

Appendix II

Manual of Financial Policy and Accounting Procedures

(approved by Presbytery 02-17-2011)

I. Overview:

Financial contributions from the presbytery's member churches for ministries of the Presbyterian Church (U.S.A.) are accounted for by means of a restricted/designated fund, referred to as **Mission Treasury Services (MTS)**. The accounting system shall be protected by using a password composed of both letters and numbers. The password is to be available only to the Bookkeeper, the Treasurer, and the General Presbyter.

All monies received are deposited in a specific interest bearing bank account, currently maintained with Wells Fargo Bank. As instructed by the Treasurer of Presbytery, the Bookkeeper forwards such monies to the various receiving agencies on a monthly basis in accordance with the churches' instructions, advising those agencies as to the donor church.

Reports detailing contributions for the year to date, by agency and date of gift are to be mailed to each church quarterly by the Bookkeeper. The reports are to be mailed both to the Church Treasurer and the Moderator of Session at different addresses.

At the end of each month, a summary of receipts is recorded on a form entitled **Mission Treasury Receipts** and entered in the accounting system by journal entry. In order to forward these funds to receiving agencies, all monies received each month are transferred to the general checking account at the close of the month, and a **Mission Treasury Payables** disbursement voucher is prepared to authorize payments to the appropriate agencies.

II. Internal Controls/Receipts:

A. Receiving and Depositing Funds:

Incoming mail is to be opened by the Office Manager. Deposit slips are to be completed listing all checks received and initialed by two persons for verification. All remittances are to be stamped with the Presbytery's endorsement. Financial contributions from presbytery's member churches are deposited in the **Mission Treasury** account. For funds to be deposited in this account, a copy of the deposit slip and copies of the checks to be deposited are to be attached to the remittance forms which accompany church contributions and deposited by the Office Manager. Bank reconciliations are to be done monthly by the Presbytery Treasurer and signed to assure that all funds received have been properly deposited and accounted for.

B. Recording Procedure:

Receipts are entered by the bookkeeper into presbytery's records maintained on the bookkeeper's computer using the Microsoft Access data base/software. The icon to access the program is called "Revenue". This will open to the "Revenue Processing" screen [Main Menu]. To enter the deposits for a day, click on the "Enter Daily Work" button. Use the drop down box to look up the church pin number or type the pin number. Tab and enter the check number, tab and enter the check amount, tab and enter the deposit date. The special codes box is for Presbyterian Women, for individuals' checks to be credited to a church, or for direct payment to an agency. "R" is the default for a regular check from a church.

Click on the "Continue" button, enter the agency code, then tab and enter the amount to credit to that agency. If the amount is an allocated one the program will automatically do the allocation and those amounts will appear under the agencies which will receive the funds. Anytime the allocation amounts change, such as at year end, it will be necessary to enter the "Work with Agency File" button, find the appropriate code and type in the new percentages. Tab to enter more funds, one per line. When entering an agency that is not on the list, add one by double clicking on the agency code field. When finished adding the agency, then click to close the agency master window. The "Oops" button is to be used to go back to the previous page and correct any errors. When finished the amount left to disperse will be at 0.00, then click "Return".

Enter each church separately and when all for the day have been entered, click "Print Proof of Daily Work" on the "Revenue Processing" screen. This prints a report to allow for visually matching totals. If something appears to be in error, go back to the "Enter Daily Work" button and enter the data again. The program will find the data entered earlier and allow adjustments. Reprint the Proof of Daily Work to make sure it matches the deposit slip. The Proof of Daily Work should be discarded when all is correct.

Next click on the "Post Daily" button. This moves all data to the appropriate tables. The report that it prints is the one that should be kept with that day's deposit slips. After posting daily, it is not possible to go back and easily access that data. After the data is posted, a screen will come up with prompts for the month and year being entered. Then a sum of the month's deposits will appear so that it can be checked against the deposits, making sure that all deposits have been posted. Click on "File" and "Close" to close this window and go back to the "Revenue Processing" screen. The "Restore Temporary Backup (if necessary)" button can only restore the data from the previous posting.

C. Report Selection Screen:

All of these use the criteria shown on the screen to produce the reports. Therefore, it is possible to print the report for one day, one church, one agency or all or a range of each. 000001 and 99999 are the defaults for all churches. A001 and Z999 are the defaults for all agencies. Note that Allocated Giving and Mission Treasury just need a date input.

