

FIRST METHODIST CHURCH WASHINGTON  
NORTH CAROLINA

**FINANCE POLICY AND PROCEDURES  
MANUAL**

REVISED

10 NOVEMBER 2022

## TABLE OF CONTENTES

|                               |          |                                 |           |
|-------------------------------|----------|---------------------------------|-----------|
| <b>Introduction</b>           | <b>4</b> | Authority                       | 8         |
| <b>Finance System</b>         | <b>4</b> | Unbudgeted Financial Authority  | 9         |
| Basis of Accounting           | 4        | <b>Accounting</b>               | <b>9</b>  |
| Fiscal Year                   | 4        | Revenues                        | 9         |
| Funds                         | 4/5      | Expenses                        | 9         |
| Financial Statements          | 5        | Journal Entries                 | 9/10      |
| Annual Budgets                | 5        | Internal Cash Transfers         | 10        |
| Internal Control Systems      | 5        | Bank Reconciliations            | 10        |
| Financial Software            | 6        | Record Retention                | 10        |
| <b>Financial Principles</b>   | <b>6</b> | <b>Audit and Review</b>         | <b>10</b> |
| Parameters                    | 6        | Purpose                         | 10        |
| Equity (year end net worth)   | 6        | Process                         | 10/11     |
| Budget                        | 6        | Reporting                       | 11        |
| Revenues                      | 6        | <b>Expense Policy</b>           | <b>11</b> |
| Expenses                      | 6        | Employee/ Non-Employee Expenses | 11        |
| Assets                        | 6        | Accountable Reimbursement Plan  | 11/12     |
| Liabilities                   | 7        | Church Credit Cards             | 12        |
| <b>Financial Institutions</b> | <b>7</b> | Payroll                         | 12        |
| Bank Accounts                 | 7        | Expense Payments                | 12        |
| Endowment Accounts            | 7        | <b>Business Policy</b>          | <b>12</b> |
| Brokerage Account             | 7        | Insurance                       | 12        |
| Credit Card Account           | 8        | Regulatory Requirements         | 12        |
| <b>Budget</b>                 | <b>8</b> | Service Contracts               | 13        |
| Format                        | 8        | Selection of Vendors            | 13        |

|          |   |                         |    |
|----------|---|-------------------------|----|
| Timeline | 8 | Quote/ Bid Requirements | 13 |
|----------|---|-------------------------|----|

**APPENDIX**

**APPENDIX A**

|                          |           |
|--------------------------|-----------|
| <b>Mission Statement</b> | <b>14</b> |
| <b>Our Mission</b>       | <b>14</b> |

**APPENDIX B**

|                         |           |
|-------------------------|-----------|
| <b>Budget Authority</b> | <b>14</b> |
| Program Authority       | 14/15     |
| Facility Operations     | 15        |
| Personnel               | 16        |

**APPENDIX C**

|                            |           |
|----------------------------|-----------|
| <b>Designated Accounts</b> | <b>16</b> |
| Classification             | 16        |

**APPENDIX D-1**

|   |           |
|---|-----------|
| <b>Internal Control-Systems-Revenue</b> | <b>16</b> |
| Receipts                                | 17        |
| Safekeeping                             | 17        |
| Cash Deposits                           | 17/18     |
| Reconciliations                         | 18        |

**APPENDIX D-2**

|                                |           |
|--------------------------------|-----------|
| <b>Distributions</b>           | <b>18</b> |
| Manual Checks                  | 18        |
| Payroll Checks                 | 18/19     |
| Electronic Checks              | 19        |
| <b>Regulatory Requirements</b> | <b>19</b> |
| <b>Reconciliations</b>         | <b>19</b> |

## **INTRODUCTION**

First Methodist Church Washington (FMCW) operates as a religious organization with 501(c) non-profit charitable status. FMCW is dependent on charitable members giving and therefore must act responsibly, morally, and ethically in all financial transactions of the church. Effectively stewardship of church resources is the key to the ongoing concern and operations of FMCW.

