

V. HUMAN RESOURCES/PAYROLL

This section provides guidance to Parishes in the administration of hiring, compensation, benefits, and termination of employees at Parishes. All Parish employees are to be treated equitably, with respect and dignity, and consistent with our Catholic values.

Overall Control Environment

It is important for a Parish to correctly determine the employment status of its employees because employees may have different payroll requirements and/or benefit eligibility.

- Employees should be properly classified as **Full-time** or **Part-time** (for definitions, see item 2 below).
- Employees should also be classified as either **Exempt** or **Non Exempt** for purposes of overtime pay (for definitions, see item 2 below).
- Employees must be paid in accordance with Federal and State employment laws.
- Employment taxes and other benefits must be paid and reported timely, as required by law and Diocesan Policy.
- Adequate documentation for each employee should be maintained in personnel files, as required by law and Diocesan Policy.
- All employment practices and policies should be put in writing and provided to employees. A common way to do this is by issuing an Employee Handbook, and updating it when necessary.
- **There is an important legal difference between employees and Independent Contractors and consultants.** For guidance in determining whether an individual providing services to a Parish is an employee or an independent contractor/consultant, see Chapter X, section 1.5). This determination **must** be made before an individual is paid. **Please contact Diocesan Finance Services (203-416-1385) before concluding that the individual is an independent contractor and not an employee.**



1. Hiring Process

Applicants for open Parish positions can be obtained through one or more of the following channels:

- Human Resources of the Diocese of Bridgeport, which posts job listings on:
 - The Diocesan website (www.bridgeportdiocese.com/hr.shtml)
 - *The Bridge* (www.bridgeportdiocese.com/bridge.shtml)
- Advertisements in *Fairfield County Catholic* and other newspapers.
- Internet or agency postings.
- Parish Bulletin.
- Word of mouth throughout the Parish.

All applicants are required to complete an application for employment, which can be downloaded from the Internet website: www.mybenergy.com. Resumes, if possible, should also accompany a signed application.

For the current ID and password to log on to www.mybenergy.com, please contact the Diocesan Benefits Manager: 203-416-1411.

The Pastor or his designee should interview all applicants for an open position in the Parish. The chosen applicant must be approved by the Pastor. At the conclusion of the interview process, the chosen applicant must be provided with a **Written Offer of Employment Letter** contingent upon favorable background checks [*Sample offer of employment letter is in the Appendix at the end of this chapter*]. **This offer letter is not a contract.** Upon acceptance of the job offer by the applicant, a mutually-agreed-upon start date must be determined and approved by the Pastor.

On or prior to the start date, the applicant must complete all of the required new hire paperwork and forms. These forms are located on www.mybenergy.com. Each Parish should use the New Employee Checklist to verify that all of the necessary forms are completed by the Parish and/or employee.



1.1 New Employee Checklist – Parishes of Diocese of Bridgeport

When hiring a new employee, the Parish should follow the **New Employee Checklist** to ensure that all appropriate documents are provided to the new employee and completed. A copy of the current New Employee Checklist is located at www.mybenergy.com and also listed below:

** Requires Employee Signature*

Payroll Requirements:

- Personnel Action Form (completed by employer)
- Application and Supplement page (with any required attachments) *
- Federal W-4 Tax Form *
- State CT W-4 Tax Form *
- I-9 (request supporting documentation) *
- Direct Deposit Request and Check (if applicable) *
- Offer Letter Signed by Employer and Employee *
- Section 125 Flexible Benefits *
- Immigration status/Green card

Insurance Requirements (if applicable):

- Medical Insurance Summary Plan Description
- Medical Insurance Rates and Co-Payments
- Prescription Information and Co-Pays
- Medical Insurance Application Form or Waiver *
- Dental Insurance Summary Plan Description
- Dental Insurance Rates and Co-Payments
- Dental Insurance Application Form or Waiver *

Pension Requirements (if applicable):

- Bridgeport Diocesan Pension Plan (Lay) Summary Plan Description
- Bridgeport Diocesan Pension Plan (Lay) Enrollment Form *

