

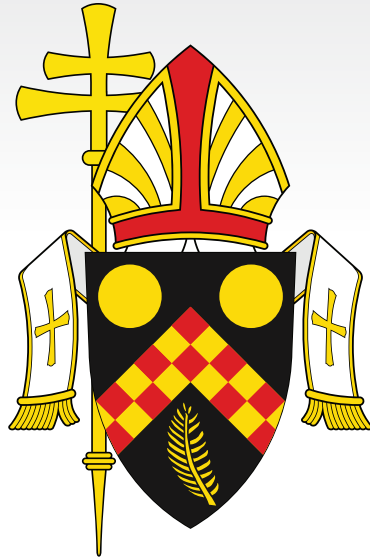


ARCHDIOCESE OF BRISBANE

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Catholic Education Council  
Council of Priests

***THE ADMINISTRATION  
OF PARISH SCHOOL ASSETS***



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*Revised July 2014*

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## Introduction

This publication is the second edition of the policy document first enacted in 1992 for those responsible for the administration of the parish and school assets. Those responsible for the administration of Church goods fulfil their responsibilities with the diligence of a good householder (c. 1284).

The parish school is the primary way the parish priest fulfils his duty of care for the Catholic education of children (c. 528 §1). The land, buildings and other assets belong to the parish. Administration of the school is overseen by the parish priest and conducted on a day to day basis by the principal. The parish priest is assisted by the principal, parish finance council, and the parish pastoral council, where one exists. The principal is assisted by the school board, where one exists.

Parish schools are owned in canon law by the relevant parish and are integral to the mission of the parish. Parish schools are part of the Archdiocesan system or community of schools administered by the Archdiocese through the Brisbane Catholic Education Office. In accordance with the Charter of the Brisbane Catholic Education Office, approved by the Archbishop, certain responsibilities are delegated to the Catholic Education Office for parish schools<sup>1</sup>.

As with the first edition of this document, *The Administration of Parish School Assets* aims to:

- affirm the existing good practice of parish priests, principals and others in relation to administration of church goods and finances
- ensure that the requirements of civil and canon law are met in relation to the parish school administration;
- promote timely and accurate accountability to both the parish and governments in accordance with legal requirements;
- promote, through appropriate identification and accountability for administration, the unity of the parish.

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<sup>1</sup> 'Collaborating for Mission: the Parish and the Catholic School'

These principles and practical applications continue to be part of the Archdiocesan policy on administration of Church goods and finances. I ask all involved in this area of administration – priests, deacons and lay men and women – to study this policy document carefully and ensure those principles and practices contained within it continue to be fully implemented in every parish.

A handwritten signature in black ink, appearing to read 'Mark Coleridge', with a stylized flourish at the end.

Most Rev Mark Coleridge  
Archbishop of Brisbane

## Layout of the booklet

The layout of the booklet is simple. After a brief outline of the context in which the principles and applications will function, the general principles are listed without commentary. The significance of the principles and how each can apply in practice is found in the section on practical applications. The booklet concludes with some attachments to help better understand the contents.

## Context of principles and applications

### Collaboration

The parish priest is the priest to whom the bishop entrusts the pastoral care of a parish (c. 515 §1). As well as this role, which he exercises in collaboration with others to achieve the most effective level of care, the parish priest in his role as canonical administrator also carries responsibility for the proper administration of the goods of the parish (c. 532).

The parish priest is required to work with the parish pastoral council, parish finance council, principal and school board. For the good of the parish and the church in general, the parish priest and the others who share in the work of administration take pains to observe the requirements of both civil and canon law (c. 1284 §2 3°). As well as the provisions contained in the Code of Canon Law, the Archdiocese has particular laws regulating the administration of parish goods.<sup>2</sup>

The school, in those parishes that have one or more, is a significant part of the way a parish fulfils Christ's command to be 'on mission'. The traditional relationship between the principal and the parish priest has been characterised by a generous and co-operative exchange and sharing of resources. This relationship of goodwill and co-operation is valued and is to be nurtured. In some parishes, there is more than one school. In this situation, the relationship between the principals and the parish priest and the relationship among the principals is also characterised by goodwill and co-operation.

