

# Christ Fellowship

## Financial Policies and Procedures for Ministry Operations

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## Financial Policies and Procedures for Ministry Operations

*“We want to avoid any criticism of the way we administer this liberal gift. For we are taking pains to do what is right, not only in the eyes of the Lord but also in the eyes of men.” (2 Corinthians 8:20-21)*

*“Give everyone what you owe him: If you owe taxes, pay taxes; if revenue, then revenue; if respect, then respect; if honor, then honor.” (Romans 13:7)*

The mission of Christ Fellowship is People Helping People Find and Follow Christ; our heart as a church is to be all about Jesus. Everything we do, including how we handle money, is about achieving the mission God has given us in a way that honors Him. And key to that is **being good stewards**:

- We recognize that the resources at our disposal, which include time, talents, finances, facilities, knowledge, etc., are not our own but a sacred trust from God.
- We practice excellence in all things to the glory of God.
- We expect high standards of professional competence and are accountable through appropriate structures for achieving these standards.
- We practice simplicity and frugality.

As we make financial decisions such as approving a budget or expenditure, delegating authority for committing church funds, or establishing accountability and control systems, we use the stewardship questions as filters:

- Does this demonstrate good stewardship?
- Does this show excellence to the glory of God?
- Does this conform to high standards of professional competence and accounting principles?
- Does this provide accountability? To whom?
- Does this reflect simplicity and frugality?

The purpose of financial policies and procedures for ministry operations is to facilitate ministry in a way that ensures integrity over all receipts and use of God’s financial resources provided primarily through the members of Christ Fellowship. A secondary purpose is to “pass inspection” during annual financial audits. Consequently, the goal of these policies and procedures is to provide adequate accountability and control with systems and practices that ensure good stewardship and being above reproach. As in all things, we want to practice continual improvement in our financial policies and procedures.

Financial procedures will flow most smoothly when good planning practices are used. Poor planning will generally result in suboptimal decisions and process exceptions, which can cause frustration, errors, and inefficiency for those involved – all of which go against the core value of good stewardship. An ounce of planning is certainly worth a pound of implementation in the area of financial procedures; it is also good for effective team partnership.

## General Accounting System

Church leadership wants to maintain an accounting system which is simple enough to be used by church staff who might not have had formal or professional training, but adequate enough to provide detailed information to compile meaningful reports on a timely basis. Efficient record-keeping procedures provide assurance that church funds are being used in accordance with their intended use, as well as provide a historical record of the church's fiscal transactions. The general accounting system used by Christ Fellowship will be maintained to record all financial transactions. This system will be the primary internal control for maintaining integrity over the financial operations of our ministries. The Finance office is responsible for the proper posting of journals and entries to the General Accounting System and for maintenance of the accounts to ensure accuracy, validity, and reliability of financial records.

*"Everything was accounted for by number and weight, and the entire weight was recorded at that time." (Ezra 8:34)*

*"The Lord abhors dishonest scales, but accurate weights are his delight." (Proverbs 11:1)*

Christ Fellowship has elected to record and manage financial transactions under the cash basis of accounting. Cash basis accounting reflects only the transactions that have been completed within a given time period (e.g. one month or one year). Only cash actually received and deposits made during the month and only expenditures actually disbursed during the month are recorded. No attempt is made to record outstanding bills or accounts receivable. The month-end reports will reflect only the cash received and disbursed for that month.

For managing income and expenses of ministry operations, the church general ledger consists of funds, departments, and accounts. Each department is used to designate a group of accounts for a specific ministry or administrative area. Each department has a separate group of G/L accounts, which are either income or expense accounts that will close to the General Fund (currently imbedded in General Equity) or a Designated Fund. As transactions occur, they are posted via journal entries which debit and credit the appropriate accounts affected. The detailed ledgers will then reflect all transactions posted to the departments that affect the closing accounts.

Christ Fellowship plans and manages income and expenses, budget and actual, on a monthly cash-flow basis within a July through June fiscal/ministry year.

## Designated Funds

Designated Funds are associated with specific ministry departments or special designations/purposes as identified by the elders and/or designated by donors. There are three types of Designated funds:

- Department funds (DF) – generally used for fee-based activities and events, e.g. retreats, VBS, building rentals, preschool operations. Any donations received into these funds, with elder approval, will be spent first so that any balance that remains is not donor restricted.
- Operating funds (OF) – established by the elders and used for church operations from one year to the next; there is only one at this time: Operating Carryover Fund.
- Board-Designated funds (BD) – established by the elders and maintained in accordance with stated guidelines, e.g. reserve funds.
- Donor-Designated funds (DD) – established by elders, sourced by contributions with a purpose restriction stipulated by donors and accepted by Christ Fellowship with elder approval. These funds are donor restricted.

For ministry operations, Departmental Funds are used to isolate income and expenses that offset each other over time so that true total income and expenses can be accurately tracked and reported. Designated Funds in general simplify managing cash flow for “income and expense” events (e.g. retreats, conferences), purchases of items for resale (e.g. Bible study resources), and other special situations where funds are maintained/managed outside normal General Fund income and expenses (e.g. Missions Funds, Love Fund, ministry expansion projects, reserve funds, building rentals, preschool operations). Without this approach it is significantly more difficult to track all income and expenses accurately and provide a realistic view of overall financial health.

The challenge is to maintain integrity and consistency in how Designated Funds are used across all ministries, in a way that

- Provides a realistic view of overall financial health,
- Provides accountability for those responsible for spending church funds, and
- Maintains integrity of the budgeting process as it relates to comparing year-over-year expenditures.