403 (b) Plan (if applicable):

- Annuity Information
- Annuity Enrollment Form *

Policies and Procedures:

- Job Description
- Acceptable Use Policy (Computers and Internet) *



- ❑ Unemployment Notification *
- ❑ Employee Handbook (if applicable) *
- ❑ Emergency Contact Information *
- ❑ Vacation Policy

Safe Environments

- ❑ *Policy Relating to Allegations of Sexual Abuse of Minors* (May 2003) *
 - Sign-off page to be returned
- ❑ Release of Information for Background Check *
- ❑ *Code of Conduct* *
 - Sign-off page returned

Other Information (if applicable)

- ❑ Virtus Training Card

1.2 Employee Handbook

A Parish may wish to create its own Parish Employee Handbook to provide to its employees. If so, the *Diocese of Bridgeport Employee Handbook* should be used as a template. The Parish should contact the Diocesan Director of Human Resources for further guidance and information.

All Parish Employee Handbooks must be submitted to the Diocesan Director of Human Resources for review and approval prior to distributing to any Parish employees.



2. Employment Status Definitions for Parish Employees

All Parish employees shall be assigned to one of the following categories, established in compliance with federal and state law, as well as Diocesan policy.

- **Full-Time Employees** are defined as regularly scheduled to work at least 30 hours per week. Full-time employees are eligible for full employee benefits, including medical, dental, and pharmaceutical coverage.
- **Part-Time Employees** are defined as regularly scheduled to work:
 - **20-29 hours per week.** Such part-time employees are eligible for pro-rated sick leave, vacation time, and holidays. Part-time employees are **not** eligible to receive medical, dental, or pharmaceutical coverage.
 - **Less than 20 hours per week.** Such part-time employees are **not eligible** for benefits except for Social Security, Medicare, and worker's compensation.

All Parish employees shall also be classified as either exempt or non-exempt employees for purposes of overtime pay. Please see the **Diocese of Bridgeport Job Titles** for the appropriate classification for each position (*see Appendix at the end of this chapter*).

The exempt or nonexempt classification assigned to a position **cannot** be changed.

- **Exempt:** Those employees who hire other employees and who regularly perform management duties and administer all general policies and administrative procedures approved by the Pastor and the department heads. They are not entitled to overtime pay. It is understood that the nature of their jobs will sometimes call for more than a 40-hour week, e.g. some evening or weekend work.
- **Non-exempt:** Non-exempt employees are entitled to overtime pay for each hour over 40 hours of actual work, excluding a lunch break, in a given week.



3. Personnel Records

A personnel file for each employee is maintained at the Parish. **Except for application of Federal and State laws or regulations, the only persons other than the employee who are authorized to view this file are the Pastor, the person maintaining those files, or an individual authorized by the Pastor, such as an auditor. The supervisor of the employee may have access with permission from any of the aforementioned. Anyone other than the above-mentioned, individuals must have the written approval of the employee to view the file.**

The employee's file shall contain applications, references and all other supplemental material which is relevant to the individual's employment. Any information or documents which may affect a person's employment must be placed in the personnel file.

All employees shall have the right to review records placed in their personnel files in accordance with State law. For an employee to review his/her record, a request must be made in writing. Twenty-four hour notice is required.

Any information relative to the employee's medical status, including family and medical leave requests and workers compensation, will not be kept in the employee's personnel file but in a separate employee medical file.



4. Employment of Relatives

The employment of relatives of present employees is permissible providing the relative will not be under the direct supervision of the employee.

A relative for this purpose is defined as husband, wife, father, mother, stepfather, stepmother, daughter, son, stepson, stepdaughter, brother, sister, stepbrother, stepsister, grandparent, grandchild, father-in-law, mother-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, niece, nephew, aunt, uncle, cousin, foster child, or ward of the court.

5. Conflicts of Interest

A Conflict of Interest is a conflict between the private interests of an employee and his/her official or professional responsibilities. Potential conflicts of interest should be considered carefully during the hiring process. For this reason, the employment of relatives of present employees is permissible provided that the relative will not be under the direct supervision of the employee.

