and Liturgical Music serves the pastor/pastoral leader and parish committee providing suggestions and advice on design, professional resources, collective wisdom, and overall support.

4228 If the entire church will be renovated or a new church will be built, a liturgical design consultant must be hired. When renovating a particular part of the church or its furnishings, a liturgical design consultant may be hired. Consultation with the Diocesan Office of Divine Worship and the Office of Liturgical Music is required.
The liturgical design consultant and the parish committee facilitate the parish’s liturgical formation through various models e.g.:

- Bulletin inserts
- Classes
- Diocesan liturgical conferences
- Committee meetings
- Small group work
- Major parish wide meetings
- Listening sessions

From this information the liturgical design consultant and the parish committee develop a series of concept statements based on liturgical law and principles, the parish’s needs, and other assessments which surfaced during this process. These concept statements will guide the design phase of the project.

The pastor/pastoral leader sends the concept statements to the Diocesan Office of Divine Worship and the Office of Liturgical Music for review. Included should also be a summary of the formation process used in the parish community.

The Diocesan Office of Divine Worship and the Office of Liturgical Music will respond to the pastor/pastoral leader and parish committee with a written review of the concept statements affirming the work done and indicating any concerns that may be present.

The pastor/pastoral leader and parish committee interview architectural firms. They select the firm that demonstrates an ability to serve the parish committee in the design phase of the project.

The parish process continues with the liturgical design consultant, the architect, and the parish committee working collaboratively in the schematic design phase. The architect develops a site plan and provides initial schematic drawings.

When 10 percent of a schematic design has been completed, the pastor/pastoral leader contacts the Diocesan Office of Divine Worship and the Office of Liturgical Music and schedules an appearance before the committee.

The Diocesan Office of Divine Worship and the Office of Liturgical Music reviews the schematic design and a written response is prepared by the chair. The response will include the committee’s affirmation for the various aspects of the project as well as any areas of concern that the committee may wish to raise. This report is sent to the pastor/pastoral leader and a copy is also sent to the diocesan Bishop.
The pastor/pastoral leader shares the report from the Diocesan Office of Divine Worship and the Office of Liturgical Music with the parish committee, the liturgical design consultant, and the architect. With the help of the liturgical design consultant and the architect, the designs are refined and design development drawings are prepared.

When 75 percent of the design development drawings are prepared, the pastor/pastoral leader contacts the Diocesan Office of Divine Worship and the Office of Liturgical Music and schedules an appearance before the committee to present these plans. This presentation should also include initial ideas regarding furnishings and artwork and their placement in the space.

The Diocesan Office of Divine Worship and the Office of Liturgical Music reviews the design development drawings and initial furnishings/artwork plans and prepares a written report affirming the progress of the project and citing any concerns that may need to be addressed by the parish committee. This report is sent to the pastor/pastoral leader and a copy is also sent to the diocesan Bishop.

The liturgical design consultant and the architect assist the parish committee and the pastor/pastoral leader in final revisions of file plan including final designs for furnishings and artwork. When the final revisions have been completed, the pastor/pastoral leader contacts the Office of Divine Worship and the Office of Liturgical Music to schedule a final appearance before the committee.

The Diocesan Office of Divine Worship and the Office of Liturgical Music reviews the final designs/plans for the project and formulates a letter to the diocesan Bishop recommending that he accept, accept with reservation, or not accept the final plans and the rational for their recommendation. A copy of the committee’s recommendation to the diocesan Bishop is sent to the pastor/pastoral leader.

The diocesan Bishop officially responds in writing to the pastor/pastoral leader and parish committee stating his acceptance or non-acceptance of the plan.

Upon the diocesan Bishop’s approval of the plan, final construction documents are prepared.

The Diocesan Building Committee must review plans prior to opening them up for bid.

The diocesan Bishop gives permission for the pastor/pastoral leader to open the project for bids.

When successful bids have been secured, the diocesan Bishop gives approval to accept the bids and commence with the work.
Financial responsibility issues must be addressed. The Diocesan Policy for Expenditures of Parish/Institution Funds is as follows:

The diocesan Bishop must approve all contracts or purchases in excess of $20,000 or 1% of the parish’s annual budget (whichever is larger) (see Addendum “E”). The total cost of a project must be considered, even if it is to be completed in stages, with each stage costing less than $20,000.

Builders Risk Insurance is required for projects that require the Bishops approval. This is part of the PSI program, the PSI office must be notified of all projects.

A competitive bid process is to be engaged with all projects at this expense level.

One-half of construction cost is to be on hand and the balance is to be on hand in valid pledges.

A plan to amortize the balance in five years is required.

Diocesan policy requires that the parish be current on debts to the diocese, i.e. other loans, assessments, psi premiums, head tax and any other obligation.

The diocesan Bishop must approve financing plans and his permission sought for the expenditures of the project.
Project Proposal

a. Purpose

The project proposal is developed to assist the Diocesan Bishop, the Diocesan Art and Architecture Committee, and Diocesan Building Committee in uniformly understanding the vision and scope of the project and to help direct the project in a pastoral, timely, and effective manner.

b. Content

The project proposal should contain:

1. **Assessment**: A program statement of clear objectives and analysis of needs, as well as any early preliminary sketches.

2. **Land**: Master site plan, functional arrangement of proposed and existing buildings on the property (new construction).

3. **Cost**: Any early projected estimates of project cost, as well as funds on hand and estimates of the money which can be raised.

4. **Demographics**: Based on state, county, city, and school district statistics, including annual diocesan statistics (baptisms, weekend attendance counts, RCIA, etc.); Diocesan Pastoral Plan; Projected growth patterns.

c. Process

The process proposal should contain an initial plan for the parish process, an initial plan for parish liturgical education, and identified leadership for the project.
IX. PROTECTED SELF-INSURANCE PROGRAM (PSI)

Insert from Risk Management Manual

DIOCESE OF TOLEDO, OHIO
PROTECTED SELF-INSURANCE PROGRAM

FORWARD

4256 This manual gives an explanation of the program of Protected Self-Insurance for the Diocese of Toledo, Ohio instituted June 1, 1973. It also contains details about reporting losses and processing claims. IT SERVES AS YOUR INSURANCE SUMMARY AND INFORMATION SOURCE.

4257 Under the Protected Self-Insurance Program, costs resulting from any loss incurred are paid from the self-insurance fund set up by the diocese. Should there be a catastrophic loss provisions have been made by means of excess insurance which limits the diocesan risk. The program, therefore, furnishes both adequate coverage and security under the joint self-insurance retention program. No losses will be covered by the Protected Self-Insurance Program that occurred as a result of non-compliance with all applicable internal control policies as required by the Diocese of Toledo.

4258 This manual should be read and kept in a handy place for ready reference, particularly with regard to the procedures to be followed in reporting losses and possible claims. In all matters touching upon the insurance program, THE POINT OF CONTACT IS Joseph Spenthoff of the Protected Self-Insurance Program.

4259 It has been anticipated from the beginning that the institution of this program will result in control over the steady rise in premiums experienced in the past, while still benefiting from one of the most thorough and comprehensive insurance programs available.

WHAT IS PROTECTED SELF-INSURANCE?

4260 Protected Self-Insurance is a program to provide uniform property and liability coverage under one comprehensive plan for all parishes and agencies, which are a part of the Diocese of Toledo, Ohio. It is, therefore, a cooperative program with all parishes and agencies participating in the payment of premiums and claims.
The term “the Diocese of Toledo, Ohio” as used in this booklet includes all parishes, schools, diocesan institutions, cemeteries, and agencies comprising the Diocese of Toledo, Ohio, and held in trust capacity by the Bishop of Toledo, Ohio. The term “agency” includes parish organizations and parish sponsored events, but only in respect to operations by and/or on behalf of the named insured.

**WHO ADMINISTERS THE PROGRAM?**

The service agency performing all of the detailed work of this Protected Self-Insurance Program of the Diocese of Toledo, Ohio is:

Protected Self-Insurance Program  
P. O. Box 30  
Swanton, OH 43558

For any emergency or to report a loss or possible claim, telephone the above office immediately at: **419-826-5300 – 24 Hour Answering Service.**

**PROTECTED SELF-INSURANCE MEANS:**

Under this program the Diocese of Toledo, Ohio assumes responsibility for all claims. In effect, this means that every parish, institution, or agency is participating in the payment of claims through its premiums. Locations’ premiums will be retained to pay losses incurred, to purchase the necessary administrative service, and to provide the “protected” portion of the program to cover a catastrophic, or series of catastrophes.

Such a program requires an increased awareness of, and responsibility for, safety conditions, and for the prompt correction of improper, hazardous, or unsafe conditions. The benefits will be the continued well-being and safety of the people of the diocese, the protection of its property, and the overall cost control of the program.