### Departmental Fund Guidelines

To meet this challenge, the following guidelines will be used to manage Departmental Funds:

- “Income and expense” events: These events should be “closed” within 30 days of the event. “closed” means that
  1. Any negative balance for an event is “charged” to the ministry department so that the Departmental Fund balance does not remain negative due to that event,
  2. A reasonable plan is presented to show how the deficit will be recouped over time, or
  3. Some combination of 1 and 2.

If an event loses money but the Departmental Fund still maintains a positive balance because previous events finished in a positive financial position, then no action may be necessary.

- Items purchased for resale: The value (i.e. sales potential) of the items in inventory should always be greater than or equal to the negative balance carried in a Departmental Fund due to the purchase of the items (i.e. the cost of items in inventory). If the cost of items in inventory ever exceeds the value, then the excess cost will be “charged” to the appropriate ministry department.

### Accountability

The expectation is that ministry department heads will work to keep their departments “in budget.” If the application of unplanned charges from a Departmental Fund (or any other Designated Fund) results in a spending overrun, the department head is expected to provide an explanation for the overrun, what changes are being implemented to prevent it in the future, and, if appropriate, what actions are being taken to recoup the overrun for the remainder of the budget period.

### Budgeting Process

Unplanned charges from Designated Funds will be applied to special accounts within each department, so that it will be relatively easy to exclude these charges when comparing plans/budgets to historical spending. This will ensure a realistic view of year-over-year spending for each department during the budgeting process.

## Budgets

Christ Fellowship's annual budget is a financial allocation plan for ministry, which is aligned with our vision and mission, annual focus, and overall direction. Budgets are prepared by each department as part of the church's annual planning process. Budgets represent "cost estimates" of all ministry plans, programs, and projects of Christ Fellowship. An approved budget is not an approval to spend funds, except where authority has been delegated to spend budgeted funds. Budgets are set up on a monthly cash flow basis, as this is how all church finances are managed. All prepared and approved budgets will be monitored with significant variances between actual spending and budget estimates promptly investigated.

*"Suppose one of you wants to build a tower. Will he not first sit down and estimate the cost to see if he has enough money to complete it? For if he lays the foundation and is not able to finish it, everyone who sees it will ridicule him." Luke 14:28-30*

*"The plans of the diligent lead to profit as surely as haste leads to poverty." Proverbs 21:5*

### Developing an Annual Budget

Determining a church budget involves projecting giving and other financial resources available and understanding what ministry can be accomplished within that amount. This can be an iterative process because ministry plans can affect giving projections. Modeling church income involves analyzing what giving may come in based on the impact of ministry plans and historical trends, as well as prayerfully looking at what ministry plans God has called us to (i.e. validating giving projections based on costs associated with proposed ministry plan costs).

The first step in the budgeting process is for each ministry department head to develop an annual ministry plan aligned with the church vision and mission, annual focus, and overall direction. Once the plans have been reviewed and refined, each ministry department head will develop an annual budget to fund his/her ministry plan. Departmental budget submissions must include spending by account and month, with notations providing adequate explanation. Since Christ Fellowship uses cash basis for accounting of financial transactions, budgets need to reflect when invoices are billed and paid, rather than when charges are incurred. For example, expenditures using the church credit card during the latter part of the month may show up one month later than the actual charge month. As budgeting tools and processes vary from year to year, specific instructions will be provided each year as part of the annual planning process.

Christ Fellowship generally uses a zero-based budgeting approach, i.e. each ministry department head must start from zero in formulating his/her budget rather than using last year's information as a starting point. What this means is that all ministry department heads have zero funds in their next year budget – the only way dollars can be added is expenditures requested (and their associated ministry plan) are aligned with the church vision and mission, annual focus, and overall direction. Each approved ministry program or event for next year must be individually budgeted. Previous years' budgets and spending may help to estimate expenses and as sanity checks.

As giving can vary significantly from year-to-year and compared to projections, any expenditure that can be delayed (i.e. moved to a later month) helps cash flow and allows for better decision making. So as spending plans are developed, it's a good practice to delay spending as much as possible (but still workable within the ministry plan).

The goal of the budgeting process is for each department head to develop a realistic, frugal budget based on his/her ministry plan and “sanity checked” using historical spending. This process is based on trust – each department head is expected to be committed to thoroughly examining his/her budget and requesting only what is truly needed. The desire of church leadership is to approve all budgets as submitted because they are well thought out, realistic, frugal, and aligned to the church’s annual direction. Because budgets are directly tied to ministry plans, the expectation is that any budget request that is not approved will result in a change to the corresponding ministry plan.

The final step in developing an annual budget is obtaining elder approval. For this purpose, the entire annual budget is reviewed by the elders in the context of annual operating plans and projected church giving.

### Using an Annual Budget

A budget is one of the most important internal controls when it is effectively prepared and compared to actual results on a monthly basis. Careful monitoring of spending variances from the budget will reduce the likelihood of a large misstatement (intentional or unintentional) or misappropriation taking place without being detected quickly. This type of overall review of the budgeted financial statements of Christ Fellowship is very important. Every ministry department head is encouraged to ask questions regarding any items which appear to be out of line, either with the budget or with what he/she would have expected the actual figures to have been.

Monthly financial summary reports are prepared by the finance team to facilitate this internal control function. These reports are provided to the elders and church staff, and made available on the church website.

Desiring to remain sensitive to the leading of the Holy Spirit, certain originally budgeted line items might need to be revised during the year to more effectively achieve the mission God has called us to. Therefore, the operations pastor has been delegated the authority by the elders to authorize any line-item budget revisions throughout the year, except for revisions that would increase the total approved annual budget, which he and the Executive/Senior Pastor think would be in the best interest of Christ Fellowship. These adjustments will generally take the form of interdepartmental budget transfers and budget adjustments mentioned in the following paragraph. If the total annual General Fund budget needs to be increased or decreased, this action will require approval by the elders.

