**(Church Name) UNITED METHODIST CHURCH**

**ACCOUNTING POLICIES**

**AND PROCEDURES MANUAL**

This Financial Policy templet was taken from a Verona UMC policy. Highlighted in yellow are the sections that probably would need to be specific to your church situation. You can use as is by inserting your Church Name and acronym, or use as a starting point as you develop your own policy document.

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1. **INTRODUCTION**

The following manual is a description of the Accounting Policies & Procedures for anyone having a fiduciary role for (Church Name) United Methodist Church **(xxxUMC**). This would include, but not be limited to, all paid staff members, Financial Secretary, Counters, and Program & Administrative Committee members. (Church Name) UMC is an unincorporated church.

**2.00 CHART OF ACCOUNTS**

The Chart of Accounts for **xxxUMC** is structured in a typical Accounting format with each account number containing multiple, meaningful segments. The values within the Chart of Accounts can be modified by the Treasurer to meet future financial requirements of **xxxUMC**. The account structure for **xxxUMC** is a 4-segment structure as follows x.xx.xx.xxx.

The first segment indicates the financial statement category:

* 1 Assets
* 2 Liabilities
* 3 Fund Balances
* 4 Income
* 5 Expenses.

The second segment primarily represents the Fund that is associated to the given account. At the time this Manual was written **xxxUMC** had the following Funds:

* 01-Operating
* 02-Special Projects
* 03-Food Pantry
* 04-Scholarship
* 05-Adult Missions
* 06-Building
* 07-Memorials
* 08-Pastor Moving & Relocation
* 09-Youth Missions
* 10-Witness Tent Revival
* 11-A/V Fund
* 12-Organ
* 14-Pastor Discretionary
* 99-Child Day Care Center

The third segment assigns the spending into the following Budget Categories:

* 01-Conference & District Apportionments
* 02-Salaries, Wages & Benefits
* 03-Programs (Nurture, Outreach, Witness, Age Level)
* 04-Trustees/Facility related
* 05-Office & Administrative
* 99-Pass thru items where money may be collected by **xxxUMC** for convenience purposes and is then remitted from the Operating Fund. Examples are Fall Festival proceeds, or collections to benefit UMCOR.

The fourth segment is used to further detail sub-categories of the third segment.

* 1xx-Trustee spending and also used with the Assets and Fund balances
* 2xx-Apportionments and also used with Witness
* 3xx-Salaries, Wages & Benefits
* 4xx-Age Level
* 5xx-Nurture and also used with Office & Admin
* 6xx-Outreach

2.01 Assets

The only assets reflected are the financial assets of the church and are primarily cash. In the event of a significant building campaign, an asset account will be created at the end of the first year with expenditures and will be used to accumulate the actual cost of the building.

2.02 Liabilities

**xxxUMC** uses a Cash basis for accounting and therefore does not record liabilities in Computer SW/System Name. Payments made on any debt (credit cards, loans) are reflected as expense when paid. In the event of a significant building campaign, a liability account will be created when the Trustees enter into a mortgage for the building.

The exception is the recording of payroll related liabilities such as payroll taxes and medical insurance premiums, withheld from the employee.

2.03 Net Assets (Fund Balance)

Fund balances represent financial statement equity. When using a cash basis of accounting with no assets or liabilities reflected in Computer SW/System Name, the fund balance is equal to the amount of financial assets (cash) allocated to that fund’s purpose.

2.04 Revenues

Revenues/Offerings are assigned to the correct account based on its purpose.

2.05 Expenses

Expenses are assigned to the correct Account based on its purpose.

**3.00 ACCOUNTING PRINCIPLES AND PROCEDURES**

3.10 Policies

**xxxUMC** uses the cash basis of accounting during the fiscal year January 1 through December 31 to record all cash receipts and disbursements in Computer SW/System Name. At the end of the fiscal year, entries will be recorded in Computer SW/System Name to record any carryover of restricted funds (e.g., building fund) to the next year.

3.20 Procedures:

3.21 Revenue Recognition

Offerings, donations and other income is recorded when received. All Sunday and special service offerings are recorded by designated counters. Every effort is made to record the offering or donation to the givers’ envelope number for the giving statement record.