The diocese, in order to achieve optimum safety conditions, provides loss prevention services to locations. Subsequent reports to parishes and other locations may indicate remedial measures necessary to maintain safety and security.

Payak Insurance Agency, Inc. provides the diocese with computerized information on losses and claims to assist it in monitoring the insurance program.
Volunteer Coverage and Guidelines

4268 The Diocese of Toledo maintains a comprehensive general liability insurance policy, which covers Diocesan entities, its pastors, administrators, employees and VOLUNTEERS for negligent actions covered under the policy, which result in injury to another person or persons. It is important to understand that there is no coverage for criminal or intentional acts. Likewise, there is no coverage for independent contractors, or any individuals affiliated with groups or organizations that are not specifically designated as an insured entity/location in the Diocesan Protected Self-Insurance Program (PSI). A volunteer is defined as a person who renders time or services directly to the named insured without any type of remuneration or financial compensation.

4269 Medical payments coverage is not included in the PSI program. There is no “volunteer accident insurance” program in effect. In addition, there is no workers compensation or disability insurance benefits available for an injured volunteer. The PSI program provides liability coverage to the volunteer while he/she is acting within the scope of their duties as a volunteer.

4270 The PSI program provides insurance for vehicles that are owned or long term leased to named insured locations. The automobile policy does not cover vehicles personally owned or leased to clergy, employees, or VOLUNTEERS. There is no coverage for damage sustained to a volunteer’s vehicle, due to an automobile accident while acting as a volunteer. In the state of Ohio, the insurance coverage of the owner of a vehicle is primary. Any volunteer using their own vehicle must be insured! For the protection of all concerned, every parish or institution must certify that automobile liability insurance exists for volunteer vehicles. Each location has been provided Volunteer Driver forms.

4271 The Protected Self-Insurance Program’s Directors and Officers liability insurance coverage does provide protection for an employee or VOLUNTEER while acting as an officer, director, board member, or trustee in the event that claims are brought against them because of wrongful acts, allegedly wrongful acts, or omissions made while acting in such a capacity.

HOW TO REPORT A LOSS:

4272 Report all losses, accidents, or potential claims at once to Joseph Spenthoff of Protected Self-Insurance Program by phone at 419-826-5300 as soon as possible; follow-up claim forms will be provided, if needed.

4273 PROPERTY LOSSES: Report the date and time of loss, nature of property damage, location of property and your estimate of loss. Take immediate action to prevent further damage to property.

4274 All losses involving burglary, robbery, theft or vandalism must be reported to the local police department and Protected Self-Insurance Program.
LIABILITY CLAIMS: Report the date and time of accident, property and/or persons involved, location and nature of accident, names of witnesses, estimate of damage or injury and your opinion as to the propriety of the possible claim.

In the event of notice of a lawsuit, e.g., subpoena, etc., the Chancery is to be notified immediately. All related papers and documents must be immediately forwarded to the Chancery with complete copies to Joseph Spenthoff at Protected Self-Insurance Program. The Chancery will then be in immediate contact with the Protected Self-Insurance Program.

WHILE COMPASSION AND CONCERN FOR AN INJURED PARTY SHOULD NEVER BE LACKING, IN OUR LITIGIOUS SOCIETY NO ADMISSION OF LIABILITY SHOULD BE MADE TO AN INJURED PARTY; ONLY ADVISE THAT THE INCIDENT WILL BE REPORTED TO THE DIOCESAN INSURANCE PROGRAM.

BOILER COVERAGE: Please report losses to Joseph Spenthoff immediately. Protected Self-Insurance Program will contact the boiler insurance adjusters so that the attention can be provided without undue delay.

HOW CLAIMS ARE PAID:

The Protected Self-Insurance Program will provide all claim processing services. In most cases, payment of a claim will be made directly to parishes and other locations by the Protected Self-Insurance Program where loss is suffered, otherwise directly to the person or persons involved. Information about settled claims is available from the insurance office at 419-826-5300.

SPECIAL FEATURES OF THE PROGRAM:

Protected Self-Insurance Program will provide for the Diocese of Toledo, Ohio the following:

- Loss adjustments – claim investigations/settlements – subrogation
- Maintenance of individual location files
- Certificates of insurance required by persons or firms providing services
- Risk inspections/safety surveys to selected locations annually
- All questions and assistance with regard to the Property and Casualty Insurance program should be directed to Joseph Spenthoff of Protected Self-Insurance Program.
**SPECIFIC COVERAGE THAT ARE PROVIDED:**

**PROPERTY COVERAGE**

4281 All property is held in trust by the Bishop of Toledo, and locations participating in the Protected Self-Insurance Program are covered. This includes buildings, their contents and equipment, fine arts, money and securities.

4282 Coverage is provided on a Replacement Cost basis. The cost of repairing or replacing a building and/or its contents at the time of loss determines the amount of recovery to be negotiated.

4283 A specified deductible applies to each property loss. The deductible is $250.

<table>
<thead>
<tr>
<th>Buildings</th>
<th>• All buildings are covered to their full replacement cost. Subject to specified deductible.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contents</td>
<td>• Contents are covered to their full replacement cost. (Please see coverage on personal property) Subject to specified deductible.</td>
</tr>
<tr>
<td>Burglary, Robbery &amp; Theft</td>
<td>• Subject to specified deductible. Full replacement cost protection on all property. Money and securities up to $1,000,000 for each occurrence at each location. The losses should be reported to Protected Self-Insurance Program and to local police authorities. Collections: All collections should be securely locked and deposited in a timely manner. Failure to do so increases the risks of burglary, robbery, and theft, and the possibility of personal injury. Failure to deposit monies in a bank within a 24-hour period following the last collection of the weekend and/or holy day/holiday results in increasing the deductible from $250 to 50% of the loss. This deductible provision applies to all fundraising events.</td>
</tr>
<tr>
<td>Glass</td>
<td>• All risk coverage is provided on all glass. Glass broken as a result of vandalism is covered on an occurrence basis. Losses cannot be accumulated over an extended period of time &amp; presented as single claim to offset the deductible.</td>
</tr>
<tr>
<td>Fine Arts</td>
<td>• Stained and art glass, statues, paintings, and other art objects are covered at replacement cost. The specified deductible applies.</td>
</tr>
</tbody>
</table>
| Sacred Vessels | • All sacred vessels, other than those privately owned, such as ciborium, monstrance, chalices, etc., are fully covered. Replacement of parish and institutionally owned items which contain precious metals such as sacred vessels, tabernacles, silverware, etc., will be limited to replacement with items that are contemporary and functional equivalents.  
Example: Gold tabernacles will be replaced with brass or other non-precious metals.  
When a contents loss is authorized for replacement, replacement must actually be made. REPLACEMENT COST WILL NOT BE PAID IF REPLACEMENT IS NOT MADE. The specified deductible applies. |
| Personal Property | • Coverage includes priests’, deacons’, and religious’ personal effects on and off insured premises up to $2,000. This coverage is supplementary to an individual’s personal renter’s or homeowner’s policy, which is necessary to have if personal effects exceed $2,000 in value. The diocese strongly recommends that every priest secure this additional coverage. (Note: There is no coverage for personal cash losses.) The specified deductible applies. |
| Flood Damage | • Protection includes flood, sewer backup, wind-driven rain, and overflow of streams or other bodies of water. A $10,000,000 annual aggregate limit applies to all locations. |
| Earthquake | • Losses resulting from earthquake, landslides, earth sinking, rising, shifting, or mine subsidence are covered except normal settling, shrinkage or normal expansion in foundations, walls, floors or ceilings. A $10,000,000 annual aggregate limit applies to all locations. |
| New Construction | • At the onset of all new construction, renovation and additions, purchase of a Builders' Risk Policy is required through the Diocesan PSI program, contact the PSI office.

**Coverage will not apply under The PSI program until the construction is completed and the building is occupied.**

Certificates of this Insurance, which will verify General Liability Coverage and Workers’ Compensation coverage, are to be filed by the contractor as specified in the Insurance section of this manual. These certificates shall be filed with the Diocesan Finance office prior to the start of construction.

Property of the contractor and their employees such as tools, equipment, sheds and machinery are not covered by The Builder’s Risk policy or the Protected PSI program.

Upon completion and occupancy of new construction, renovation and additions, Diocesan Insurance PSI coverage will apply. |

**LIABILITY COVERAGE**

**4285** All general liability is provided where the diocese, parishes, institutions, cemeteries and agencies included in the program are legally liable for personal injury, including property damage, to persons other than employees (or volunteers) of these participants.

