

**Surfside United Methodist Church Policies
and Procedures
Accounting, Receivables, Payables**

These policies and procedures apply to all church members and groups who use the church's Tax Identification Number (TIN), including all church ministries and church-sponsored activities. All Church ministries and activities are subject, at any time, to an audit by the Finance Committee or their designee.

The Office Manager oversees the process of reviewing vouchers for accuracy and proper documentation, recording receipts, preparing disbursements and general accounting procedures with guidance and assistance from the Finance Committee. Large payments, questionable requests and discrepancies are brought to the attention of the Senior Pastor and/or Treasurer for review and final approval.

**I
Accounting**

The Office Manager is responsible for monthly maintenance and reconciliation of:

- a. Church Checking Accounts
- b. Money Market Accounts
- c. Investments Accounts

The Office Manager is responsible for:

- a. Preparing and distributing weekly, monthly and year-to-date budget reports for the church bulletins and newsletter.
- b. Preparing and distributing all accounting reports.
- c. Preparing financial reports for the Senior Pastor, Finance Committee Chair and Church Treasurer, as necessary.
- d. Attending all Finance Committee and Church Council meetings, preparing and distributing financial reports and provided related information, as required.
- e. Preparing and providing all reports and financial information, as required for the annual audit.

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**II
Cash and Investments**

The Church maintains cash assets in the normal course of its operation. These assets include petty cash, checking account(s), money market accounts(s). The Office Manager manages and regularly reconciles the balances of the checking account(s) and money market account(s), ensuring an adequate balance is maintained and properly accounted for. Surplus funds or reserved funds may be invested in money market account(s) to earn additional interest income while being available for Church uses.

The Office Manager performs a monthly reconciliation of all bank accounts promptly after the end of each month. No less than twice per year, the Office Manager will present the bank reconciliation to the Treasurer or the Finance Committee Chairperson for review; the person reviewing the reconciliation will initial the bank reconciliation, demonstrating s/he reviewed the bank reconciliation.

Checks that have not cleared the bank are to be detailed on the monthly bank reconciliation. Reasonable efforts should be made to contact the payee(s) when a check has been outstanding for several months. When a check has been outstanding for 180 or more days, it will be voided in the Church's accounting system and removed from the bank reconciliation. The accounting transaction related to that check will be reversed.

The Church maintains a Building Fund to pay the regular monthly mortgage and fund future capital expenditures and repairs.

The Treasurer, Finance Committee Chairperson and the Trustees Chairperson, with approval of the Church Council, will make all investment decisions.

The Church maintains an Endowment Fund for specific needs or programs of the Church, as directed by the Endowment Fund guidelines. This fund is

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managed by the Endowment Committee. The Senior Pastor may provide input to the Endowment Committee in a non-voting capacity.

**III
Receivables**

Offering Counters

The Counting Committee, with guidance from the Finance Committee, serves on a rotating basis throughout the year to ensure that four (4) counters, including one (1) head counter is present each Monday, or the next business day, to count and record all collections received from the preceding Sunday services, Sunday school, Mid-Week Service and all miscellaneous monies received by the Church during the week.

The Usher Captain, Youth Minister, Sunday School Superintendent, Coffee Fellowship Leader and the Spirit Night Leader are responsible for insuring that collections from Worship Services, Mid-Week Service, Sunday school, Coffee Fellowship and Spirit Night are collected by two persons and placed in individual deposit bag. The collections from Sunday school, Coffee Fellowship and Spirit Night are placed in a money bag, sealed and placed in the drop safe. Monies collected from all other activities that are church related require two unrelated persons to count the money, place it in an envelope, seal and sign the envelope. Monies are to be placed in the drop safe the same day they are received.

Sunday School Superintendent

The Sunday School Superintendent picks the envelopes up from each Sunday school class. S/he, along with a second unrelated person, counts the money to verify the amount on the envelope, records the amount in the Sunday school record book and submits a report, along with the Sunday school envelopes, to the Office Manager. The monies are placed in a money bag, sealed by the Sunday School Superintendent and placed in the drop safe on same morning as collected.

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On the first business day of the week, the Head Counter, accompanied by an unrelated person (if practical), opens the safe. The bags and envelopes are taken by the Head Counter to the counting room. The counting room is locked and the bags and envelopes are counted.

1. Member Envelopes are put in sequential order with the member name and amounts for their pledge or special offering noted on the front of the envelope and compared with the amount of the check or the cash inside. All envelopes with cash inside are noted "cash." A tape run is then run for the envelopes as well as a tape run for the cash and checks. This tape should balance all monies and should be included in the documentation given to the Office Manager.
2. Pew Envelopes
 - a. If a name is on the envelope, it is cross-referenced with the Member list and if they are a member, their name and number is written on the front of the envelope and included with the sequence of envelopes.
 - b. If the person is a non-member and the offering is in cash, the monies are placed in the "loose offering".
 - c. If the person is a non-member and the offering is a check, the name and address is given to the Office Manager so a statement can be prepared and sent to them for tax purposes.
 - d. If an envelope has a "special offering" indicated on it and is from a non-member, and in cash, then the Amount and Special Offering is listed on balancing sheet by the counter and the monies are placed in the "loose offering" (see next section).
3. Loose Offering
Cash, coins and checks are counted by two (2) unrelated Counters, a list of contributions is created and totaled, and the amount is noted on the balancing sheet.
4. Mid-Week Service Collection

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If an offering is received at a mid-week service, the money is then placed in an envelope, sealed and signed by two unrelated persons, placed in the money bag and then placed in the drop safe after the service.