The Church Council, through its Finance Committee, is responsible for all finance matters of FMCW. The Committee has developed policies governing the collection of revenues, disbursement of expenses, protection of assets, custodianship of records, and all other issues relating to FMCW finance. The Finance Committee will review this policy and procedure document annually at a minimum, or on an as needed basis.

The Church Council has entrusted oversight of finance matters to the Finance Committee. Although the Finance Chair may exercise minor discretion in administration of these policies, every effort will be made to observe consistent application.

In the event an item is not addressed by this document, the Finance Chair will consult with the Pastor prior to final decision. If there is uncertainty or disagreement between the Finance Chair and the Pastor, the item will be discussed with the Church Council. Once a decision is final, this document will be revised accordingly to reflect the impact of the decision and all revisions will be documented for annual review. This Finance Policy and Procedure Manual will be approved by the Church Council whenever changes are made.

Keeping in mind the primary purpose of FMCW is to worship, serve, and learn about Jesus Christ, all financial activity is expected to be consistent with the vision, strategy, and method of FMCW. Please refer to the ***Mission Statement (Appendix A)*** for details.

## **FINANCIAL SYSTEM**

### **Basis of Accounting:**

FMCW operates on a full cash basis fund accounting system. Revenues are recorded when received; expenditures are recorded when disbursed.

### **Fiscal Year:**

FMCW fiscal year ends on December 31.

### **Funds:**

FMCW maintains six principle funds: General Fund, Building Fund; Capital Debt Fund, Preschool Fund, Child Care Fund, and the Designated Funds.

- A. The General Fund is responsible for all day to day activity and operations of the entity and is sub-divided into many Designated Funds.

- B. The Building Fund is responsible for the long range upkeep of the church real property and facilities.
- C. The Capital Debt Fund is responsible for ensuring any debt the church has is repaid on schedule or before.
- D. The Preschool Fund is responsible for all the day to day expenses of the Preschool Operations.
- E. Child Care Fund is responsible for all the day to day expenses for the operations of the Child Care program.
- F. Designated Funds denote expenses (and income) for the Missions accounts; additional designated fund balances are reflected on the Balance Sheet.

It shall be the policy of the Finance Committee to encourage members of FMCW to give monies to a unified church budget. However, at times certain causes will be funded by a donor that will require a designated fund to be established. The following is the process by which a fund may be established.

1. The Finance Committee will review all funds or properties contributed to the church specifically designated by the donors. Such contributions are reviewed as to the desirability and/or feasibility, especially as to utilization and restrictions. The committee will determine how the donor might wish such contributions be used. Where the gift is desirable for the church and has no unusual features as described below, the gift will be accepted for its designated purpose and administered through the Designated Account Funds in the church records. In appropriate cases the Finance Committee will identify the persons, group or function that will administer the designated gift.

2. The church reserves the right to dispose of a designated gift in a manner so desired if and wherein the opinion of the Finance Committee believes the gift no longer serves its purpose and is no longer desired by the church. The Finance Committee will review all designated funds on an annual basis for continued desirability and purpose.

- G. The Barnabas Fund is administered by the Pastor(s) for the under-served population of our community.

### **Financial Statements:**

FMCW prepares monthly financial statements for financial position, activities, and designated funds and/or accounts.

### **Annual Budgets:**

FMCW requires annual budgets for revenue and expenditures for all funds and designated accounts.

### **Internal Control Systems:**

FMCW makes every practicable effort to assure separation of duties between initiation and authorization of transactions, as well as, physical control of assets and record keeping, in order

to prevent potential sources of misappropriation of assets. The extent of internal control procedures is subject to limited availability of personnel. Please refer to the ***Internal Control System Documentation (Appendix D)*** for more details.

### **Financial Software:**

FMCW uses Automated Church System (ACS), a national automated accounting software program specifically designed for churches. The software includes a Financial module for General Ledger, Accounts Payable, Payroll activity, and a People module for Contributions records. The administrative staff also maintains a People Module, which is not linked to the Financial office version.

## **FINANCIAL PRINCIPLES**

### **Parameters:**

FMCW has established parameters to guide financial decision making and activity. These parameters are designed to promote effective stewardship of church resources and are based on a long term approach to church viability and existence.