**4286** Included are the following:

- Directors’ and Officers’ Liability [$10,000,000 limit shared by all locations]
- Events sponsored by church organizations such as bazaars, picnics or outings which are by or on behalf of the named insured
- Members of pastoral councils and finance councils and other individuals serving their parish and/or diocese in an agency capacity
- Contractual liability
- Personal injury
- Employees while acting within the scope of their employment. Any employee not acting within standard diocesan policy and practices will not be afforded
- coverage under the Protected Self-Insurance Program.
- Teachers’ Professional Liability [i.e., physical injuries sustained by a student as a result of actions performed by teachers in the performance of their duties, e.g., corporal punishment]
- Counseling activities [Professional Liability]
- Catholic Social Services [Professional Liability]
- Host liquor liability: Liquor liability is covered as defined by the state of Ohio statutes. This coverage applies only to diocesan sponsored events.
- School council errors and omission [Professional Liability]
- Watercraft liability [only for non-owned watercraft of less than 50 feet in length]
- Cemetery errors and omissions [Professional Liability]
- Volunteers – Individuals while acting within the scope of duties on behalf of or at the direction of the diocese.

**AUTOMOBILE COVERAGE**

4287  Automobile liability involving diocesan owned or leased vehicles are covered by this program where the diocese, parish, institution, cemetery, or agency is held legally liability for personal injury, including property damage, as a result of operating the vehicle.
<table>
<thead>
<tr>
<th>Medical Payments</th>
<th>No medical payments are provided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical Damage</td>
<td>Collision coverage is provided to vehicles if the vehicle is damaged in a collision with another vehicle or object. Passenger vehicles, trucks, vans and buses are subject to a $250 deductible.</td>
</tr>
<tr>
<td>Comprehensive</td>
<td>Coverage is provided on an actual cash value basis for all repair or replacement costs as a result of fire, theft, vandalism, hail, windstorm and explosion. Subject to $250 deductible.</td>
</tr>
<tr>
<td>Rented Vehicles</td>
<td>Rented vehicles of any type should be adequately insured by the renter to hold harmless the diocese from property/liability claims. Diocesan insurance is secondary. Coverage should be purchased from the lessor to waive physical damage deductibles.</td>
</tr>
<tr>
<td>Personal Auto Use</td>
<td>Personal autos should not be used for diocesan purposes unless adequately insured by the owner (minimum limits should be $100,000/$300,000 liability and $100,000 property damage). The liability coverage of the vehicle owner is primary. Diocesan coverage is secondary for liability only and will only provide protection for The Diocese of Toledo. No coverage will be provided for the individual vehicle owner for liability or physical damage.</td>
</tr>
</tbody>
</table>

**BOILER & MACHINERY**

4289 Properties with exposure to boilers or pressure vessels are included through specific insurance coverage. Coverage also includes central air-conditioning systems, refrigeration systems, combustion engines and hot water heating system piping. For boiler and pressure vessels, there is a specified deductible of $250 per occurrence. Routine maintenance costs are not covered by this insurance.

4290 Certified inspections required by law will be performed by the insurance company within the contract for this coverage. Report all claims to Joseph Spenthoff of Protected Self-Insurance Program.
FIDELITY

4291 Fidelity coverage is limited to $1,000,000 per occurrence for loss of money and securities due to the infidelity of employees and/or employer.

WORKERS’ COMPENSATION

4292 All liability incurred is under the state of Ohio Workers’ Compensation statutes. Coverage is based on law and all benefits are paid as prescribed by law. Any diocesan employee traveling out of the state of Ohio on a regular basis for the Diocese of Toledo, Ohio should complete an Ohio Worker’s Compensation form C-110, which is available on the BWC website. The employee signing this form agrees that Ohio Worker’s Compensation will be their sole remedy for any injuries sustained on business for the diocese, while outside of the state of Ohio.

WHAT IS NOT COVERED:

4293 The following items are not covered:

- Privately owned property of employees and other third parties
- Unexplained loss of money, securities or property
- Medical payments resulting from student accidents
- Property losses of a degenerative nature such as deterioration, corrosion, mechanical or electrical breakdowns and loss due to termites
- War risk and nuclear damage
- Personally owned vehicles
- Liability for accidents arising from the use of trampolines or dunking machines
- Asbestos or any asbestos related injury or damage
- Losses from detrimental effects of hazardous pollutants, etc.
- Any employee not acting within standard diocesan policy and practice
- Sexual misconduct
- Medical payments resulting from persons injured on diocesan property or as a result of diocesan activities where there is no liability.
- All deductibles as specified apply

A more detailed wording of the exclusions is on file at the Chancery.
SPECIAL SITUATIONS (OR EVENTS) TO BE CONSIDERED:

4294 CARNIVAL EQUIPMENT, RIDES, AMUSEMENTS, etc.: Any carnival equipment, etc. must be properly covered by insurance provided by their owner and/or operator. A certificate of insurance coverage must be obtained by the parish, school, institution or agency contracting for the service. Liability limits of $1,000,000 CSL, at a minimum, must be provided. The parish and/or agency, the Bishop and the Diocese of Toledo, Ohio must be named on the certificate as an additional insured.

4295 LOCAL DIOCESAN POLICY REGARDING ALCOHOL CONSUMPTION

- No alcohol is to be served to anyone less than 21 years of age, even with parental consent and supervision.
- When alcohol is served in a gaming area, no one under 21 years of age should be admitted to the area.

4296 CONSTRUCTION/RENOVATION PROJECTS: Individuals and/or firms contracted to work on diocesan property must provide Insurance Certificates showing current insurance coverage for liability and workers’ compensation. Liability limits of $1,000,000 CSL, at a minimum, must be provided. The agreement with contractors should also include a “hold harmless” agreement in favor of the parish or agency representing the Diocese of Toledo, Ohio and name the Bishop, the Diocese of Toledo, Ohio as an additional insured.

4297 Builders Risk Insurance is required for projects that require the Bishops approval. This is part of the PSI program, the PSI office must be notified of all projects.

All construction and renovation contracts must be reviewed by the Chancery and diocesan attorneys prior to execution.

4298 SERVICE CONTRACTS, e.g., CATERING, CLEANING, etc.: At the time of entering into a contract with any contractor, or for a contracted service such as food catering, etc., a certificate of insurance coverage must be obtained by the parish, school or institution or agency contracting for the service showing current insurance coverage for liability and workers’ compensation. Liability limits of $1,000,000 CSL, at a minimum, must be provided. In the agreement for all contracted services, a ‘hold harmless’ agreement in favor of the parish, school, or agency representing the Diocese of Toledo, Ohio and name the Bishop, the Diocese of Toledo, Ohio as an additional insured. All service contracts should be reviewed by the General Counsel of the Diocese, prior to execution of the contract.
CHURCH SPONSORED EVENTS (Mentioned here only to distinguish from non-sponsored events): The diocese and parishes are covered for church-sponsored events when parish or diocesan facilities are used for same.

SPECIAL EVENTS COVERAGE NON-SPONSORED EVENTS – OUTSIDE PERSON OR GROUP: The diocese should not be responsible for liability created by these events. Non-sponsored events are those which are not church-related and in which outside groups rent facilities for weddings, graduation parties, and other similar occasions.

Any individual or company using diocesan property for a non-sponsored event will need to enter into a lease agreement with the Diocese of Toledo, Ohio. This lease will specify the insurance requirements required. If the individual using diocesan property for non-sponsored events, is unable to secure the insurance requirements required by the lease the Diocese of Toledo has instituted a “Special Events Insurance Program.”

Special Events Insurance will not provide coverage if the individual leasing diocesan property is selling beer, wine, spirits, or other alcoholic beverages. If these items are being sold, the lessee must provide, according to the lease, a certificate of insurance, including liquor liability insurance.

The purpose of this insurance program is to protect the insurance fund of the diocese from lawsuits resulting from non-diocesan and non-parish/location-sponsored events.

If this “special events” coverage is not purchased by the outside group and there was a liability claim, the diocese would have to fund the first $150,000 of the loss for a non-diocesan related loss. The administration/coordination of this “special events” program is through the Chancery. All questions and requests for insurance forms for this coverage should be directed to the Protected Self-Insurance Program Office, P.O. Box 30, Swanton, OH 43558, 419-826-5300. Payment for this coverage is made payable to “The Diocese of Toledo” and forwarded to the Joseph Spenthalff.

The key term is “non-Diocesan sponsored.” All events that are sponsored by the diocese, parishes, schools, etc., are covered by the Protected Self Insurance Program of the diocese.