Church Statement – prints the per capita assessment that can be folded and placed in a window envelope to be mailed to the church. The appropriate percentages must be entered in the agency code A200. Make sure that the membership for each church has been corrected to

correspond with the statistical report for the prior year. Then put letter head paper in the printer. *Church Statement* – prints the statement of church giving for the period selected. Print on letterhead,

Summary Church – revenue by church summary.

Summary Agency – revenue by agency summary.

Detail by Church – revenue by church.

Detail by Agency – revenue by agency.

Allocated Giving – allocated giving by churches.

Mission Treasury – unified giving plus Alabama Campus Ministry giving as compared with total giving and any pledged giving.

After each month is entered, print a *Summary Agency*, *Detail by Agency* [making sure the totals equal the total for the month's deposits plus direct payments], *Allocated Giving*, and *Mission Treasury (MTS)*. These reports are used to determine the distribution of funds received. The forms for entering MTS in the accounting module are on file in the Accounting Office along with the voucher form for MTS Payables.

III. Internal Controls/Expenditures:

A. Spending Procedures:

All expenditures shall be validated by at least two authorized signatures: one on the check and a different signature on the authorizing voucher. Authorized signatures are those of the Office Manager, the Treasurer, and the ~~Executive~~ General Presbyter, or his/her designee. Access to bank accounts is limited to those signatories. An authorized signature on a voucher may be that of the committee chair or staff person. Approval of vouchers and signatures on the checks shall be based on funds being available, the expenditure being for a valid Presbytery purpose, and the expenditure being charged to the proper account in the budget approved by Presbytery. In no case shall a check made out to an individual be signed by that same individual, and no check shall be made out to "Cash." All checks over five thousand dollars (**\$5,000**) are to have two (2) authorized signatures, one of them to be either that of the Treasurer or of the General Presbyter.

The Bookkeeper shall provide monthly to each chair a report of all expenditures charged to the budgetary accounts of that committee. The chair shall review all such reported expenditures and indicate to the Treasurer his/her approval of, or questions regarding, the expenditures.

Ordinarily, checks shall be written on Wednesdays before noon for signature by the Office Manager, with payroll checks being written on or about the 12th and the 27th of each month. Checks may be issued at other times in emergencies or to preserve discounts and avoid penalties with specific approval of either the Treasurer or General Presbyter.

B. Credit Card Controls:

In addition to the above approvals, the Bookkeeper will review monthly all credit card payments and all payments to third parties which specifically benefit a single staff member (i.e. travel, in-

service education, etc.). All credit card purchases shall have been documented by receipts showing the exact item purchased and the amount charged and shall be further documented to show the account number to which it is to be charged. Any item questioned by the Bookkeeper shall be referred to the Treasurer. If in the Treasurer's judgment the item cannot be justified as a legitimate Presbytery expense, it shall be referred to the appropriate Committee for review. If it is not deemed to be a legitimate expense it shall be reimbursed to the Presbytery by the purchaser, unless subsequently approved by the Executive Council's Finance Committee.

C. Insurance and Audit:

The funds of the Presbytery shall be protected by full coverage of all funds under the terms of the Presbytery's Insurance Program. Employee dishonesty coverage shall be reviewed every three years. The Finance Committee of the Executive Council and the Treasurer shall be responsible for annual audits/reviews of all Presbytery funds as provided in *The Book of Order* of the Presbyterian Church (U.S.A.). The annual audit/review is to be completed by July 15 of the following year.

IV. Restricted Funds

A. Types of Funds

Restricted funds of the Presbytery are those that have been designated by action of the Presbytery or the Executive Council to be used for specific purposes and shall be continued from year to year. All requests for solicitation of special funds shall be submitted to the Executive Council for approval/disapproval and for final action/authorization. Restricted funds may be designated as short term funds, mission funds, or long term funds.

The funds listed below are the existing restricted funds of the Presbytery as of January 1, 2010. The purpose of each fund is described and the authority to disburse from each fund is given. Expenditures from any restricted account or fund will be made only after submission of a voucher to which is attached a copy of the Minutes, or an excerpt thereof, recording the action authorizing the disbursement.

B. Short Term Designated Funds

Short term designated funds are those contributed for specific ministries/programs of the Presbytery. They may be disbursed upon the authorization of the Presbytery entity responsible for the ministry or program for which a specific account was established when such authorization is recorded in the Minutes of that entity.