Oftentimes, ministry department heads may spend less than originally planned and approved. In order to maximize the financial resources God brings to Christ Fellowship to achieve the mission He’s given us, it’s important to know when “unspent budget” is real and can be reinvested in other areas, or when it is due to expenses occurring later than planned. The ***Budget Adjustment Process*** provides a mechanism for helping maximize financial resources. This process essentially modifies departmental budgets to reflect “unspent budget” and changes in timing of expenses without affecting the integrity of the original approved budget details. Refer to the ***Financial Policy-Budget Adjustment Process*** document for more information about how this process is used.

## Monitoring Spending

The accounting system used by the church provides many reports that will assist each department head in examining finances of his/her department(s) and Designated Fund(s). There are four reports that are useful for monitoring spending compared to budget:

- **Budgeted Financial Statement.** This report lists and compares budget and actual for each account within a department and the departmental total for the month selected and year-to-date. It also shows total annual budget for each account and departmental total.
- **Designated Fund Summary.** This report provides summary information about receipts and disbursements for Designated Funds. It's useful for getting a snapshot of the current balance of a fund, as well as seeing what happened for the month selected and year-to-date.
- **Detail Ledger.** This report lists all transactions (debits and credits) for selected departments or accounts within a department, over a period ranging from one month to the entire fiscal year. This report is useful for delving into what transactions made up the numbers reflected in the Budgeted Financial Statement, Designated Fund Summary, and Financial Spreadsheet reports.
- **Financial Spreadsheet.** This report is useful for reviewing budget or actual spending by month over a 12-month period. To view an entire fiscal year, you must select June as the Ending Period when running this report; otherwise, the 12-month view will span more than one fiscal year.

The Finance office will provide appropriate reports to department heads after each month is closed. Reports can be requested at any time.

## **Receiving Funds**

Ministries may have reason to receive both charitable donations and non-charitable fees/payments. Charitable donations and non-charitable fees/payments cannot be combined into a single transaction (e.g. check, deposit form, online payment).

### General Guidelines for Receiving Funds

- If more than \$250 cash is being handled at one time, at least two non-related people must be involved, including when depositing the money bag/envelope into the drop safe.
- Children under 12 years of age should not be involved in handling church funds. Minors (12 - 17 years old) can be involved only when working with one or more adults. Minors should never have direct or unsupervised access to church funds.
- Prior to being turned into the Finance office, money received by ministries must always be kept secure. When unattended, money must be kept in locked storage. The easiest way to do this is to deposit money bags/envelops into the drop safe as soon as possible. Once turned into the Finance office, it will be secured until deposited in the bank.
- Money received should be turned into the Finance office within three business days of receipt. Generally, all funds received Monday through Sunday must be turned into Finance no later than 9:30 am on the following Monday.
- When turning in money to the Finance office (i.e. non-charitable fees/payments), use the Miscellaneous Deposit Form – ***Miscellaneous Deposit Form.doc***. Include the Project Code on the deposit form when applicable. Note: charitable and non-charitable deposits cannot be combined on the same check.

- The person delivering the deposit must observe the Finance team member counting the money (cash and checks) and signing the form acknowledging receipt of the cash amount reflected on the form.
- For mission trips, unspent U.S. and foreign cash should be turned into the Finance office within three business days of the trip leader's return to the office, generally with an Expense Report. However, if the Expense Report cannot be completed that quickly, bring the money to the Finance office in an envelope – one for each currency – with a copy of the cash advance form(s) so the money can be secured prior to completion of the Expense Report. The person bringing the cash will count the currency with the Finance person, seal the envelope(s), write the amount on the outside of envelope(s), and sign by both parties. The Finance person will write the amount received on the cash advance form(s) and give a copy back to the person bringing the money. Cash advance form(s) will be submitted with the associated Expense Report(s).

#### Non-Charitable Fees/Payments

Fees for classes, retreats, trips, books, etc. are payment for goods or services received and are not tax-deductible. In this case it is up to each ministry or responsible staff to collect the funds and record all checks, cash, and coins received on the Miscellaneous Deposit Form (***Miscellaneous Deposit Form.doc***). The staff member responsible should keep records of the fees collected. After recording the checks, cash, and coins on the Miscellaneous Deposit Form, the staff member must sign this form and deliver the money and form to the Finance office. Include the project code on the form when applicable. The person delivering the deposit must observe the Finance team member counting the money (cash and checks) and signing the form acknowledging receipt of the cash amount reflected on the form.

#### Charitable Donations

All charitable contributions that are “designated” for anything other than General Fund must be approved by the elders before they can be solicited or accepted. Designated contributions for the Ministry Expansion (Building) Fund, debt reduction, Love Fund, Missions, and short-term mission trips are received on an ongoing basis. General scholarship donations (i.e. not specified for an individual) supporting retreats and camps may also be solicited and accepted during the sign-up period for the event. All others must be approved on a “per occurrence” basis. Gaining approval one year does not qualify as approval for the next year. Please do not solicit or accept money for anything in your ministry without prior specific approval from the elders. If an event is going to include charitable donations, it must be noted on the Event Authorization form.

Charitable donations that are “designated” can be given during the weekend services by placing them in the offering boxes, hand delivered to the Finance office, mailed to the church, or given online (website, church app, or text giving using the correct key word). Charitable donations received by a ministry (e.g. general scholarship donations for retreats) must be handled like how non-charitable fees/payments are handled and turned into the Finance office promptly.

