

OPP 3.1 – FINANCIAL ADMINISTRATION

PURPOSE: To provide guidance and procedures to the Administrative Team for financial accounting, receipt of funds, payment of accounts, expense reimbursement, budgeting, financial reporting and record keeping of financial transactions.

POLICY

The Administrative Team is entrusted with the financial resources of the church and is responsible for overall financial administration. The Financial Secretary is responsible for receiving all income of the congregation and keeping accurate records of the source and amount of such income. The Treasurer is responsible for payment of all accounts of the congregation as authorized by budget or special action of the Guiding Board and providing accurate records of all financial transactions. Financial Accounting procedures of the church use the accrual method of accounting.

As a general principle, all Financial Accounting procedures of RRCC are implemented with principles of segregation of duties or other internal controls to reduce the risk of illegal or improper manipulation of funds. The goal is to implement controls so that no single person or group of persons is in a position both to perpetuate and to conceal errors or fraud in the normal course of their duties.

RESPONSIBILITIES

Guiding Board

The Guiding Board provides the necessary oversight of financial administration and financial decisions. Its oversight role includes monitoring financial operations through reports, approval of the annual budget, provision for audit of financial records, implementing financial controls and approval of specific directives for decisions or actions of a financial nature. The Guiding Board authorizes expenditures through the annual budgeting process or by specific action. The intent is to set the limits of expenditures, empower the budget line owners to act by delegation of authority to spend through approval of the annual budget, and monitor both receipts and expenditures by regular financial reporting.

Administrative Team

The Administrative Team is entrusted with the financial resources of the church. Its role as a team is to administer the finances of the church in a responsible manner and through the financial processes ensure that funds are collected and spent in accordance with the approved budget and specific direction of the congregation as represented by the Guiding Board. The Treasurer and Financial Secretary are members of the Administrative team.

Financial Secretary and Assistant Financial Secretary

All income or funds received as a consequence of any activities of the church are the responsibility of the Financial Secretary. Both the Financial Secretary and Assistant Financial Secretary have full receipt handling privileges and responsibilities. Funds received are reported to the treasurer for purposes of financial accounting and recording in the proper cash account and/or dedicated account and other financial statements.

Treasurer and Assistant Treasurer

Financial Accounting and Disbursement of funds is the responsibility of the Treasurer. Both the Treasurer and the Assistant Treasurer have full privileges to establish and maintain the necessary accounting and disbursement (or payment) systems on behalf of the church. For the purposes of Financial Accounting and disbursement of funds, the Treasurers and Assistant Treasurer responsibilities include the following:

- Paying all bills and invoices.
- Reimbursing employees, members and volunteers for expenses incurred on behalf of the church.
- Maintaining church financial records including custody and security of any financial data and software used.
- Monitoring transactions in church bank accounts, credit cards, and other repositories of church funds.
- Making tax payments to the appropriate government authorities.
- Assisting in the preparation of the annual church budget.
- Periodically reporting to the congregation, Guiding Board, and Administrative Team on the state of the church's financial situation.
- Identifying, recommending and implementing improvements to the church financial processes and procedures.

SPECIFIC FINANCIAL POLICY AND PROCEDURE

The following outlines the group of policies and procedures that make up the whole of financial administration for the church.

Receipts Procedures

Specific procedures for handling receipt of funds are outlined in RRCC OPP 3.2 – Receipts Procedures.

Disbursement and Cash Management Procedures

Specific procedures for disbursement of funds and management of cash accounts are outlined in RRCC OPP 3.3 – Disbursement and Cash Management Procedures.

Payroll Procedures

Specific procedures for payroll accounting and disbursement are outlined in RRCC OPP 3.4 – Payroll Procedures.

Debit and Credit Card Policy and Procedure

Specific policy and procedures for Debit and Credit cards tied to RRCC accounts and issued to RRCC employees and/or volunteers are outlined in RRCC OPP 3.5 – Debit Card and Credit Card Policy.

Expense Reimbursement

The church uses an accountable plan for reimbursement of all expenses and authorizes by the annual budgeting process or specific action of the Guiding Board reimbursement of specific categories of expenses. All reimbursable expenses must be submitted for approval to the

treasurer with appropriate receipts or documentation. Specific procedures for expense reimbursement are outlined in RRCC OPP 3.6 – Expense Reimbursement.

