



St. Matthew United Methodist

Financial Policies and Internal Controls

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*prepared Feb. 16, 2016
updated January 17, 2021*

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Adopted 17 April 2016 / Updated 2 Oct 2018

Physically securing assets:

- The offering is to be securely locked and out of sight at all times.
- The offering funds are to be promptly deposited in the bank, preferably within 24 hours of collection.
- All funds received for deposit during the weeks shall be recorded and placed in the safe, to be counted with the offering.
- The computer system for accounting is to be kept in a location that is secure and not visible to casual traffic, and password protected.
- All persons who work with the accounting systems are to be bonded, including but not limited to, the Treasurer, the Accounting Assistant, the Financial Secretary, and the Counters.

Segregation of Duties:

The positions of Treasurer, Financial Secretary, Counters, and Finance Committee Chairperson shall be held by different persons who are not immediate family members.

The Counters shall:

- be a member of St. Matthew for at least one year.
- consist of two members who are not immediate family members and do not reside in the same household.
- count the offering under the supervision of the Financial Secretary.
- verify that the contents of offering envelopes match the amount documented by the donor on the envelope.
- identify all designated or restricted funds received.
- prepare the funds for deposit, retaining a copy of all checks written and all envelopes with cash offerings. All checks shall be stamped "For Deposit Only."
- provide a copy of the detailed deposit slip to the Financial Secretary.
- notify the Administrative Assistant and the Trustees Chair of any Memorial Donations to be acknowledged.
- review and sign the Funds Receipt Log to verify that all funds are accounted for and included in the weekly deposit.
- complete and sign the Count Sheet, and give a record of all funds received to the Financial Secretary, the Treasurer, and the Pastor(s).
- ensure that all funds shall be deposited promptly, preferably within 24 hours.
- be rotated regularly.

The Administrative Assistant shall:

- open all mail and record any funds received on the Funds Receipt Log.
- ensure that all funds received are placed in the office safe.
- ensure that all bills and invoices are placed in the "Payables" drawer.
- prepare letters of acknowledgment of any memorial donations to the donor and the family of the honoree on behalf of the Pastor, with a copy to the Trustees.
- promptly review signed checks, mail checks to vendors, and notify members of available checks.

- file invoices and paperwork in the locked payables file.
- prepare records for the annual audit.
- assist the Pastor in completing the annual Statistical Report to the Conference.
- maintains a filing and storage system for all financial records.
- maintain historical data and establish a rotation on destroying old financial records in accordance with record retention requirements.

The Financial Secretary shall:

- be responsible for verifying the accuracy of donations in the contribution records.
- maintain the contribution records of online donors and keep a written report of those donations.
- ensure that all donor restrictions are properly documented in the church accounting software.
- make a monthly report to the Finance Committee the status of contributions to the church.
- notify Pastor of new contributors for acknowledgement.
- ensure that contribution statements are provided to donors on a quarterly basis.

The Head Treasurer shall:

- ensure that connectional responsibilities (e.g. apportionments, pensions, etc.) are remitted to the conference treasurer in a timely manner.
- ensure that contributions to benevolence shall not be used for any cause other than that to which they have been given.
- ensure that 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 without the express permission of the donor.
- review and approve all invoices, requests for reimbursement, check requests, and other requests for payment, noting the approved amount, the line item code(s), then initial and date.
- approve all payroll checks, tax forms (e.g. 941's, W2's, etc.) and other government records in a timely fashion (monthly).
- prepare and submit payroll tax returns to the IRS and State each quarter.
- make monthly, detailed reports on funds received and expended to the Finance Committee, Trustees, Church Council, and other committees as requested.
- make monthly, detailed reports on all designated and restricted funds to the Finance Committee, Trustees, Church Council, and other committees as requested.
- review, verify, and initial confirmation of all electronic/online payments.
- ensure that the responsibilities of the Accounting Assistant have been fulfilled.
- review, initial and date the outcome report of any billing discrepancies.
- review and verify the accuracy of the monthly reconciliation, the initial and date the report to confirm the review.
- verify that the bank balance reconciles to the bookkeeping records.
- verify that the beginning balance equals the ending balance of the prior month in all accounts.
- immediately report any discrepancies to the Finance Committee Chairperson and the Pastor.
- review, investigate, and resolve any discrepancies of contribution records reported.
- review recommendations from the annual audit and implement necessary changes.
- have full access to all modules of our Accounting System to have full oversight, along with the Pastor(s).