5. Miscellaneous Monies
 - a. Collection plate: loose cash, coins and checks are handled as the “loose offering” is handled (see above).
 - b. Fundraising and other non-collection plate receipts: funds collected should be accumulated at the point of collection, counted by at least two unrelated individuals (if practical) and placed in a sealed envelope. The amount collected is to be written on the envelope and both individuals should initial the envelope. The envelope should be clearly marked as to the date and purpose of the collection (e.g. pumpkin sales, Salkehatchie, etc.). Depending upon the amount collected and the length of time of the fundraising activity, it may be necessary to accumulate interim collections and submit multiple envelopes. Once marked and sealed, the envelope should be promptly deposited in the Church safe.

Balancing

- c. All cash, coins and checks are counted and totaled.
- d. Each series of envelopes has a tape run of the amount on the envelope and totaled.
- e. The balancing sheet is totaled.
- f. The three (3) totals (from cash, coins and checks, envelopes and balancing sheet) should match. If the three totals do not match, the counters must start over and recheck each category to find where the error is and make the correction.
- g. ALL counters are to sign the balancing sheet.

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h. All envelopes are placed in sequence order and given to the Office Manager for the offering to be posted to member accounts.

6. Bank Deposit

The bank deposit is prepared by a Head Counter. Cash, coins and checks are listed on the deposit slip. Two (2) unrelated counters will take the deposit to the bank and return the deposit slip, along with the member envelopes to the Office Manager. Office Manager verifies that the totals of the cash, coins and checks, envelopes and balancing sheet match the deposit slip when posting.

**IV
Payables**

1. Invoices and Credit Card Holder

All invoices, paid receipts and credit card receipts must be turned in with a completed voucher to the Office Manager within 45 days after the expense is incurred, unless extenuating circumstances require more time. It is the responsibility of the purchaser to promptly submit all required documentation; if appropriate documentation is not submitted, the purchaser may be held responsible for payment of the invoice or credit card charge. If receipts from church credit card purchases are not submitted in a timely manner, charging privileges may be rescinded.

Documentation to be submitted should include:

- a. Name, address and the amount to be paid to the payee.
- b. Chart of accounts billing number.
- c. Explanation for the purchase must be specific.
(Example: 29 t-shirts for Jason's House.)

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All expenditures must have appropriate approval before payment is made. For Church staff, the Senior Pastor or designee will approve vouchers with appropriate documentation. For Church volunteers, the Committee Chairperson, Church Council Chairperson or designee will approve vouchers with appropriate documentation.

Where possible, it is preferred that payments for Church missions or activities are paid to the actual provider of goods or services. If it is necessary for the payment to be made to an individual that is not providing the goods or services, a distribution or description of the use of the funds should be provided to the Office Manager promptly after the payment is made.

2. Personal Reimbursements

When traveling or conducting church business, an expense report is to be completed and receipts for travel, mileage, lodging, meals, etc. should be attached. Personal items will not be reimbursed. A voucher is to be prepared by the person to be reimbursed and submitted, through the approval process, to the Office Manager for processing ~~and the Treasurer for approval.~~

3. Advances

All advances, check or cash, requires planning. Vouchers must be prepared by the person making the request, to include an explanation for the request, amount requested and the date the money is needed. Proper approval is required. Exceptions will be handled on a case by case basis.

4. Office Manager

- a) Checks and vouchers with attached invoices for correctness. Initials voucher to indicate the audit.
- b) All vouchers without proper supporting documentation will be returned to the person that submitted it for payment. Office

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Manager will retain a copy in a Pending File until proper documentation is received.

- c) Prepares and prints checks for vouchers, church payroll and Children's Center payroll.
- d) Checks are printed on a weekly basis and organized for the Treasurer's signature.

- 5. Treasurer (in his/her absence, the Asst. Treasurer)
 - a) Verifies the Check and Voucher for accuracy.
 - b) If the voucher does not have the supporting documentation attached, it will be returned to the person making the request for correcting. A copy is given to the Office Manager for the reason noted above (4b).
 - c) If all is accurate, the Treasurer or Asst. Treasurer signs the check for payment.
 - d) The Treasurer or Asst. Treasurer are the only authorized signers of checks.