Charitable donations must be handled in such a way to ensure we have correct information from the donor for receipting purposes and contributions are recorded properly to provide an accurate contribution statement to the donor for tax purposes. For cash donations to be assigned to a specific donor, the cash must be placed in an envelope with the donor's name, amount enclosed, and designation noted on the envelope. If a person paying for a retreat or camp wants to donate to the scholarship fund for that event, the donation must be a separate transaction (i.e. check, online payment, etc.) from the event fee in order to be tax-deductible.



## Spending Church Funds

The terms staff and employees are used interchangeably and are applicable to all staff members, volunteer or paid, except for those referring to income tax implications which apply only to paid employees.

The ability to commit Christ Fellowship finances is kept under careful control. All spending must directly relate to fulfilling the ministry purposes of the church. Purchases of ministry products such as supplies, curriculum, equipment, and services are permitted only on the authority delegated via church policy or an approved Purchase Order (PO). The PO must be approved and have a number assigned before the purchase is made, funds are advanced, or the church is obligated for a product or service. Such purchasing guidelines will assist the responsible parties (e.g. ministry department heads, Finance office) in monitoring actual spending and effectively managing the church's cash flow.

Competitive bids must be requested on all significant purchases, i.e. more than \$2,500, when possible. For recurring purchases, the competitive bids must be evaluated once per year. All church ministries will be responsible for using good purchasing methods for optimizing price savings, quality or value of goods, vendor selection and working relationships, and for assuring proper inventory control and inspections as required by church policies and vendor requirements.

These policies and procedures relate to all purchases made for ministry purposes regardless of method: church check/EFT, church credit card, charged to supplier accounts, and items paid with personal funds that will be reimbursed.

*“In the house of the wise are stores of choice food and oil,  
but the foolish man devours all he has.” (Proverbs 21:20)*

### Delegated Authority for Committing Church Funds

To facilitate ministry operations, approval for committing church funds has been delegated from the elders to the executive team and then down through the church staff, as outlined in the ***Approval Policy for Committing Church Funds*** document. These approval guidelines apply to budgeted funds only. Ministry department heads have some discretion as to the exact expenses that budgeted funds are used for within their respective departments, but are encouraged to seek clarification whenever questions arise. All expenses outside or above budgeted funds require Pastor of Operations approval for purchases up to \$1,000 and either Executive or Senior Pastor approval for purchases above \$1,000 (but not to exceed the established guidelines).

In all cases, the designated level of approval must be obtained from the staff member with delegated responsibility for the department budget being charged. Executive Team members or Operations Pastor may substitute for lower-level approval when required. All delegations of authority must be documented in writing.

## Purchase Order

For ministry operations, committing church funds generally falls into one of two categories: single purchases or multiple-payment purchases. Purchase Orders, which are created inside the church accounting system, facilitate either kind of purchase and serve many purposes:

- Obtain approval for a multi-payment purchase (e.g. deposit followed by subsequent payments) or purchases to the same vendor that are repeated over time (i.e. blanket PO).
- Track and document church credit card and supplier account/card charges – see next section.
- Obtain approval for a purchase beyond delegated spending authority or delegate purchasing approval to a subordinate staff member with less spending authority. (Delegation of authority to a subordinate can be done verbally, at the discretion of the person delegating authority, since the one delegating authority will have to sign the subordinate's expense report.)
- Obtain approval for a purchase outside departmental spending authority or delegate purchasing approval to a staff member with no spending authority in your department.
- Delegate purchasing approval to a volunteer.
- Communicate to suppliers the authorization to charge purchases to a Christ Fellowship account when necessary and to reconcile accounts payable with incoming invoices and facilitate orderly and timely payment to our suppliers.
- Approve the use of non-budgeted funds.

The Purchase Order is designed to serve many purposes so that the overall process is simpler and easier to use (rather than having a different form/process for each purpose).

**To initiate a payment of an invoice associated with a multiple-payment or blanket PO**, include instructions in the PO that a portion of the PO amount is OK to pay with an invoice attached. For subsequent payments, email an invoice to the Finance office stating you are authorizing payment referencing the PO either by description or number.

If the purchase is made using the general-use church credit card stored in the Finance office, the PO process may be completed after the purchase is made (when turning in the card) if the purchase is within the person's spending authority or spending authority has been verbally delegated by his/her supervisor. Otherwise, the PO process must be completed prior to checking out the general-use church credit card to make the purchase. Refer to the next section for more information about church credit cards.

Purchases made with church credit cards issued to individuals do not need a PO. They are handled using the monthly expense report process discussed below.

In the event a budgeted purchase within a person's spending authority is charged to a supplier account (e.g. Sam's) without first completing a PO, a PO must be completed within three business days of the purchase. Adhering to this process will make it easier to manage and plan church spending, as well as pay bills promptly when received.

Additionally, Purchases Orders are not required when all of the following conditions are met:

- The purchase is made by a staff member with delegated purchasing authority (by policy or verbally from his/her supervisor that has delegated authority) equivalent to or greater than the total amount of the purchase.

- The item(s) being purchased is part of the approved operating budget/plan.
- Personal funds are being used to make the purchase and will be reimbursed to staff utilizing the Employee Monthly Expense Report or a credit card issued to an individual is being used to make the purchase.

See *Appendix A – Financial Forms Procedures* for detail instructions on using the Purchase Order form.