3.22 Matching of Revenues and Expenses

Expenses are recorded when they are disbursed. The organization records transactions in Computer SW/System Name on the cash basis of accounting during fiscal year.

3.23 Fixed Assets and Depreciation

During the fiscal year all property and equipment will be recorded as an expense. If the church enters a large building fund project all expenses will be recorded in a separate expense account during the fiscal year and then be capitalized at the end of the year.

No depreciation will be recorded.

3.24 Donated Materials

Donated materials and assets will not be recorded in the accounting records. A record of donated goods will be credited to the donor’s envelope number for the Giving Statement, upon receipt of proper documentation of the value of the goods.

3.25 Financial Reports

The Finance Committee and Council receive Financial Reports at every meeting from the Treasurer or Finance Chairperson. The reports include a report on income and expense vs. budget YTD and a report on cash balances in the various funds and current balance of any Long-Term Liabilities.

**4.00 CASH DISBURSEMENTS**

4.10 Policies

The positions authorized to sign checks are: Treasurer, Administrative Assistant, backup Treasurer and Pastor. Only one signature will be required on checks less than $5,000. Checks for budgeted, recurring payments over $5,000 (ex. Apportionments or Payroll) will only require one signature. One-time checks $5,000 and greater, including non-recurring budgeted items will require two signatures. Anyone signing a check will review and initial the supporting invoice or other documentation.

The Treasurer will maintain the accounts payable system. Prior to payment, the Treasurer will verify that the invoice or check request has the proper approval & coding. The Treasurer will then prepare the checks and file the documentation for the permanent record.

**xxxUMC** reimburses the Pastor & Associate Pastor (when applicable) using an accounting reimbursement plan as outlined in IRS guidelines and within conference approved allocation limits.

The Treasurer will determine payroll amounts based on timesheets and the approved budget rates. The Treasurer will prepare the payroll checks; all required tax filings and ensure all tax deposits are made in a timely manner.

4.20 Procedures

4.21 Cash Flow

The Finance Committee will monitor the cash flow from collections and disbursements and will advise Program & Committee Chairs to control spending when necessary to maintain financial stability.

4.22 Payment of Invoices and Reimbursements

Invoices must be approved before sending to Treasurer for Payment. All invoices are routed to the various Program & Administrative Committee leaders who initiated the expense. Program & Committee Chairs must approve all invoices and reimbursements being charged to their Committee budget before sending to Treasurer for payment. If the Program or Committee Chair has an expense to be reimbursed, their request must be reviewed & approved by the Finance Chair or Council Chair. Check request forms must be attached to invoices with the correct budget line-item coding. Check request forms must be completely filled in and submitted to the Treasurer for payment, including recurring donations made from the Outreach budget, such as WRE. Allow two weeks processing time.

4.23 Credit Cards

The credit card bills are paid by check and all credit card bills are reviewed by the Treasurer before payment. Volunteer program leaders and paid staff who use the credit cards will keep receipts of all expenses occurring on the credit card. The card holder will code their expenses to the appropriate expense account and submit to the Treasurer as they are incurred. The Finance Committee shall approve credit limits. No personal charges will be allowed on the credit cards. In the event a Church credit card is inadvertently used for a personal expense, a reimbursement to the church should be made prior to the bill being paid.

Currently, (2020), there are six credit cards, held by the Pastor, Associate Pastor, Administrative Assistant, Youth Director, Children’s Director & Food Pantry.

4.24 Payroll

On an annual basis, the Staff Parish Committee will recommend staff pay for the upcoming year. During the budget review & approval process, the Finance Committee will determine if the staff payroll recommendation fits with the projected offering income, and the other components of the spending plan. Once a staff payroll budget is approved, the SPC Chairperson will provide to the Treasurer the details of each staff member’s pay for the upcoming year, including, annual pay, hourly rate, and # of hours on which the payroll budget is based.

The Treasurer will set up the new year payroll budget in Computer SW/System Name and the paychecks will be calculated based on the approved budget and, for hourly employees, the number of hours worked.

The preferred frequency of paychecks is monthly. Special consideration for more frequent pay will be reviewed on a case-by-case basis.