### **Equity (Year End Net Worth):**

In order to provide for adequate cash flow to offset seasonal revenue and expenses, the church will establish an appropriate fiscal year end net worth balance. This balance should be considered as a percentage of General Fund expenditures. It should fall within reasonable levels to assure funds are not excessively accumulated, nor are funds inadequately maintained to account for cash flow or unexpected contingencies.

### **Budget:**

Although FMCW will strive for a balanced budget, there may be occasions when a balanced budget is not achievable or even appropriate. In those cases, the budget will be restricted by the following limits:

- Revenues - when excess revenues are anticipated, a plan must be established for the future use of such excess amounts.
- Expenses - When excess expenses are required, the budget must take into account the impact the deficit will have in future years, and there must be adequate equity available to fund the deficit.

### **Revenues:**

Revenue estimates will be trend based on the last three years of collections. Annual revenues will be analyzed for unusual or extraordinary activity which may adversely affect future estimates.

### **Expenses:**

Expense budgets will be based on a combination of historical data, known changes in contracted expenses, anticipated increases/ decreases in program area activity, and inflationary estimates.

### **Assets:**

FMCW only records cash and cash equivalent balances in the financial statements. The Church Trustee's shall maintain a record of all capital property updated annually.

### **Liabilities:**

FMCW generally records liabilities in the General Fund financial statements for State Payroll Tax withholding, Pastor benefit accounts, and account transfers. Liabilities for long term loans payable are recorded in the Capital Debt Fund.

## **FINANCIAL INSTITUTIONS**

### **Bank Accounts:**

Bank Depositories and authorized check signers are reviewed and approved by the Church Council during the Annual Charge Conference. Check signers are limited to the Financial Secretary(s) and the Treasurer. FMCW maintains bank accounts at various local banks. The Pastors sign checks for the Barnabas Fund administered through a separate bank account. There is a:

- Checking account for General Fund
- Separate checking account for Building, Capital Debt and Designated Funds
- Money Market account for designated funds
- Child Care checking account
- Preschool checking account
- Barnabas checking account

Checks are written from the General Fund, Designated Funds Child Care, and Preschool checking accounts. FMCW receives a monthly statement of account for each bank account.

### **Endowment Accounts:**

FMCW maintains investment accounts with the Methodist Foundation. The accounts were established to build equity with long term intent to use earnings for specific budget funding; however they may be used for various building improvement projects as needed. The funds are administered by the FMCW Permanent Endowment Committee. The Committee is organized with an appointed chairperson, Senior Pastor, Treasurer, Financial Chair and other persons appointed by the Nominations Committee approved by Church Council and the Annual Charge Conference. FMCW has on-line access to Monthly, Quarterly, and Year End statements.

Annually, the Permanent Endowment Committee should reconcile the individual endowment earnings and report the availability of funds to the Finance Committee and Church Council.

### **Brokerage Account:**

FMCW maintains a brokerage investment account with a local brokerage firm. The account is used to convert donor stock contributions to cash assets.

### **Credit Card Accounts:**

Credit cards are through a reputable credit card company for - Office Manager, Senior Pastor, Associate Pastor, and Child Care Director. Persons holding these positions are named on the Credit Cards.

## **BUDGET**

### **Format:**

FMCW uses a program-based expenditure budget format. Program categories are derived from “The Officer and Committee” developed by the Nomination Committee and approved by the Annual Charge Conference complimented by staff organization, as necessary. Refer to **(Appendix B)** for the operating programs and organization. Monthly financial statements are reported in these categories.

### **Timeline:**

Budget preparation and approval will be based on the following schedule.