RENTED VEHICLES, e.g., BUSES, VANS, AUTOS, etc.: Rented vehicles of any type should be adequately insured by the renting parish, agency, etc. to hold harmless the diocese from property/liability claims. At rental time, insurance is usually offered and should be contracted, especially for short-term rentals (seven days or fewer) when additional insurance is required.
In all matters, information and help are as near and as convenient as your telephone (24 hours). Make full, frequent and supportive use of the expertise of the services provided. For any assistance, dial 419-826-5300, any hour of the day or night.

*See Diocesan Risk Management Manual*
X. PARISH FINANCE COUNCILS

4308 All parishes are required to have a functioning finance council.

Canon 532 of The Code of Canon Law: Defines the role of the pastor\(^1\) as the authoritative representative of the parish.

“The pastor represents the parish in all juridic affairs in accord with the norm of law; he is to see to it that the goods of the parish are administered in accord with the norms of canons 1281-1288.”

Canon 537 of The Code of Canon Law: Introduces the Parish Finance Council as a mandated body having an advisory and consultative role with the pastor.

“Each parish is to have a finance council which is regulated by universal law as well as by norms issued by the diocesan bishop; in this council the Christian faithful, selected according to the same norms, aid the pastor in the administration of parish goods with due regard for the prescription of canon 532.”

Particular Law for the Diocese of Toledo:

All parishes in the Diocese of Toledo must have a Parish Finance Council. The Parish Finance Council is an advisory group to the pastor and is governed by universal law and also by norms which the diocesan bishop issues. It is composed of members of the Christian faithful who are selected according to these diocesan norms. Its purpose is to assist the pastor in the administration of parochial goods. Nonetheless, in all juridic affairs, the pastor represents the parish and is to take care that parochial goods are administered according to the norms of canons 1281-1288. Canon 537 applies to the parish, the more general norms of canon 1280, which legislates that each juridical person is to have its own finance council or at least two counselors who assist the administrator of the juridic person. (Pastoral Policy Handbook of the Diocese of Toledo)

NAME AND PURPOSE

4309 The Parish Finance Council (hereinafter referred to as “Council”) is established pursuant to the requirements of Canon 537 of the 1983 Code of Canon Law for the Roman Catholic Church, and is subject to the provisions of Canon Law. The Council exists to assist the pastor in the administration of the goods of the parish. The Council is accountable to the pastor.

\(^1\) In the Diocese of Toledo, this includes Pastoral Leader
The Council is envisioned as a select group of parishioners known for their spiritual maturity and love of Christ and the Church, endowed with special competence in financial matters and of prudent judgment, who offer their time and talents in Christian service to assist the pastor with the development and management of the parish's financial resources so that the parish may effectively pursue its proper mission of spreading Christ's Gospel and love.

**DUTIES AND RESPONSIBILITIES**

4311 Assist in establishing timelines for development and implementation of the annual capital and operating budget for parish, school, parish organizations, and cemetery(s). The pastor is responsible for the actual coordination/preparation of all parish budgets, but is to seek the advice of the Parish Finance Council. The Pastor is to elicit the assistance of the parish business manager and/or bookkeeper to prepare the parish budget.

4312 Parish organizations include those with bank accounts and all those in the general operating budget (i.e. Men’s Club, Women’s Club, Altar Society, Bingo, Scrip, Boosters, etc.). Each organization should present its plans and a summary of expected cash receipts and disbursements to the Council during the budget cycle. All are an integral part of parish life and provide services to parishioners and/or general operations/special funding.

4313 Determine if the parish and school budgets are prepared in accordance with the chart of accounts and reporting formats required by the Diocese.

4314 Review the proposed annual parish, school, and organizations’ capital and operating budgets; and, make recommendations to the Pastor for changes as appropriate.

4315 In cooperation with the other Parish Finance Councils in a cluster, assist in determining common costs, and an equitable formula for sharing in the costs.

**FINANCIAL RECORDS AND REPORTING**

4316 Review financial statements, including annual reports, to help determine that Diocesan policies regarding fiscal and accounting procedures are being followed.

4317 Review monthly and/or quarterly income and expense reports for the parish and school. Whenever possible, compare actual results to budget and prior year numbers. All significant variances should be explained with particular attention given to expenditures not included in the capital or operating budget. The Council should recommend budget amendments to bring revenues and expenditures into balance or propose a plan to correct the problem(s).
4318 Assist with recording detailed inventory of assets annually and update the inventory prepared in accordance with Canon 1283, 2.

4319 Review the annual financial report, prior to submission to the Diocese, to help determine the accuracy and completeness; ensure that it is submitted by the prescribed due date.

4320 Review, at least annually, the financial statements and verify the cash balances of all parish organizations with cash accounts. Make sure all accounts for the parish and for each parish organization are included on the annual financial report.

4321 Cemetery perpetual care and operating monies must be properly accounted for and cannot be used for any other purpose. Written permission of the Bishop is required for use of earnings other than for the specific cemetery.

4322 Other parish organizations, at the end of their fiscal year, are to donate to the parish all monies on hand in excess of $5,000 to be used for parish purposes only, giving consideration to the wishes of the members of the parish organization.

4323 Assist in preparing/presenting/communicating an annual financial report (Balance Sheet and Statement of Activity/Cashflow) to all parishioners. Specific information should be included on the parish, school, parish organizations, and cemetery(s).

4324 Monitor accuracy and timeliness of payments for all parish bills and/or obligations.

4325 Monitor parish contribution trends by studying sources of parish revenue: make recommendations for maintaining and enhancing parish revenue, assist in the development of programs and processes to that end, and coordinate fundraising programs.

4326 Oversee and review fundraising programs and expenditures for the parish, school, affiliated groups/organizations, and cemetery(s).

4327 In conjunction with the Parish Pastoral Council, educate parishioners with regards to stewardship, and consider periodic increased stewardship programs.

STRATEGIC PLANNING

4328 Assist the pastor in developing a long-term parish capital improvement plan, including implementation and funding sources.
Assist the pastor in developing a program for the care and maintenance of all parish facilities.

Assist in the development and maintenance of position descriptions for the parish business manager/bookkeeper and other staff/personnel engaged in the management, operation or administration of the parish. Consultation with the Diocesan Human Resource Coordinator is encouraged.

Serve as a resource to advise the pastor on significant expenditures before making a purchase or lease commitment.

Assist the pastor in soliciting assistance and/or information from the Diocesan Finance Officer and members of the Finance Office staff as appropriate.

**INTERNAL CONTROLS**

Assist in developing a system of internal controls in accordance with Diocesan policy.

Review/audit the financial reports for parish general operations, school and other organizations with bank accounts to determine that proper accounting practices and internal control procedures have been implemented and are being followed.

When a change of pastor or parish administrator occurs, assist with providing a complete report of the parish’s financial condition and inventory of parish assets for the new Pastor or Administrator (in accordance with Canon 1283, 2).

**OTHER CONSIDERATIONS**

Follow established Diocesan guidelines and participate in Diocesan training sessions and/or workshops.

Ascertain that all employees have been offered the opportunity to participate with the Diocesan coordinated retirement program, and that all employees meeting eligibility receive the employer (parish or entity) contribution of four percent (4%) and the required employee contribution (2%) to the Diocesan coordinated retirement program, to ensure participation in all appropriate benefits and guarantee compliance with tax and employee benefit laws.

Review all parish, school, parish organizations, and cemetery(s) banking and financial institution arrangements, including signature cards (pastor must be one of the signatures on all accounts), bookkeeping and record keeping procedures, capital expenditures, and contracts of a fiscal nature subject to Diocesan regulations. Make recommendations for improvement or changes to align practices with Diocesan Statutes, Regulations or Policies.
Members of the Council must be given complete access to all records and documents relating to financial status and operations of the parish.

**MEMBERSHIP AND OFFICERS**

Membership should be drawn from the parish community and reflect its diversity.

Members of the parish Finance Council should be chosen based on demonstrable skills or expertise in management and/or finance. Skill sets to consider include business, law, accounting, and communications. Additionally, persons with professional knowledge and experience in engineering, construction, maintenance, and purchasing could also make a significant contribution and should be recruited when available. Expertise can vary widely and include a business executive, accountant, lawyer, and small business owner (any business, even a small neighborhood business). The unique talents within the parish community should be sought. A parish Time, Talent, and Treasure survey may be helpful in identifying parishioners having the desired skills.

Members are to be appointed by the pastor.

An appointed member, who misses two regularly scheduled Council meetings in any given year, without giving prior notice to the pastor or Chairperson, shall be removed from membership.

Membership should consist of no less than three members.

A quorum shall consist of the majority of members.

It is recommended that the Parish Finance Council have an odd number of members and that, except for unusual circumstances, membership be capped at no more than nine voting members.