- No employee should use his or her position or information acquired during the course of business in a manner that may create a conflict, or the appearance of a conflict, between the employee's personal interest and those of the Parish in which they work. All activities conducted as a Parish employee should always place the lawful and legitimate interests of the Parish over personal gain.
- Absent written authorization by the Parish and the Diocese, no employee shall be affiliated with any provider of goods or services to the Parish. Such affiliation generally is inconsistent with the employee's capacity to equitably discharge his or her responsibility to the Parish.

If an employee has any reason to believe there may be a conflict of interest in violation of this section, he or she should immediately disclose the matter to the Pastor.

More information can be found in the Diocese of Bridgeport's *Code of Conduct*.



6. Attendance and Notification of Absence

An **Employee Attendance Calendar** (see *Appendix at the end of this chapter*) will be maintained by the Pastor for each Parish employee. At the end of the calendar year, the employee should review and sign their calendar to verify its accuracy. Once signed, these calendars are turned into the Parish office for placement in the employee's personnel file.

When absent from work on a scheduled workday, an employee must notify his or her immediate supervisor, at or before the beginning of the work day, of the reason for his or her absence. If the absence is to continue beyond the first day, the employee must notify his or her supervisor on a daily basis, unless otherwise arranged. If the employee does not notify his or her supervisor as set forth above, the absence will be considered unexcused.

Absence for three consecutive days without notifying the supervisor, or three consecutive unexcused absences, will be considered a voluntary termination.

All absences must be charged either to sick time, personal time, or vacation time, whichever is appropriate. Only after appropriate paid time off has been exhausted, may unpaid time off be granted. An employee should not be paid for any unexcused absence.



7. Compensation

7.1 Compensation Rates

It is the policy of the Diocese for Parishes to strive to compensate employees at rates that are fair and comparable to rates paid for similar jobs in the local area. Such comparisons for non-exempt positions should be made using available wage survey data for the surrounding geographical area. For exempt positions, the comparison is made with regional and national non-profit salary survey data which can be obtained from the Diocese's Director of Human Resources.

Compensation increases should be based upon:

1. a Merit System that includes written evaluations that must be reviewed with the employee and signed by the supervisor and employee;
2. longevity in a position; *and*
3. the Parish budget.

Note: Any compensation increase must be considered carefully in terms of its impact on the Parish budget and whether the increase can be paid for over the course of the fiscal year.

Under no circumstance should anyone be compensated in cash.

7.2 Job Titles and Job Descriptions

Each position has a title and is classified accordingly as to eligibility for overtime pay and base pay unit (weekly, hourly). Job description refers to the list of duties and responsibilities of a given position. Individual job descriptions shall include the following and shall be provided to each employee:

- A job title that accurately conveys the function of the position.
- The minimum requirements and qualifications for the position.
- The essential functions as well as the duties and responsibilities of the position.
- The relationship of each job title to other job titles as it applies to lines of authority, responsibility, channels of communication, and accountability.



A **List of Job Titles** will be reviewed and issued annually (*see Appendix at the end of this chapter*). In compliance with the Fair Labor Standards Act, this list indicates the exempt or non-exempt status of each position for purposes of overtime pay.

A position's exempt or non-exempt status **cannot** be changed from what is indicated on the approved list of titles.

7.3 Time Recordkeeping (Exempt Employees)

Timesheets will be submitted for all Exempt Employees at the end of the pay period. These are to provide an accurate record of the days of the week worked as well as identify any paid time off (vacation, sick days, holidays, etc.). Employees should sign the timesheet prior to submitting for processing to the supervisor, indicating it is accurate and that they agree with the information reported.

7.4 Time Recordkeeping (Non-Exempt Employees)

Signed time records must be submitted at the end of the pay period. These records should include daily starting and quitting times, daily totals, and weekly totals. These signed records are given to the supervisor who will verify them and submit them for payment.

