GENERAL OPERATING PROCEDURES FOR FINANCES

RUSH UNITED METHODIST CHURCH
6200 Rush Lima Road
Rush, New York 14543

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Overview

These General Operating Procedures are intended to provide guidance to Finance committee members and ministry leaders on procedures that should be followed to safeguard appropriate use of church funds. These operating procedures comply with those articulated in the Book of Discipline (¶ 258.4).

It is important that as church leadership and staff positions change over time these procedures are made available and reviewed with new personnel to ensure continuity of the financial operation.

Committee on Finance

There shall be a committee on finance (Finance Committee), elected annually by the church conference upon recommendation of the Leadership Ministry Team or from the floor.

The Finance Committee shall be composed of a chairperson who is a member of the Leadership Ministry Team, one or more lay members of the church conference, the senior pastor, the church administrative assistant, the church treasurer, and other members to be added as the church conference may determine. The church administrative assistant and church treasurer, if paid employees, shall be members without vote.

The Finance Committee shall establish written financial policies to document the internal controls of the church. The written financial policies should be reviewed for adequacy and effectiveness annually by the Finance Committee and submitted as a report to the Leadership Ministry Team and church conference annually during the calendar year fourth quarter in advance of the annual church conference.

The Finance Committee shall compile annually an operating budget for the church and submit it to the Leadership Ministry Team for review and adoption. This budget shall balance planned expenditures with projected revenues for the coming year. All financial asking to be included in the annual budget shall be submitted to the Finance Committee.

The Finance Committee shall monitor the operational aspects of the Church's finances and focus on making sure the day-to-day financial operations of the church are being successfully maintained.

The Finance Committee shall make provision for an annual audit of the financial statements of the church and all its organizations and accounts. The committee shall make a full and complete report to the Leadership Ministry Team, annual church conference, and district superintendent.

The Finance Committee shall prepare annually a report to the Leadership Ministry Team of all designated funds that are separate from the current expense budget.

Administrative Assistant

There shall be an administrative assistant (Administrative Assistant) who reports to the senior pastor (Pastor). This administrative assistant shall oversee all financial activities of the church on behalf of the Pastor who has primary responsibility. The duties of the Administrative Assistant shall be as follows:

1) Ensure that all financial contributions and payments made to the church are properly recorded, secured and acknowledged, including plate collections.
2) Perform all payroll administration activities.
3) Ensure that all expenditures comply with the financial guidelines established by the Leadership Ministry Team. This includes complying with the annual operating budget and restrictions on use of donations and endowments. If expenditure requests do not comply with these restrictions, the Administrative Assistant shall report this matter to the Pastor and Chair of the Finance Committee for resolution.
4) Approve all requisitions for disbursement prior to payment.
5) Interface with the Treasurer, Pastor, and Chair of the Finance Committee to keep them informed of key financial matters and to seek their input and counsel as appropriate.
6) Secure and maintain accounting software with appropriate documentation to support all transactions.
7) Perform all functions associated with recording revenues, accounts payable, general ledger posting, weekly bank deposits, grocery card accounting, and weekly reconciliation and report generation.

Treasurer

There shall be a church treasurer (Treasurer) who reports to the senior pastor (Pastor). The duties of the Treasurer shall be as follows:

1) Perform monthly reconciliation to the balance sheet and bank accounts.

2) Prepare and properly distribute monthly reports of income, expenses, assets, and liabilities.

3) Prepare and properly distribute an annual church conference report.

Budget Development

The Finance Committee shall compile annually an operating budget for the church and submit it to the Leadership Ministry Team for review and adoption. All financial asking to be included in the annual budget shall be submitted to the Finance Committee.

1) In September, church leaders and staff will be asked to submit to the Finance Committee requests for funding, including budget reallocations, additional funding, and proposed expenditure reductions. Following these submissions, the Finance Committee will meet with church leaders and staff to discuss their projected budgets and budget requests.

2) In early October, the Finance Committee will prepare a preliminary operating budget for the coming year based upon revenue and expense projections. This preliminary budget will be presented to the Leadership Ministry Team for comment and budget development guidance.

3) In October, the Leadership Ministry Team will conduct a stewardship campaign for the coming year. The findings from this stewardship campaign will be used to revise revenue projections, if necessary.

4) In November, the Finance Committee will submit to the Leadership Ministry Team a proposed operating budget that balances revenues and expenses. When submitting this proposed budget, the Finance Committee shall explain their recommendations for budget additions, reductions, and re-allocations.

5) In December, the Leadership Ministry Team shall adopt a budget for the coming year. Upon adoption, the Leadership Ministry Team shall inform all church leaders and staff of the adopted budget.

Expenditure Authorizations

No expenditures shall be made without the prior approval of the person authorized to make the expenditure by the Leadership Ministry Team.