**5.00 CASH RECEIPTS**

5.10 Policies

Separation of responsibility for duties relating to cash receipts is very important for good stewardship of all donations and offerings. It is standard accounting policy to disallow one single individual from counting, recording, & depositing money, and reconciling the bank statement activity. **xxxUMC** has implemented procedures to insure separation of duties, within the context of both volunteer and paid positions.

The Finance Committee has responsibility for regular & recurring gifts, including those directed from an individual’s retirement or investment account, in the form of cash or stock. Finance is also responsible for miscellaneous receipts, and funds raised thru events. The Trustees are responsible for any gifts of real or personal property, and bequests from an estate.

There should be at least two counters, not of the same household, counting the Sunday offering as well as collections from major events, such as Fall Festival or Spring Revivals. All persons who have responsibility for cash or church financial assets, such as checking accounts will be bonded through the Church insurance.

5.20 Procedures

Miscellaneous or Event based Collections:

The designee responsible for an event or collection of special funds will count all the loose currency and coin and record it on a deposit slip picked up in advance. The designee is responsible for taking the deposit to the bank, and returning the deposit slip to the Treasurer within 4 days. The deposit slip must be supported by the Deposit Form with full details of what the deposit is for, and to what fund it is to be credited.

All donations made in the form of checks will be recorded on the deposit slip and documented as follows:

* All Checks will be copied and the amount of the donation will be recorded in Computer SW/System Name by the Financial Secretary or the Offering Counters.

Sunday Worship Collections:

Counting team –

The counting team opens all giving envelopes and writes the amount of the offering on the front of the envelope, if not written by the donor. If a check is received from a member without an envelope, the team records the member’s envelope number on the check.   All checks received will be copied. This becomes part of the permanent record.

Any miscellaneous funds that have come in during the week (i.e. event income, Upper Room income) are also organized and recorded.

Once all the money is taken from envelopes and organized, the team counts it. At least two people must sign off on the count. All checks are endorsed for deposit only and the deposit ticket is filled out. The money with the deposit ticket is put in a locked bag and taken to the bank.

The giving envelopes, copies of checks, and any other information needed for the deposit are input as contributions and posted to the individual members’ contribution records in Computer SW/System Name. The counters also create the fund report for the Treasurer that records the deposit by type of income.

Treasurer -

The Treasurer receives the fund report from the counters, or the report of a miscellaneous deposit made from other collections, and enters the deposit into Computer SW/System Name, the accounting software.

**6.00 BANK & INVESTMENT ACCOUNT RECONCILIATION**

6.10 Policies

Bank & other Investment account statements are forwarded to the Treasurer by the Administrative Assistant.

The bank & investment account statements are to be reconciled to the general ledger by the Treasurer on a monthly basis. The Financial Secretary will sign off on the bank reconciliation after reviewing for any unusual transactions.

6.20 Procedures

Upon receiving the bank & investment account statements, the Treasurer prepares the monthly reconciliation in Computer SW/System Name. The reconciliations will reconcile the bank & investment account balances to the general ledger balance. A journal entry will need to be posted each month for items on the bank statements that are not already recorded in the general ledger. These reconciling items may include: interest earned, service charges, NSF checks, direct deposits and other debit or credit memos. Documentation to support every journal entry should be kept with the monthly financial records.

After the general ledger is reconciled to the bank or investment account statement, the documents are filed in the reconciliation file.

**7.00 END OF MONTH ACCOUNTING PROCEDURES**

7.10 Policies

The Treasurer prepares the monthly financial statements. The Finance Committee reviews the financial statements at their regularly scheduled meetings and discusses any concerns or questions.

7.20 Procedures

Upon completion of the monthly bank reconciliation, the Treasurer will print various reports for ministry leaders, the Pastor and the Finance Committee using Computer SW/System Name and/or Excel.

Ministry leaders –

Ministry leaders will receive a print out of YTD actual expenses vs. budget. Ministry leaders may also ask for the detailed general ledger showing all transactions occurring under their ministry.

Finance Committee –

The Finance Committee receives the Cash and Fund Balances report and the General Fund Actual to Budget report on a monthly basis. The Finance Committee will request other reports as necessary.

The Treasurer will keep a copy of each month’s reports with the backup information from Computer SW/System Name attached.

**8.00 END OF YEAR ACCOUNTING PROCEDURES**

8.10 Policies

The Treasurer prepares the year-end financial statements. There is no difference in preparing the year-end financial statements as the other months. However, once the reports have been finalized the Treasurer must make some adjustments in Computer SW/System Name to start the new fiscal year.