Here are a few Purchase Order tips:

- Including comprehensive information on the PO and necessary attachments will ensure the review, approval, and payment processes proceed efficiently. Use the Notes section to communicate whatever is necessary to ensure payment is handled correctly and in a Christ-honoring fashion.
- For purchases based on numbers of participants (e.g. retreats, camps), prepare the PO using the maximum number of participants expected or reasonably possible. This practice will prevent the user from having to redo the original PO.
- Use one PO when multiple payments are required; enter each payment as a separate line item and use the Description field to identify payment information. For example, Men’s Retreat Pine Cove PO: one line is the initial deposit paid in March 2015; one line is for the “30-day prior to the event” payment made January 25, 2016; and one line for the final payment made in March 2016 following the retreat. Provide information in the Notes section so Accounts Payable will know how to manage payments to the supplier. This practice will reduce paperwork and give view to total cost associated with a purchase.
- If the PO requires more line items than are provided on the standard form, the user can insert additional rows by clicking on the “Add 5 more Rows” link underneath the last Account field. If you have questions about how to do this, contact someone in the Finance office.
- Generally, recurring/blanket POs cannot cover periods extending beyond one fiscal year.

#### Church Credit Cards and Supplier Accounts/Cards

Church credit cards and supplier accounts/cards (e.g. Office Depot, Sam’s) are restricted to approved ministry expenses as described in the *Approval Policy for Committing Church Funds* (Expense Report line). They are not to be used for the convenience of making personal purchases. If, by mistake or due to unusual circumstances, a personal item is purchased using the church credit card or charged to a supplier account, the person making the charge must notify the Finance office and his/her supervisor immediately and provide the receipt and payment to the Finance office within three business days of the charge.

Since Christ Fellowship uses cash basis for accounting of financial transactions and budgets are defined on a monthly basis, it’s important to realize that purchases using the church credit card during the latter part of a month will always show up one month after the actual charge was made. Charges on supplier accounts may have an even greater time lag between the charge and when the invoice is received and paid.

Christ Fellowship has two kinds of church credit cards: a general-use card that is available for any staff to check out and credit cards issued to individuals. **The general-use church credit is available for phone or internet purchases only; it must remain on church premises. Also, never write down or store information about the general-use church credit card; the card must always be checked out in order to use it to make a purchase (even if the credit card information is stored by the vendor).** When checking out the general-use church credit card for the first time or being issued a credit card or supplier charge card, each staff member will be asked to review and sign a

policy agreement to ensure understanding of how these tools are to be used. This process may be repeated from time to time (e.g. annually).

Because of the elevated risk of fraud or misuse, credit cards issued to staff are for their use only and must not be shared with others, including volunteers and other staff; creation of digital or virtual cards for use by others is also prohibited. The employee is responsible for the payment of all charges that are not properly substantiated on the expense report. Church credit card expenses are treated in the same manner as reimbursable expenses paid for by employees. See the ***Accountable Expense Reimbursement Plan*** section for more information about how to substantiate expenses charged to a credit card issued to an individual.

### Event Authorization

The Event Authorization Form (***Event Authorization.doc***) must be used for events where any of the following are true:

- Events that have income and expenses (e.g. retreats, camps, conferences, short-term mission trips).
- Events requiring multiple purchases totaling more than the event owners spending authority.
- Events requiring more than five separate purchases (totaling any amount).
- Events where expenses are charged to a Designated Fund.

The form is used to obtain approval for the event and total expenses associated with the event. For events that have income, the Event Authorization Form is also used to obtain approval for projected net income less expense and financial risks. The form also identifies G/L accounts to be used for event income, expenses, and net expenses if applicable. **The event is not approved until the Event Authorization form is completed and approved.**

Staff discounts do not have to be figured into the financial model of an event. If the event finishes with a Net Expense greater than planned, staff discounts will be applied as required to reduce the Net Expense. If the event finishes with a Net Income or Net Expense less than planned, then staff discounts are not applied.

For events that have income or a large number of expenditures, an accompanying spreadsheet detailing income and expenses must be attached to the Event Authorization Form. An Event Financial Planning spreadsheet tool (***Event Financial Planning.xls***) is available for this purpose. Contracts associated with an event must also be submitted for review and approval by the Finance office with the Event Authorization.

**The event “staff owner” must have the Event Authorization reviewed and approved by the Finance office.** The Finance office will review the content in the form, the associated financial detail attached to the form, and the contract if there is one. Once reviewed, the Finance office will submit the form to the Executive Pastor of Ministry for final approval.

The event must be submitted in the church event planning/calendar system for scheduling purposes only prior to submitting the Event Authorization for approval. Also, the event “staff owner” must have held an event ***Scope and Timing Meeting*** – which will include key lay-leader(s) and representatives from Communications, Technology Solutions, Facilities, and other departments as required – prior to submitting the Event Authorization Form for approval. (If the event is off-site, then Facilities representation will not be required.) The purpose of the Scope and Timing Meeting is to evaluate what resources will be required to support the event and when they will be needed (including online registration/payment and communications) – in essence it is the initial planning

meeting. In rare cases, such as short-term mission trips, there is no need for this meeting; but in most cases it will be required.

When turning in funds received to the Finance office, the Project Code must be reflected on the deposit form; this will ensure proper tracking of the funds. **Online registration/payment cannot be activated, and funds cannot be received prior to Event Authorization approval.**

Higher spending authority is delegated for single purchases associated with an approved Event and purchase amount corresponds to detail provided within the Authorization – refer to the ***Approval Policy for Committing Church Funds*** document for details. All POs and line items on Employee Expense Reports associated with this event must reference the Project Code assigned to the Event Authorization.

See ***Appendix A – Financial Forms Procedures*** for detail instructions on using the Event Authorization form.