Members are to be:

- Parishioners of the parish in good standing and are reflective of the membership of the parish.
- Committed to the pastoral mission of the parish.
- Preferably those with knowledge in business administration, accounting, or civil law.
- Individuals with no family relationship to the pastor, to other parish or school employees, or to other finance council members by blood or by marriage.
- Individuals with no conflict of interest with the functions of the council (e.g., someone who transacts business with the parish or who would derive any personal benefit from recommendations made by the council).
Members may freely resign from the council at any time by informing the pastor.

The Parochial Vicar(s) should be present at all meetings.

The parish bookkeeper/business manager is to attend all council meetings to serve as a resource. However, he or she cannot be a voting member of the council.

Guests, such as other parish staff members, parishioners, or consultants may attend meetings of the council at the invitation or consent of the pastor but cannot vote.

**OFFICERS**

Officers of the Parish Finance Council shall be a Chairperson, Vice-Chairperson, and Secretary.

The pastor shall appoint the Chairperson after the members have gone through a period of discernment.

The Chairperson will be responsible for preparing the meeting agenda and any other duties so assigned by the pastor.

The Vice-Chairperson, in the absence of the Chairperson, assists the pastor, who presides at all meetings and performs any other duties assigned by the Chairperson or the pastor.

The Secretary is responsible for recording and distribution of Council meeting minutes, notifying members of upcoming meetings, maintaining a permanent record of business conducted by the Council, and each member’s tenure.

**CONFLICTS OF INTEREST**

Parish Finance Council members owe the parish a duty of loyalty. The duty of loyalty requires a Parish Finance Council member to act in the interest of the parish rather than in the personal interest of the member or some other person or organization. In particular, the duty of loyalty requires a Parish Finance Council member to avoid conflicts of interest that are detrimental to the parish.

Any person who may have a conflict of interest in view of other services, either paid or unpaid, rendered to the parish by the Parish Finance Council member, the member’s family or the member’s business is ineligible to serve as a member of the Parish Finance Council.
On an annual basis the Parish Finance Council members should disclose in writing any known financial interest that the individual, or a member of the individual’s family, has in any business entity that transacts business with the parish. See paragraphs 4369 and 4370 in the Temporal Good Section of the Pastoral Policy Handbook.

Members of the Parish Finance Council may serve in other volunteer service roles in the parish such as other committees or boards if, in the judgment of the pastor, such dual service will not create conflict of interest situations.

**PARISH EMPLOYEES**

Parish employees are not members of the Parish Finance Council; they are staff and support the Parish Finance Council. Parish employees should be available to answer questions regarding parish programs, accounting, financial reporting, and internal controls. The Finance Council should be provided relevant and timely information including financial reports (balance sheet, income statement, budget to actual comparisons, a list of outstanding accounts payables, loan balance payments and interest payments, investment of surplus funds, and status of fundraising drives) to review.

The parish Business Manager should attend meetings in a consultative, non-voting capacity. Likewise, when parish buildings and grounds are to be discussed, inviting staff responsible for these areas can enhance the discussion.

**TERMS**

Members are to be appointed by the pastor for fixed terms to be determined at the local level, either three (3) or five (5) year terms, and may be reappointed for one additional term or terminated in this role by the pastor at the pastor’s sole discretion. The terms are to be staggered for continuity of service and no disruption to the function of the Finance Council.

When there is a pastor change the council ceases to exist, the pastor is to review the current membership and within the first 90 days, inquire regarding their interest to continue and determine if the council should be reappointed in its entirety, an new council should be appointed or a combination of these two options.

If a pastorate becomes vacant, it is recommended that the Parish Finance Council remain in place to assist the administrator and to provide continuity in a transition. Once a pastor is appointed, refer to item 2 above.
POTENTIAL SUBCOMMITTEES

4366 Budget Subcommittee:

- To assist the pastor in the preparation, presentation, and review of an annual budget for both operating and capital expenditures based upon the goals and objectives determined by the Parish Pastoral Council. This approved budget should be published and made available to parishioners.

- To assist other programs and ministries in preparing and submitting their annual budgets to the parish.

- To study parish revenue and make recommendations to the Parish Pastoral Council for maintaining and increasing revenues in order to meet parish objectives and priorities.

- To periodically (e.g. monthly or quarterly) review income and expenditures and make recommendations as necessary to see that expenses are within set limits. Monitor parish contribution trends.

- To work with the elementary school and the religious education program regarding the budget, review internal controls of the business office, and prepare recommendations regarding subsidy approval. The same applies if supporting a regional school, consolidated school or unified and may involve communication with other Parish Finance Councils or with a School Finance Council.

- To review cost-cutting measures when necessary.

4367 Facilities/Maintenance Subcommittee:

- Advise the pastor regarding the results of quarterly or semi-annual inspection of all parish facilities.

- Recommend repairs or replacements based on priorities established by these inspections.

- Develop a detailed inventory of all parish assets in accordance with Canon 1283.2 and update the inventory on an annual basis.

- Assist in the development of guidelines concerning use of parish facilities.

- Assist in the development of parish energy conservation programs.
Develop teams of parishioners who will donate time and talents for parish maintenance tasks, taking note of the extent to which such work is allowed to be performed by volunteers under the guidelines of the diocesan risk management and insurance programs.

Review the parish’s risk management and loss prevention reports in order to insure corrective action is taken where necessary.

Ensure that the safety and security of the parish campus is addressed and reviewed regularly.

4368 Internal Audit Subcommittee:

- A subcommittee of the Parish Finance Council consisting of parishioners with the background and knowledge to perform the internal review process.

- To review periodic financial audits of the parish performed by an independent or diocesan auditor and advise on how to address and correct identified weaknesses. Assist in communicating results of audits to parishioners.

- Conduct self-administered audits of internal controls and procedures on at least an annual basis. Particularly focus on areas involving cash receipts and any disbursements. Review procedures used for gathering, counting and recording Sunday collections and tuition and control of bank accounts. Confirm duties are adequately segregated. Share findings with appropriate parish and diocesan personnel.

- Guidelines for the internal review are on the diocesan website under Finance and Administration. These guidelines are general questions and basic procedures to be used to assist in developing and implementing a more comprehensive approach in the review process, tailoring it to the parish’s unique situation and circumstances.

- A detailed report of the committee’s findings and recommendations is to be prepared and submitted to parish leadership and the diocesan comptroller for review and keeping with the parish file.

**FINANCE COUNCIL MEETINGS**

4369 In striving for openness and accountability in its practices, detailed meeting minutes summarizing the items discussed and the decisions reached should be recorded. Prepared agendas, distributed in advance, will keep meetings focused.
Meeting times and dates should be predictable, such as a day and week of each month. An annual calendar of the meeting dates should be established at the first meeting each year. Since the purpose of the Parish Finance Council is to provide advice and support to the pastor, the pastor must be present at the Parish Finance Council meetings. Additional meetings may be scheduled with a minimum of three (3) days notice if needed.

Meeting agendas are to be prepared in advance of the meeting by consultation between the pastor and Parish Finance Council Chair. The agenda should list the major items for discussion. Information is to be provided at least a week in advance to members to aid in their preparation.

Minutes should be recorded by the Parish Finance Council Secretary and signed then archived as part of the parish permanent record.

Members should maintain confidentiality on those matters designated as confidential. Materials such as agendas, meeting minutes, and review materials should not be disclosed to others if designated as confidential. Parish Finance Council meetings are typically not open to the parish community. Reports to the community will be shared once decisions are finalized. Communication with the parish should also occur at the onset of studying an issue to solicit needs and concerns, gifts and resources of the parish community. The primary purpose of the Parish Finance Council is to provide open and honest advice to the pastor, if the meetings occurred in a public forum, the discussion may be too limited. The Finance Council should advise the pastor on the best ways to keep the parish informed and involved in key issues and decisions facing the parish. See addendum B Temporal Good Section Pastoral Policy Handbook.

The parish should retain meeting minutes, agendas, handouts, reports, and materials reviewed during the meeting for future reference by either internal or external parties.

VOTING

Consultative voting may be necessary for the pastor to get the sense of the council. If the advice of the voting members of the Council is unanimous on a given matter, the pastor will give serious consideration to the recommendation and not lightly reject it.

Although the pastor is not obliged to follow the recommendations of the Council, the pastor should not act against such advice, unless there is an overriding reason, and then he should clearly communicate and document the reason.
RELATIONSHIP TO OTHER COUNCILS

4377 Since the Parish Finance Council relates to the administrative responsibilities of the pastor, it should not be a part of the Parish Pastoral Council structure. However a member of the Parish Finance Council may serve as an ex-officio member of the Parish Pastoral Council. Communication between the two councils is essential to share information regarding the parish finances in order to implement the pastoral plans and priorities.

