



The Roman Catholic  
*Archdiocese of*  
Washington

**Parish and School Financial Operations  
Bookkeeper Playbook**

## **Introduction**

The Bookkeeper Playbook was created by Parish and School Financial Operations to assist bookkeepers in their responsibilities at the parish. The Playbook highlights key existing archdiocese policies and procedures that are relevant to the accounting and administration of a parish. The Playbook does not replace or supersede any existing archdiocese guidance.

Bookkeepers are encouraged to read the playbook and ensure their access to the referenced resource materials.

As always, Parish and School Financial Operations is available to provide individual assistance to parish bookkeepers upon request.

## **Content**

The Playbook covers the following subjects:

### **1. Pastor communications – page 4**

Highlights what financial and administrative information should be communicated by the bookkeeper to the Pastor and when.

### **2. Parish specific matters – page 5**

Includes matters that the new bookkeeper should discuss with the outgoing bookkeeper or Pastor.

### **3. Systems access – page 6**

Describes the various computer systems to which the new bookkeeper should obtain access.

### **4. Key internal controls – page 7**

Emphasizes the key internal controls for which the bookkeeper is accountable.

### **5. Archdiocese policies and procedures – pages 8-9**

Highlights the various archdiocese policies and procedures that are relevant to parish accounting and administration.

### **6. Accounting cycle highlights – page 10-11**

Includes highlights of the annual accounting cycle that are particularly important for the bookkeeper.

## **7. Archdiocese resources – pages 12-13**

Includes contact information for key vendors and archdiocese personnel available to assist the bookkeeper with the financial and administrative matters mentioned.

## **Appendix A. Accounting Basics – pages 14-17**

### **Feedback**

The Bookkeeper Playbook will be updated periodically with new information. Your feedback is welcome. Please contact Parish and School Financial Operations with your suggestions.

## 1. Pastor communications

### *Role of the Pastor*

The Pastor of a parish is the steward of all the resources of the parish. The Pastor performs his responsibilities on behalf of and is accountable to the Archbishop. The Pastor can choose to delegate various responsibilities, such as parish accounting, to parish staff, volunteers or contractors. The Pastor oversees all delegated work and remains accountable for all activities of the parish.

### *Role of the bookkeeper*

Most bookkeepers report directly to the Pastor. Some bookkeepers may report to a parish business manager who reports to the Pastor. The bookkeeper is expected to work independently and is responsible for keeping the pastor apprised of significant matters that require his attention, authorization or timely decision making.

The bookkeeper should initiate discussion with the Pastor, at a minimum, as follows:

- Weekly to discuss any large, unusual or unexpected transactions or activity
- Every two weeks to discuss the reasonableness and accuracy of parish payroll prior to payment
- Periodically (frequency to be determined by Pastor) to review disbursements prior to check signing by Pastor
- Monthly to discuss the parish financial results and other related topics

The bookkeeper should make advanced arrangements with the Pastor to communicate various matters in a mutually convenient manner that matches the urgency and importance of the information, e.g., face-to-face meeting, e-mail, voicemail or text.

The bookkeeper should also create a written contingency plan with the Pastor regarding how key parish accounting functions can continue in the event of an unplanned bookkeeper absence.

### *Interaction with the parish secretary*

A parish may have a secretary who performs some activities in support of parish accounting such as data entry, filing documents, etc. The bookkeeper should understand, according to the pastor, the division of responsibility between the bookkeeper and the secretary.

## **2. Parish specific matters**

The new bookkeeper should discuss the following matters with the outgoing bookkeeper or Pastor to enable continuity in parish accounting operations.

### **Parish staffing**

- Staff roles, responsibilities and reporting relationships
- Parish volunteers involved in administration, e.g., Finance Council, offertory count team, contributions recordkeeping, parish organization treasurers, etc.

### **Recordkeeping**

- Location of parish financial records including both current and archived records, hardcopy and electronic records

### **Parish calendar**

- Calendar of recurring parish administrative and accounting activities, e.g., offertory count, bank deposits, payroll, Pastor check signing, etc.