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<sup>2</sup> A list of other reference documents is included at Attachment B.

## **Standards**

As with all other elements of parish life, the school must conform to the pastoral priorities and goals of the parish as a whole. The parish priest must ensure that the administration of the school is to the same high standards as required of all other parish ministries.

The school enjoys a degree of legitimate autonomy in its operations. The principal must exercise prudent financial management where this concerns funds from government or other sources for school use, whilst ensuring that appropriate accountabilities are given to the parish priest, parents, parishioners, governments, the Catholic Education Office and relevant bodies.

Sound administration and clear accountability procedures in relation to school funds promote the unity of the parish and its school, while avoiding actions which could jeopardise the confidence of the school's supporting community or the school's entitlement to government financial assistance. Given legal and canonical requirements, it is necessary to make distinctions between funds used for school purposes and other parish purposes. These distinctions, though, must never be construed as separating the school from the parish as a whole. Rather, appropriate procedures and accountability will ensure that the rights and duties of all within the parish are acknowledged.





	For Practical Applications, refer to:
<p><b>5. Financial reporting</b></p> <p>The parish priest acts for the parish in all juridical matters (c. 532) and also has responsibility for the good administration of the temporal goods of the parish e.g., church, presbytery, school, hall.</p> <p>The principal has responsibility for the day-to-day management and administration of the school. It is the responsibility of the principal to ensure appropriate financial processes are in place and that annual recurrent and capital budgets are developed and have the appropriate approvals. Regular monitoring of the school's income and expenditure against approved budgets is the responsibility of the principal and the principal provides regular reports to the parish priest, the school board and the parish finance council as outlined in the following paragraphs.</p> <p>The parish priest, with the assistance of the parish finance council and school board, where one exists, has financial oversight of all locally administered school funds. This oversight is exercised through the processes associated with recurrent and capital school budget approval and accountability.</p> <p>A statement of income and expenditure together with the overall financial position of the school is to be presented by the principal to key stakeholders annually and to the school board and the parish finance council on at least a quarterly basis. This quarterly report will provide comparisons to the annual budget for income and expenditure items and to previous year balances for the overall financial position.</p> <p>The principal will present an annual audited financial report to all relevant stakeholders within four months after the end of the financial year. Advice regarding the presentation and content of this report can be sought from the Brisbane Catholic Education Office Financial Services team.</p> <p>The appointment of the school auditor is a joint responsibility of the parish priest and the principal and any appointment should have the endorsement of the parish finance council.</p>	4

	For Practical Applications, refer to:
<p><b>6. Disposal of temporal goods used by the school</b></p> <p>Land and buildings are not owned by the school. They are ecclesiastical goods and their disposal is always done in accordance with the relevant canons of universal law and the requirements of local church law. With buildings erected with government grants, recognition must be given to the relevant government regulations.</p> <p>All appropriate approvals are required before any action to acquire and dispose of school property is undertaken. As a minimum, the approval of the parish priest and parish finance council is required before proceeding.</p> <p>The Archdiocese has approval processes governing alienation and the selling, leasing and acquisition of property. The document titled <i>Extraordinary Administration decrees and policies approval requirements</i>, which is updated periodically by Archdiocesan Services, provides information on authority delegations and financial limits.</p> <p>Where land and buildings used for school purposes are sold, contributions towards the construction/purchase of the building(s) by the parish, religious institutes, parents, government and other relevant parties would be taken into account in the distribution of the proceeds. The future schooling needs within the parish and surrounding areas will also be considered and taken into account.</p>	5.1
<p><b>7. Use of church and other parish facilities by the school</b></p> <p>Celebrations of the Eucharist and the sacraments are a vital part of the Catholic formation of the members of the school community. School authorities are exempt from any booking fees for these celebrations in the church or other non-school parish facilities.</p>	6.1
<p><b>8. Use of school facilities by the parish</b></p> <p>Gatherings of parishioners are a vital part of the community development dimension of a parish. Provided facilities are free of school engagements, school authorities will allow the parish to use the facilities without charge.</p>	6.1