- August - Finance Committee reviews current year activity, discusses any noted concerns, and establishes general budget priorities and parameters for the next year’s budget.
- September - Staff and those with budget authority submit next year’s budget requests to Administration for discussion and adjustment; Finance Committee reviews submitted budget requests and makes recommendations for Preliminary Budget for coming year.
- October - Staff-Parish Relations Committee (SPRC) makes recommendations for personnel compensation package for next budget: Finance Committee incorporates compensation recommendations into preliminary budget and submits preliminary budget to Church Council for discussion. Church Council makes adjustments to preliminary personnel budget if needed.
- October/ November - Finance Committee presents final budget recommendations to Church Council; Church Council discusses and approves final budget recommendations; final budget is presented and approved by the Annual Charge Conference for compensation of Clergy.



- Within the new budget year - Finance Committee may recommend changes to the annual budget in the event there are significant variances in revenue or expense budget items; Church Council approves changes to the budget.

### **Authority:**

Budget authority is delegated specifically by program to staff or those responsible for administering each program. Please refer to the ***Budget Authority Documentation (Appendix B)*** for details. Although flexibility is granted to each Program Administrator, the budget cannot be expended on any item specifically denied in the budget process or any item not in correlation with program or practice purposes. Program Administrators will be asked to justify budget deficiencies with they occur.

### **Unbudgeted Financial Activity:**

FMCW operates several designated accounts used to fund very specific activities. These designated accounts are not subject to the budgetary process. The Finance Committee may add or delete designated accounts based on need. Authority to access the funds in these accounts is limited specifically to those delegated by the Finance Committee with the approval of the Church Council. The Finance Committee is provided with a monthly statement of designated fund activity. Please refer to the ***Designated Accounts Documentation (Appendix C)*** for details.

## **ACCOUNTING**

### **Revenues:**

Revenues are received manually and electronically.

- Revenues received manually are collected at the church or through the mail. Once collected, these funds are counted, deposited, and recorded.
- Revenues received electronically are deposited directly into the appropriate church bank account.
- All revenues must be supported by proper source documentation maintained on file.

Please refer to the ***Internal Control System Documentation - Revenues (Appendix D-1)*** for details.

### **Expenses:**

Expenditures are disbursed manually and occasionally electronically.

- Expenses disbursed manually require preparation of a physical check distributed to a vendor. All checks are signed by the Financial Secretary or the Church Treasurer.
- All expenses must be supported by proper source documentation maintained on file.

Please refer to the *Internal Control System Documentation - Expenses (Appendix D-2)* for details

### **Journal Entries:**

Journal entries are required for several purposes.

- Connecting entries are necessary to correct improperly recorded transactions (incorrect account code, incorrect amount, or incorrect vendor, etc.).
- Reconciling entries are necessary to record period end transactions initiated by an external source such as (interest earnings, account fees, etc.).
- Adjusting entries are necessary to record internal activity within accounts and funds (balance transfers from one bank account to another, transfer from one designated account to another, etc.).
- Automatic entries are created independently by the accounting system to record specific transactions (post payroll to general ledger, void checks, etc.).
- All journal entries must be supported by proper documentation and maintained on file.

### **Internal Cash Transfers:**

The Financial Administrator is authorized to transfer cash balances between FMCW bank accounts and funds as needed to account for budgeted financial activity.

### **Bank Reconciliation:**

The Financial Administrator prepares month end bank reconciliations for all bank depositories. Based on minimal activity at all other financial institutions, balances are adjusted quarterly.

### **Record Retention:**

FMCW will maintain financial activity records in both electronic and paper form as required by government regulations.

## **AUDIT AND REVIEW**

### **Purpose:**

- Determine that financial transactions are -
  - \* Properly approved by the appropriate authority.
  - \* Adequately supported by proper documentation.
  - \* Fully compliant with budget allocations.
- Determine that account balances are -

- \* Adequately support by external verification.
- \* Properly reported on financial statements.
- Recommend improvements for conducting FMCW financial activity.
- Perform external audits as prescribed in the Global Methodist Church Book of Discipline.

**Process:**

- Determine that financial transactions are -
  - \* Properly approved by the appropriate authority.
  - \* Adequately supported by proper documentation.
- Determine that account balances are -
  - \* Adequately supported by external verification.
  - \* Properly reported on the financial statements.
- Recommend improvements for conducting FMCW financial business.

