

## Sample Financial Procedures

### Signature Resolutions

On the first meeting of the vestry each year, immediately after the Wardens, Treasurer and Financial Committee have been selected appointed and/or confirmed, and at other such times where the holder of an affected office has changed or the office vacated, resolutions for each Bank Account and all other accounts in any Financial Institution, shall be enacted specifying the authorized signatures as set forth below

- **Checking Account** – The normal business checking account of the parish shall require the signature of the Treasurer, or Senior Warden, or Junior Warden only on checks less than \$1,000.00. The Rector is authorized to sign checks from this account if no other signer is available. For checks equal to or greater than \$1,000.00 (non-recurring), the approval by the Treasurer and Senior Warden, or Financial Committee Chairman, if different, is required. All income and disbursements are to flow through this checking account.
- **Discretionary Fund** – The Rector’s Discretionary Fund shall require only the signature of the Rector. In the event that the church is without a rector the vestry may authorize one of its members to write and sign checks from the Discretionary Fund.
- **Savings Accounts and Financial Instruments** – Shall require the signature of the Treasurer and the Senior Warden or the Finance Committee Chair, if different, except that the Treasurer shall be authorized to move amounts of up to and including \$10,000 to the Checking Account of the parish from the Savings Account, during any consecutive 30 days period. The Treasurer and the Finance Committee chair are to approve roll over of Financial Instruments.

### Receipts

- **Sunday Offerings** - \_\_\_\_\_ Service: After the service, the [responsible party] should take the offering, secure it in the bank bag and place it in [a designated secure space] and lock the door.

Following the last Sunday worship service, all loose cash and offering envelopes are recorded on a Sunday Offering Sheet by [designated individual A] and [designated individual B]. These individuals should be unrelated. Open Plate Offerings are recorded as such. Checks and Cash number of envelopes are verified, with checks being stamped “For Deposit” into the Checking Account. The Counters indicate total of Open Offering, and number of loose checks. The

[designated individual] puts the deposit in a Bank Deposit Bag and either delivers to the Night Deposit Box at [designated church banking institution]. The Parish Administrator or [designated individual C] picks up the deposit bag from the bank on Monday or the first business day following Sunday. On the first business day following the Sunday service, the Parish Administrator or [designated individual C] verifies cash in the envelopes. Any discrepancy must be reported to the Treasurer as soon as possible.

After that, the Parish Administrator or [designated individual C] prepares deposits using the Sunday Offering Tally Sheet. Copies of checks from visitors are made and used to send acknowledgement to the visitor along with information on the parish. All Sunday and mail contribution receipts are normally recorded by a volunteer supervised by the Financial Secretary into the software designated. The Parish Administrator or [designated individual C] deposits into the Checking Account at [designated church banking institution] after all reports are printed.

- Checks received by Mail – all receipts of stewardship monies are recorded on a report sheet “Received by Mail”, prepared for deposit in the checking account and recorded in the Stewardship and financial software designated.
- Non-Stewardship receipts – all monies received for purposes other than member contributions, are recorded on a report sheet “Non-Stewardship Deposits”, prepared for deposit in the checking account and recorded in the financial software designated.
- Special Events -- A receipt, similar to the Ushers Receipt shall be filled out and returned with cash and checks to the Parish Administrator or [designated individual] by the next business day. It must be signed off by the preparer. Cash and checks must be counted and organized for deposit to [designated church banking institution]. Parish Administrator or [designated individual] shall keep copies of receipt in file.

## **Pledge Administration**

The Parish Administrator or [designated individual] maintains the records of member’s pledges and fulfillment thereof. Reports are mailed to contributors and pledges following the close of the month of June and December of each year.

Pledges received in the current year, which are intended for the following year are to be recorded as a Pre-paid pledge in contributions, which will show as a Liability, and moved, by journal entry into current year pledges at the beginning of the new year.

## **Disbursements**

The Treasurer, or other designated persons shall approve all invoices for payment. Invoices under \$1,000 may be approved by Treasure or other designated person alone. Invoices (non-recurring) in excess of \$1,000 shall be approved by two individuals who must be either Treasurer, Senior Warden or Junior Warden. The Parish Administrator or [designated individual] shall enter all checks in the software designated, with checks being printed from the computer, withdrawing monies from the Checking Account.

Payroll – ADP (contracted by the Church Pension Fund) issues all payroll checks, withdrawing monies from the Checking Account for payroll, withholding taxes, taxes owed by the parish, and administration fees. The Parish Administrator or [designated individual] enters all transactions into the accounting software. ADP files all federal and state reports on behalf of the parish and sends copies to the parish.

All disbursements shall be marked as paid, with a copy of the check stub attached and filed in appropriate folders for retention for audits. Invoices for special projects or events must have the signature approval of person authorizing expenditure, as well as the Treasurer. If a regular invoice is not available, all disbursements shall be recorded on Accounts Payable Voucher.