8.20 Procedures

After the final year-end reports have been distributed the following entries must be recorded in Computer SW/System Name –

Adjust designated funds carryover amounts at 1/1/xx –

In order to keep track of designated funds (i.e., building fund or benevolence fund) from year to year in Computer SW/System Name, the ending balance in each fund at the end of the fiscal year must become the beginning balance at the beginning of the next fiscal year.

8.21 Financial Audit

In order to comply with the District and Conference requests, the Finance Committee must recommend the scope of an annual assessment of all of the bank accounts held by the Church and by the small groups within the church. This includes UMW, UMM, Sunday School classes and programs. The annual assessment could be an internal audit conducted by laypersons of the church, hiring an outside CPA to do agreed upon procedures, or an independent financial audit conducted by a CPA. It is recommended that a review or audit by an independent CPA be conducted every three years.

The Chair of the Finance Committee is responsible to supervise the conduct of the annual assessment and report back to the Church Council regarding any comments and recommendations. The Treasurer will be responsible for making available the necessary financial information to conduct the annual assessment.

The annual assessment results are sent to the District office and will be available on request to any congregation member.

**9.00 INVESTMENTS**

9.10 Policies

Cash not needed for immediate working capital or as compensated balances for service charges will be transferred to interest bearing investments, unless the funds are designated for a particular account. (Church Name) UMC will ensure that all of its deposit accounts are maintained at a financial institution that is covered by the maximum FDIC insurance. Investment accounts will be held with the Virginia UM Foundation.

The Finance Committee must approve any new investments. Moving funds out of any investment account must be recommended by Finance Committee and approved by Church Council. Any stock gifts received by (Church Name) UMC will be immediately sold.

9.20 Procedures

(Church Name) UMC may maintain its operating cash balances in checking accounts, money market accounts or certificates of deposit.

Funds in excess of immediate operating needs may be invested with the Virginia UM Foundation.

Surplus cash in the general fund, greater than the recommended reserve (Paragraph 11), may be transferred to another fund upon the recommendation of the Finance Committee and the approval of Council.

All movement of money between Funds, or between financial institutions, must be recommended by the Finance Committee, Approved by Church Council, and will be executed by the Treasurer.

**10.00 DEBT**

10.10 Policies

Council approval is required for obligating **xxxUMC** to any long-term debt (defined as overlapping more than one budget year) other than operating trade payables and budgeted payroll payables. The Pastor and the Chairpersons of Council, Finance & Trustees will be authorized by Council to negotiate such debt as needed.

Any loan covenants and restrictions will be reported to the Finance Committee when the debt is authorized. The Finance Chair will periodically review these covenants and report to the Council if there are any violations or potential violations of the covenants.

If a need is identified to open a business account with a supplier, the Program or Committee Chair will notify the Treasurer and the Finance Chair. The dollar limit with the given supplier must be preapproved by the Finance Committee. A copy of the Credit Agreement will be provided to the Treasurer. Purchases made against the business account should follow the procedures under #4 Cash Disbursements.

10.20 Procedures

The Pastor, Council Chair and Trustees Chair will sign any debt agreements after receiving full Council approval.

The Treasurer will communicate the current debt balance along with the regular monthly financial report to the Finance Committee and/or Council.

The Treasurer may pay down additional principal on the debt balance with the approval of the Finance Committee.

**11.00 RESERVES AND DESIGNATED FUNDS**

11.10 Policies

**xxxUMC** will maintain an operating reserve to maintain financial stability. The target for the operating reserve will be three months of general operating expenses.

**xxxUMC** will allow and accept designated gifts from the congregation for specific Council approved purposes (i.e., building fund, special projects fund).

The Finance Committee may designate for specific purposes surplus general funds of **xxxUMC** (in excess of the operating reserves) upon approval of the Council.

11.20 Procedures

During the annual budget preparation, upon recommendation by the Finance Committee, the Council will review the operating reserve and set a target for funds to be maintained. The Finance Committee will be responsible to maintain the operating reserve.