**Reporting:**

The results of the financial review will be reported at the Annual Charge Conference each year. Additional audits will be conducted as prescribed in the Global Methodist Church Book of Discipline.

**EXPENSE POLICY**

**Employee and Non-Employee Expense Reimbursement**

Properly approved and documented expenses are reimbursed as follows:

- Mileage
  - \* Employees are reimbursed at the IRS rate.
  - \* Non-employees are reimbursed at actual cost.
- Lodging is reimbursed at actual cost on a pre-approved basis.
- Meals are reimbursed at actual cost at a reasonable level.
- Other expenses will be reimbursed at actual or previously agreed amounts providing expenses are pre-approved by oversight entity.

### **Accountable Reimbursement Plans:**

FMCW provides accountable reimbursement plans for reimbursement of employee business expenses for Senior and Associate Pastors as part of their compensation package, in accordance with IRS regulations. Such reimbursement are excluded from employee compensation.

- Expense must have a business connection.
- Reimbursement must be requested within 60 days of the expense.
- Appropriate and acceptable receipt of payment must be included with request.
- Allowable expenses include;
  - \* Up to 50% of personal cell phone if used for business purposes.
  - \* Cost of fees and memberships directly associated with business purposes
  - \* Cost of meals associated with business purpose.
  - \* Cost of goods and services associated with personal ministry activity.
  - \* Other costs specifically pre-approved by FMCW.

### **Church Credit Cards**

Select employees are issued church credit cards to be used for business purposes only. In the event the card is used for non-business purposes, the employee must reimburse the church accordingly. Statements are issued mid-month. Secretarial staff collects supporting documentation and put in Financial Administrators bill file for payment. Child Care collects documentation separately and forwards to Financial Administrator for payment. Individuals utilizing the cards are expected to provide documentation to support payment of bill.

### **Payroll:**

FMCW issues direct deposit payroll twice a month on the 15th and last day of the month (in either case, payroll will be issued the last working day prior to the actual pay date). Payrolls for Child Care, Preschool, and Nursery are issued monthly on the last day of the month.

- Salaried employees are paid 1/24 of their annual salary each payroll.
- Hourly employees are paid at their hourly rate multiplied by hours worked

The Payroll module in ACS tracks all the hours worked and leave time earned and used.

### **Expenses:**

All other expenses are generally paid weekly, with payments being processed on Wednesday, then signed and available for distribution on Thursday. Exceptions may be made of emergency situations.

## **BUSINESS POLICY**

### **Insurance:**

FMCW will maintain adequate property and liability coverage to assure church resources are properly protected. The Finance Committee will review insurance coverage every three years to determine coverage is adequate and premiums are reasonable and cost effective. The Facility Manager on behalf of the Trustee's will update insurance coverage on an as needed basis when capital assets or property is increased or decreased.

### **Regulatory Requirements:**

The Financial Administrator is responsible to assure FMCW is in compliance with all governmental regulations including the following areas.

- Quarterly Payroll Tax Withholdings (State and Federal)
- Annual Tax Filings (W-2's and 1099's).
- Bi-annual request for refund of sales tax.

### **Service Contracts:**

FMCW will enter into Service Contracts for maintenance, inspection, and monitoring of facilities. The Facility Manager along with the Trustees will recommend such contracts to the Finance Committee for review and approval prior to implementation.

### **Selection of Vendors:**

The Facility Manager, on behalf of the Trustees, will oversee the selection of vendors to assure there is no conflict of interest with the church or church staff. Should conflict of interest be a concern, the Facility Manager will obtain specific approval from the Finance Committee. Each individual having budget authority is required to select vendors with the best, least cost products available.

### **Quote/ Bid Requirements:**

Any purchase exceeding \$5,000 must have pre-approval from the Finance Committee and must be supported by a minimum of three quotes or only be available through a sole source vendor.

**MISSION STATEMENT**

Knowing Christ

Growing in Christ

Sharing Christ

**OUR MISSION**

The Mission of the church is to make disciples of Jesus Christ for the transformation of the world

**BUDGET AUTHORITY**

**Program Authority:**

Budget Authority requires the individual designated to create the annual budget category needs, monitor and report to the Finance Committee changes in those needs as well as spending authority for the budget category.

