

Category Number	100
Category Name	Cash Management
Procedure Number	2
Name of Procedure	Adding new or previously excluded parish auxiliary bank accounts
Section	1
Effective Date	06/30/2008, updated 8/27/2012
Supersedes	N/A
Responsibility	Parish business manager, POASC Administrator
Applicability	POSC or parish
Source Document	AOC-Business Administration – Best Practices, Annual Financial Report procedures
Related Forms	Annual Pastor Representation Letter

I. Purpose:

The Annual Pastor Representation Letter submitted with the Annual Financial Report, as well as Archdiocesan Best Practices, require that the parish annual report include all parish bank accounts and investments, including auxiliary organization accounts. Parish financial statements should be all-inclusive. That is, they should reflect all activity related to all parish accounts, so that the readers of the financial statements (e.g. pastors, principals, finance committee members, parishioners) have an accurate and complete picture of the parish's financial position.

II. Definitions:

Auxiliary organization is any group (church or school related) that performs ministry in the name of the parish and/or school. Auxiliary groups are accountable to the pastor and use the parish's federal tax identification number. The organization may operate a bank account in conducting their ministry, at the pastor's discretion. Some examples of auxiliary organizations include, but are not limited to, Men's or Women's clubs, Youth Ministry, Seniors Club, Family-School associations, and Manna (gift certificate) programs.

III. Policy:

All parish bank accounts and investments must be included in the annual financial report of the parish, without exception.

IV. Procedures:

1. Conduct a review of all parish bank accounts, using information at the parish business office and contacting officers from auxiliary groups.

- a. Make a list of auxiliary organization bank accounts, CDs, and investment accounts including the name of the account, account number, the banking institution, and authorized signers. (A sample form for auxiliary group bank account information is available on the Archdiocese of Chicago web site under the Financial Services department.) Verify that the pastor is a signatory on the account, and that the original bank statements are sent directly to the parish/school office. A copy should be retained at the parish, and the original bank statement is forwarded to the auxiliary organization treasurer.
- b. Compare the list of accounts with the parish accounts listed in the QuickBooks financial statements and on the most recent Parish Annual Financial Report. Identify any accounts not included in the financial reports.
- c. If all accounts listed in the prior year annual report are included in QuickBooks, proceed to Step 2.
 1. For accounts included in the annual report as of the prior year, but not included in QuickBooks, a one-time prior period adjustment must be recorded as of the prior year-end.(6/30/___)
The entry would be recorded as follows:

DR.	113X Auxiliary group bank account	\$XXX
CR.	2701 Prior Year Equity	\$XXX

Please note that if statements have been published to the Finance Council or other sources for the prior year, the statements should be reissued with appropriate notes explaining the adjustment.

2. For accounts not previously included in QuickBooks that were opened during the current fiscal year, follow the procedures in QuickBooks for opening a new bank account. This process will establish the bank account in QuickBooks and record the accumulated income to the appropriate Auxiliary group account number.
2. The auxiliary organization bank account must be reconciled each month by the group treasurer. The reconciliation should be submitted to the parish office for review. Once the reconciliation is received, the parish bookkeeper records the net activity in the account for that month as a journal entry in QuickBooks. This ensures that the bank account balance reflected on the parish financial statements is accurate. This is the minimum level of detail required in the financial records of the parish. At the pastor's discretion, the parish can maintain more detailed records of the auxiliary account activity within the parish's QuickBooks records by recording individual transactions.

Refer to Procedure 3 – Accounting for recurring activity of Parish Auxiliary Groups for details regarding the accounting transactions to be recorded and examples of these transactions.

3. When preparing the Annual Financial Report, the auxiliary accounts are included on the parish balance sheet. The balances listed on the financial report should agree with the reconciled bank statement and year-end financial report supplied by the auxiliary organization.

V. References and Related Policy:

- Archdiocesan Best Practices
- Pastor's Representation Letter
- Auxiliary organization bank account information form (see DOF website)
- Auxiliary organization financial report (see DOF website)
- Cash Management – Procedure 3 – Accounting for recurring activity of Parish Auxiliary Groups