Designated gifts will be received from the congregation and recorded in Computer SW/System Name in separate funds from the general fund. Disbursements from these funds will be in alignment with the intent of the designated fund and recorded in Computer SW/System Name under the correct designated fund.

**12.00 INTERNAL CONTROLS**

12.10 Policies

The review of internal controls is one of the most important procedures the Finance Committee has for fulfilling its fiduciary responsibilities to **xxxUMC**. The Finance Committee, in consultation with the Treasurer, will establish internal controls pertaining to the accounting records. The annual assessment of the financial records should include a review of current internal controls in place. The VA Conference Local Church Audit Guide is a good reference for this review.

12.20 Procedures

Whenever there is a change in administrative personnel or a change in the operating structure of **xxxUMC**, the Treasurer, Finance Chair, Council Chair and Pastor will meet to determine that the internal control system continues to meet the needs of **xxxUMC**. If appropriate, the changes will be reflected in this accounting procedures manual.

There should be segregation of duties within the accounting cycle. The positions of Treasurer and Financial Secretary should not be combined and held by one person, and the persons holding these two positions should not be immediate family members. No immediate family members of any appointed clergy may serve as Treasurer, Finance Chair, Financial Secretary, Counter, or serve in any paid or unpaid position under the responsibilities of the Committee on Finance, as described herein. The Treasurer who is responsible for cash disbursements should not be involved with cash received. The Treasurer will be permitted to transfer money between accounts or establish new accounts or investments upon the recommendation of Finance and approval of Council.

**13.00 BUDGETING**

13.10 Policies

The Finance Committee is responsible for guiding the annual budget process and raising funds to support the work of the church. **xxxUMC** is committed to being part of a greater connectional church and will put a priority on including the full apportionment request in the budget each year.

Each Program and Administrative Committee Chair is responsible to submit a budget request for the upcoming year, which will include an appropriate level of detail and descriptions to explain the purpose for the request.

13.20 Procedures

The budgeting process will begin in August for the upcoming calendar year. The Treasurer or Finance Chair will provide standard forms to be used by the Committee/Program Chairs to submit their requests. Program and Administrative Committees will meet to develop their individual budgets and submit them by the date requested by the Finance Committee.

The Pastor and/or the Finance Chair will receive the requests for the following year’s Apportionments.

The Finance Committee will compile the various Committee budget requests into a consolidated budget. Finance will also evaluate the trends of giving to the Operating Fund and will propose a dollar cap for the upcoming year’s budget. Within the context of the dollar cap, the Finance Committee will review all the Committee budgets, along with the Conference & District Apportionment requests, and present a final budget to Council for approval.

The Council approved budget will be presented to, the Congregation at the annual Charge Conference.

A budget represents a financial plan of income and expenses for a future period. Circumstances can arise later that may result in a change in staffing, programming, or mission outreach. If these changes would require spending in excess of the budgeted amounts, the Chair of the committee responsible for the additional spending will bring the request before Council for approval.

**14.00 COMPUTER ACCESS AND BACKUP**

14.10 Policies

The accounting computer and software will have access controlled by passwords. The Treasurer will be given an administrative password and will control which other personnel will be given passwords.

14.20 Procedures

The Computer SW/System Name is backed up weekly by the Administrative Assistant and held offsite.

Computer SW/System Name software will be upgraded in correspondence with each new release in order to stay up to date with current support and technology.

**15.00 ACCESS TO RECORDS AND RECORDS RETENTION**

15.10 Policies

The financial records of (Church Name) UMC are generally open to public inspection due to IRS rules, open records laws and the spirit of public service. However, certain information is not open to public examination and may only be released with the permission of the Treasurer and Finance Chair.

Record retention is governed by various rules, statutes of limitations and common sense. Certain documents must be retained indefinitely, while others may have little use after a year

15.20 Procedures

15.21 IRS Forms

Payroll tax forms are not public information and will not be released.

15.22 Personnel Records

All requests for personnel records, job references and credit inquiries will be referred to the Staff Parish Relations Committee.

15.23 Financial Information

Financial statements and other financial information are regularly distributed to (Church Name) UMC Committees. This information is not to be made available to persons who are not regularly authorized to receive that particular report. Any such requests for information must be approved by the Finance Chair.

15.24 Records Retention

A schedule of recommended record retention follows. Prior to discarding of records, the approval of the Finance Committee is required to ensure that they have no reason that an exception should be made to the policy. All discarded documents are to be shredded.