### **Financial matters**

- Parish bank and investment accounts, including contact information for customer service representatives
- Parish credit cards
- Archdiocese tax exempt status – Corporation Sole
- Parish and school Federal Tax Identification numbers
- Bank note payable agreements
- Financial condition of the parish and any known challenges
- Existing contract(s) with vendors and service providers
- List of vendors used by the parish and school
- Agreements for equipment or property leased by the parish
- Archdiocese utility co-op
- Parish Annual Report to the archdiocese
- Most recent internal audit report – observations made by the archdiocese and response made by the Pastor regarding parish accounting controls
- Overview of parish fundraising programs
- History behind Endowment or Restricted Funds

### **Safeguarding of assets**

- Parish procedures regarding locked doors, file cabinets, desks, safes, bank fob/token, etc.
- Parish procedures regarding safeguarding of cash receipts, petty cash, store gift cards, computer equipment, etc.

### **School**

- Typical interactions with school principal, secretary and any bookkeeping staff

### 3. Systems access

The bookkeeper should obtain access to the following systems required to perform their responsibilities:

**Archdiocese email:** an email account established and used by Parish and School Financial Operations for communicating with bookkeepers. The format of the email address is [Accounting.parishname.stateabbreviation@adw.org](mailto:Accounting.parishname.stateabbreviation@adw.org). The new bookkeeper should obtain the password from the outgoing bookkeeper (if possible) and should submit a ticket to the IT helpdesk to have the password reset for the new bookkeeper.

**ParishSoft Accounting system:** the Pastor should notify Parish and School Financial Operations of the new bookkeeper. The Parish and School Financial Operations office will create a ParishSoft Accounting log-on for the new bookkeeper.

**Common Human Resources Information System (CHRIS):** the Pastor will notify Human Resources of the new bookkeeper and Human Resources will create a CHRIS log-on for the new bookkeeper.

**Parish specific bank accounts:** the Pastor may approve on-line access to the parish bank account to the bookkeeper. The access could range from read-only (e.g., to check the bank balance, research checks cleared) to permission to initiate ACH payments for payroll direct deposits. The ACH payments should have dual approval with the Pastor completing transactions initiated by the bookkeeper.

#### 4. Key internal controls

In all work, the intent of archdiocesan policies and procedures is that the bookkeeper is accountable to the Pastor for ensuring that the following key internal controls are in place at the parish and school:

- **Segregation of duties** – individuals with recordkeeping responsibilities should not have custody of cash or checks. For example, the bookkeeper should not participate in the offertory count and the school tuition accountant should not have access to tuition receipts.
- **Reconciliation of bank accounts** – bookkeeper should prepare monthly bank account reconciliations, on a timely basis (generally within two weeks of each month end), to ensure that the parish recognizes all disbursements and activity in its bank accounts, detects bank errors, and prevents bank overdrafts.
- **Safeguarding of assets** – bookkeeper should ensure that among the parish staff there is proper safeguarding of parish assets including petty cash, blank check stock, credit cards, gift cards, employee personnel files, password protected computers (with passwords unique to each individual user), etc. In general, cash receipts (including checks), should be deposited as soon as possible and the accounting entries made using count sheets or logs (not the actual checks or cash).
- **Recordkeeping-** bookkeeper should ensure that the financial records of the parish are properly retained, including filed in a manner to allow for access when needed. Financial records include payroll and human resources documents, bank statements and correspondence, correspondence with governments including taxes, contracts, vendor invoices, electronic payroll and accounting records, financial records of all parish organizations and financial records for all parish fundraising (even when run by parish volunteers).

## 5. Archdiocese policies and procedures

Bookkeepers should be aware of, and confirm their access to, the following policies, procedures and other guidance.

### **Financial Resources available at the ADW.org website**

*Resources tab, in the Parishes Offices Only section, Financial Resources sub-section*  
(User name: Parish, Password: Briefings).