	<b>For Practical Applications, refer to:</b>
<p><b>9. Financial support for schools by the parish</b></p> <p>Where a school can operate effectively from government funds and fees, levies and fundraising provided by parents, there is no requirement that the parish makes a financial contribution to the school. Where financial support is made, such generosity of the parish is to be acknowledged.</p>	7.1
<p><b>10. Donations to non-school parish funds</b></p> <p>Where donations are collected from school families via the school fee account, these donations must be for purposes not connected to the school. This donation must not be related to services that are provided by the parish priest to the school. If the donation is included on the fee statement, its purpose is to be clearly shown. If parents choose to not pay the donation, the donation is not considered to be outstanding and must not be carried forward as an outstanding balance on subsequent school fee statements. Prior to a donation being sought from families at the parish school, the parish priest will, after seeking advice from the parish finance council, make a proposal to the principal. The principal will consult with the school board and area supervisor and the agreed arrangements for the donation will be documented.</p>	

## Practical applications

The following applications are not intended to be an exhaustive list. Their inclusion is to help in interpreting and understanding the general principles.

### 1. Observance of legal requirements

#### *1.1 School building fund*

The Australian Taxation Office (ATO) has issued a comprehensive ruling in relation to the operation of a School Building Fund (SBF). The general principles that must apply for contributions to attract tax deductibility are outlined in Attachment C. These funds cannot be used for other parish purposes.

#### *1.2 School library fund*

As with SBFs, the ATO has issued a comprehensive ruling in relation to the operation of a School Library Fund (SLF). The general principles that must apply for contributions to attract tax deductibility are outlined in Attachment D. These funds cannot be used for other parish purposes.

### 2. Separate accounts

#### *2.1 Apportionment of operational costs to school*

Operational costs include charges such as insurance, electricity, telephone, rates, water, data, cleaning, care of grounds, etc. The way in which these costs are to be shared should be agreed in advance, committed to in writing and clearly documented in the official records kept by the principal and the parish priest. The apportionment may be objectively determined by an independent outside person or persons with appropriate knowledge as required, such as staff members from Brisbane Catholic Education Office Financial Services.

Illustrations of how this might be accomplished are included in Attachment E.

### **3. Intentions of contributors**

#### *3.1 Joint fund raising ventures or collection of funds for other than school purposes*

Where the parish priest involves the school community in a sponsorship, joint fund raising venture, or commitment to an activity or project, the sharing arrangements will be agreed prior to the event.

Examples of fund raising ventures include:

- fetes;
- art unions;
- socials.

Examples of activities or projects include:

- the development of a multipurpose centre or playing courts;
- the employment of a community worker;
- support of a charity or employment project.

Where the school community supports any such activities or projects, the intended purpose of any contribution by the parents must be indicated at the time the parents make the contribution.

#### *3.2 Transfer of assets/funds from school*

School funds can only be applied for school purposes. Assets acquired for the school, solely with dedicated school funds, are principally for the use of the school and are to be included in the school's records. Where assets were funded solely from school funds, they are not available for transfer elsewhere without appropriate recompense to the school.

#### *3.3 Transfer to school use of other assets belonging to the parish*

Where assets acquired by the parish, solely using parish funds,

are transferred to school use, the school will pay to the parish appropriate recompense and may use school funds to ensure no depletion of other parish accounts. The school does not purchase the asset from the parish and appropriate recompense would generally be less than the current market value. Factors that may be taken into consideration in determining the amount transferred include costs to be borne by the parish priest to relocate the functions carried out in the assets transferred, the extent of the benefit to the school for the transfer of the use of the asset to the school.