The Co-Treasurer(s) shall:

- sign all checks after ensuring proper written documentation is provided.

- have authorities assigned to the Head Treasurer in their absence, with the exception that no one shall have authority to sign a check when they approved the payment.

The Accounting Assistant shall (under the direction of the Treasurer):

- process all payroll checks, tax forms (e.g. 941's, W2's, etc.) and other government records in a timely fashion (monthly).
- ensure that payroll taxes are submitted on time.
- investigate any billing discrepancies, document the investigation and the outcome.
- ensure that computer files are backed up on a monthly basis, at minimum.
- reconcile checking accounts in the accounting software at least monthly, and provide the reconciliation report and documents to the Treasurer for review.
- not be authorized to sign checks.

The Finance Committee shall:

- annually determine who shall be authorized to sign checks, hold credit or debit cards, and to ensure that authorized signatures with banks are up to date and complete.
- ensure that all payroll taxes and government forms are filed in a timely manner.
- pre-approve all Fund Raisers and Special Collections (other than those from other United Methodist Agencies).
- review the Financial Policies and Internal Controls for adequacy and effectiveness and submit as a report to the charge conference annually.
- make provision for an annual audit of the financial statements of the local church and all its organizations and accounts, and make a full and complete report to the annual charge conference by August 1. (*A local church audit is defined as an independent evaluation of the financial reports and records and the internal controls of the local church by a qualified person or persons*).
- compile a complete budget for the local church on an annual basis and submit it to the church council for review and adoption.
- maintain a current list of the contents of all safety deposit boxes and arrange for the physical inspection of the safety deposit box at least annually.
- maintain a complete and accurate list of all financial accounts for the church and ensure that all statements are mailed to the church address.
- ensure that all employees who deal in any way with church finances are to take at least one and preferably two continuous weeks off per year.
- ensure that volunteers who handle money are to hold their positions for three years, and then take a break for at least one year.

The Trustees shall:

- be responsible for administering all memorial funds donated.
- be responsible for administering all funds received from leasing out the Cell Tower, all of which are designated for building maintenance and improvements.

Fund Raisers/Special Collections:

- Fund Raisers and Special Collections (other than those requested by other United Methodist agencies) shall be pre-approved by the Finance Committee.
- Money collected at church fundraising events shall be counted by two unrelated individuals designated for that event.
- A count sheet shall be completed, signed by both individuals and placed in the safe with the funds collected.

Authorization procedures:

- The Director of the Program as approved by the Lay Leadership/Nominations Committee or the Pastor(s) shall have authority to approve purchases which have been budgeted.
- Payment shall be made for *authorized*, documented purchases.
- The preferred method of payment shall be free online bill payment of authorized, documented purchases.
- Any purchase or payment which exceeds the amounts budgeted will require prior approval from the Finance Committee or the Pastor.
- After the budget has been approved, substantial changes to the budget shall be approved by the Finance Committee and the Church Council.
- Requests for reimbursement shall be attached to a Reimbursement Request form with receipts attached. The request must be signed by a person authorized to approve payment.
- Checks may be requested using a Check Requisition form. The form is to be signed by the person requesting payment and a person who is authorized to approve the payment. Original receipts must be submitted right away to the Administrative Assistant, who will attach it to the Check Requisition form.
- The Head Treasurer, Financial Secretary and Pastor(s) are authorized to review individual contribution statements.

Credit/Debit Card Expenditures

- All purchases are to be made for church use only.
- Credit/Debit cards are **never** to be used for personal reasons. Cards will be revoked if used for personal reasons and personal charges shall be deducted from the employees' paycheck, or are to be repaid in full within 10 days.
- Original receipts must be provided to the Accounting Assistant with the Charge Card Form to document the reason for the expenditure within 72 hours, signed by the person who made the purchase.
- Failure to provide receipt for purchases may result in a temporary and/or permanent suspension or revocation of the privilege of using the church debit card.