7.5 Overtime (Non-Exempt Employees)

The nature of employees' job responsibilities may occasionally require them to remain after normal working hours or to attend meetings after normal working hours.

All Parish employees, **except those classified as Exempt** (managerial or professional) employees, are covered by the overtime provisions of the Federal Fair Labor Standards Act.

All Non-Exempt Employees who work beyond 40 hours per week will be compensated at a rate of time and one-half for their overtime. Employees may not authorize nor certify their own overtime. All overtime must receive prior written authorization from the employee's immediate supervisor.

It is the responsibility of the supervisor to see that overtime is kept to a minimum. Unworked but paid holidays, holy days, sick days, vacation, and personal days will be deemed to be "hours worked" for purpose of overtime calculation.



7.6 Paychecks and Payroll Deductions Allowed

Paychecks will be issued in accordance with Parish pay periods.

The Law requires that the employer, where applicable, deduct Federal Withholding Taxes, State Withholding Tax, Social Security (F.I.C.A.), Medicare, and garnishments from an employee's pay in amounts as directed by the authorities. Additional deductions will be made when authorized by an employee.

8. Termination

Under no circumstances can an employee of a Parish be terminated without first discussing the situation with the Diocesan Director of Human Resources.

Performance concerns must be documented in the period leading up to the decision to terminate an employee.



9. Benefits

All benefits listed herein will be provided and administered in accordance with the Catholic teachings and the values of the Church. For instance, Church teachings define marriage as being between a man and a woman; accordingly, same-sex partners are not eligible for family benefits or coverage. In addition, benefit programs will not offer or pay for birth control.

Please consult applicable plan documents or the Director of Human Resources for information regarding any particular benefit or definition.

9.1 Healthcare: Medical, Dental, Pharmaceutical

The Diocese of Bridgeport offers Parish employees a self-insured, comprehensive, healthcare insurance program. The Diocese voluntarily complies with federal HMO regulations.

To be eligible for participation in health coverage, one must be an active employee working 30 hours or more per week.

If employees work simultaneously at multiple Diocesan locations, their eligibility will be determined by the total number of hours worked in all locations.

Healthcare coverage becomes effective the first of the month after hire. Coverage is terminated upon the date of termination of employment.

Any employee interested in these programs may see their supervisor or the Director of Human Resources.

9.2 Pension

The Diocese provides lay Parish employees with a pension plan through the Bridgeport Diocesan Pension Plan, presently administered by USI Consulting Group. Currently, contributions to the plan are paid entirely by the Diocese.

To be eligible for participation in the pension plan, one must be an employee working 20 hours or more per week. Employees working at multiple diocesan or Parish locations qualify if the total number of hours they work from all locations is 20 or more.



Eligible employees may participate in the pension plan after attaining 30 years of age and completing three continuous years of employment. For details of eligibility and vesting, please refer to the plan booklet which describes the plan and benefits in greater detail.

Each year, participating employees receive a personalized Statement of Estimated Retirement Benefits for their review and records.

9.3 Unemployment Compensation

Pursuant to Federal Law 26 U.S.C. 3309(b) and Connecticut Law 31-222(a) (1)(E), diocesan and Parish employees are **not** entitled to unemployment compensation. No Parish may pay into the system. Acknowledgement of this fact is required by signature of any new hire prior to his/her start date.

9.4 Worker's Compensation Insurance

Employees are covered by the Worker's Compensation Law as established by the State of Connecticut. This insurance is for employees who sustain job-related injuries during hours of employment. Worker's compensation benefits are intended to compensate workers by reimbursing them for income loss and providing payments for medical and rehabilitation treatment, in accordance with state law.

If an injury occurs, please report it immediately to your supervisor. Your supervisor will phone Access Resources to complete a First Injury Report. This action is required in reporting all work-related injuries.

Job-related illness or injury benefits will be paid according to the formula set by law: please contact Diocesan Human Resources for details. Employees are paid regular time for doctor or other healthcare appointments relative to a worker's compensation injury that cannot otherwise be arranged outside of normal work hours.