#### **4. Financial reporting (c. 1284 §2 8°)**

The principal will provide quarterly reports to the parish priest, the parish finance council and the school board. Accountability is to the whole parish, the parents, Brisbane Catholic Education Office and to governments. The financial adviser to the school board and/or staff from Brisbane Catholic Education Office Financial Services are available to assist the principal in negotiating these processes including the timing and format of the reports.

##### *4.1 Annual school budget*

The school's financial procedures must include the process for developing, endorsing and monitoring the annual school budget. The principal prepares a draft budget and then refers it to the relevant bodies, e.g., the school board, parish finance council for consideration and endorsement. It is preferable, to minimise the potential for misunderstanding, for the principal to personally present the budget. The final annual budget for the school will be presented within three months from the start of the school year. An audited statement<sup>5</sup> of income and expenditure for the previous year is to be presented to the school board and parish

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<sup>5</sup> Attachment F provides an exemplar audit certificate and a list of those qualified to give the audit opinion.

finance council by 30 April each year and published in the parish and school communities by the end of the second term of the school year. Reporting of progressive income and expenditure levels to relevant bodies should occur quarterly (at least).

#### *4.2 Financial reports to government*

The Commonwealth Department responsible for the school education portfolio has published a standard Chart of Accounts that provides an appropriate framework for preparing financial reports. This department requires that the school provide to it an annual financial questionnaire through the Brisbane Catholic Education Office. This questionnaire is based on the data maintained by the school and audited annually. The school must provide a copy of the audit certificate through the Brisbane Catholic Education Office to this government department.

### **5. Disposal of ecclesiastical goods**

The sale of all or part of school property is an act of alienation and therefore the consent of the Archbishop is required by the parish priest. The Archdiocesan Property Officer is the point of contact for processes which need to be initiated.

The Manager Planning Services is the Brisbane Catholic Education Office contact with regards to these processes. Liaison occurs between the Planning Services staff at the Brisbane Catholic Education Office and the Archdiocesan Property Officer.

### **6. Use of church and other parish facilities**

#### *6.1 Application of charges by parish to school*

Charging the school for the use of buildings erected for school purposes and funded from school funds, including government grants, is regarded as improper by governments and the community and is therefore prohibited. It is Archdiocesan policy

that parish priests do not charge rent to the school for school premises. This regulation removes any uncertainty as to whether the buildings were financed directly or indirectly by governments (grants, interest assistance, tax deductibility provisions, etc.) and parents. Charging the school rent for use of non-school parish facilities is forbidden.

Worship is an integral part of the faith development of the young people in Catholic schools. There are to be no charges levied on schools for the celebration of ceremonies or liturgical celebrations.

The co-operative exchange and sharing in relation to use of school and other parish facilities would hopefully diminish the need for charging for the use of such other facilities such as parish halls and community centres paid for by the parish from non-school funds. However, where charging measures are deemed appropriate, the charge should be reasonable and not exceed the general scale of charges for use of the facility by Church groups or the public.

## **7. Financial support for schools**

### *7.1 Acknowledgment of financial support from the parish*

Where the parish does make a financial contribution towards the parish school, the level and nature of the support is to be acknowledged in the financial report to the school community.



## Conclusion

In the introduction to this document, for the purpose of clarity, the Archbishop reminded us that the parish school is an apostolic work of the parish. The above principles and practical applications aim to assist those responsible for the administration of parish school assets. The environment within which schools operate is a changing one and at times issues will arise which are not specifically considered in this document. Where assistance is required, relevant parties should contact the Financial Administrator of the Archdiocese for assistance. Staff members of Archdiocesan Services, the Archdiocesan Development Fund and the Brisbane Catholic Education Office are also available to assist in clarification of the contents of this policy document and its application in schools and parishes.

# **Attachment A**

## **CANON LAW REFERENCES**

Translation prepared by the Canon Law Society of Great Britain and Ireland in association with the Canon Law Society for Australia and New Zealand.

## **RESPONSIBILITY OF THE ARCHBISHOP**

c. 473 §1 The diocesan Bishop must ensure that everything concerning the administration of the whole diocese is properly coordinated and is directed in the way that will best achieve the good of that portion of the people of God entrusted to his care.