Designated, Dedicated or Restricted Funds

Specific procedures for handling designated or dedicated funds are outlined in RRCC OPP 3.7 – Dedicated Funds.

Permanent Fund Management

Specific procedures management of the Permanent Fund are outlined in RRCC OPP 3.8 – Permanent Fund.

Scholarship Funds

Specific procedures for management of Scholarship Funds are outlined in RRCC OPP 3.9 – Scholarship Funds.

Financial Reporting

Specific policy and procedures for Financial Reporting are outlined in RRCC OPP 3.10 – Financial Reports.

Annual Church Budget

Specific policy and procedures for development and execution of the RRCC Annual Budget are outlined in RRCC OPP 3.11 – Budget Process.

RECORD KEEPING

A description of the use of Quick Books software is beyond the scope of this document. Suffice it to say that Quick Books is the central means of recording and tracking church income and expenses, and the Treasurer must be competent in the use of this software or whatever replaces it in the future.

Quick Books does an excellent job of tracking, organizing, and reporting the church's financial situation, and we should continue to use it unless a better solution becomes available. It is flexible enough to meet our current requirements and the Treasurer must become familiar with its capabilities. It is strongly recommended that the Treasurer become an advanced or 'power' user of this software, or any subsequent software which may replace it.

The Treasurer is required to keep two sets of records. The first is periodic backups of the church financial software, currently Quick Books. The backups must be kept in multiple places to facilitate the recovery of data in the event of a hardware or software failure. The location of the backups and the frequency is up to the Treasurer's discretion, but in no event should there be less than monthly backups of the data. It is strongly suggested that the Treasurer notify the Vice Moderator of the location of financial record backups.

The second set of records is paper files containing the following:

- All bills and invoices
- All check stubs
- All printed confirmations of invoices or payments received or made through web sites
- All printed confirmations of invoices or payments received or made through email

- Copies of all W4s and W2s for all employees
- Copies of the church bank and financial institution statements
- Copies of all reports made to the Administrative Team, Guiding Board, or congregation
- Copies of all security information necessary for access to web sites or files
- Copies of the weekly deposit information from the Financial Secretary
- Copies of all employee timesheets
- Any other written material pertaining to the church's finances or financial situation

These paper files are organized however the Treasurer deems necessary, and are available for inspection by church officers or anyone designated by the Administrative Team or Guiding Board. The paper files will be kept for at least 3 years and stored in an appropriate secured place in the church archives. The Treasurer may retain possession of the paper files from the previous year to facilitate checking facts or retrieving evidence of transactions.

DEFINITIONS

Accountable Plan - To be an accountable plan for reimbursement of expenses, the plan must include the following: the claimed expenses must have a business connection to the church and the expense must adequately be accounted to the church within a reasonable period of time. Adequately accounting means giving a statement of expense, an account book, a diary, or a similar record in which one enters each expense at or near the time it occurred, along with documentary evidence (such as receipts) of travel, mileage, and other authorized business expense.

Accrual Method of Accounting – A Generally Accepted Accounting Principle (GAAP) where transactions are counted when the order is made, the item is delivered, or the services occur, regardless of when the money for them (receivables) is actually received or paid. In other words, income is counted when the sale occurs, and expenses are counted when you receive the goods or services.

Cash management – a broad term that refers to the collection, concentration, and disbursement of cash in a business.

Dedicated Account – an account in the general ledger specifically created to track funds or obligations that are collected for a specific purpose. Sometimes also referred to as “designated” or “restricted” funds. In context of RRCC, dedicated accounts are normally used to track funds given to the church such as gifts for a specific purpose.

Segregation of Duties – A principle of financial control policy according to which no person should be given responsibility for more than one related function. For example, the person responsible for purchasing should not also be responsible for its payment. Also called *separation of duties*.

AUTHORITY: Section IV, B, 5 and Section VI, A, 1 of the Bylaws of Round Rock Christian Church. The Administrative Team is entrusted with the financial resources of the church. The Treasurer is responsible for payment of all accounts of the congregation as authorized by

budget or special action of the Guiding Board and providing accurate records of all expenditures.

EFFECTIVE DATE

October 10, 2010

LAST REVIEW DATE

October 10, 2010