Employees are still responsible for the employee portion of their healthcare coverage while absent from work due to worker's compensation. Failure to provide this payment will result in a ceasing of benefits.



9.5 Social Security and Medicare Benefits

Social Security and Medicare play an important part in the lives of all employees. All employees will participate in the Federal Insurance Contributions Act Program (F.I.C.A.), known as Social Security, and in the Medicare Program according to federal regulations and a payroll deduction formula fixed by law. The Parish also pays a matching amount into this program.

9.6 Tax Sheltered Annuity (TSA) – 403(b) Plan

All employees are eligible to participate in a tax-deferred annuity program, and may enroll at any time. This is a voluntary plan adopted to help employees provide for retirement.

Upon written approval from the employee, contributions are automatically deducted from their salaries, and will reduce the amount of their income that is subject to state and federal withholding for that year. However, such contributions will still be subject to F.I.C.A. and Medicare withholding.

Employees may choose to invest their contributions in one or more investment options. Earnings on employees' investments and their original contributions are not taxed until received.

This program is not a short-term savings plan but a long-term benefit only for employees of non-profit 501(C) (3) employers. The employee owns his or her contract and can take it, if he or she changes employers. Information packets and enrollment forms are available in the Parish office or Diocesan Human Resources.



10. Paid or Unpaid Time Off

Parishes, according to their circumstances and size, will have a variety of different needs. In acknowledging this diversity, the Diocese recognizes that one size or model does not fit all, and discretion is left to the individual Parish and Pastor.

Therefore, in this section descriptions of the paid and unpaid time off offered by the Diocese of Bridgeport to its employees are supplied as a **suggestion** for the Parishes to follow. Please contact the Diocesan Director of Human Resources for further information and guidance.

Please note that the Parish may be required by law to offer its employees unpaid Family and Medical Leaves of absence (Section 10.4). If a Parish employee requests this type of leave, the request should be forwarded to the Diocesan Director of Human Resources, who will determine the employee's eligibility for Family and Medical Leave.

10.1 Vacation

There is **no mandate or minimum requirement** regarding the amount of vacation time a Parish must offer to its employees. **This is at the discretion of the Parish;** it is not required by law.

Here are a few basic principles:

- If vacation time is offered, employees are encouraged to use this time within the calendar year.
- An employee may use his/her eligible vacation time any time during the calendar year, subject to the approval of the employee's department head or supervisor. Employees are advised to not make vacation plans, such as purchasing airline tickets, until they have written approval from their department head or supervisor for the requested time off. If a regularly scheduled Parish holiday (e.g. Fourth of July, Columbus Day) occurs during a vacation period, the Parish holiday pay is given for that day.
- Vacation time is generally intended to be taken during the calendar year in which it is earned. Parishes may limit the amount of vacation time an employee is allowed to carry over from one year to



the next. For example, Diocesan employees currently may carry over unused vacation days to the next calendar year. Any unused time carried over must be documented on the attendance calendar. All attendance calendars should be signed by the employee and their supervisor at the end of each calendar year and then filed in the employee's personnel file.

- **Note: Effective January 1, 2009, Diocesan employees may carry over only five (5) vacation days to the next calendar year. Furthermore, they will no longer be paid for unused vacation days at separation/termination. Unused vacation days will be forfeited. This is known as the "Use It or Lose It" policy.**
- Part time employees – employees working 20 to 29 hours per week – may be given vacation time, except the hours paid per each week of vacation would be equivalent to the average number of hours the employee has worked over the past six months.
- Upon hire, an employee begins accruing vacation. Upon termination, an employee must be paid for any accrued, unused vacation time for that calendar year. **However, a Parish does not have to pay for unused vacation time, provided that a "Use It or Lose It" policy has been communicated to employees.**

10.2 Holidays

There is **no mandate or minimum requirement** regarding the amount of holidays a Parish must offer to its employees. **This is at the discretion of the Parish**; it is not required by law.