For tax purposes, records should be maintained until the expiration of the statute of limitations. Generally, that period expires three years after the later of the due date of the return or the date filed. While there are a few exceptions to this rule, the three-year period normally should be adequate.

For non-tax purposes, records should be maintained only as long as they serve a business purpose or until all legal requirements are met. Unfortunately, there are not specific standards that will cover all situations. The following are some of the factors that should be considered:

Federal, state, and local statutes and regulations

Industry requirements or standards

Potential claims or litigation

Contract requirements

**RECORD RETENTION SCHEDULE**

|  |  |
| --- | --- |
| Type of Retention Period Record (Years)  Accident reports & claims 7\*  Appraisals P  Articles of incorporation, by laws P  Assets records 7\*  Bank statements, reconciliations 4  Bills of sale-assets 7\*  Budgets & projections 2  Cancelled checks – general 4\*\*  Capital stock & bond records P  Charts of accounts P  Check vouchers, stubs 4  Contracts & agreements 7\*  Correspondence  Credit and collection 7  Routine with customers or vendors 1  Other 4\*\*\*  Credit memos 4  Damage and theft reports 7  Deeds P  Deposit slips 4  Depreciation schedules 7\*  Employee records  Contracts 7\*  Disability, unemployment claims 7  Employment applications 4  Expense reports 4  Personnel files 7\*  Time reports, earnings records 4  Withholding & exemption  certificates (W-2, W-4, etc.) P  Financial reports  Annual, audited P  Interim 4  Freight bills, bills of lading 4 | Insurance policies & records 4  Internal reports, memos, work  orders, etc. 2  Inventory records 4  Invoices  Fixed assets 7  Sales & general expenses 4  Leases 7\*  Ledgers & journals  Cash receipts & disbursements 7  General ledger, journal entries P  Payroll journal 4  Purchases & sales 7  Subsidiary ledgers (receivables,  payables, etc.) 7  Licenses 4\*  Minute books P  Mortgages 7\*  Notes 7\*  Pension & profitsharing records P  Petty cash records 4  Purchase orders, invoices 4  Receiving reports 4  Repair & maintenance records 4  Sales records & cash register tapes 4  Shipping reports 4  Tax returns and related records  Income P  Payroll P  Sales and use 4  Union contracts P |

P means records should be kept permanently

\* Retention period begins with settlement of claims, disposal of asset, termination of contract, etc.

\*\* Some should be kept longer, e.g., checks for tax payments should be kept with the tax returns, checks for asset acquisitions should be kept with bill of sale, etc.

\*\*\* Legal and important correspondence should be kept as long as the documents to which they relate.

**16.00 MAINTENANCE OF ACCOUNTING POLICIES AND PROCEDURES MANUAL**

16.10 Policies

The manual of accounting policies and procedures is important to the accounting function of **xxxUMC**.

The Finance Committee is responsible for maintaining the manual. All changes must be proposed by the Finance Committee and approved by the Council.

The policies and procedure manual will be dated with the date of each approved revision.

16.20 Procedures

Annually, the Finance Committee will review the manual for continued effectiveness. When necessary they will formulate proposed changes. The Council must approve all changes and should be documented in the Council meeting minutes.

The revised manual will be distributed to the Treasurer, Pastor, and Administrative & Program Committee Chairs and kept on file by the Administrative Assistant. New Program or Administrative Committee Chairs should be given a copy when they begin their term.

The Finance Committee will submit a report to the Annual Charge Conference that the Policy Manual has been reviewed for effectiveness.

**ADDENDUM A**

Per The 2016 Discipline Paragraph 258.4, the Committee on Finance has the responsibilities listed below. The section of the Manual which covers the particular responsibility is noted.

There shall be a committee on finance, elected annually by the charge conference upon recommendation by the committee on nominations and leadership development or from the floor, composed of: the chairperson; the pastor(s); a lay member of the annual conference; the chairperson of the church council; the chairperson or representative of the committee on pastor-parish relations; a representative of the trustees to be selected by the trustees; the chairperson of the ministry group on stewardship; the lay leader; the financial secretary; the treasurer; the church business administrator; and other members to be added as the charge conference may determine. It is recommended that the chairperson of the committee on finance shall be a member of the church council.