Here are some Event Authorization tips:

- Use the event planning check list (***Event Planning Check List.doc***) to help plan your event.
- Make sure the Event is submitted in the reservations system and the event ***Scope and Timing Meeting*** has happened prior to submitting the Event Authorization for approval.
- When completing a financial model for an event, it's generally best to use conservative estimates for anticipated participation, which is what the projected income and expense is based upon.
- If Income is less than Expenses, i.e. the event has a net expense, and this Net Expense is not budgeted, use the Financial Risks section to explain how this net expense is to be covered (e.g. surplus from previous or future events). If the net expense is budgeted, enter the budgeted amount in the appropriate place in the Financial Planning spreadsheet questionnaire.
- Work with the Finance office to “close” the event as soon as reasonably possible; generally, this should occur within one month of the event. Make sure all expenses and income are submitted to the Finance office prior to closing the event.

### Project Authorization

The Project Authorization Form (***Project Authorization.doc***) must be used for projects requiring multiple purchases or significant work investment by any ministry (e.g. facilities, worship tech, communications). The form is used to obtain approval for the project and total expenses associated with the project. The form also identifies G/L accounts to be used for expenses. For projects that have a large number of purchases, an accompanying spreadsheet detailing expenses must be attached to the Project Authorization Form.

**The project “owner” must have the Project Authorization reviewed and approved by the Finance office before submitting to his/her supervisor for approval.** The Finance office will review the content in the form and the associated financial detail attached to the form.

Higher spending authority is delegated for single purchases associated with an approved Project and purchase amount corresponds to detail provided within the Authorization – refer to the ***Approval Policy for Committing Church Funds*** document for details. All POs and line items on Employee Expense Reports associated with this event must reference the Project Code assigned to the Project Authorization.

See ***Appendix A – Financial Forms Procedures*** for detail instructions on using the Project Authorization form.

#### Trip/Training Authorization

The Trip/Training Authorization Form (***Trip-Training Authorization.xls***) must be used for any church expense requiring travel or training/staff development. The form is used to obtain approval for the trip or training opportunity, including all associated expenses. The form also identifies G/L accounts to be used for trip/training expenses. Trip/Training Authorizations should be submitted for approval at least 21 days before the training begins.

Higher spending authority is delegated for single purchases associated with an approved Trip/Training Authorization and purchase amount corresponds to detail provided within the Authorization – refer to the ***Approval Policy for Committing Church Funds*** document for details. All POs and line items on Employee Expense Reports associated with this trip must reference the Project Code assigned to the Trip/Training Authorization.

See ***Appendix A – Financial Forms Procedures*** for detail instructions on using the Trip/Training Authorization form.

#### Cash Advance

Cash Advances may be considered appropriate for church business travel, conferences, and other authorized ministry activities where expenses will be incurred that are reimbursable under this policy and that are not able to be paid from the employee's personal funds or credit card. If a Cash Advance is needed, the requester must complete the Cash Advance Request Form (***Cash Advance Request.xls***) and submit to the Finance office no later than Monday afternoon of the week the cash is needed, i.e. the due date. Any money advanced is to be used solely to ministry expenses identified on the request.

Unlike Purchase Orders, Cash Advances are only provided to church staff. If a volunteer purchasing on behalf of the church needs a Cash Advance, the employee who requested the volunteer to make the purchase must "own" the Cash Advance; i.e. the employee must request it and account for it as described below.

Cash Advances are held as pre-paid expenses (i.e. they're not charged to departmental G/L accounts) until the funds are accounted for. Advanced money generally must be accounted for within 10 business days of the associated expenses (30 days maximum from when the cash was provided), and any unused funds must be returned no later than five business days after the associated expenses occurred.

Cash Advances (along with associated employee-reimbursable expenses) are accounted for via the Employee Monthly Expense Report. The amount of the Cash Advance is entered in the space provided on the bottom of the form – this will effectively reduce the amount reimbursed to the employee from the total expenses. Attach a copy of the Cash Advance Request Form to the Expense Report. If there are unused funds, turn them in to the Finance office with the approved Expense Report or earlier if the Expense Report cannot be completed within five days using a Miscellaneous Deposit form as described above under General Guidelines for Receiving Funds.

It is the employee's responsibility to account for a Cash Advance within the time frames mentioned above. Funds unaccounted for beyond 30 days may be deducted from the employee's pay, with the approval of the Pastor of Operations; the employee will be notified before this occurs.

See *Appendix A – Financial Forms Procedures* for detail instructions on using the Cash Advance Request form.

### Employee Expense Reimbursement

Employees can use their own funds for approved ministry expenses as described in the *Approval Policy for Committing Church Funds* (Expense Report line). See the *Accountable Expense Reimbursement Plan* section below for information about how to request reimbursement for ministry expenses paid by the employee, including mileage reimbursement.

### **Accountable Expense Reimbursement Plan**

The accountable reimbursement plan applies to approved ministry expenses reimbursed to an employee or purchases using a church credit card issued to an individual. Although purchases made using church credit cards are not reimbursed to the individual, the person making the purchase is ultimately responsible until the expense is justified similarly to purchases that are reimbursed.

To comply with federal income tax regulations and ensure that church expense reimbursements remain untaxed, the following guidelines will be followed by all Christ Fellowship staff. Any ordinary and necessary ministry expenses incurred on behalf of the church will be reimbursed if the following conditions are satisfied:

- Expenses are reasonable in amount and comply with the *Approval Policy for Committing Church Funds*.
- Employee documents the time, place, ministry purpose, ministry relationship, and amount of each such expense with the same kinds of documentary evidence as would be required to support a deduction of the expense on the employee's federal income tax return.
- Employee documents such expenses by providing the Finance office with an accounting of such expenses monthly, no later than the second business day of the following month (e.g. January expenses due by February 2). See Monthly Expense Report section below for how to submit expenses for reimbursement and approval.