## **PARISH FINANCE COUNCIL**

c. 537 In each parish there is to be a finance committee to help the parish priest in the administration of the goods of the parish, without prejudice to c. 532. It is ruled by the universal law and by the norms laid down by the diocesan Bishop, and it is comprised of members of the faithful selected according to these norms.

c. 532 In all juridical matters, the parish priest acts in the person of the parish, in accordance with the law. He is to ensure that the parish goods are administered in accordance with c. 1281-1288.

## **SUPERVISORY ROLE OF THE ORDINARY**

c. 1276 §1 Ordinaries must carefully supervise the administration of all the goods which belong to public juridical persons subject to them, without prejudice to lawful titles which may give the Ordinary greater rights.

§2 Taking into account rights, lawful customs and the circumstances, Ordinaries are to regulate the whole matter of the administration of ecclesiastical goods by issuing special instructions, within the limits of universal and particular law.

## **MORE IMPORTANT ACTS OF ADMINISTRATION**

c. 1277 In carrying out acts of administration which, in the light of the financial situation of the diocese, are of major importance, the diocesan Bishop must consult the finance committee and the college of consultors. For acts of extraordinary administration, except in cases expressly provided for in the universal law or stated in the documents of foundation, the diocesan Bishop needs the consent of the committee and of the college of consultors. It is for the Episcopal Conference to determine what are to be regarded as acts of extraordinary administration.

## **RESPONSIBILITY FOR ADMINISTRATION**

c. 1279 §1 The administration of the ecclesiastical goods pertains to the one with direct power of governance over the person to whom the goods belong, unless particular law or statutes or legitimate custom state otherwise, and without prejudice to the right of the Ordinary to intervene where there is negligence on the part of the administrator.

§2 Where no administrators are appointed for a public juridical person by law or by the documents of foundation or by its own statutes, the Ordinary to which it is subject is to appoint suitable persons as administrators for a three-year term. The same persons can be re-appointed by the Ordinary.

## **INVALID ACTS OF ADMINISTRATION**

c. 1281 §1 Without prejudice to the provisions of the statutes, administrators act invalidly when they go beyond the limits and manner of ordinary administration, unless they have first received in writing from the Ordinary the faculty to do so.

§2 The statutes are to determine what acts go beyond the limits and manner of ordinary administration. If the statutes are silent on this point, it is for the diocesan Bishop, after consulting the finance committee, to determine these acts for the persons subject to him.

§3 Except and insofar as it is to its benefit, a juridical person is not held responsible for the invalid actions of its administrators. The

juridical person is, however, responsible when such actions are valid but unlawful, without prejudice to its right to bring an action or have recourse against the administrators who have caused it damage.

## **OBLIGATION OF ADMINISTRATORS**

c. 1282 All persons, whether clerics or laity, who lawfully take part in the administration of ecclesiastical goods, are bound to fulfil their duties in the name of the Church, in accordance with the law.

## **DUTIES OF ADMINISTRATORS (BEFORE TAKING OFFICE)**

c. 1283 Before administrators undertake their duties:

- 1 they must take an oath, in the presence of the Ordinary or his delegate, that they will well and truly perform their office;
- 2 they are to draw up a clear and accurate inventory, to be signed by themselves, of all immovable goods, of those movable goods which are precious or of a high cultural value, and of all other goods, with a description and an estimate of their value; when this has been compiled, it is to be certified as correct;
- 3 one copy of this inventory is to be kept in the administration office and another in the curial archive; any change which takes place in the property is to be noted on both copies.

## **DUTIES OF ADMINISTRATORS (IN OFFICE)**

c. 1284 §1 All administrators are to perform their duties with the diligence of a good householder.

