

**Fiscal Policy**  
Presbytery of Southeastern Illinois  
*Approved May 15, 2015, Revised 2/18*

**Proposed updates to accommodate new treasurer and office staffing – Effective Jan 1, 2018**

**A. Purpose**

The intent of this policy is to provide guidelines for the faithful management of the financial resources of presbytery. The General Council is responsible for management of all finances and should assure that the spirit of this policy is adhered to in the daily operation of the presbytery.

**B. Policy Principles**

1. Promote an atmosphere of confidence within the presbytery with good financial transparency and controls.
2. Protect the presbytery from theft or other acts of financial impropriety by providing effective internal controls. Protect officers and employees from unfair accusations or perceptions of financial impropriety.
3. Utilize a church accounting software to enable a consistent accounting system year after year.
4. Utilize the principle of “separation of duties” by having several officers and employees involved in the financial operation of the church. Refrain from having one person “do it all.”
5. Provide good fiduciary control over any donor-restricted gifts received by the presbytery.
6. Be faithful to the PC(USA) Constitution concerning provisions regarding financial management practices.
7. Be faithful to all federal and state payroll tax laws and regulations.

**C. Provisions in the PCUSA Constitution Concerning Financial Management**

We will be faithful to these guiding principles regarding financial matters from the PCUSA Constitution.

G-3.0112 Insurance (Councils)

Each council (session, presbytery, etc) shall obtain property and liability insurance coverage to protect its facilities, programs, staff, and elected and appointed officers.

G-3.0113 Finances (Councils)

Each council shall prepare and adopt a budget to support the church’s mission within its area.

A full financial review of all financial books and records shall be conducted every year by a public accountant or committee of members versed in accounting procedures. Reviewers should not be related to the treasurer. Terminology in this section is meant to provide general guidance and is not intended to require or not require specific audit procedures or practices as understood within the professional accounting community.

G-3.0205 Finances (The Session)

In addition to those responsibilities described in G-3.0113, the session shall prepare and adopt a budget and determine the distribution of the congregation’s benevolences. It shall authorize offerings for Christian purposes and shall account for the proceeds of such offerings and their distribution. It shall provide full information to the congregation concerning its decisions in such matters.

The session shall elect a treasurer for such a term as the session shall decide and shall supervise his or her work or delegate that supervision to a board of deacons or trustees. Those in charge of various congregational funds shall report at least annually to the session and more often as requested. Sessions may provide by rule for standard financial practices of the congregation, but shall in no case fail to observe the following procedures:

- a. All offerings shall be counted and recorded by at least two duly appointed persons, or by one fidelity bonded person;
- b. Financial books and records adequate to reflect all financial transactions shall be kept and shall be open to inspection by authorized church officers at reasonable times;
- c. Periodic, and in no case less than annual, report of all financial activities shall be made to the session or entity vested with financial oversight.

**D. Separation of Duties**

Several officers and employees share responsibilities for the financial operation of the presbytery, including:

1. Treasurer Duties

- The Treasurer is elected by the Presbytery to a term of up to five-years and “shall work collegially with the leadership team” and is accountable to the Personnel Committee.
- Use and maintain church accounting software for all financial record keeping and reports. Assure all software files are backed up at least weekly.
- Submit appropriate federal and state payroll tax payments and forms on time (941, W2, W3, etc)
- Provide regular financial reports to the General Council and at Presbytery meetings when requested by the General Council.
- Assure that all bank accounts have the appropriate officers listed as “authorized officers.”
- Review bank statements every month for anomalies and inappropriate transactions.

- Notify General Council immediately whenever any anomaly is discovered in the financial operations.
- Reconcile all monthly bank statements with the accounting software balances each month. Stated Clerk reviews all bank statements and reconciliation reports as well.
- Deposit all incoming funds to appropriate bank accounts. Any cash received over \$100 should be counted by two appointed people and then deposited.
- Sends giving statements to churches or other givers periodically.

## 2. Church Officer (CO) Duties

- The CO is a Clerk, Elder, or Commissioner to Presbytery from a congregation and is approved to serve by the General Council.
- Serves as an authorized officer and signature on bank accounts.

## 3. Executive Team Duties - Presbyter for Congregational Care (PCC) and Stated Clerk (SC)

- Provide supervision and support to the Treasurer and CO in regards to the financial operation of the presbytery.
- Be aware of the general financial status of the presbytery at all times.
- With the General Council, assure that the Fiscal Policy of the presbytery is being administered faithfully.
- SC will review bank statements and reconciliation reports monthly for unusual transactions and anomalies.
- PCC will serve as an authorized officer and signature on bank accounts.