### Ordinary and Necessary Ministry Expenses

Ordinary and necessary ministry expenses for staff will include the ministry use of their personal automobile, conference/training costs, dues of ministry organizations, spiritual and professional growth resources, ministry contacts/hospitality expenses, and any other ministry expenses considered ordinary and necessary to carry out their assigned duties. Dollar limits for these expenses will be determined by the adopted general operating budget of the church. Ministry activities broadly fall into two categories: local and out of town.

To ensure adequate accountability in the reimbursement process, the senior employee must pay any ministry related charges incurred while performing ordinary and necessary ministry activities as defined within this policy while with other church staff (e.g. meals during out-of-town business travel).

## Local Ministry Activities:

The primary use of the ministry contacts budgeted funds is for expenses incurred when

- Conducting business with a visiting pastor who has been invited to minister at Christ Fellowship.
- Conducting business with ministry department lay leadership and other key ministry volunteers.
- Fulfilling ministry duties related to shepherding, discipling, training, etc. one or more individuals.

The primary use of the appreciation budgeted funds is for expenses incurred when giving an appreciation gift to a lay leader or other key ministry volunteers (who are not staff). This account should not be used to purchase birthday or appreciation gifts for fellow staff, as this type of expenditure is more personal in nature and should be paid with personal finances. This account should not be used to allocate expenses for luncheons, dinners, etc., for any members of the staff, except for special functions like birthday celebrations, departure celebrations, and periodic evaluation meetings. If unsure, check with the Pastor of Operations.

Christ Fellowship staff will **not** be reimbursed from church funds for the following (but not limited to) items:

- Flowers or other gifts purchased for staff or their immediate families, i.e. parent, sibling, or child. (In situations involving illnesses, deaths, etc., gifts of this nature can be sent on the behalf of the church. These purchases/arrangements are handled through the Sr. Pastor's office, Human Resources, or the Care Ministries Pastor. The expense will be charged to the appropriate G/L account within the Care Ministries department, and the Care Ministries Pastor should be informed after the purchase is made.)
- Food and beverages (e.g. lunches, coffee, soft drinks, etc.) with staff. Since staff work in the same office environment and have ample opportunities to interact during the week, shared meals between staff do not constitute an "ordinary and necessary" business expense according to the IRS. Under special and infrequent circumstances, group staff meals (e.g. required working lunch) or a supervisor/subordinate meal (e.g. periodic review meeting) might be appropriate.
- Food and beverages with non-staff that are of a regular or routine nature. Even if such meals otherwise qualify as "ordinary and necessary" business expenses, the routine and regular occurrence of such meetings planned around a meal makes it an inherently personal expense.
- Golf, tennis, health club or other recreational activities.
- Parking or traffic tickets.
- Expenses related to an activity where an honorarium is personally received.
- Any items or services for personal use or of an inherently personal nature (i.e. childcare expenses, meals during local travel, etc.). This does not apply to childcare or similar services provided by the church at the church facility during worship services or other church related events.

## Out-of-Town Ministry Travel:

Reimbursements for out-of-town travel are allowable for travel that is approved in advance according to the Approval Policy for Committing Church Funds. The Trip Authorization Form (***Trip Authorization.xls***) will be used to request and obtain approvals for such travel. Expenses beyond the total amount approved in advance should be avoided; reimbursement in this case is not guaranteed.



Expenses that will be considered appropriate for reimbursement include, but are not limited to, the following:

- Conference/registration fees
- Economy/coach rate airfare
- Taxi fare, tolls city parking fees, and reduced rate airport parking
- Economical rental car up to \$75 per day (overages must be specifically pre-approved in advance by the Pastor of Operations or Executive Pastor of Ministry).
- Mileage for the use of a personal vehicle at the standard mileage rate allowed by the IRS
- Hotel room charge up to \$200 plus tax per night (overages must be specifically pre-approved in advance by the Pastor of Operations or Executive Pastor).
- Food and beverages (e.g. breakfast, lunch, dinner, coffee, etc.) during out-of-town travel. Food and beverages should be reasonable in amount.

The following are examples of items that will **not** be considered for reimbursement (this list is not all inclusive):

- Cost of traveler's checks
- House sitting or pet boarding
- Movies and entertainment
- Golf, tennis, health club or other recreational activities
- Sight-seeing or souvenirs
- Personal needs (laundry, toiletries, clothing, newspapers, medications, snacks/drinks, etc.) except for some mission trips
- Meals on the way to/from the local airport

The substantiation of travel expenses must include sufficient documentary evidence; "estimates" will not be allowed under Christ Fellowship's reimbursement plan.

#### Ministry Mileage Reimbursement:

All requests for mileage reimbursements for the use of an employee's personal automobile used for church related activity must be made by completing a Ministry Mileage Log (***Mileage Log.xls***). (Other similar reports may be substituted if approved in advance by the Finance Manager and contain the same basic required information.) Mileage reimbursement shall be made at a standard mileage rate established for the church (not to exceed the standard rate allowed by the IRS). Properly substantiated mileage logs will be reimbursed by attaching them to the Employee Monthly Expense Report.

The use of an employee's personal vehicle for ministry purposes must be substantiated at the completion of each trip. Proper substantiation will be as follows:

- Date of trip
- Destination – name of hospital, restaurant, family, event, etc. that was traveled to
- Purpose of trip – visitation, planning meeting or other ministry-related reason for trip
- Miles driven – lesser of actual number of miles driven or miles from church to location.