Budget Authority is based on program administration as follows:

| BUDGET CATEGORY   | BUDGET AUTHORITY       | COMMENTS |
|---|------------------------|----------|
| OUTREACH MINISTRIES   | CHURCH COUNCIL / STAFF |          |
| MISSIONS<br>Back Pack Pals<br>Caring Christian Carpenters<br>Matthew 25<br>Eagle Wings<br>Early Response Team<br>Haiti Missions | MISSION COMMITTEE      |          |
| EDUCATION<br>Literature<br>Children<br>Youth<br>Adult<br>Nursery Supplies<br>Library/ History                                   | PROGRAM CHAIRS/ STAFF  |          |

| BUDGET CATEGORY   | BUDGET AUTHORITY              | COMMENTS |
|---|-------------------------------|----------|
| EVANGELISM  | CHURCH COUNCIL/ STAFF         |          |
| STEWARDSHIP   | FINANCE COMMITTEE/ STAFF      |          |
| WORSHIP<br>Contemporary Praise Service<br>Chancel Choir Music<br>Video Ministry<br>CCLI/ CVLI Licenses        | WORSHIP COMMITTEE/ STAFF      |          |
| HOSPITALITY<br>Wednesday Night Services<br>Bereavement Services<br>Name tags/ Welcome Gifts                   | HOSPITALITY COMMITTEE         |          |
| COMMUNICATIONS<br>Safe Sanctuary Screening<br>Monthly Newsletter<br>Bulletins/ Misc.Communications<br>Website | COMMUNICATIONS<br>COMMITTEE   |          |
| GENERAL ADMINISTRATION<br>Office Supplies<br>IT Support<br>Printer Supplies                                   | CHURCH COUNCIL / STAFF        |          |
| BUILDING & GROUNDS  | TRUSTEES/ FACILITY<br>MANAGER |          |
| MINISTERIAL SUPPORT   | SPRC/ FINANCE/ COUNCIL        |          |
| STAFF SUPPORT   | SPRC/ FINANCE/ COUNCIL        |          |
| PAYROLL, TAXES, WORKERS<br>COMPENSATION   | FINANCE COMMITTEE/ STAFF      |          |
| CAPITAL DEBT  | TRUSTEES/ FINANCE             |          |

### **Facility Operations:**

The Facility Manager in coordination with the Trustees has budget authority over all facility and campus operations. Furthermore, Pastors assigned a parsonage have authority over the general operating budget for the parsonage but shall work with the Parsonage Committee on behalf of Trustees and Staff. Staff-Parish Relations Committee to address specific capital improvement issues.

### **Personnel:**

The SPRC in coordination with the Finance Committee and Church Council has budget authority over all salary and benefits. The Child Care Board has budget authority for their staff

members salary and benefit. Preschool is currently the Preschool Board in coordination with the Finance Committee and Church Council.

**Organization Structures:**

**Administrative Team**

Trustees  
Finance  
Perm. Endowment  
Stewardship  
Staff Parish  
Nominating

**Worship & Arts Team**

Music/ Choir  
Altar Guild/ Flowers  
Ushers/ Greeters  
Communications  
Acolytes

**Member Care Team**

Wed. Night Supper  
Bereavement Meals  
Membership/ SAMS Club  
Hospitality/Evangelism  
Nursery

**Church Council**

Oversee ministries of  
the church

**Outreach Team**

Matthew 25  
Back Packs  
Caring Christian Carpenters  
Womens Circles/ Men's Group  
Fall Fling/ Yard Sale  
Haiti

**Christian Education Team**

Adult/ Youth/ Children  
Library/ History  
New Member Orientation  
Family Ministries  
Confirmation  
MYF/ VBS

**Communication/ Marketing Team**

Social Media  
A/V Ministry  
Right Know Media  
Church on Demand  
Safe Sanctuary  
Web Master

APPENDIX C

**DESIGNATED ACCOUNTS**

**Classification:**

Designated accounts/ funds are separated into specific classes to more clearly identify purpose. The Financial Administrator in coordination with the Treasurer and Financial Secretary(s) determines what accounts are in each class. A listing of these are available upon request.