Payroll

- Payroll checks or electronic payroll transactions shall be initiated for pay that has been authorized.
- The preferred method of payroll payment shall be through direct deposit for all adult employees.
- Payroll payments for church staff shall be made on a bi-monthly basis, on the 15th and the 31st, or the closest business day beforehand.
- Payroll payments for Nursery Staff shall be paid for the month on the 15th of the following month.
- Pay rate changes shall be submitted by the Staff-Parish Relations Committee, approved by the Finance Committee, and by the Church Council or the charge conference.
- All payroll taxes are to be prepared and submitted by the Treasurer in a timely fashion.

Documentation:

- Every offering shall be documented using a formatted count sheet that documents the details of the deposit. The Count Sheet shall be signed and dated by both counters.
- Cash donations made by identified individuals shall be documented by an offering envelope which documents the date received, the amount, and the person making the offering. Copies of

the envelopes shall be retained and attached to the count sheet that is provided to the Financial Secretary.

- Copies of contribution checks shall be made by the counters and attached to the count sheet that is provided to the Financial Secretary.
- Time sheets shall be used to document the hours worked by non-exempt (hourly) employees, and shall include the dates and hours worked. Time sheets are to be authorized and signed by the Program Director or the Pastor(s) prior to payment.
- All checks issued by the church shall be supported by written documentation, which includes the amount to be paid, the purpose of the expenses or the fund account number, and shall be initialed and dated by a person who has the authority to approve the payment, and shall be initialed and dated by the person signing the check or payment confirmation.
- All requests for reimbursement are to be documented on the Reimbursement Request form, signed by the requestor and approver, and initialed and dated by the person signing the check.
- All credit/debit card charges are to be documented on the Charge Card Form and signed by the purchaser, and initialed and dated by the person reviewing the document. The original receipt shall be copied to the back of the form.

Reconciliation:

- The Accounting Assistant, the Head Treasurer, the Financial Secretary, or someone other than the involved Counters shall compare the count sheet to the deposit slip and confirm that the amount of the deposit that was recorded by the bank on a weekly basis. They shall sign and date the count sheet to document the review.
- Giving Statements shall be provided to donors each quarter by the Financial Secretary or designate, and donors shall be encouraged to verify the accuracy of the Contribution Statement.
- Donors shall be asked to report any discrepancy in their Contribution Statement to the Financial Secretary or Treasurer to review and reconcile.
- Counters shall reconcile the contents of each offering envelope containing cash with the amount written on the envelope and record any discrepancy.
- Donations received through the mail or during the week shall be individually recorded on the Fund Receipt Log by the Administrative Assistant or designate. All cash donations shall be placed in an offering envelope confirming the donor, the date, and the amount given. (See Attachment)
- The Counters shall confirm the deposit of donations received by mail or in person by noting the Fund Receipt Log and shall include these donations in the weekly offering count. The Fund Receipt Log shall be attached to the count sheet provided to the Financial Secretary.

Mobile Meals at St. Matthew Policy Addendum (Oct.2018)

General Processes

- Funds collected from clients by Mobile Meals drivers shall not be recorded as individual donations because they are receiving goods and services.
- Funds collected from the King Cake Fundraiser Sales shall not be recorded as individual donations because they are receiving goods and services at a reasonable cost.
- Donations made to the Mobile Meals ministry shall be recorded on the individual giving record and a giving statement provided by the Financial Secretary.
- Grants received by the Mobile Meals ministry shall be recorded as a donation on the individual giving record, and acknowledged by the Financial Secretary.
- Financial Reports shall be provided to the Mobile Meals Director on a monthly basis after the bank reconciliation has been completed.

Additional segregation of duties:

Drivers shall:

- Collect funds offered by clients and place in an envelope.
- Once route is completed, count the money, write the total amount on the outside of the envelope, then date and sign it. (No need to seal it)
- Turn in the envelope to the Mobile Meals Director at the end of the route.