Here are a few basic principles:

- A certain number of days are recognized as Holidays or Holy Days. It is recommended that each Parish prepare a Schedule of Holidays and Holy Days for the calendar year and distribute it to all Parish employees.
- When a designated Holiday (Christmas, New Year's Day, or the Fourth of July) falls on a Saturday, the Holiday will be celebrated on the Friday before. When the Holiday falls on a Sunday, the Holiday will be celebrated on the following Monday.
- If a Holiday falls on a day normally worked by a part-time employee then, the worker would get the Holiday off with pay. If the Holiday



falls on a day of the week typically not worked by a part-time employee, the employee would not get paid for that particular Holiday.

- Note: Many liturgical holidays require that employees work on that day. This should be noted on the Parish's Schedule of Holidays.

10.3 Sick Days

There is **no mandate or minimum requirement** regarding the amount of sick days a Parish must offer to its employees. **This is at the discretion of the Parish;** it is not required by law.

Here are a few basic principles:

- Full-time Diocesan employees earn **one sick day for every two complete calendar months worked, for a total of six (6) sick days per calendar year.** Sick days may be used by the employee when incapacitated due to injury or illness. To be eligible for paid sick time, the employee, or a member of the family, must call his or her supervisor by the time he/she is due at work.
- Part-time Diocesan employees earn **one sick day for every four complete calendar months worked, for a total of three (3) sick days per calendar year.**
- Sick time is carried over from calendar year to calendar year. In the absence of Short Term Disability, Diocesan employees are encouraged to accumulate their sick time to use in the event of an approved extended absence. Sick time will not accrue during an unpaid leave of absence. In no event, including upon termination, will an employee be entitled to payment for unused sick days.
- Sick time is documented on the yearly attendance calendar kept for each Diocesan employee. All attendance calendars should be signed by the employee and their supervisor at the end of each calendar year and then filed in the employee's personnel file.
- In the event the Diocesan employee is out of work for more than three days, the Diocese and/or Parish reserves the right to require a doctor's certification explaining the absence. Unauthorized and unexcused absences may result in disciplinary action, up to and including termination of employment.



10.4 Family & Medical Leave

Certain employees are eligible for family and medical leaves of absences under the federal Family & Medical Leave Act (“FMLA”) and the Connecticut Family & Medical Leave Act (“CTFMLA”). The Diocesan Director of Human Resources will determine which law applies to a particular employee and whether or not that employee is eligible for leave.

Therefore, all requests for family and/or medical leave should be forwarded to the Diocesan Director of Human Resources for approval. The Diocesan Director of Human Resources will also ensure that the Diocese and/or Parish appropriately complies with any State and Federal reporting requirements.

10.5 Personal Days

There is **no mandate or minimum requirement** regarding the amount of personal days a Parish must offer to its employees. **This is at the discretion of the Parish;** it is not required by law.

Here are a few basic principles:

- Personal days are for personal business that cannot be conducted outside of normal business hours, such as doctor or dentist appointments.
- Full time Diocesan employees are granted **two personal days per calendar year.**
- Except in emergency situations, the Diocesan employee should request the day off from their supervisor at least two weeks in advance.
- Unused personal time will **not** be reimbursed to the Diocesan employee, even upon termination. Unused personal time does **not** carry over from year to year and is forfeited.
- Part-time Diocesan employees are granted **one personal day per calendar year** under the same conditions set forth above.

10.6 Military Service

Employees inducted into the military or who are members of the National Guard or Reserves are entitled to unpaid time off, without loss of accumulated service, **to the extent provided by State and Federal law.**



For details, consult Diocesan Human Resources. Such employees are also entitled to reinstatement in accordance with state and federal law.

In addition, full and part-time employees who are required to attend summer military training will, during such two-week training periods, receive the **excess** of his/her regular pay over military pay, if any, and will receive a continuation of benefits.

10.7 Jury Duty

Employees will be given time off from work to fulfill their obligation of jury duty, **required by law**. Employees who are required to perform jury duty will be reimbursed for the **excess** of his/her regular pay over jury pay for up to six weeks per calendar year. Proof of service will be required prior to processing payment for jury duty. Employees selected for an extended trial that lasts beyond six weeks will be handled individually.