The financial secretary, treasurer, and church business administrator, if paid employees, shall be members without vote. The positions of treasurer and financial secretary should not be combined and held by one person, and the persons holding these two positions should not be immediate family members. **(Section 12)**

No immediate family members of any appointed clergy may serve as treasurer, finance chair, financial secretary, counter, or serve in any paid or unpaid position under the responsibilities of the committee on finance, as described herein. These restrictions would apply only to the church or charge where the clergy serves. **(Section 12)**

The committee on finance shall give stewardship of financial resources as their priority throughout the year. It may delegate the responsibility to either a sub-group or task force that would plan, strategize, and implement ways to generate more resources for mission and ministries of local churches and beyond. It is strongly recommended that the committee on finance, in collaboration with the church council, find creative ways to turn their congregations into tithing congregations with an attitude of generosity. **(Section 13)**

All financial askings to be included in the annual budget of the local church shall be submitted to the committee on finance. The committee on finance shall compile annually a complete budget for the local church and submit it to the church council for review and adoption. The committee on finance shall be charged with responsibility for developing and implementing plans that will raise sufficient income to meet the budget adopted by the church council. It shall administer the funds received according to instructions from the church council. **(Section 13)**

The committee shall carry out the church council’s directions in guiding the treasurer(s) and financial secretary.

a) The committee shall designate at least two persons not of the immediate family residing in the same household to count the offering. They shall work under the supervision of the financial secretary. A record of all funds received shall be given to the financial secretary and treasurer. Funds received shall be deposited promptly in accordance with the procedures established by the committee on finance. The financial secretary shall keep records of the contributions and payments. **(Section 5)**

b) The church treasurer(s) shall disburse all money contributed to causes represented in the local church budget, and such other funds and contributions as the church council may determine. The treasurer(s) shall remit each month to the conference treasurer all World Service and conference benevolence funds then on hand. Contributions to benevolence shall not be used for any cause other than that to which they have been given. The church treasurer shall make regular and detailed reports on funds received and expended to the committee on finance and the church council. The treasurer(s) shall be adequately bonded. **(Section 4 & 7)**

c) The committee on finance shall establish written financial policies to document the internal controls of the local church. The written financial policies should be reviewed for adequacy and effectiveness annually by the committee on finance and submitted as a report to the charge conference annually. **(Section 16)**

d) The committee shall make provision for an annual audit of the financial statements of the local church and all its organizations and accounts. The committee shall make a full and complete report to the annual charge conference. A local church audit is defined as an independent evaluation of the financial reports and records and the internal controls of the local church by a qualified person or persons. The audit shall be conducted for the purpose of reasonably verifying the reliability of financial reporting, determining whether assets are being safeguarded, and determining compliance with local law, local church policies and procedures, and the Book of Discipline.

The audit may include:

1) a review of the cash and investment reconciliations;

2) interviews with the treasurer, financial secretary, pastor(s), finance committee chair, business manager, those who count offerings, church secretary, etc., with inquiries regarding compliance with existing written financial policies and procedures;

3) a review of journal entries and authorized check signers for each checking and investment account; and

4) other procedures requested by the committee on finance. The audit shall be performed by an audit committee composed of persons unrelated to the persons listed in 2. above or by an independent certified public accountant (CPA), accounting firm, or equivalent. **(Section 8)**

e) The committee shall recommend to the church council proper depositories for the church’s funds. Funds received shall be deposited promptly in the name of the local church. **(Section 5)**

f) Contributions designated for specific causes and objects shall be promptly forwarded according to the intent of the donor and shall not be used for any other purpose.**(Section 5)**g) After the budget of the local church has been approved, additional appropriations or changes in the budget must be approved by the church council. **(Section 13)**

h) The committee shall prepare annually a report to the church council of all designated funds that are separate from the current expense budget**. (Section 7 & 8)**

**ADDENDUM B**

**Annual Review of Financial Accounts, Credit Cards, & Signatories:**

Review performed by: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Review performed on date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Financial Institution Account # Name –Approved Signatories

Credit Cards Held with: Account # Credit Limit Card Held by Name

Add more lines as needed.

DOCUMENT CONTROL

Initial approval 2022