- [Assessments and National Collections Policy](#)
- [Policy 2006 – School Endowment Funds](#)
- [Policy for Parish Finance Councils](#)
- Parish Accounting Manual
- Parish budgeting worksheets

### **Other Financial Resources outside of ADW.org**

- ParishSoft Accounting User Guide – available on-line through the parish’s ParishSoft Accounting dashboard and in PDF format on ADW.org. .
- Budget Considerations letter mailed by the Moderator of the Curia to Pastors each spring (April/May) and posted to ADW.org
- Other materials distributed via bookkeeper emails and meetings
- [IRS publication 3079 Tax exempt organizations and gaming](#)

### **Guidance from other archdiocese departments**

Most are available on the ADW.org website, in the Resources tab, in the Parishes Offices Only section

#### ***Human Resources materials available in the Forms section of CHRIS***

- Common Human Resources Information System (CHRIS) Human Resources Processing and Payroll Processing Handbooks
- Employee Handbook
- Human Resources Handbook

#### ***Office of General Counsel***

- Contract Review Policies and Procedures
- EthicsPoint printable poster
- Archdiocese protected self-insurance program administered by Catholic Mutual Group
- [Conflict of Interest Policy](#) on ADW.org website, in the Resources tab, Policies section

#### ***Catholic Schools Office***

- Policies for Catholic Schools

## **6. Accounting cycle highlights**

The parish bookkeeper should be aware of the following key activities and events in the annual accounting cycle.

### **Weekly**

- Recording of cash receipts for offertory, tuition and other miscellaneous receipts
- Entering vendor invoices into ParishSoft Accounting; discuss with Pastor regarding timing of paying each bill (according to due date, etc.). Producing checks for Pastor to sign and mail.

### **Bi-weekly**

- Parish payroll processing in CHRIS and recording of payroll expense in ParishSoft Accounting

### **Month end**

- 15 days after month end – payment of Offertory, Education and Catholic Standard assessments to the archdiocese
- 15 days after National Collection – remit collection to the archdiocese
- Other archdiocese payments: CFA (third party administrator of the archdiocese health insurance plan), Property/casualty insurance
- Reconciliation of bank statement to ParishSoft Accounting cash balance
- Produce report of actual expenses compared to budget; explain significant variances.
- Presentation to Pastor of monthly financial statements and bank account reconciliations
- Provide Pastor-approved financial statements to the parish Finance Council each month

### **Quarterly**

- Payroll tax reporting on IRS Form 941 and state forms

### **Fiscal year end June 30**

- Annual Report to archdiocese (usually due the 2<sup>nd</sup> week in August)
- Annual appointment letters from pastor to employees
- Update of new employee salary rates in CHRIS, CFA insurance, etc.
- Annual Conflict of Interest reporting by Parish and Finance Council and key parish staff
- Re-organization of fiscal year financial records (vendor invoices, monthly statements, etc.) to make room for the new fiscal year records. Consult Record Retention policy.

## **September**

- Annual financial report to parishioners

## **November - January**

- Calendar year payroll tax reporting on IRS Forms W-3 and W-2, 1096, 1099s and state forms
- Collect priest expense receipts to substantiate expense advances given
- Optional semi-annual financial report to parishioners
- Calendar year contribution statements to parishioners for their tax records

## **February-March**

- Annual parish budgeting process starts

## **May – June**

- Parish budget reviewed and approved by Pastor. Shared with Finance Council for advice and input. Data-entered into ParishSoft Accounting before start of Fiscal Year.

## 7. Archdiocese resources

The archdiocese communicates with bookkeepers in a variety of formats. Some archdiocese communications are directed to the Pastor for his communication to the bookkeeper. Many archdiocese communications are made directly to the parish bookkeeper by email. Each parish is provided with an ADW email account to be used by the bookkeeper for all email communications with the archdiocese.

The archdiocese also holds periodic bookkeeper meetings to communicate information related to parish accounting and administrative matters.

Bookkeepers are encouraged to reach out to archdiocese vendors and staff for assistance as needed.

- ParishSoft Accounting system vendor customer service: 866-930-4774, [support@parishsoft.com](mailto:support@parishsoft.com)
- Parish and School Financial Operations, for matters relating to parish accounting and administration:
  - o Adrienne Willich, Executive Director, 301-853-5373, [WillichA@adw.org](mailto:WillichA@adw.org)  
Policy, reporting and analysis
  - o Florence Moore, Manager, 301-853-5386, [MooreF@adw.org](mailto:MooreF@adw.org)  
ParishSoft Accounting assistance, parish analysis and reporting
  - o Robert Wilson, Manager, 301-853-5389, [WilsonR@adw.org](mailto:WilsonR@adw.org)  
ParishSoft Accounting assistance, parish transactions
  - o Kenneth Fonta, Accountant, 301-853-5378, [FontaK@adw.org](mailto:FontaK@adw.org)  
Parish financial analysis and reporting
  - o Mirna Piazza, Administrative Assistant, 301-853-5355, [PlazzaM@adw.org](mailto:PlazzaM@adw.org)
- Archdiocese accounting, Karen Wilder, Accountant, 301-853-4592, [WilderK@adw.org](mailto:WilderK@adw.org)  
for matters related to payments and payables to the archdiocese
- Human Resources, Angela Ossinger, Director HRIS and Benefits, 301-853-5497, [HillA@adw.org](mailto:HillA@adw.org)