10.8 Maternity/Paternity/Adoption Leave

To enable parents bringing new-born children into their homes the opportunity for time together before returning to work, employees of the Diocese are entitled to three weeks of paid maternity/paternity leave commencing with the birth or adoption of the child.

Any leave pursuant to this section will be counted towards the time off allowed by the policy on Family & Medical Leave, as stated in section 10.4. Additional time off may also be requested in accordance with the policy set forth in section 10.9.

To qualify for maternity/paternity leave, the employee must have completed one year of employment with the Diocese.

10.9 Non-Statutory Leave of Absence

There is **no mandate or minimum requirement** regarding non-statutory leaves of absence. **This is at the discretion of the Parish**; it is not required by law.

Here are a few basic principles:

- Leaves of absence will only be granted for reasons which are considered to be of a substantial nature. This includes those leaves of absence which would be considered to be for an extended length of time.



- Requests by Diocesan employees for leaves of absence must be submitted in writing, to their supervisor, giving full particulars and details.
- The decision to grant or deny a leave of absence, and the terms under which one is granted under this section, is the sole and exclusive decision of the Diocese (or Pastor) and shall not be subject to grievance, or reconsideration.
- In those cases where it applies, all leaves must coincide with the Diocesan Lay Pension Plan rules or regulations in conformity with IRS requirements as they relate to pension participants.
- During a non-statutory leave of absence, full-time employees are responsible for the **entire cost** of their healthcare coverage. Failure to provide will result in a ceasing of benefits.



11. Payroll

Payroll for all Parishes will be processed using the **QuickBooks Assisted Payroll Program** as of January 1, 2008. This program will calculate the payroll, payroll deductions and net checks. Through this program, the Parish will produce the payroll checks and or Direct Deposit the net checks.

Under no circumstances is anyone – Clergy, Religious, Employees – to be paid with cash.

11.1 Clergy

Diocesan Priests and **Permanent Deacons** (employed in an ecclesial role – Clergy) are “**dual-status**” employees:

- For Federal and State income tax purposes, Priests and Deacons are employees. Their wages are reported on Form W-2 and they pay federal and state income taxes on their wages. The Priest may elect to have the Federal and State income tax withheld from his wages.
- For Social Security and Medicare purposes, **Diocesan Priests** are self-employed and, therefore, must pay self-employment tax on their wages. This tax cannot be withheld from their wages. Rather, the Priest pays it himself in the form of an estimated tax payment, usually quarterly.
- If the Priest elects to have Federal and State income tax withheld, then he can increase the amount of Federal income tax withheld to cover the Social Security and Medicare liability and not pay the quarterly estimated tax payments.
- The monthly stipend payment to **Permanent Deacons** is an unaccountable expense reimbursement for IRS purposes and is reported on Form W-2. Deacons can deduct their actual expenses on their personal tax returns.

Members of Religious Communities:

- Those who have taken a vow of poverty are not subject to income tax on wages, fees, or other compensation paid to the religious community for their services.
- The checks for payment must be made payable to the Religious Order, not to the individual religious or priest. *See Chapter X, section 1.4.*



- The Parish does not need to prepare either a W-2 or a 1099 in these cases.

11.2 Lay Employees

Legally-mandated deductions from wages:

- All lay employees are subject to Federal and State income tax withholdings on their wages.
- All lay employees are subject to Social Security and Medicare withholdings on their wages.
- Any lay employee is subject to a wage garnishment if documentation is provided by a court of law or state or federal agency.

Voluntary deductions from wages:

- Any employee can authorize a voluntary deduction such as:
 - 403(b) Tax Sheltered Annuity
 - Direct Deposit Savings

11.3 Compensation

All compensation paid to Clergy and lay employees must be reported to Federal and State taxing authorities, with taxes and deductions withheld as required by law and the employees' written authorization.

Compensation includes gifts and bonuses, overtime pay, and pay for any and all additional services performed for the same employer. All are subject to tax.