The Mobile Meals Director shall:

- Collect envelopes from each driver.
- Count the funds with the driver to verify the amount on the envelope and seal it.
- Record the amount of funds collected on the Mobile Meals Funds Sheet.
- Bring the funds collected to the church office at least once a week (Tuesday) to count with another approved counter to verify the amount collected.
- Sign the Mobile Meals Funds Sheet.
- Record the amount of any other funds collected and the source and bring to the church office at least once a week.
- Review all invoices and statements to be paid to ensure accuracy, approve by signature, date and amount, attach packing slip, and place in the “Payables” drawer for approval by the Treasurer.

The Administrative Assistant shall:

- Record the total amount of money brought in on the Mobile Meals Receipt Log.
- Place the funds in the Mobile Meals Bank Bag and place in the safe.

The Counters shall:

- Take the Mobile Meals Bank Bag to the bank for deposit and return the deposit confirmation slip to the Treasurer.

The Treasurer shall:

- Review all Mobile Meals invoices and statements approved and submitted by the Mobile Meals Director and signify approval by signature and date, then place in line for payment.

Appendix: 2016 Book of Discipline ¶258

4. There shall be a committee on finance, elected annually by the charge conference upon recommendation by the committee on nominations and leadership development or from the floor, composed of the chairperson; the pastor(s); a lay member of the annual conference; the chairperson of the church council; the chairperson or representative of the committee on pastor-parish relations; a representative of the trustees to be selected by the trustees; the chairperson of the ministry group on stewardship; the lay leader; the financial secretary; the treasurer; the church business administrator; and other members to be added as the charge conference may determine. It is recommended that the chairperson of the committee on finance shall be a member of the church council. The financial secretary, treasurer, and church business administrator, if paid employees, shall be members without vote.

The positions of treasurer and financial secretary should not be combined and held by one person, and the persons holding these two positions should not be immediate family members.

No immediate family members of any appointed clergy may serve as treasurer, finance chair, financial secretary, counter, or serve in any paid or unpaid position under the responsibilities of the committee on finance, as described herein. These restrictions would apply only to the church or charge where the clergy serves.

The committee on finance shall give stewardship of financial resources as their priority throughout the year. It may delegate the responsibility to either a sub-group or task force that would plan, strategize, and implement ways to generate more resources for mission and ministries of local churches and beyond. It is strongly recommended that the committee on finance, in collaboration with the church council, find creative ways to turn their congregations into tithing congregations with an attitude of generosity. All financial askings to be included in the annual budget of the local church shall be submitted to the committee on finance. The committee on finance shall compile annually a complete budget for the local church and submit it to the church council for review and adoption. The committee on finance shall be charged with responsibility for developing and implementing plans that will raise sufficient income to meet the budget adopted by the church council. It shall administer the funds received according to the instructions from the church council.

The committee shall carry out the church council's directions in guiding the treasurer(s) and financial secretary.

a) The committee shall designate at least two persons not of the immediate family residing in the same household to count the offering. They shall work under the supervision of the financial secretary. A record of all funds received shall be given to the financial secretary and treasurer. Funds received shall be deposited promptly in accordance with the procedures established by the committee on finance. The financial secretary shall keep records of the contributions and payments.

b) The church treasurer(s) shall disburse all money contributed to causes represented in the local church budget and such other funds and contributions as the church council may determine. The treasurer(s) shall remit each month to the conference treasurer all World Service and conference benevolence funds then on hand. Contributions to benevolence shall not be used for any cause other than that to which they have been given. The church treasurer shall make regular and detailed reports on funds received and expended to the committee on finance and the church council. The treasurer(s) shall be adequately bonded.

c) The committee on finance shall establish written financial policies to document the internal controls of the local church. The written financial policies should be reviewed for adequacy and effectiveness annually by the committee on finance and submitted as a report to the charge conference annually.

d) The committee shall make provision for an annual audit of the financial statements of the local church and all its organizations and accounts. The committee shall make a full and complete report to the

annual charge conference. A local church audit is defined as an independent evaluation of the financial reports and records and the internal controls of the local church by a qualified person or persons.