§2 Therefore they must:

- 1 be vigilant that no goods placed in their care in any way perish or suffer damage; to this end they are, to the extent necessary, to arrange insurance contracts;
- 2 ensure that the ownership of ecclesiastical goods is safeguarded in ways which are valid in civil law;

- 3 observe the provisions of canon and civil law, and the stipulations of the founder or donor or lawful authority; they are to take special care that damage will not be suffered by the Church through the non-observance of the civil law;
  - 4 seek accurately and at the proper time the income and produce of the goods, guard them securely and expend them in accordance with the wishes of the founder or lawful norms;
  - 5 at the proper time pay the interest which is due by reason of a loan or pledge, and take care that in due time the capital is repaid;
  - 6 with the consent of the Ordinary make use of money which is surplus after payment of expenses and which can be profitably invested for the purposes of the juridical person;
  - 7 keep accurate records of income and expenditure;
  - 8 draw up an account of their administration at the end of each year;
  - 9 keep in order and preserve in a convenient and suitable archive the documents and records establishing the rights of the Church or institute to its goods; where conveniently possible, authentic copies must be placed in the curial archives.
- §3 It is earnestly recommended that administrators draw up each year a budget of income and expenditure. However, it is left to particular law to make this an obligation and to determine more precisely how it is to be presented.

## **CHARITABLE DONATIONS**

c. 1285 Solely within the limits of ordinary administration, administrators are allowed to make gifts for pious purposes or Christian charity out of the movable goods which do not form part of the stable patrimony.

## **RELINQUISHING RESPONSIBILITIES**

c. 1289 Although they may not be bound to the work of administration by virtue of an ecclesiastical office, administrators may not arbitrarily

relinquish the work they have undertaken. If they do so, and this occasions damage to the Church, they are bound to restitution.

### **OBLIGATION TO OBSERVE WILLS**

c. 1300 The intentions of the faithful who give or leave goods to pious causes, whether by an act *inter vivos* or by an act *mortis causa*, once lawfully accepted, are to be most carefully observed, even in the manner of the administration and the expending of the goods, without prejudice to the provisions of c. 1301 §3.

§3 Any clause contrary to this right of the Ordinary which is added to c. 1301 a last will, is to be regarded as non-existent.

### **REMOVAL OF PARISH PRIEST**

c. 1741 The reasons for which a parish priest can lawfully be removed from his parish are principally:

- 1 a manner of acting which causes grave harm or disturbance to ecclesiastical communion;
- 2 ineptitude or permanent illness of mind or body, which makes the parish priest unequal to the task of fulfilling his duties satisfactorily;
- 3 the loss of the parish priest's good name among upright and serious-minded parishioners, or aversion to him, when it can be foreseen that these factors will not quickly come to an end;
- 4 grave neglect or violation of parochial duties, which persists after a warning;
- 5 bad administration of temporal goods with grave harm to the Church, when no other remedy can be found to eliminate this harm.

## Attachment B

### REFERENCES

Archdiocese of Brisbane. (1994). *Archdiocese of Brisbane reference manual*. Brisbane: Archdiocese of Brisbane.

Archdiocese of Brisbane. (1992). *Parish finance council constitution and regulations*. Brisbane: Archdiocese of Brisbane.

Australian Catholic Bishops' Conference and the Australian Conference of Leaders of Religious Institutes. (1997). *A reference manual with suggested guidelines for dealing with intra church land and property transactions*. Canberra: Australian Catholic Bishops' Conference.

Brisbane Catholic Education. (1990). *Recommended procedures for financial accounting and management in parish schools*. Brisbane: Brisbane Catholic Education.

Catholic Education Council. (2014). *Collaborating for mission: the parish and the Catholic school*. Brisbane: Catholic Education Council.

## Attachment C

### SCHOOL BUILDING FUNDS

The Australian Taxation Office (ATO) provides income tax deductibility for contributions made to School Building Funds (SBF) or for any donations given by any tax paying body for the purposes of assisting with the purchase, development and maintenance of school buildings.