While the Senior Pastor has overall responsibility, the day to day oversight of budgeted expenditures are delegated to church staff and leaders as follows:

Buildings and Grounds Ministry Chairperson	Building Repair, Maintenance, and Supply Equipment and Vehicle Cleaning Service Parsonage-Maintenance Fuel and Electric Telephone Water/Fire Service Parsonage-Utilities Internet Access
Director of Children Education	Church School
Director of Youth Ministries	Youth Mission Youth Budgeted Expenses
Director of Information Technology	Software and Worship Licenses
Missions and Outreach Ministry Chairperson	Hospitality Literature RHAFT/FISH Dues
Worship Ministry Chairperson	Worship Expenses Flowers
Choir Director	Music Expense Licensing
Administrative Assistant	Shared Ministries Annual Conference Expense Worker Comp/Disability Insurance Property Insurance Professional Training – Staff Bank Service Charges Copier Expense Postage Office Supplies Subscriptions Computer Web Hosting/Support Payroll Administration (Clergy and Lay) Promiseland Payroll Taxes
Leadership Ministry Team Chairperson	Stewardship Special Events

Note: Line items for Landscaping, Adult Education, and Advertising will be removed from the 2020 Operating Budget. Landscaping and Adult Education will be considered Non-Budgeted Expenditures.

Each church staff person or church leader designated above is authorized to approve expenditures in their area of responsibility, as long as each item to be approved is clearly identified in the budget and the expenditure will not cause a budget overrun.

Approval Levels

While the church incurs a variety of types of expenditures, and an annual budget is developed to identify these expenditures in advance, it is recognized that emergency expenditures and non-budgeted expenditures may be needed from time to time. It is the intent of this section to address all types of payment expenditures and to set forth orderly procedures and an approval process so that there ore "no surprises" and the budget is being managed in a professional manner and sound governance.

1) **Budgeted/Recurring Expenses**

    a. Expenditures identified in the approved annual budget are viewed as having been approved and can be committed to without obtaining any further approval.

2) **Non-Budgeted Expenses**

    a. Non-budgeted expenses generally fall into two categories: 1) emergency repair to our facilities exceeding amounts budgeted to cover such contingencies; and 2) an expense that was unforeseen at the time the budget was constructed which supports programs or missions of the church.

    b. If the expenditure is of an emergency nature (i.e. major water leak, heating system failure, etc.) it may be necessary to address immediately the situation to safeguard the facility and then seek approval after the fact. If this occurs, it will be the responsibility of the person in charge to document the incident with the associated costs and provide this information to the Pastor, Finance Committee Chairperson, and Leadership Ministry Team Chairperson.

    c. If a non-budgeted operative expense is not an emergency, formal approval must be obtained prior to a commitment being made for the expenditure. The party requesting the expenditure shall document and submit it to the Pastor for approval as follows:

Less than $100	Pastor Approval
$100 to $5,000	Finance Committee Approval
$5,000 to $10,000	Leadership Ministry Team Approval
Excess of $10,000	Church Conference Approval

All approvals are to be documented and filed in the Office of the Administrative Assistant.

Payment Processing

Payments to vendors and suppliers are to be made using checks, primarily, and credit cards. Procedures for processing payments are as follows.

1) All payments via check must have a written requisition for disbursement completed by the person initiating and approving the expense. This request must be submitted to the Administrative Assistant.
2) All payments paid electronically must have the appropriate paperwork to authorize the expenditure.
3) The Administrative Assistant processes the requisition for dispersants in accordance with the church's accounting software.
4) The Rush United Methodist Church shall maintain two bank checking accounts, one for operating expenses and one for endowment expenses. Both of these checking accounts shall consist of sub-categories consistent with the church's accounting software.

Credit Card

To facilitate small purchases, one credit card account shall be established for the Rush United Methodist Church.

Credit cards for this account shall be issued to the Administrative Assistant and Building and Grounds Ministry Chairperson. These credit cards are not authorized for personal use.

The Administrative Assistant may allow selected individuals to use the Administrative Assistant's credit card. After such use, the credit card is to be returned to the Administrative Assistant along with receipts for all purchases and an indication of the expense account to be charged for each purchase.

Before a charge is made, it may be necessary to ensure funds are available in the account to be charged for the expense.

The Administrative Assistant will receive the monthly statement and, at this time, code and enter each expense into the church's accounting system.

Wegmans Shoppers Club Card

To facilitate small purchases at Wegmans Stores, a Shoppers Club account shall be established for the Rush United Methodist Church.

Three charge cards for this Shoppers Club account shall be issued to the Administrative Assistant. One card shall be used for RUMC Outreach (Turkey Dinner, etc.). The second card shall be used for RUMC Maintenance to purchase supplies if needed in an emergency. The third card shall be used for the RUMC Breakfast Club and other hospitality events. Shoppers Club cards are not authorized for personal use.

The Administrative Assistant may allow selected individuals to use these Shoppers Club cards. After such use, the Shoppers Club card is to be returned to the Administrative Assistant along with receipts for all purchases and an indication of the expense account to be charged for each purchase.