- Information Technology help desk, 301-853-4444. To reset passwords for systems and general IT assistance.
- Child Protection and Safe Environment, Courtney Gardner Chase, Executive Director, 301-853-5328, [ChaseC@adw.org](mailto:ChaseC@adw.org)
- Ethics Point: 855-290-3381. Ethics and Compliance Hotline, operated by an independent third-party company, to anonymously report suspected financial and/or employee misconduct involving any parish, school, agency, archdiocesan office, or any archdiocesan employee.
- Facilities Management Office, Michelle Shelton, Executive Director 301-853-4522, [MShelton@adw.org](mailto:MShelton@adw.org)
- General Counsel, Christopher Anzidei, 301-853-5342 [AnzideiC@adw.org](mailto:AnzideiC@adw.org) or [LegalAdmin@adw.org](mailto:LegalAdmin@adw.org)

## Approvals

March 17, 2017	Executive Director Parish and School Financial Operations
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## Revision history

March 17, 2017	Initial document
July 10, 2017	Updated to include link to June 2017 Assessments and National Collections Policy and to incorporate new Appendix A. Accounting Basics with content from the June 1995 Parish Accounting Manual Section I.
April 1, 2018 and July 15, 2018 May 20, 2019 November 15, 2019 September 2023	Updates throughout document

## Appendix A. Accounting Basics

While this playbook does not provide the user with a course in accounting, certain key concepts are explained. More information can be found in standard accounting textbooks. If accounting or business questions arise that require further explanation or clarification, please consult Parish and School Financial Operations.

### FISCAL YEAR

The archdiocese uses a fiscal year beginning July 1 and ending June 30. All transactions are recorded and reported for the annual period from July 1 to June 30.

Each month-end represents a reporting period, at which time the accounting records should be summarized for parish internal reporting purposes.

### IMPORTANT CONCEPTS

To provide an understanding of the structure and intent of the accounting system and to ensure its maximum utilization, several important concepts are discussed in this section. They include:

- o double entry method of bookkeeping
- o cash and accrual basis of accounting
- o fund accounting

#### Double Entry Method of Bookkeeping

The fundamental accounting equation applicable to any entity, from the smallest parish to the largest corporation is:

ASSETS minus LIABILITIES equals NET ASSETS (also called Equity)

Another way to state the equation is:

ASSETS equals LIABILITIES plus NET ASSETS

This means that the total assets on the balance sheet should equal the total liabilities and net assets. Revenue over or under expenditures is included in net assets. Therefore, revenue and expenses are included in the equation.

As the equation illustrates, all financial transactions have at least two effects. For example, a decrease in an asset, such as cash, may have one or more of the following effects:

- o increase another asset (investments)
- o decrease a liability (notes payable)
- o decrease net assets (payment of expense)

Transactions are self-balancing, in that all effects are accounted for and are equal. Total debits and total credits in any journal entry must equal. The equation remains mathematically in balance. For example, if you were to record a cash receipt or a cash disbursement by a journal entry, it would be as follows:

Cash Receipt - receipt of \$300, \$200 in offertory and a donation of \$100

<u>Debit:</u>	Cash (#00.110)	\$300	
	<u>Credit:</u> Offertory (#01.401)		\$200
	Donations (#02.409)		\$100

Cash Disbursement - payment of \$300 electric bill, attributable half to the parish and half to the school

<u>Debit:</u>	Utilities - Electric (#60.603)	\$150
	Utilities - Electric (#93.603)	\$150
	<u>Credit:</u> Cash (#00.110)	\$300

Each balanced entry is recorded in the cash receipts journal, cash disbursements journal, or balance sheet accounts and posted to the general ledger. The balanced general ledger thus represents a summary of the financial activities during the reporting period. This accounting method is commonly referred to as a double entry system (developed in 1494 by Luca Pacioli, a Catholic monk).