## 4. General Council Duties

- With the Executive Team, assure that the Fiscal Policy of the presbytery is being administered faithfully.
- Determine the General Operating Fund budget for the year and submit to presbytery for approval.
- Determine Per Capita rate for the year and submit to presbytery for approval.
- Review all donor-restricted gifts that come to the presbytery and determine if restrictions are appropriate to the mission of the presbytery.
- Authorize all expenditures from non-budgeted funds.
- Monitor financial reports of all funds and assets on a regular basis.
- Select audit firm to conduct the annual review.

## 5. Auditor Duties

- Conduct an annual review of all financial transactions and year-end financial reports of the church. Check all reconciliation reports for the year. Assure that financial reports reconcile with bank statements.

## **E. Bank Accounts and Investments**

1. Three authorized signers shall be on all bank accounts: Treasurer, Church Officer, and Presbyter for Congregational Care.
2. Checking Account: Use one checking account for the general operation of the presbytery. Treasurer will maintain an appropriate level of cash in the account for expected cash flow needs. Other funds will be put in an investment account(s).
3. Investment Accounts: Investments of presbytery assets will not be exposed to significant stock market risk. Funds will be invested the following investment vehicles with at least 20% of the total assets in each.

Presbyterian Investment and Loan Program (PILP) Notes: The investments provide ministry to the greater church by funding loans needed by church partners. PILP notes pay a bit higher than CDs, are very friendly to obtain, and do not have early withdrawal fees. PILP notes are backed by the full faith of our denomination (not FDIC). PILP adheres to the socially responsible investment principles of the PCUSA.

PCUSA New Covenant Mutual Funds: The investments are managed by the Presbyterian Foundation and support the mission and the socially responsible investing principles of the PCUSA. To minimize market risks, funds should be invested in the New Covenant Income Fund or NC Balanced Income Fund. Funds are backed by the full faith of our denomination (not FDIC).

Certificates of Deposit: Bank CD's backed by the FDIC.

## **F. Camp Carew Financial Management**

1. Camp Carew is leased by the Presbytery and operated by the Presbytery's Camp Carew Board of Directors (Camp Board). The Camp Board reports to the General Council of Presbytery.
2. The financial management of the camp, including adequate financial controls and audits, is provided by the Camp Board. The Camp Board opens appropriate asset (bank) accounts in which to manage its operating and savings funds.
3. The Camp Board shall provide a financial report (balance sheet, income, expenses) to the General Council at least quarterly.
4. The Camp Board will provide the Presbytery's Auditor with the financial reports and documentation it needs to conduct the Annual Review.

### **G. Credit Cards**

The presbytery will have one corporate credit card account in its name (Visa) with cards provided to the Presbyter for Congregational Care and Stated Clerk. Statements will be sent to the Treasurer and reviewed monthly by the Treasurer and Church Officer. The credit card balance should be paid in full every month to prevent interest charges. Only approved presbytery related expenses may be charged to the account. Lost or stolen cards should be reported immediately to the Treasurer and to the credit card firm.

### **H. Fund Management**

Funds will be managed using Fund Accounting principles, with a cash or semi-accrual accounting protocol. The number of funds will vary as ministry needs require. The basic funds include:

General Operating Fund	manages the day to day operation of the presbytery (salaries, committees, etc)
Unrestricted Funds	manages all unrestricted funds given to the presbytery
Restricted Funds	manages all restricted funds given to the presbytery
Camp Carew Fund	as reported from the Camp Board

### **I. Fiscal Year**

The fiscal year for the presbytery shall be the calendar year.

### **J. Collection, Counting, and Deposits of Offerings and Receipts**

1. All receipts received by mail or walk-in are counted by the Treasurer, deposited in bank, and posted in the accounting software. All funds should be deposited and recorded with two weeks of receipt.
2. In the event of significant cash being received (over \$100), which is very rare, the Treasurer shall assure that two persons in the presbytery (members or staff) count the cash and a record of the counters' names will be kept with the deposit. This pertains mainly to offerings received at presbytery meetings. If significant cash is received from an individual (over \$100) a cash receipt should be provided to the giver at the time of the transaction.
3. Copies of all checks received will be retained in deposit records. Hard copies can be made or copies should be readily available via online banking records.