The audit shall be conducted for the purpose of reasonably verifying the reliability of financial reporting, determining whether assets are being 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 the cash and investment reconciliations; 2) interviews with the treasurer, financial secretary, pastor(s), finance committee chair, business manager, those who count offerings, church secretary, etc., with inquiries 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; and 4) other procedures requested by the committee on finance.

The audit shall be performed by an audit committee composed of persons unrelated to the persons listed in (2) above or by an independent certified public accountant (CPA), accounting firm, or equivalent.

e) The committee shall recommend to the church council proper depositories for the church's funds. Funds received shall be deposited promptly in the name of the local church.

f) 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.

g) After the budget of the local church has been approved, additional appropriations or changes in the budget must be approved by the church council.

h) The committee shall prepare annually a report to the church council of all designated funds that are separate from the current expense budget.

5. The church council may appoint such other committees as it deems advisable, including: committee on communications, committee on records and history, committee on health and welfare, and committee on memorial gifts.

COUNTERS SHEET

Date: _____

BILLS	Loose Offering	Known Donors	Sunday School	4FX	Discretionary	Other	TOTALS
\$1's							
\$5's							
\$10's							
\$20's							
\$50's							
\$100's							
TOTAL BILLS							
Pennies							
Nickels							
Dimes							
Quarters							
Dollar							
TOTAL COINS							
TOTALS							

Signed: _____

Printed Name: _____

FUNDS RECEIPT LOG

Date: _____

(Place any cash in a documented donation envelope).

Date Rec'd	Donor	Check #	Amount	Date Deposit

REIMBURSEMENT REQUEST

Date: _____

Please copy original receipt on the front of this form.

Ref/Check #: _____

Payee (*Transaction Desc*): _____

Expenses \$ _____

\$ _____

\$ _____

Total Expense: \$ _____

Release Restricted Funds \$ _____

Purpose: _____

(Line Description)

Requestor: _____

Approval: _____

DEBIT CARD FORM

Date: _____

Please staple the original receipt to the front of this request form

Date of Transaction (*Posting Date*): _____

Ref: DEBIT-(Initials of Card Holder)

Payee (*Transaction Desc*): _____

Account \$ _____

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

Total Expense: \$ _____

Release Restricted Funds \$ _____

Purpose (*Line Description*): _____

Approval: _____

CHECK REQUISITION FORM

Date Needed: _____

Payee: _____
 (Transaction Desc.)

Payee Address: _____

Amount: \$ _____

Accounting Fund & Line Code:	_____ - _____	\$ _____
	<i>Fund* Expense Line Code</i>	
	_____ - _____	\$ _____
	<i>Fund* Expense Line Code</i>	
	_____ - _____	\$ _____
	<i>Fund* Expense Line Code</i>	

Release Restricted Funds?

4FX (xxxx-300)	\$ _____
Children (xxxx-104)	\$ _____
Youth (xxxx-105)	\$ _____
Pumpkin (xxxx-500)	\$ _____
Campaign (xxxx-600)	\$ _____

Purpose: _____

Requested by:

Signature *Date*

*Accounting Fund Codes: 01-General Fund 02-Trustees 03-4FX 04-Pastor's Discretionary 05-Pumpkin 06-Capital Campaign

DEBIT/CREDIT CARD POLICY ACKNOWLEDGEMENT

This policy is from the St. Matthew Financial Policies Internal Controls for all those who have been granted the privilege of using a card on behalf of the church. Permission is granted on an individual basis by the Finance Committee. By signing this document, the cardholder understands that:

- All purchases are to be made for church use only.
- Credit/Debit cards are **never** to be used for personal reasons. Cards will be revoked if used for personal reasons and personal charges shall be deducted from the employees' paycheck, or are to be repaid in full within 10 days.
- Original receipts must be copied to the back of the Debit Card form and/or provided to the Treasurer with the Charge Card Form to document the reason for the expenditure within 72 hours, signed by the person who made the purchase.

I have read this policy and agree to its terms.

Signature

Copy of Debit Card

Printed Name

Date

Card Number