4378 Although there is no formal reporting process between the Parish Finance Council and other parish groups/councils, the Finance Council should interact with parish groups/councils to study, create, and revise plans for the effective management and use of parish resources.
XI. PARISH ORGANIZATIONS

4379 If the organization requires a separate bank account, the accounts of the parish organization is to use the same Federal Employer Identification Number (34-xxxxxxx) as the parish with which they are associated. The pastor/pastoral leader must be a signer on all parish organization accounts. Parish organizations, to include school organizations that maintain a separate bank account using the parish EIN, are not to seek out their own tax I.D to avoid oversight by the parish or school or for other purposes. If this occurs, they are no longer affiliated with the parish and/or school are not to use the parish EIN or name and are not to be included as a parish-affiliated organization. Monies received would then no longer be treated as a charitable contribution. Although these accounts are parish assets, and all income and expense transactions are to be included on the parish ledgers, account balances for these organizations should not be included on the financial statements. However, they are to be included on Schedule D of the annual financial report submitted to the Diocese.

4380 Funds generated in the name of an organization are to be used for the parish by the respective organization at the direction of the pastor/pastoral leader. Each affiliated organization must adhere to the same policies (diocesan, parish, school, local, state, and federal) and guidelines as does the parish. If the organization is found to not be in compliance with internal control requirements, it will not be permitted to continue operations unless it corrects all deficiencies in a timely manner. There must always be dual controls over cash and no cash or cash equivalents (ie: scrip certificates) are permitted to be taken to a personal residence for any period of time.

4381 Purchases for the parish may be paid directly from the organization account or the monies may be given as a gift to the parish for a designated expense. In either case, these transactions must be included in the parish ledgers as income and expense.

4382 Parish organizations or other affiliated groups that have bank accounts are to provide an annual financial statement to the pastor/pastoral leader (see Addendum “H”). In addition to this requirement, the parish business manager/bookkeeper and a finance council representative are to review each organization’s books on an annual basis. The bank account statement is to be mailed to the parish and opened and reviewed by someone other than a person who is a signer on the account, such as the business manager or a member of the parish finance council. A copy of the monthly bank statement and reconciliation are to be maintained in the parish office.
4383 Parish organizations shall not retain in their own treasury an amount in excess of $5,000 (see Addendum “H”) at the end of the fiscal year (June 30th). If the balance does exceed $5,000 at year-end, the excess funds are to be transferred to the parish using the appropriate account(s). Organizations may retain a balance in excess of $5,000 only if it is clearly indicated on the diocesan annual financial report that those funds are earmarked for a special project or purpose, which is properly approved by the pastor/pastoral leader, during the next fiscal year.
XII. PRIESTS’ COMPENSATION AND BENEFITS

4384 (See Addendum “A”)

Compensation and Retirement Program

4385 The determination of priests’ compensation benefits shall be the responsibility of the diocesan Bishop after considering the recommendations of the Priests’ Council.

4386 Compensation for clergy assistance (daily/weekend assistance and mileage) is set by the Diocesan Bishop.

4387 The Priests’ Retirement Plan of the Diocese of Toledo was made and executed at Toledo, Ohio on the 9th day of February 1970 (see Appendix V). This plan is created for the sole purpose of providing diocesan priests with additional security upon retirement. In no event shall any part of the principal or income of this plan be paid to or revert to the diocese of Toledo, or be used for any purpose other than for the exclusive benefit of said members and for proper expenses of administration of the Plan and Trust Fund.

Mass Offerings

4388 Canon 952 §1 states that the amount established for Mass offerings is to be set on the Provincial level. The Catholic Conference of Ohio has now given its approval for the Diocese to set its own guidelines in this regard. Therefore, in the interest of providing a uniform standard for the diocese, an offering of $10 to the source of income (the parish) of the priest celebrant will be the standard offering for a Mass (see Addendum “B”). No one will be denied the request of a Mass remembrance for lack of ability to give this amount.

4389 Excess Mass offerings, which cannot be satisfied in a reasonable time in the parish, should be sent to the Chancery or to the Office of Global Concerns for distribution to those in need. Bination money is to be sent to the diocese to be forwarded to the missions.

4390 Care should be exercised in the acceptance of restricted funds for Masses that might be impossible or extremely difficult to fulfill.

4391 Offerings for Masses in the parish must be deposited intact in a separate bank account restricted for that purpose. If this is an interest bearing account, the interest is unrestricted income and should be withdrawn and deposited in the general operating account as it is earned. Mass offerings fulfilled during the year are to be transferred to the parish operations account prior to end of the fiscal year.
Canons 953-958 deal with the recording of Mass intentions (see Sanctifying Function 3142-3154)

**Stole Fees**

All stole fees (monies received for baptisms, wedding, and funerals) are considered parish income and are to be deposited into the parish operations account at the time they are received (see Addendum “B”).
XIII. DIOCESAN LAY EMPLOYEE COMPENSATION AND BENEFITS PROGRAMS

Retirement Plan for Lay Employees

4394 The Retirement Plan for Lay Employees in the Catholic Diocese of Toledo was established effective July 1, 1973, for the purpose of providing retirement benefits for lay employees who are not members of a collective bargaining unit. Membership in the Plan is a condition of employment by a participating employer in the diocese. It is a defined benefit pension plan for lay employees, paid for by the employees and employers, with benefits determined by using a formula based on the employee's salary and years of service.

Lay Employee Benefit Fund

4395 The Employee Benefit Fund collects and holds contributions from the parishes, schools and other employing units of the Catholic Diocese of Toledo for the purpose of being applied for retirement and/or welfare benefits of the diocesan employees.

Health Insurance Programs

4396 Health insurance is available for all eligible active employees and eligible retirees as defined in the Retirement Plan document. Participation is mandatory for all eligible employees, if employee has coverage provided from another source (i.e. spouse) they must sign a waiver which is to be maintained in their personnel file.

Tax Deferred Savings Program for Employees (403B)

4397 The Tax Deferred Savings Program for employees became effective January 1, 2000. Participation in this program is optional. This program gives lay employees the opportunity to build savings for retirement through pre-tax paycheck contributions.

Flexible Benefit Program (Section 125)

4398 This is an optional program that became effective October 1, 1999. By means of payroll deductions, employees may set aside pre-tax dollars for out-of-pocket health care and/or dependent care expenses.
XIV. PERSONNEL SERVICES

4399 The Office of Human Resources provides advice and counsel to diocesan offices, agencies, and parishes in effective human resource practices. It is also responsible for development, implementation, and administration of personnel policies and programs in the areas of recruitment, employment, compensation/benefits, and employee relations.

4400 Each parish must have a written personnel handbook for their lay non-teaching employees. The Personnel Handbook of the diocese should be used as a model for developing a parish handbook.

4401 Written performance evaluations are to be conducted for all employees, contract and non-contract, on at least an annual basis. The evaluation should be performed by the appropriate supervisor for keeping with the employee personnel files.

4402 Detailed job descriptions should be developed and implemented for all positions and maintained with personnel files, and they should be reviewed annually to determine if updates or changed are necessary.

4403 Employee Classification – See publication from the diocesan Human Resource Office. The diocesan Human Resource Director should be contacted with any questions to ensure compliance with the Fair Labor Standards Act (FLSA).

4404 Per the Ohio Department of Jobs and Family Services and in accordance with O.R.C. 3121.89 - 3121.8910, all Ohio employers are required to report all contractors and newly hired, re-hired, or returning to work employees to the State of Ohio within twenty (20) days of the contract, hire, or re-hire date.
XV. CONFLICT OF INTEREST POLICY

The American Competitiveness and Corporate Accountability Act of 2002, commonly known as the Sarbanes-Oxley Act, was signed into law on July 30, 2002. The law pertains primarily to public companies and addresses auditor independence, corporate responsibility for financial reports and internal controls, and governance issues. Today there is a growing movement to strengthen the not-for-profit sector’s transparency, governance, and accountability. Independent Sector, www.independentsector.org, a leadership forum for charities, provides information on proposals being considered by policymakers that will affect not-for-profits.

Best practices dictate that diocesan organizations review their policies and procedures. In particular, diocesan organizations should establish a conflict of interest policy. Although such a policy cannot prevent illegal or unethical behavior, it can establish and create a proper control environment. The following items should be considered when developing a conflict of interest policy.

- The organization should decide who is to monitor and ensure compliance with the conflict of interest policy. Additionally, the organization should decide which personnel are required to provide a written acknowledgement of compliance with the conflict of interest policy and disclose all potential conflicts of interest.