APPENDIX D-1

**INTERNAL CONTROL SYSTEM - REVENUE**

**Receipts:**



Cash receipt transactions are handled as follows:

- Collections -

- \* Ushers, event managers, or other individuals responsible for specific collection efforts are required to have at least two unrelated people in control of collections at all times.

- \* These individuals should secure and identify source of all collections prior to placing in safekeeping.

- Mail - Secretarial staff should determine source of receipts and place in safekeeping.

- Electronic Contributions are directly deposited into church bank accounts.

- Weekly reports are generated by the Financial Administrator and Finance Secretary(s) and distributed.

- Other -

- \* In the event collections are received by any other staff or in any other manner, the collection should be given to secretarial staff at the earliest convenience.

- \* Secretarial staff should determine source of receipt and place in safekeeping.

**Safekeeping:**

Only secretarial staff, lead Usher(s) and one Financial Secretary will have the access code for safekeeping. The lead counter does not have access to the safe.

**Cash Deposits:**

Cash Deposits are prepared as follows:

- When at least two unrelated counters are present, the Financial counter(s) and Office Manager will retrieve the receipts and documentation from safekeeping. Financial Secretary and/ or Office Manager retrieve receipts from the safe for counting.

- Counters will count and record all receipts in two forms:

- \* A weekly summary sheet with account totals only is prepared for the Finance Chair, Senior Pastor, Office Manager, and Financial Secretary(s). This document is signed by all counters present and dated.

- \* Individual donor records are entered into the ACS program by Financial Administrator.

- Counters will prepare a bank deposit for all receipts.

- The Financial Secretary and/or Financial Administrator verify ACS deposit is in agreement with physical cash/ check totals. Financial Administrator makes the physical deposit while accompanied by of the church staff, counter, or Financial Secretary in a separate vehicle.

### **Reconciliations:**

Various reconciliations are performed as follows:

- The Financial Administrator reconciles each bank deposit receipt to the bank account activity.
- The Financial Administrator reconciles the monthly bank statements
- The Treasurer and/ or Financial Secretary compares annual activity with contribution reports.

### **Separation of Duties:**

At no time does the Financial Administrator have access to the receipts.

APPENDIX D-2

## **INTERNAL CONTROL SYSTEM - EXPENSES**

### **Disbursements:**

Cash disbursement transactions are handled as follows:

- Manual Checks -
  - \* All bills are submitted to the Financial Administrator for payment.
  - \* The Financial Administrator reviews bills for appropriateness, accuracy, and coding.
  - \* If corrections are required, the Financial Administrator informs affected staff/ person.
  - \* The Financial Administrator enters all bills into the ACS system and prepares checks for signature.
  - \* The Financial Administrator leaves checks for review and signature by the Treasurer or Financial Secretary.
  - \* Any disbursement involving the Financial Administrator is specifically addressed with the Financial Secretary or Treasurer (credit card bill, reimbursement checks, etc.).
- Payroll Checks -
  - \* The Financial Administrator reviews salary documentation (including timecards for hourly employees and spreadsheets for the Child Care and Preschool workers).

\* The Financial Administrator prepares payroll for direct deposit and uploads payroll for review by the Treasurer or Financial Secretary.

- Electronic Checks -

- \* The Financial Administrator obtains annual approval from the Finance Committee to process electronic payments for applicable recurring expenses.

- \* The Financial Administrator authorizes automatic payment with approved vendors.

- \*The Financial Administrator compares bank activity to vendor statements for amount accuracy and records the electronic checks into the ACS system.

**Budgetary Constraints:**

Requests for disbursement of funds are limited by the following.

- All requests must be authorized/ approved by an individual with proper budget authority.

- All requests are subject to budgetary limits.

**Reconciliations:**

The Financial Administrator reconciles the monthly bank statement. The Financial Administrator also prepares, analyzes, and reviews monthly financial statements for/ with the Finance Committee.