Compensation in the form of payroll must be paid by check to ensure proper recording in the accounting records and proper reporting to taxing authorities.

11.4 Employee Setup

Every employee who will be paid, including clerical personnel, will be set up in the QuickBooks Assisted Payroll. The setup will include such information as required by law and as evidenced on the new hire employment forms contained at the back of this section: legal name, address, Social Security or tax identification number (TIN), pay rate, pay



frequency, details of paycheck deductions such as number of dependents, filing status, rate or amount of 403(b) deduction.

QuickBooks Assisted Payroll can track **paid time off (PTO)** as well. If PTO is not tracked in QuickBooks, it must be tracked manually and a file maintained with this information.

11.5 Payroll Item Setup

Every payroll item of gross payroll and payroll deductions as well as payroll expenses for the Parish must be setup in QuickBooks Assisted Payroll. The expense account to be charged will be designated in this setup.

Refer to the *QuickBooks Assisted Payroll Guide* for technical guidance as to how to enter payroll items.

11.6 Creating Paychecks

Through the QuickBooks Assisted Payroll, paychecks will be calculated and printed or direct-deposited.

- Payroll will be processed and paid according to the Parish pay schedule.
- Hourly employees must complete, sign and submit a time sheet (see *Appendix at the end of this chapter*) indicating the number of hours to be paid in the pay period before any paycheck is generated. This time sheet should be reviewed by the employee's supervisor or the Pastor who should initial it, indicating approval of the hours to be paid. Also, the time sheet should clearly evidence any PTO to be paid. In this way the PTO can be tracked in QuickBooks as well as on the Employee Attendance Calendar (see *Appendix at the end of this chapter*) kept in the employee's employment file (see *item 7.3 above*).
- Exempt employees should also complete a time sheet indicating the period worked and any PTO that is to be paid (see *item 7.4 above*).

Refer to the *QuickBooks Assisted Payroll Guide* for technical guidance as to how to enter payroll and create paychecks or direct deposit transactions.



11.7 Paying Payroll Taxes and Other Payroll Deductions

Payroll must be created 2 days prior to the pay date on the paychecks. This allows QuickBooks time to process the automatic payment of the payroll taxes which occurs on the pay check date. For example if pay day is May 17th, then the payroll must be created in QuickBooks by May 15th for the electronic transactions to be done in a timely fashion.

The QuickBooks Assisted Payroll program calculates the total amount of payroll taxes to be paid and electronically transmits those payments to the proper taxing authorities on the pay check date. The amount of payroll taxes paid (together with the total amount of net pay) is electronically removed from the Parish's operating checking account as of that date as well.

Other payroll deductions, such as 403(b) contributions, can be remitted manually as had been done in the past or electronically as an additional service from QuickBooks.

Payroll tax tables will be automatically updated by QuickBooks at no extra charge to the Parish as part of this service.

Refer to the *QuickBooks Assisted Payroll Guide* for technical guidance as to how to pay payroll taxes and other liabilities through the program.

11.8 Recording and Reporting

- **Quarterly:** Federal Form 941 and Connecticut Form CT-941.
- **Annually:** Federal Forms W-2 and W-3, and Connecticut Form CT-W-2.
- **Other deductions:** as required by the type of deduction.

The QuickBooks Assisted Payroll program will record all payroll transactions as the transactions are created. No additional journal entries will be required unless special allocations of expenses are necessary for budgetary purposes. All accounts affected by payroll transactions are designated in the Payroll Item Setup, as described previously.

The QuickBooks Assisted Payroll program creates all the quarterly payroll reporting required by law. These reports will be transmitted electronically to the taxing authority. **The Parish must print out a hard copy to retain in its files.** Any reports required with respect to the withholding and



payment of garnishments (government/civil claims against an employee's wages) must be done manually by the Parish as these differ by type of garnishment.

The annual payroll reports such as W-2s will be created by QuickBooks and transmitted electronically to the taxing authorities. **The employee copies of the W-2s must be printed by the Parish and given to employees.**