General Presbytery Funds

810200. General Exchange – Temporary holding account for all funds managed by the Treasurer of Presbytery.

810205. Prepaid Per Capita - Temporary holding account for per capita assessments remitted in advance by the churches. Disbursements from this account are authorized by the Stated Clerk.

810210. Stated Clerk Reserve - Temporary holding account for per capita funds remitted by the churches. Disbursements from this account are authorized by the Stated Clerk.

810220. Candidates Reserve - Funds to be used for financial aid, consultations, and retreats in support of candidates preparing for ministry. The Committee on Preparation for Ministry authorizes disbursements from this account. Funded from ½ of Presbytery offerings and all Installation offerings.

810240. Disaster Relief-Presbytery - Holding account for funds donated for disaster Relief within the Presbytery. The Executive Council is authorized to disburse funds from this account.

810250. CLP Training Fees - Funds to be used for Commissioned Lay Pastor training (CE/CRE courses).

810290. Ministers' Fund- Holding fund designated to meet particular needs of individual ministers of Presbytery. The General Presbyter authorizes disbursements from this Fund at his/her discretion. Funded from ½ of Presbytery offerings.

810299. General Presbytery Misc/one-time – Temporary holding account for Love gifts, etc.

Development Funds

810420. NCD Donations - Holding account for funds received from churches or individuals for New Church Development within the Presbytery. The Executive Council authorizes disbursements from this account to NCDs approved by the Presbytery.

810430. Hispanic Ministry - Holding account for funds contributed by the churches for Hispanic ministry projects within the Presbytery. The Executive Council authorizes disbursements from this account.

810435. Hispanic Ministry/Minister - Holding account for funds contributed by the churches for remuneration of an Hispanic minister within the Presbytery. The Executive Council authorizes disbursements from this account.

810499. Development Division Misc/One-Time – Temporary holding account for miscellaneous Development gifts.

Mission Funds

810600. Missional Development - Holding account for grants received from the Independent Presbyterian Church Foundation Grant that supports the Presbytery staff position of Associate Executive Presbyter for Missional Development. The Treasurer is authorized to make regular disbursements from this account.

810605. Self Development of People/Grants - Pass-through account for grant funds appropriated for approved denominational SDOP projects. The Treasurer is authorized to forward funds to grant recipients.

810610. Hunger Reserve - Funds collected by churches through Cents-ability Offerings to be used to match church's gifts to hunger agencies of their choice. The Hunger Action Advocate and/or Executive Council authorize disbursements from this account and approves changes to disbursement policies.

810620. Peacemaking Reserve - Holding account for funds from the annual PCUSA Peacemaking Offering (1/2 of the annual offering goes to this account, ¼ to Synod, ¼ to GA). The Executive Council authorize disbursements from this account.

810625. Habitat House Fund/Bham - Holding account for funds that Birmingham-area churches contribute toward the annual Habitat House build in Birmingham. The Mission

Coordinator is authorized to make disbursements from this account per invoices received from Habitat for Humanity.

810630. Prison Ministry – Holding account for funds contributed by the Oak Grove Missionary Church. The Treasurer is authorized to make disbursements from this account upon the request of the State prison in North Alabama.

810651. PDA Clearing Account – Clearing account for funds for Presbyterian Disaster Assistance.

810670. Congo Partnership-General Fund - Holding account for donations from churches for the use of Presbytery's Congo Team. The Congo Team authorizes disbursements from this account.

810675. Congo Donations - Holding account for donations from churches and individuals for miscellaneous projects in Congo. Funds in this account are designated by the donors. the Congo Team authorizes disbursements to the PC(U.S.A.) several times a year.

810678. Congo Schools – Clearing account for funds for Congo schools

810680. MMOA Special Gifts - Holding account for donations for Presbytery's Oaxaca Partnership. The Mexican Partnership Committee and/or Executive Council authorize disbursements from this account.

810699. Mission Division Misc./ one-time – Temporary holding account for miscellaneous Mission gifts.

Equip. Nurture. Connect Funds

810815. Youth Ministries - Funds given to support the youth leaders attending continuing education events and the Youth University Program. The Youth Ministries Task Group and/or the Executive Council authorize disbursements from this account..