### **K. Authorization and Disbursement of Funds**

1. The Treasurer should disburse funds (prepare checks) for the normal budgeted operating expenses of the General Operating Fund.
2. The General Council shall authorize all expenses from all other funds, after which the ~~AA~~ Treasurer can write checks as needed.
3. All payments are made with checks and not cash.
4. No cash or ACH withdrawals should be made on any bank account, with four exceptions:
  - a. Federal and State withholding taxes are paid online with ACH transactions.
  - b. Payroll is paid to employees using direct deposit ACH transactions.
  - c. Online giving through the presbytery's website are deposited via ACH transactions.
  - d. Dues payable to the Board of Pensions are made via ACH transactions.
5. All checks ~~over \$2,500~~ require two signatures. An exception to this control (one signature) can be made if the Stated Clerk is notified and approves.
6. Reimbursable Expenses: Employees and volunteers are reimbursed for "ordinary and necessary" expenses incurred in the performance of their job duties. Reimbursements are not taxable income if the IRS test of "ordinary and necessary" is met and appropriate records are retained (receipts).
  - a. Routine expenses are authorized by the AA. Unusual or large expenses are authorized by the Treasurer. The final determination of whether an item is an "ordinary and necessary" expense for the presbytery is made by the Treasurer in consultation with a tax advisor.
  - b. Reimbursable expenses include meals, lodging, car mileage, parking fees, books, periodicals, and other materials deemed as "ordinary and necessary" to the mission of presbytery.
  - c. Car mileage for employees is reimbursed at IRS mileage rates. Car mileage for volunteers is reimbursed at the IRS Volunteer rate. Reimbursement require the submission of travel information: date, business purpose of trip, odometer beginning and end (total miles), and timely submission (within sixty days).
  - d. Travel plans for conferences should be authorized by the General Council ahead of time. The least cost mode of travel should be used (plane, car, etc).
  - e. Reimbursable expenses for some employees are limited by the employee's terms of call agreement.

### **L. Payroll and Tax Filing**

1. Payroll will normally be paid via direct deposit and paid ~~bi-weekly~~ bi-monthly. If a payroll check is needed, two signatures are required.
2. Treasurer will assure that all federal and state payroll taxes are paid on time and that all forms are filed on time (941, W2, W3, etc).
3. The Treasurer will assure that I-9 and W-4 forms are submitted by each new employee at the time of hire and will keep these records in the employee file.

### **M: Security**

1. Supply of checks should be stored in a locked facility.
2. Financial statements containing sensitive financial information should be shredded before discarding.
3. Financial software should be backed up at least weekly using a rotation of two or more storage devices, or cloud-based accounting software can be used for continuous off-site backup.
4. The presbytery insurance policy should provide a minimum of \$50,000 bonding insurance for all staff and financial officers.
5. Any significant cash received (over \$100) should be deposited in the bank promptly.

### **N. Monthly Reconciliation Control**

1. A reconciliation of all bank statements with the accounting software balances will be done each month by the Treasurer and reviewed by the Stated Clerk.
2. Monthly Review: Treasurer should provide Stated Clerk (SC) with copy of bank statement and reconciliation report each month. SC should review for any unusual or inappropriate transactions and will inquire with the Treasurer for explanation if needed. Any unresolved anomalies should be reported to the Presbyter for Congregational Care for appropriate action. SC will initial bank statements and reconciliation report after review is completed and Treasurer will keep in records.

### **O. Annual Review**

1. An annual financial review should be done early the following year.
2. The General Council should select the audit firm. The Treasurer will provide the auditors access to all financial records. To assist the auditors, all checks stubs and receipts should be filed in check number order, included voided checks. The auditors should review all bank account statements for inappropriate transactions.
3. The auditors should review and assure that the financial statements provided to General Council accurately reflect the true financial condition of the presbytery.
4. The auditors should submit a written audit report to the General Council which may include recommendations for improvements to our financial practices.

### **P. Records Retention**

1. All financial records—bank statements, receipts, accounting reports, counter log sheets, year-end reports, audit reports, etc.—should be retained for seven years.
2. All records for a given fiscal year (calendar year) will be retained together in one storage box, labeled appropriately (i.e. “Financial Records 2015, Discard in 2022”), and stored in the presbytery office.

### **Q. Donor Giving Statements and Confidentiality**

1. Giving Statements for all who contributed to the presbytery (individual and churches) should be provided periodically. When asked, giving statements should also be provided to any donor at any time during the year.
2. The presbytery should maintain a reasonable level of confidentiality regarding the identity of contributors.
3. Any non-monetary gifts shall be recorded on the donor’s giving statement with a description only. The presbytery does not provide a monetary value to the non-monetary gifts on the statement (donors do that themselves).

### **R. Bequests, Endowments, and Special Gifts**

1. When a bequest or special gift is received, the General Council should provide the donor or family of the donor with a thank-you note.
2. If the donor has placed restrictions on the use of the gift, the GC should discern if the restrictions are appropriate to the mission of the presbytery. If so, the GC should receive the gift. If not, the GC should decline the gift and explain its determination to the donor.
3. General Council reserves the right after pursuing due diligence to accept or reject any gift.
4. Stock Gifts: Gifts of stock given to the presbytery are gifts of property (shares of stock), not money. The giving statement should record the date the stock was received and a description of the stock gift (company and number of shares). Unless otherwise directed by the General Council, all stock gifts should be sold immediately and the proceeds deposited into the appropriate fund.