An SBF can be of great benefit to any school or education facility as the tax deductibility can work to create larger contributions from donors, furthering the aims and facilities of the beneficiary. However, beneficiaries are required to ensure that the funds attracting tax deductibility are utilised in accordance with legislation and the relevant rulings of the ATO and accounted for in a prudent fashion. There are rules that must be complied with, but these, however are not onerous and, in fact, are quite straight forward. The general principles that must apply for contributions to an SBF to attract tax deductibility are:

- Donation must be at least \$2.00.
- The SBF must be established and maintained exclusively for providing money for the acquisition, construction or maintenance of a building used, or to be used, as a school or college.
- The definition of a building is a permanent structure, roofed and usually with walls and flooring, that provides protection from the elements for students and teachers, and for relevant equipment and services the schools provides and uses in its operation. Buildings include fixtures that become part of a building so as to form part of it permanently.
- The primary function of the building must be to provide regular, ongoing and systematic instruction in a course of training that is not, or is no more than incidentally, recreational in nature.
- Disbursements for capital improvement, maintenance and the installation and purchase of fixtures to a building are acceptable.



- The SBF is to be maintained as a separate account in school financial records and be serviced by a separate bank or Archdiocesan Development Fund account.
- It is acceptable to deposit or invest SBF monies as long as all reasonable steps are being taken to utilise the principal and interest for the required purpose.
- Where funds are collected for more than one purpose, e.g. planned giving, the amount to be applied to the SBF must be known to any contributor before the contribution is made.
- If a fund is maintained for purposes other than exclusively school buildings, contributions will not be tax deductible.
- Where joint uses are applied to contributions, the contributor must be made aware of the amount applied to the SBF. This cannot be at the discretion of the beneficiary.
- Consideration cannot be given for the contribution. For example, school fees are not to be reduced through the payment of an SBF contribution. Tax deductibility will not apply in such an instance.
- An SBF contribution must be purely a 'donation', and voluntary in nature, explicitly described as a donation and not pursued as if it were a bad debt.
- Repayment for loans applying to conforming buildings are acceptable expenses covered by the SBF.
- As long as a building is used solely for school purposes, contributions to the relevant SBF will be tax deductible. It is acceptable for the building to be used for other purposes so long as the use is only minor or occasional.
- Reasonable and applicable costs of administering an SBF are legitimate charges against the fund, e.g. banking and accounting fees.
- The cost of land purchases specifically for the establishment of a school building is a legitimate cost, but only to the extent of the component of the land on which the building will be constructed.

- Cleaning and maintenance charges for a school building are legitimate charges against an SBF. This includes the relevant component of salaries, insurance premiums in relation to the building only and the portion applicable to the cost of purchasing maintenance and cleaning equipment.
- Security systems are a legitimate charge against the SBF if they are fixtures to an applicable building.

The above issues are not exhaustive and many variances will apply. Brisbane Catholic Education Office Financial Services School Support Team members will be able to provide further assistance. It should be noted that legislation can be subject to amendment and the ATO will review its Taxation Rulings from time to time. Information is available from the ATO website at [www.ato.gov.au](http://www.ato.gov.au).

## Attachment D

### SCHOOL LIBRARY FUND

The Australian Taxation Office (ATO) provides income tax deductibility for voluntary contributions made to school libraries given for the purposes of assisting with the purchase, maintenance and administration of books and other library materials and resources for reading, study, or reference by students and staff at a school.

The general principles that must apply for contributions to a school library to attract tax deductibility are:

- The contribution must be a voluntary contribution and explicitly described as such and not pursued as if it were a bad debt.
- The contribution must be at least \$2.00.
- Consideration cannot be given for any voluntary contribution. For example, school fees are not to be reduced in recognition of the payment of a contribution to the library.
- The ATO does not provide definitive guidelines for the use of library fund contributions, other than the requirement that expenditure is connected with the library. Examples of expenses that could be covered include:
  - acquisition and maintenance of books, magazines and resources, including digital resources;
  - buying furniture, equipment (including computers, photocopiers) and materials;
  - the employment costs of qualified librarians and teacher-librarians;
  - the operating expenses of running the library (including contents insurance).
- Specific exclusions to eligible expenses would be such items as maintenance costs of the grounds outside the library or the purchase of resources (such as computers), which are located outside the library itself.