- Dealings with the diocese that appear to have dual interests or a conflict of interest should be evaluated closely (e.g., transactions with entities in which a diocesan employee has a direct or indirect financial interest, or support being provided to other organizations in which a member of a board is directly associated).

- Whether a matter is of significant importance to constitute a conflict of interest should be determined by the bishop or his designee (e.g. legal counsel).

Diocesan Conflicts of Interest/Private Inurements Policy

The purpose of this conflicts of interest and private inurements policy is to protect the diocese’s interest when it is contemplating entering into a transaction or arrangement that might benefit the interests of private individuals, including but not limited to employees and individuals performing work on behalf of the diocese and other persons in a position to influence the affairs of the diocese. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to non-profit and charitable corporations. This policy should be distributed to existing and future executives, officers, trustees, directors, and members of advisory boards and committees.
**Introduction**

4372 Non-profit charitable, religious, and educational organizations obtain their tax-exempt status under the theory that they perform valuable services for society and lessen the burdens of government. If a tax-exempt organization allows its money or other property to be used for private rather than public gain (i.e., for "private inurement" or "private benefit"), then it risks losing its exemption. In addition, under recently adopted "intermediate sanctions" provisions of the Internal Revenue Code, "disqualified persons" such as CEOs, CFOs, board members, major donors doing work for the diocese, etc., who receive "excess benefits" are subject to an excise tax ranging from 25% to 200%, depending on the circumstances. Furthermore, any organizational manager who knowingly facilitates such an excess benefit is subject to a 10% tax. In light of these IRS restrictions and, more importantly, in order to assist the diocese in fulfilling its responsibilities to act as a competent and trustworthy steward of church goods, the diocese has developed this policy.

**Identifying a Private Inurement or Private Benefit Problem**

4373 In brief, "private inurement" is the payment or diversion of an exempt organization’s assets to its officers, directors, employees, relatives, friends, major donors, or other in a special relationship to the organization who can influence or control the policy or the day-to-day activities of the organization for less than full and adequate consideration. It is a broad concept that can exist in a variety of transactions under a variety of circumstances. Private inurement also extends to the use of organizational assets for "private benefits" such as sales, leasing, construction contracts, service transactions, etc., at other than fair market value or the exploitation of the exempt organization for the benefit of private business (e.g., "sweetheart deals," promotional schemes, and/or giveaways to private individuals and businesses). Thus, under IRS regulations, a private benefit is similar to, but broader than, private inurement. To avoid the conferment of material private inurements or benefits in the types of transactions described above, the particular diocesan parish, school, or agency must enter into transactions for its benefit, rather than private party’s benefit, and exercise due diligence to ensure that the proposed transaction is fair and reasonable such that under the circumstances the organization could not have obtained a more advantageous arrangement with reasonable effort. In addition to screening proposed transactions through the applicable corporate boards, parish/school advisory boards, and committees, etc., care should be taken to follow diocesan policies and procedures pertaining to the signing of contracts. For example, parish and school administrators may not execute contracts in excess of $10,000 in amount and/or one year in duration. These must be submitted to the Chancery. They must be reviewed by diocesan legal counsel and signed by the applicable corporate officers at the Chancery. Additional procedures apply in connection with contract bids for building construction, renovation, and repair projects.
Conflicts of Interest

A conflict of interest can exist when persons employed by the “diocese” (i.e., the Chancery, parishes, schools, diocesan agencies, and/or affiliated corporate entities). Those volunteers of the diocese holding trusteeships or other governance authority, or those serving on advisory or consultative boards or committees have a direct or indirect financial interest, as defined below.

Financial Interest

A person has a “financial interest” if the person has, directly or indirectly, through business, investment, or family (including spouses; brothers or sisters; spouses of brothers or sisters; ancestors; children, grandchildren, and great grandchildren; and spouses of children, grandchildren, and great grandchildren), any one of the following:

- An ownership or investment interest in any entity with which the diocese has a transaction or agreement.
- A compensation arrangement with the diocese or with any entity or individual with whom the diocese has a transaction or arrangement.
- A potential ownership or investment interest with, or compensation arrangement with, any entity or individual with whom the diocese is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence and nature of his or her financial interest and all material facts to the applicable board, committee, or corporate officer (i.e., vicar/attorney-in-fact).

Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all the material facts, and after any discussions with the interested person, that person shall leave the applicable meeting while the determination of a conflict of interest is discussed and voted upon.
Procedures for Addressing the Conflict of Interest

4378 An interested person may make a presentation at the applicable meeting; but after such presentation, he or she shall leave the meeting during the discussion of, and vote on, the transaction or arrangement that results in the conflict of interest.

4379 The chairperson of the board or committee and/or corporate officer shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

4380 After exercising due diligence, the board, committee, or corporate officer shall determine whether the organization can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that will not give rise to conflict of interest.

4381 If a more advantageous transaction or arrangement is not reasonably obtainable under circumstances that would not give rise to a conflict of interest, the board, committee, or corporate officer shall determine by a majority vote of the disinterested board or committee members whether the transaction or arrangement is in the organization’s best interest and for its own benefit and whether the transaction is fair and reasonable to the organization, and it shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

Violation of the Conflict of Interest Policy

4382 If the board, committee, or corporate officer has reasonable cause to believe that an interested person has failed to disclose actual or possible conflicts of interest, it shall inform the individual of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.

4383 If, after hearing the response of the person and making such further investigation as may be warranted under the circumstances, the board, committee, or corporate officer determines that the individual has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Subsequent Conflicts and Disclosures

4384 Notwithstanding previous disclosure of actual or potential conflicts of interest, an individual shall make a new disclosure of conflicts when any matter involving the conflict of interest arises for discussion or action. In the event that an individual is uncertain whether an actual or potential conflict of interest exists, the individual should make disclosure of the circumstances that may give rise to an actual or potential conflict.
Confidential or Privileged Information

4385 Information known to be confidential that is acquired by individuals in the course of employment or association with the diocese and its affiliated entities shall be used only for the benefit and purposes of the diocese. Individuals shall neither disclose confidential information outside the scope of their authorized duties nor utilize their position or association with the diocese for personal identification or advantage, although there may be instances, based on the use of careful discretion and judgment, where incidental use of the association with the diocese may be appropriate.
Appendix V
The Priests’ Retirement Plan
of the Diocese of Toledo

Introduction

T-1 The Priests’ Retirement Plan of the Diocese of Toledo (“Plan”) is designed to provide you with a monthly benefit payment when you retire. The Plan is funded entirely by your employer— you do not make contributions. This benefit is in addition to any income you may receive from Social Security and personal savings and investments you may have when you retire. However, your monthly retirement benefit from this Plan will be reduced by any amount that you receive from another retirement for the performance of priestly services.

Who is Eligible to Participate in the Plan?

T-2 You will become eligible to participate in the Plan immediately upon priestly ordination for the Diocese of Toledo, or upon incardination into the Diocese of Toledo. Participation in the Plan is mandatory unless your assignment, with the consent of the Bishop, takes you outside the Diocese and provisions are made for you to participate in a separate retirement plan.

What is My Retirement Benefit?

T-3 Your Normal Retirement Date is the first day of the month coincident with or next following the earlier of (1) the date you attain age 70 or (2) the date you complete at least forty (40) Years of Service (see the Section entitled “How Are Years of Service Counted?”).

How are Years of Service Counted?

T-4 You earn one Year of Service for each 12 consecutive month period during which you serve as a canonically assigned priest of the Diocese of Toledo, or in any other assignment given to you or approved by the Bishop.

What if I Terminate Service Before I Reach My Normal Retirement Date?

T-5 If you terminate service prior to your Normal Retirement Date, you will be entitled to commence payment at age 70, provided you have been ordained for, or incardinated into, the Diocese of Toledo, and served actively within the Diocese, or with Episcopal authorization, outside the Diocese, for a period of no less than 15 years.
You will receive 100% of your monthly retirement benefit if you have been credited with at least 40 years of service or have attained age 70 when you terminate service.

If you have not been credited with at least 40 Years of Service or attained age 70 when you terminate service, your retirement benefit will be computed by a ratio of your actual Years of Service to 40 Years of service, multiplied by the monthly benefit in effect as of the date of your termination of service.

Example:

Assume that you have completed 30 Years of Service when you terminate service. You would use the following calculation to figure your monthly benefit amount. (NB: In the example, $1,000 is used as the “100%” of your monthly retirement benefit):

\[
\frac{1,000 \times 30}{40} = 750.00
\]

How Does the Plan Work if I Become Permanently and Totally Disabled?