Before a charge is made, it may be necessary to ensure funds are available in the account to be charged for the expense.

The Administrative Assistant will receive the monthly statement and, at this time, code and enter each expense into the church's accounting system.

Weiders Ace Hardware Account

To facilitate small purchases at Weiders Ace Hardware Store, an account shall be established for the Rush United Methodist Church.

The Building and Grounds Ministry Team Chairperson shall be authorized to make charges to this account. Charges are not authorized for personal use.

After such use, the Building and Grounds Ministry Team Chairperson shall provide the Administrative Assistant with receipts for all purchases and an indication of the expense account to be charged for each purchase. Before a charge is made, it may be necessary to ensure funds are available in the account to be charged for the expense.

The Administrative Assistant will receive the monthly statement and, at this time, code and enter each expense into the church's accounting system.

Payroll Procedures

1) The Administrative Assistant is responsible for payroll management.

2) Employees shall be paid every two weeks.

3) A normal payroll is approximately 20 checks, which includes health insurance benefits, pension, and some reimbursable expenses for the pastor. The pastor receives pension and health insurance benefits as part of a salary package.

4) The Staff-Pastoral Relations Committee (SPRC) determines wages and salaries.

5) The Promiseland staff salaries and benefits are determined by the Promiseland policies, which are not the same as the policies of the church.

6) The church and Promiseland have the same tax identification number. For this reason, the 1941 quarterly tax report shall be done for both organizations as one report.

Plate Collections and Other Church Receipts

In order to provide integrity and transparency for our congregation and donors, the following guidelines pertain to the plate collections and other church receipts:

1) No one individual shall be allowed to handle plate collections. At least two persons shall be designated, not of the immediate family residing in the same household to count the offering. They shall work under the supervision of the Administrative Assistant.

2) Collections shall be counted in a locked room, where there are no distractions or interruptions. After collection envelopes are opened, contributions shall be credited to individuals and the proceeds counted by at least two church members. The balances between envelope totals and cash or check totals shall be reconciled and recorded in a Summary Report outlining the donations received. After the Summary Report is completed, a deposit slip shall be created. The deposit slip shall be placed in the bank envelope and both are placed in a secure location in the office designated by the Administrative Assistant.

3) All other church receipts, including electronic transfers, must be accounted for and deposited by the Administrative Assistant.

4) Contributions designated for specific causes and objects shall be promptly forwarded according to the intent of the donor and shall not be used for any other purpose.

Guidelines in the Event of a Robbery

These guidelines are intended to help ensure staff and church member safety:

1) Cooperate with the robber to avoid confrontations.
2) Stay as calm as possible and take no risks.
3) Make a mental note of the features or distinguishing marks of a robber.
4) Observe the direction the robber may have taken and note the make, color, and model of the car driven.
5) When it is safe, activate the alarm or call 911.
6) The robbery should not be discussed with anyone until the police arrive.
7) Prior to police arrival, write down the details of the event.

Annual Audit

The Finance Committee shall make provision for an annual audit of the financial statements of the church and all its organizations and accounts. The audit is to be performed in February and will review the previous year financial records.

Definition of the Audit

The annual audit shall be an independent evaluation of the financial reports and records and internal controls of the church by an independent, qualified person or persons for the purpose of reasonably verifying the reliability of financial reporting, determining whether assets are safeguarded, and determining compliance with local law, local church policies and procedures, and the Book of Discipline.

The audit may include: 1) a review of cash and investment reconciliations; 2) interviews with the church treasurer, administrative assistant, pastor, finance committee chairperson, those who count offerings, and any other person with knowledge of the church's financial practices regarding compliance with existing written financial policies and procedures; 3) a review of journal entries and authorized check signers for each checking and investment account; 4) a review of the internal financial procedures and polices of the church; 5) a review of special funds, including the Endowment Fund; and, 6) other procedures requested by the Finance Committee.

The Auditor

The Finance Committee shall recommend that the audit be conducted by an internal audit committee (or person) or by an independent certified public accountant. If an internal audit committee or person is to be used, it will be the responsibility of the Finance Committee to ensure that the audit committee or person is properly trained and briefed to conduct the audit.

The Audit Report

At the conclusion of the audit, the auditor will submit a written report to the Finance Committee detailing the results of the audit. This audit report should address each of the areas audited as well as any recommendations to improve internal financial procedures.

The Finance Committee shall prepare an annual report to the Leadership Ministry Team, which summarizes the operating expenses and separately the designated funds. This report will also be presented to the annual Church Conference along with an overview of highlights from the annual audit.

Audit Follow-Up

It is the responsibility of the Finance Committee to develop a working action plan with specific milestones and time frames to address concerns that are identified in the Audit Report. This action plan can be executed throughout the year with follow-up audits to ensure proper implementation and compliance with audit recommendations.

Records Retention

The Audit Report and the auditor's work papers should be stored in a secure, limited access storage area for a seven (7) year period.