810820. Main Event and Training - Holding account to be used for the Main Event Leadership Training and Development Program. The Main Event and Training Task Group and/or the Executive Council authorize disbursements from this account.

810825. Birmingham UKirk -- Holding account for campus ministry efforts in Birmingham. The College Task Group and/or the Executive Council authorize disbursement from this account.

810826. B'ham UKirk Minister – Salary and Benefit costs for the UKirk Birmingham minister.

810830. College Ministries - Funds received from churches to carry out College ministry. The College Task Group and/or the Executive Council authorize disbursements from this account.

810840. Small Church Ministries - Holding account for grants made by the Synod to provide retreats for pastors of small membership churches. The Small Church Ministries Task Group and/or the Executive Council authorize disbursements from this account.

810860. Chambless Memorial – Funds given to support Presbytery camps. The Camp and Children Task Group and/or Executive Council authorize disbursements from this account.

Health FSA Accounts

820000. Health FSA-L Burrowes - Holding account to be used to reimburse named staff person for federally approved health related expenses. The Treasurer is authorized to disburse these funds upon receipt of itemized statements and an approved voucher.

820007. Health FSA-T Strickland - Holding account to be used to reimburse named staff person for federally approved health related expenses. The Treasurer is authorized to disburse

these funds upon receipt of itemized statements and an approved voucher.

C. Mission Treasury Fund

Mission Treasury Funds are those budgeted from congregational mission giving for carrying out the mission of the General Assembly of the Presbyterian Church (U.S.A.), the Synod of Living Waters, and Presbytery. Expenditures of Mission Treasury funds are authorized through the Annual Budget adopted by Presbytery and are to be regularly disbursed to agencies of the PC(U.S.A.) by the Treasurer.

Mission Treasury Clearing Accounts

830100. GA Unified

830110. GA Selected

830120. GA Per Capita

830200. Synod Unified

830210. Synod Selected

830220. Synod Per Capita

830300. Presbytery Unified

830310. Presbytery Selected

830320. Presbytery Per Capita

830400. APCM Designated - Funds to be used by the Alabama Presbyterian Campus Ministry Board in support of campus ministries. The Treasurer is authorized to remit funds from this account monthly according to the amount budgeted by the Presbytery.

830405. APCM Per Capita

D. Short Term Designated Funds

800115. Selma Reserve

800131. Harper Chapel Sale

800225. EC/AE Computer Fund

E. Long Term Designated Funds

Long Term Designated Funds allow the Presbytery to do mission above and beyond the ministries supported by Mission Treasury funds and by short term designated accounts. Proposed grants and/or loans from these funds in excess of \$20,000 shall require an action of the Presbytery.

880100. Revolving Loan Fund - This fund was established to provide loans to churches for construction, renovation, and plant improvement. Loan requests are reviewed by the Grants and Loans Committee of the Executive Council in consultation with the Trustees of Presbytery. The Executive Council may approve and authorize disbursement of funds for a loan up to \$20,000. Larger loans must be approved and authorized by action of the Presbytery. All loans are to be secured by promissory note and appropriate collateral. The interest rate is to be the prime rate in effect at the time of the approval of the loan.

880200. Development Grant Fund - This fund was established to provide grants for New Church Development and for existing church development, growth, and vitality. Grant proposals

are reviewed by the Grants and Loans Committee of the Executive Council. The Executive Council may approve and authorize disbursement of a grant up to \$20,000. Larger grants require the action of the Presbytery.

880205. Mummert Fund

880210. King Trust

880215. Robison Mission Fund Interest

880225. New Beginnings Grant Fund

880295. First. Opelika Fund - These funds, received from the sale of the Opelika First Church property were designated as a term of the dissolution of the church for mission in the Opelika area. Funds are disbursed only by action of the Presbytery. All funds in this account were used to cover a budget deficit.

880300. Metro-Urban Fund - This fund was established to provide for Presbytery mission to metro-urban areas of the Presbytery. Projects constituting valid uses of these funds are to be recommended by the Executive Council. Disbursements from this Fund require the action of Presbytery.

880900. PSL Uncommitted Operating Reserve Fund - This is a loan fund established so that funds are available to meet cash flow shortages during a given year. The Treasurer, in consultation with the General Presbyter, is authorized to make disbursements from this fund to pay operating expenses in the event of a cash short fall. Ordinarily, loans from this fund shall be repaid by the end of the calendar year in which they were