If you retire as a result of a permanent and total disability (resulting from either a mental or physical infirmity), or if you retire prior to your Normal Retirement Date with the approval of the Bishop, by reason of health or mental or physical condition, you will be entitled to commence payment of your monthly retirement benefit beginning on the date of such retirement or the date it is determined that you have become permanently and totally disabled and are no longer receiving compensation from a diocesan appointment, whichever occurs later.

The amount of your monthly payment will be determined by the Board after consideration is given to the years of ministry in the Diocese.

How are My Retirement Benefits Paid?

You will receive your retirement benefits in monthly installments, payable for your life only.

Can I Also Receive a Housing Allowance?

A housing allowance will be provided to you if you retire from active service with the Diocese and, by reason of no longer holding a canonical assignment, are not otherwise eligible for housing or a housing allowance (see Addendum “C”).
Can I Also Receive Supplemental Health and Hospitalization Insurance Benefits?

T-13 Supplemental health and hospitalization insurance will be provided to you if you retire from active service with the Diocese. This insurance will be supplemental to Medicare benefits. If you terminate service prior to reaching your Normal Retirement Age (attainment of age 70 or the completion of at least forty (40) Years of Service), you will not be eligible for this supplemental health and hospitalization insurance benefit.

What Happens to My Benefit if I Die?

T-14 Death benefits are not provided under this Plan. Benefits are payable to you for your lifetime and will end, upon your death.

Can I Transfer My Retirement Payments to Someone Else?

T-15 No. You may not transfer, pledge, sell, or in any other way assign your benefits to another person for any reason.

How Do I File a Claim for Benefits?

T-16 In most cases, it is unnecessary for you to file a formal claim for benefits, as the Diocese will do this for you. You should notify the Board about 90 days prior to when you want to retire so it can start the paper work. You may, of course, always file a written claim for benefits with the Board if you wish to do so.

T-17 If your claim is partially or wholly denied, you will be notified in writing within 60 days after your claim is filed. The notice will explain why your claim was denied, and what is required to approve your claim. It will also give you additional information about the claim review procedure.

T-18 Within 30 days after you receive a notice of denial of your claim, you may request a reconsideration. Be sure to state in your request why you believe the claim should not have been denied, and include any relevant information, questions, or comments.

T-19 You will be notified in writing of the decision on the review, generally within 60 days after the Board receives your request for a review. This notification will inform you of the results of the review and specify the Plan provision(s) upon which the decision is based. If special circumstances require more time to review your case, the Board will notify you within 60 days after the day your appeal is received. The Board may then take an additional 60 days to review the case.
**Miscellaneous Information**

**Plan Name**

**T-20** The Priest’s Retirement Plan of the Diocese of Toledo

**Type of Plan**

**T-21** Defined Benefit Retirement Plan

**Plan Year**

**T-22** Plan years begin on July 1 and end on June 30. Plan records are maintained on this basis.

**Plan Administrators**

**T-23** The Plan is administered by the Board. The Board consists of the Chairman of the Board who is a priest appointed by the Bishop, the Chair Person of the Priests’ Council Finance Committee, a priest who has reached senior status, a priest who has not reached senior status but active and incardinated, a representative from the Diocesan Finance Council, and a layperson appointed by the Bishop, and the Canonical Finance Officer. The Board determines all questions relating to eligibility to participate in the Plan, entitlement of benefits from the Plan, and amount of benefits payable. The Board can be contacted at:

Diocese of Toledo  
1933 Spielbusch  
Toledo, Ohio 43624  
(419) 244-6711
Addendum A

FINANCIAL INFORMATION
EFFECTIVE JULY 1, 2011 THROUGH JUNE 30, 2012

A. Daily / Weekend Priestly Liturgical Assistance

In the Diocese of Toledo all Mass Offerings and Stole Fees remain with the parish. The compensation for a visiting priest who presides at the Eucharist, a funeral or a wedding is as follows:

- Single Mass, weekday: $30.00 + travel (0.55 per mile)
- Single Mass, Sunday or Holyday: $55.00 + travel (0.55 per mile)
- Bination, Sunday or Holyday: $95.00 + travel (0.55 per mile)
- Full Schedule, Weekend (Confessions and three Masses): $175.00 + travel (0.55 per mile)
- Funeral: $85.00 + travel (0.55 per mile)
- Wedding: $85.00 + travel (0.55 per mile)

The following applies only to senior priests and other priests who do not receive reciprocal assistance:

- Sacrament of Penance: $25.00 + travel (0.55 per mile)
  (Communal Penance Service or an hour of Confessions)

B. Offerings for Liturgies of Special Interest to Individual Families

- Mass: $10.00
- Wedding Celebrations (With or without a Eucharistic Liturgy): $50.00
- Funeral Celebrations: $50.00
- Baptisms: Local custom prevails

C. Compensation for Diocesan Priests

- Monthly Salary: $2,161.00
- Monthly Seniority Stipend: $10.00 times number of years ordained
- Monthly Healthcare Adjustment: $138.33
- Health Insurance Premium Sharing: $61.90/mo. (priest responsibility)
- Health Insurance: $557.10/mo.
- Dental Insurance: $104.17/qtr.
- Retirement Payment to the Priests Retirement Fund: $3,000.00 annually
  (Paid by source of income if priest not at a parish)
Priest Retreat Reimbursement  $750.00 annually
Deacon Retreat Reimbursement  $750.00

Priest Continuing Education Reimb.  $1,000.00
Deacon Continuing Education Reimb.  $1,000.00

Rent for Priests  $500.00 monthly
(When residence is not provided by source of income)

Household Expenses  $500.00 monthly
(When residence is not provided by source of income)

Mileage Reimbursement  $0.55 per mile after 12,000 miles/yr
(If a priest drives more than 12,000 miles for parish/diocesan business)

Priest Retirement Stipend  $1,477.00 monthly
Priest Retirement Housing Allowance  $402.00 monthly

D. Tribunal Fees

Formal Case  $250.00
Ligamen  $100.00
Pauline Privilege  $100.00
Absence of Form  $50.00
Privilege of the Faith  $375.00

E. Parish Expenditures Requiring Diocesan Bishop’s Permission

Parish expenditures, which require the permission of the Diocesan Bishop, are amounts of $20,000, or 1% of the budget, whichever is higher.

F. Parish Deposit and Loan Fund

Interest Rate for Parish Deposits  2.50%
Interest Rate for Loans  4.25%

G. Special Event Insurance

Special Events Insurance Coverage  $100.00

H. Parish Organization Treasury

Parish organizations shall not retain in their own treasury an amount in excess of $5,000.00 at the end of a fiscal year.
Addendum B

LETTER OF ACKNOWLEDGMENT

____________ Finance Council

As a member of the ___________ Parish Finance Council I understand that I will have access to confidential, financial, and other information concerning the parish finances and operations. I further understand that in order for the work of the Council to be productive, members of the Council must be assured that they can speak freely and that their discussions within the Council will be kept confidential. Therefore, I agree:

1. To keep all discussions with members of the Finance Council confidential and I will not share any information which I obtain through the Council with anyone outside the Council without the approval of ____________ (pastor).

2. That all documents reviewed or obtained by me through the Council will not be disclosed or shared with anyone outside the Council; will not be duplicated by me; and will be returned to the Council upon completion of the work of the Council.

3. That I will not speak publicly on behalf of the Council without the express consent of _____________ (pastor).

4. I will return all materials and all my personal notes and correspondence regarding the work of the Council as requested at the conclusion of the work of the Council.

I understand and agree that by breaching the terms of the Agreement, financial harm may result to _____________ Parish and the Diocese of Toledo, and that I will be responsible for the losses occasioned by my breach of this Agreement.

__________________
Name – Print

__________________
Date                                                                        Signature
Addendum C

**Project Check List**

- Parish pastoral council approval
- Parish finance council approval
- Presentation to the diocesan Bishop [possible presentation to the Diocesan Project Review Board] including: project details and conceptual drawings, scope of the project, timing of the project, financial plan
- Response from the Bishop regarding the plan concept and permission to undergo a fund drive, if required
- Initial preliminary building plans presented to the Diocesan Building Commission
- Response from the diocesan Bishop regarding the preliminary plans and permission to complete the building drawings and specifications
- Final plans and specifications are presented to the Diocesan Building Commission [plans and specifications are to be sent to the Moderator of the Curia two (2) weeks in advance of the commission meeting]
- Response from the diocesan Bishop regarding the final plans and permission to let the plans out for bid
- Presentation to the diocesan Bishop regarding the success of the funding for the project and request to award contract and begin construction
- Response from the diocesan Bishop granting authorization to expend the funds for the project, award the contracts and begin construction
- Summary report to the Building Commission six (6) months after the project is completed