Transfer of Funds from any account shall be authorized on a Transfer of Funds form. If the Vestry authorizes a transfer through a motion approved at a Vestry meeting, the Treasurer will request in the form the amount of Transfer and Accounts involved.

Petty Cash – The Parish Administrator or [designated individual] may maintain a petty cash account in the amount of \$25.00. As this is depleted for normal incidental and budgetary expenses it should be replenished by submitting receipts and other proper documents for all expenses paid from petty cash, to the treasurer, who shall approve the payment. The Rector or Treasurer will cash the check and return the cash to the Finance Secretary. A form for reporting Petty Cash is attached.

## **Discretionary Fund**

A budgeted amount of \$\_\_\_\_\_ per month shall be disbursed from the Operating Account of the parish and deposited into the Rector's Discretionary Account. All monies written to the church but designated for Rector's Discretionary Fund, shall be recorded as a Current Liability and transferred On-Line by the Parish Administrator or [designated individual] to clear that amount at the end of each month. Those donations are recorded in the Stewardship records of the member.

Bank Account – The Bank Account for the Discretionary Fund shall be designated in the form as follows:

\_\_\_\_\_ Episcopal Church

The Rector's Discretionary Fund

Uses – This account shall be for such pious and Charitable uses as seen fit by and at the discretion of the Rector, or in the absence of one, the Senior Warden. Or as more fully set forth in Chapter V of the Manual of Business Methods for Church Affairs. However, in no case shall the proceeds thereof be used for any personal or other use that would jeopardize the tax-exempt nature of a specific gift or gifts in general directed to the Church. To avoid potential confusion and criticism, the rector should inform the vestry when gifts from the discretionary fund are made about which there could be any question, particularly gifts to institutions as opposed to gifts to private individuals where pastoral sensitivity may well warrant confidentiality.

Accounting -- All deposit accounts for clergy discretionary funds should be approved by the vestry and be opened using the congregation's Federal Employer's Identification Number. The bank accounts should be in the name of the congregation and not that of the rector or other individual member of the clergy. Discretionary funds are subject to audit and are included in financial reports following standard accounting procedures. Discretionary funds should remain with the congregation when the clergy departs. Monthly bank statements for a separate checking account should be mailed directly to a person of trust other than the rector or other member of the clergy authorized to make disbursements. Normally, this is the Treasurer of the parish, but the vestry may direct that another person, such as the senior warden, receive the statements. The person receiving the statements for a separate checking account should verify that all payments from the general account of the parish have been deposited into the account; review all checks to payees and who endorsed them, as well as the purposes noted in the check register or on the cancelled checks; reconcile the checking account; and review all back-up invoices and/or letters. This individual should state in writing on the monthly statement that all verifications were made and, finally, file the bank statements with the other financial records of the congregation. Discretionary funds are "temporarily restricted" funds of the congregation and are subject to audit even if they are kept in a separate checking account.

Records – The Rector or in the absence of one the Senior Warden shall maintain a separate check book and account for the Discretionary Fund with no other church or personal funds therein. Each and every check drawn on the account will be documented in the checkbook with the payee, purpose and amount. All deposits made to the account will be noted with the amount and source.

Accountability – The confidential nature of some disbursements may require that a check be made payable to cash. In such a case the Rector or Senior Warden should keep a private record to provide to the auditor of the church records or the IRS. Otherwise the auditor or such persons appointed by the vestry should examine the checkbook on an annual basis.

Transfer – Upon the retirement, resignation or death of the Rector or Senior Warden, the account will be re-named as appropriate with a new bank resolution and all funds therein transferred to care of the new Rector or Senior Warden.

Review – In addition to the foregoing, it is urged that at the beginning of a new ministry, the Rector and the vestry address the issue of the Discretionary Fund. The person administering the Discretionary Fund is in a position of trust. The Individual is handling funds that are not his or her own personal property. Such a person is therefore obligated to do this with a high degree of care in order neither to waste the funds nor to let them be co-mingled with personal funds. The administrator of a discretionary fund must use these funds only for the purpose for which they were entrusted into his or her care.

Confidentiality -- The rector or other person authorized to make payments from the funds may be permitted to maintain confidentiality over expenditures made for the direct assistance of named individuals in a manner determined and jointly agreed to by the rector or other authorized person and the vestry.

“Pass-Through” Gifts -- Contributions made to the discretionary fund for the direct benefit of a named individual (“pass through” gifts) are not deductible charitable contributions and should not be accepted.

## **Accounting**

Until such time as an outline of procedures for accounting is adopted by the vestry, a “Manual of Business Methods for Church Affairs” should be followed. Monthly Financial Statements are prepared by the Finance Secretary, reviewed by the Treasurer and presented to the Vestry at their meetings.

## Budgets

The Budget should be prepared by the Finance Committee with input from the Vestry and the Rector, submitted by the committee to the vestry for approval at the December vestry meeting and distributed to the congregation prior to year end.

Adopted by the Vestry and attested thereto by:

\_\_\_\_\_

Senior Warden

\_\_\_\_\_

Clerk of the Vestry

Date: \_\_\_\_\_