



**TO: Diocesan Central Office Staff**

**FROM: Russell C. Elmayan**

**SUBJECT: Enhanced Internal Control Protocols**

**DATE: November 21, 2019**

Effective immediately, the following internal control protocols are in place, to mitigate the risk of fraud and/or to ensure the timeliness and accuracy of Diocesan financial reporting, and/or to fully comply with IRS protocols. These protocols would apply to anyone submitting an expense reimbursement request, someone using a Diocesan credit card, and to anyone approving expense reimbursement requests or vouchers for payment to vendors.

- 1) Backup for vendor payments and personal expense reimbursements should include original receipts and must identify the business or ministry purpose of the purchase, along with the department number and account code for the expense.
- 2) When an executive staff member (or any manager) signs a voucher or expense reimbursement form submitted by another person, their signature indicates that they have reviewed the expenditures and that they consider them legitimate.
- 3) Expense reimbursements and vouchers must be signed by a manager or executive staff member who has enough knowledge of the transactions to be able to vouch for their legitimacy. Those submitting vouchers or expense reimbursements for approval are responsible for planning the timing of doing so, even if it means waiting until the person who would have knowledge to approve the expenditures is back in the office if they are away when the approval would ideally be processed.
- 4) If an employee includes a personal trip with a business trip, the protocol for addressing this is as follows: The business trip is priced as if it was solely a business trip, the business trip plus the personal trip is priced, and the incremental difference between the cost of the two trips is the responsibility of the employee. This increment would be documented by printouts supporting the cost differential.
- 5) Payments can only be made from invoices from vendors, not from quotes from vendors.

As an FYI per IRS protocols, reimbursements to employees for ministry related expenses should be issued within 60 days of the expense being incurred to be exempt from being considered compensation and therefore taxable income. Therefore, employees should make those reimbursement requests within 50 days of the expense being incurred so there is adequate time for the reimbursement to be processed.