

The slide features several decorative geometric elements: a dark blue circle in the top-left corner, a gold triangle in the top-center, a red circle in the middle-left, a gold square in the bottom-left, and a red circle with green dashed lines in the bottom-center.

# Case Studies



# Case Study

## Parish Finances

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Parish A is a vibrant community within the Diocese of Toronto.

- The parish leaders regularly prepare financial statements on a cash basis as it is easy to keep track of cash receipts and disbursements.
- Cash and cheques are kept in a box that no one other than the designated personnel access, so they are not locked up. The cash collections are counted by the bookkeeper independently who deposits the monthly donations to the bank at the end of the month.
- It is the seventh month after the parish's fiscal year end and being extremely busy with the various community programs, the parish has not yet filed their T3010 . The parish does intend to file in next couple of months when the parish's operations slow down.
- Due to storage space constraints, the parish has a policy to shred donation records after two years.



- List the errors in Parish A's operations
- Are there any breaches of the Canons or government laws?
- What are the consequences of these errors?
- What is the correct course of action for each of the errors identified?

# Spot the Operational Errors



# Parish Finances - Solutions

Errors in operations	Breaches	Consequences	Correct Course of action
<ul style="list-style-type: none"><li>➤ Preparing financial records on a cash basis.</li><li>➤ Not locking up cash &amp; cheques – lack of physical controls over cash</li><li>➤ Only one person counts the cash collections. Wardens and not the bookkeeper is responsible to count cash. Cash should be deposited to the bank frequently not monthly</li><li>➤ Did not file T3010 before the deadline</li><li>➤ Does not hold on to financial records for the required period of 7 years.</li></ul>	<ul style="list-style-type: none"><li>➤ Canon 14 and the provincial law requires parishes to conduct an audit and, in some cases, NTR or review engagements are allowed. All these engagements require financial statements to be prepared based on the accrual method of accounting following GAAP.</li><li>➤ Church wardens are responsible for setting up adequate internal controls as per Canon 15. Physical controls around cash and cheques such as locking up receipts and restricting access to the key, having 2 people count the collections and frequent bank deposits are required to ensure safety of deposits from theft and fraud.</li><li>➤ Under the Income Tax Act, every registered charity must file an information return each year. The return must be filed no later than six months after the end of the charity's fiscal period.</li><li>➤ As per CRA guidelines, financial records should be stored for 7 years.</li></ul>	<ul style="list-style-type: none"><li>✓ Preparing financial statements on a cash basis does not give you a true picture of the parish's operations as outstanding liabilities are unknown and is not in compliance with Diocesan &amp; provincial laws. For e.g., the parish may not have paid all of their invoices for stipend or allotment, but if they do their accounting on a cash basis it will appear as though they are up to date, and their true costs will be understated.</li><li>✓ Cash can be misappropriated, and fraud can occur and go unnoticed without adequate controls.</li><li>✓ The charity will lose its charitable status and can no longer issue donation receipts.</li><li>✓ CRA can require data from the previous 7 years and the parish can face penalties of up to \$25K for wrongful destruction of records</li></ul>	<ul style="list-style-type: none"><li>✓ F/S should be prepared using accrual method of accounting and following GAAP</li><li>✓ Adequate internal controls and safeguards should be implemented to safeguard cash &amp; cheques including locking up deposits, having 2 people count cash, regularly depositing cash to the bank and monthly bank reconciliations.</li><li>✓ The charity should ensure compliance with the Income tax and file its T3010 within 6 months of its fiscal year end. If there are any issues, the parish should communicate this with the Diocese so that we can help.</li><li>✓ The parish should retain its financial records for 7 years.</li></ul>



# Case Study

## Human Resources

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- You are new to the parish leadership team.
- The sexton has broken their leg outside of work and will need to be off work for at least 6 weeks.
- The sexton works full-time and is part of the National pension & benefits program.
- There is no parish policy on sick days or disability leave.
- What would the Parish do next?



# Next Steps and Best Practices

- Sick leave is for personal illness, injury, or a medical emergency
- Required to provide three (3) unpaid sick days.
- Proof of entitlement/Medical Notes; may require
- El sickness benefits
- Employee could receive long-term disability benefits after 119 consecutive days through the National Church
- Maintain regular contact
- Consider providing paid sick days
- Need to be consistent in both practice and policy
- Employee rights during sick leave
- Can hire someone temporarily





# Next Steps and Best Practices

- Policies need to include:
  - who is eligible and criteria
  - the amount of paid sick days per year
  - what happens after those days used
  - when medical notes are required
  - who the policy applies to
- Contact Ecclesiastical HR Assist, 1-888-325-4633
- Contact the Diocesan Human Resources department