The elements of the accounting equation, as they relate to the parish, are defined as follows:

Asset - any physical object, tangible (cash) or intangible (rights), having a monetary value.

Liability - a debt or an amount owed to some person or organization, payable in the form of cash. A liability is a claim of outside parties on the assets of the parish.

Net Assets - the residual equity (assets minus liabilities) of the organization - formerly known as Fund Balance. Generally, it is computed as follows:

Net Assets at beginning of	
accounting period	XXX
Add (+) revenues of current period	XXX
Deduct (-) expenditures of current period	(XXX)
Net assets at end of	
accounting period	XXX

Revenues and expenses are an integral part of each accounting period. The net effect of the two determines the operating results of the period.

Revenues - the gross income of the parish derived from parish collections, contributions, investment income, the sale of fixed assets, sale of merchandise, receipts from socials and benefits, etc. Revenues do not include money that will have to be repaid or receipts that have already been recorded as revenue (e.g., receipt of loan proceeds or collection of accounts receivable). It is important to note that revenues are classified by their source (the point from which they were obtained), not by their intended use. As an example, offertory is recorded in Account #01.401, regardless of how the income is spent.

Expenditures - the payment of cash or the incurring of a liability for services rendered to the parish or for goods received by the parish (e.g., salaries, fringe payroll costs, supplies, travel, utilities). Expenditures do not include payment of liabilities already recorded or the investment of cash.

The following table explains the meaning of the terms debit and credit:

#### RULE OF DEBIT AND CREDIT

<u>Assets:</u>	Debit to increase and credit to decrease
<u>Liabilities:</u>	Credit to increase and debit to decrease
<u>Income:</u>	Credit to increase and debit to decrease
<u>Expense:</u>	Debit to increase and credit to decrease
<u>Net Assets:</u>	Credit to increase and debit to decrease

#### CASH AND ACCRUAL BASIS OF ACCOUNTING

There are two methods for recording transactions. One is the cash basis, the other the accrual basis. The following is a brief description of each basis of accounting:

The cash basis: Income is recognized when cash is received and expenses are recorded when payment is made. Since transactions are recorded with the actual cash payment, costs attributable to activities during the reporting period may not be recorded if the cash payment is made prior to the beginning of the period or subsequent thereto. Likewise, income may be recorded in a period before or after it is actually earned, in the accounting sense.

Example: A parish is planning a fundraising dinner to be held in July. The parish fiscal year

ends June 30. Under cash basis accounting, the purchase of supplies for the dinner made in June would be recorded as expense when the bills were paid. Ticket sales made before June 30 would be recorded as income when the money was received.

The accrual basis: Income is recognized and expenses are recorded when the activity occurs or benefit accrues, that is, when goods are used, services are performed, or the entity gains a right to an asset, regardless of when the cash payment or receipt is made.

In the example above, the purchases made in June would be recorded as expenses in July (the next fiscal year), when the dinner is actually held. Likewise, any ticket sales made before June 30 would not be recognized in income until the dinner was held.

Generally, the cash basis will be easier for parish accounting personnel and will provide useful and reasonable financial reports for the parishes. We require certain selected transactions, such as notes payable, accounts payable and payroll related liabilities, be accrued. The Parish Accounting Manual provides for recording transactions using a modified cash basis.

## **FUND ACCOUNTING**

A fund is a self-balancing set of accounts established to record the financial activities associated with a specific purpose or objective. Each fund includes assets, liabilities, and a fund balance.

The funds most commonly used by not-for-profit organizations are the general fund, temporarily restricted fund, permanently restricted fund, and plant fund. The use of these funds is not mandatory, and all not-for-profits do not use the same funds.

For simplicity and clarity in recording and reporting financial data, parishes in the Archdiocese of Washington should use the general fund only. Those parishes that support schools should record school income and expenses in a separate fund, Fund 2. The use of other funds by parishes is unnecessary and is strongly discouraged.

Please refer to Chapter VII. for a discussion of accounting for Restricted, Designated, and Endowment Funds.