The above items are not exhaustive and some variation may apply. Brisbane Catholic Education Office Financial Services School Support Team members will be able to provide further assistance in relation to contributions to school libraries.

## Attachment E

### EXAMPLES OF APPORTIONMENT OF OPERATION COSTS

- a) The employment of persons to undertake accounting tasks, secretarial duties, grounds maintenance, etc., may be shared on the basis of the time devoted to the different activities based on ongoing time records.
- b) Electricity charges may be handled in several ways that would satisfy the requirement that school accounts be identifiably separate. Some examples are:
  - separate meters to identify school operations. This is most easily and economically achieved at the point of establishment of the school or, possibly, when a major new construction project is undertaken. In established schools the cost of installation/separation may be a deterrent;
  - apportionment of costs to the school on the basis of an assessment by an independent person with an appropriate knowledge or relevant experience in this area;
  - a formal and public declaration of how costs will be apportioned to the school, made by the parish priest, based on the advice of an appropriately constituted parish committee which has this function among its assigned duties. Periodic reviews (at no less than three yearly intervals) of the proportional allocation should be conducted to take account of the changing circumstances of the school and parish, e.g., a major increase in enrolments, erection of a parish centre, etc.
- c) Telephone charges are now able to be clearly identified at their source and actual apportionment of costs to the school should be possible on the basis of the detailed accounts provided. There should no longer be a need for any 'notional' apportionment to the school of an arbitrary proportion of a single parish account.
- d) Some local authorities will facilitate a separation of charges to permit separate charging of the school. A lower 'education' rate may be applicable where separation occurs.

Where this is not possible a notional apportionment of costs to the school will be required.

Water apportionment could be done on:

- number of square metres of ground space 'allocated' to the school;
- taking readings over equivalent periods while school is in session and in holiday time.

Waste management could be calculated based on the number of garbage bins allocated to the school.

Sewerage charges could be calculated on the number of pedestals in the parish and of these how many are for the school.

Fire service levy could be calculated on the floor area of the parish facilities.

- e) Cleaning charges: The ideal would be for a separate contract to be entered into for school cleaning. Where this is not possible or would prove unduly burdensome, an allocation of costs could be made on the basis of the respective areas to be cleaned with appropriate weightings for the nature of the facilities involved, e.g., a school toilet block will incur additional charges; a fully carpeted church may do likewise.

Where the situation is complex, the preferred arrangement would be an assessment done by a suitably 'qualified' external person or an arms-length committee or group. In all cases, the procedures to be used in particular circumstances should be declared in advance and made known to the relevant parish communities.

- f) Insurance: Insurance companies will, on request, issue separate accounts for insurance on the school. Catholic Church Insurance (CCI), under normal procedure, will issue separate invoices for insurance for the school and other parish requirements.

## Attachment F

### EXAMPLE WORDING FOR PARISH SCHOOL AUDITOR'S REPORT

**ABN: 49 991 006 857**

We have audited the attached financial statements, being special purpose financial reports for SCHOOL NAME for the year ended 31 December xxxx. The School's Principal is responsible for the financial reports and has determined that the financial policies and procedures used to complete the financial statements are appropriate to meet the needs of the school's financial reporting responsibilities.

The financial report has been prepared for distribution to the Parish Priest and Brisbane Catholic Education Office for the purpose of fulfilling management's financial reporting responsibilities.

The audit has been conducted in accordance with Australian Auditing Standards. Procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial reports and the evaluation of significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial reports are presented fairly in accordance with the accounting policies adopted by the school. These policies do not require the application of all Accounting Standards and other mandatory professional reporting requirements.

#### **Audit Opinion**

In our opinion the financial statements of SCHOOL NAME for the year ended 31 December xxxx, are properly drawn up, so as to give a true and fair view of the state of affairs of the school at 31 December xxxx and the results of the school for the year ended at that date.