6. Approval

A voucher is to be prepared for each expenditure of Church funds. The voucher should include the date, amount requested, account code and an explanation for the use of the funds. Vouchers are to be approved by an appropriate person:

- a) For staff requests, the Senior Pastor, Church Council Chairperson or designee will approve requests.
- b) For volunteer requests, the Committee Chairperson, Church Council Chairperson, Trustees Chairperson, Treasurer or Senior Pastor will approve requests.

For unusually large or unbudgeted expenditures, additional approval must be sought by the Senior Pastor or designee.

7. Filing

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Once a check is approved, the voucher and check stub are stapled to the front of documentation (e.g. invoice) and then filed promptly. Files are organized according to payee.

The Office Manager will maintain a Pending File for incomplete transactions. This file will include unverified vouchers, incomplete documentation and unprocessed advances/vouchers.

8. Apportionments

It is the responsibility of the Church to pay Apportionments. The annual budget will include a provision for planned Apportionments. The Finance Committee will plan for payment of the annual apportionments based on availability of Church funds.

9. Accountability

All accounts are to be managed and maintained with the highest regard for prudent use of church resources. They are subject to audit at all times.

10. Inventory

The Church will maintain a general record of essential equipment and furnishings, using lists, photos and/or video records.

V. Independent Accounts

Certain missions and ministries of the church may require exclusive oversight and management. These entities must be approved by the Church Council to operate within the church's Taxpayer Identification Number (TIN) and/or use the church premises. These entities must operate in alignment with the church's mission and adhere to all church policies and guidelines, including the following:

- The entity should designate appropriate leadership, oversight and management responsibilities (e.g. chairpersons, committees, etc.)

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- If funds are maintained separately from the Church's funds
 - a) a Treasurer should be appointed to oversee the finances of the activity;
 - b) a monthly bank reconciliation should be completed in a timely manner.
- The entity will be subject to internal or external audits, as deemed necessary by the Finance Committee. All reports, records and documentation must be made available for audit within a reasonable amount of time upon request.
- Minutes of meetings should be maintained and submitted to the Church's Office Manager promptly upon approval.
- An annual budget should be approved by the entity and submitted to the Finance Committee Chairperson, in accordance with the Church's annual budget process.
- Appropriate records of all receipts, expenditures and fund balances should be maintained on an ongoing basis. These records will be made available for audit as necessary.
- A financial statement summarizing the financial activity of the entity is to be maintained on an ongoing basis.

VI. Restricted Accounts

Restricted accounts are used to account for donations received for specific mission(s), ministries or Church programs that may or may not be included in the Church annual operating budget. The monies are to remain in the account assigned and used for the intended purpose unless otherwise approved.

Restricted accounts are signified by a specific code (e.g. 800 account codes) within the chart of accounts. These accounts reflect all financial activity related to specific missions, ministries and

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church-led activities approved by the Church leadership that extend beyond the core operations of the Church.

Restricted funds are to remain in the account assigned and are not to be transferred to other accounts, except when a transfer is approved by the Finance Committee, Church Council or the individual/group/committee assigned to manage the specific restricted fund from which the transfer is to be made. Funds restricted for a specific purpose are to be used for expenditures related to that specific purpose before utilizing Church operating funds; the related Restricted Fund account may or may not be limited to that specific purpose, so these allocations will be handled on a case-by-case basis.

The Finance Committee shall oversee the Restricted Funds and ensure these funds are properly managed and utilized.

Requests to utilize these funds must be properly approved by the appropriate persons (e.g. Senior Pastor, Committee Chairperson, Church Council Chairperson, Trustees Chairperson, Mission/Ministry leaders).

Occasionally, it may be necessary to terminate the usage of a specific restricted account (e.g. a mission program concludes, a ministry is discontinued). The Finance Committee will review all restricted accounts during the annual budget process and approve closing accounts, as necessary. If a remaining balance exists in the closed account, a corresponding adjustment (positive or negative) will be made in the church's general fund.

VII. Payroll Recordkeeping

Payroll records, including documentation of pay rates and payroll adjustments, are maintained by the Office Manager. All payroll records are

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kept in a secure location in the office of the Office Manager. All payroll adjustments are authorized by Senior Pastor or designee, unless otherwise approved by the Staff-Parish Relations Committee.

VIII. FINANCIAL OVERSIGHT

The Finance Committee will review the Church's financial reports at least quarterly. The Office Manager will provide an updated Statement of Activity, Statement of Financial Position, Restricted Fund Account Activity, and any other relevant financial reports.

The Finance Committee will oversee the policies and procedures for Church Financial operations. During each year, the Finance Committee Chairperson or designee will review any relevant policies with the Church Council.

IX. BUDGET

The Finance Committee will be responsible for approving an annual budget for the church. Staff and volunteers will submit budget requests to the Office Manager. A proposed budget will be assembled by the church staff and presented to the Finance Committee. After evaluating the church's needs, priorities and resources, the Finance Committee will approve a budget. The Finance Committee Chairperson will present the budget to the Church Council.