Ministry related mileage includes, but is not limited to, the following:

- Hospital visits
- Visitation
- Off-church premise ministry functions and meetings

- Trips to vendors
- Self-improvement seminars
- Transporting visiting pastors or guest artists

To be reimbursed, the trip should be originated from the church and not from the employee's home or dwelling. The mileage for trips under 75 miles round trip should generally be charged to the ministry department's Mileage Expense budget account. The mileage for round trips 75 miles or more should be allocated to the ministry program budget account which most appropriately defines the purpose of the trip (e.g. Men's Retreat, training event).

Mileage that will **not** be reimbursed includes, but is not limited to, the following:

- Functions for resigning or departing staff
- Transporting staff for personal reasons
- Trips where an honorarium is personally received
- Travel with another employee, not driving your personal vehicle
- Trips primarily personal in nature
- Commuting to/from the employee's home, no matter how many times in a day or the reason for the trip
- When the mileage is "estimated" and not properly substantiated

Reimbursement for mileage incurred over 60 days prior to submission will not be paid. If an employee feels, and leadership approves, that the miles should be reimbursed, then the reimbursement will be reported as taxable income on the employee's Form W-2 at year-end.

### Monthly Expense Reports

The purposes of Monthly Expense Reports are to substantiate approved ministry expenditures made by an employee

- out of his/her personal funds and facilitate reimbursement, or
- using a church credit card issued to him/her.

Employee Monthly Expense Reports (using *the accounting system PO module* or, with prior approval and training, using the paperless Excel expense report process) are used to reimburse staff for ministry expenses incurred by the employee, including reimbursement for mileage driven in the employee's personal vehicle for ministry purposes. A mileage log must be attached to the Expense Report to be reimbursed for mileage; use *Mileage Log.xls* or some other method for keeping accurate track of mileage.

Because of the elevated risk of fraud or misuse, credit cards issued to staff are for their use only and must not be shared with others, including volunteers and other staff; creation of digital or virtual cards for use by others is also prohibited. Staff who have been issued a church credit card must submit an Employee Credit Card Expense Report (using the automated report provided by the credit card vendor or *Employee Church Credit Card Exp Report.xls*) to the Finance office within four business days of the credit card statement close date to substantiate all expenditures and facilitate reconciliation of credit card charges by the Finance office. The Expense Report must reflect all transactions on the corresponding monthly credit card statement.

Regardless of the person's spending authority, Monthly Expense Reports require the approval of the employee's supervisor (or higher if required by the amount).

Substantiation of an expenditure includes date, payee or place, clear and concise ministry purpose (e.g. ministry meeting with Mr. John Smith) and ministry relationship if entertainment-related (i.e. name of individual(s) entertained and justification for entertainment), G/L account and project code (if applicable) to be charged, and amount. **The employee is responsible for the payment of all expenses and charges that are not properly substantiated on the Expense Report.**

Each expenditure must be supported by a receipt. For credit card purchases, include the detail receipt and register receipt if it reflects the addition of a gratuity. If a receipt is not practical to obtain (i.e. cash tip to baggage man at airport), substantiation of the expense must be properly documented on the Expense Report. Expenses reimbursed where no receipt is available must be minimal in amount and infrequent in occurrence. Reimbursement will not occur for an expense that is for \$75 or more without a receipt. It is Christ Fellowship's practice of stewardship and operational integrity that all staff are expected to submit receipts with their Expense Report no matter what the dollar amount of the expenditure.

Monthly Expense Reports should be submitted to your supervisor by such time that will allow the approved report to be turned into the Finance office no later than the second business day of the following month. This practice will ensure that charges are reflected in the accounting system the same month they were incurred in most cases, thereby increasing the ease of managing spending (vs. budget) and accuracy of financial reporting.

To ensure that the church maintains the IRS requirements for our accountable expense reimbursement plan, expense reimbursements under this plan will not occur if submitted more than 60 days after the expense is paid or incurred by an employee. If leadership elects to pay due to unusual circumstances, it will be treated as a taxable reimbursement to that employee; i.e. it will be included in the employee's W-2 form (not applicable to volunteer staff).

Ordinary and necessary ministry expenses, as noted above, will be reimbursed from funds appropriately allocated and approved in the annual budget of the church. If, at any time, a church expense reimbursement exceeds the amount of ministry or professional expenses properly accounted for by an employee pursuant to this reimbursement policy, he/she must return such excesses to the church within 30 days after the associated expenses are paid or incurred.

See *Appendix A – Financial Forms Procedures* for detail instructions on using forms mentioned above.

#### Special Travel Related Circumstances

**Meals:** While traveling on church-related business, meals can be charged as part of the total travel expenses to the department account that best represents the ministry purpose of the trip (e.g. training). Meal costs must include only an employee's expenditures for his/her own meals and associated tips; these costs must be supported by receipts. Meals purchased for others not part of the travel group (in agreement with this policy) must be included as a Ministry Contact expense. Christ Fellowship will not reimburse for alcohol purchases.

**Lodging:** Lodging costs must include only the employee's expenditures for his or her own lodging and must be supported by receipts. The actual hotel receipt is required to be submitted given that charges such as movies, laundry, etc. will not be reimbursed since they are personal in nature. Ministry related meals and other legitimate incidental charges included in the hotel bill should not be shown as lodging; instead these charges should be extracted and entered separately on the expense

report for proper substantiation. When hotel receipts include extra charges for the spouse or family members of the employee, such charges shall be deducted on the face of the receipts and only that portion of the hotel charges applicable to the employee shall be listed on the expense report. The only exception to this rule is when the spouse of an employee is serving in an official ministry capacity for the church and has been pre-approved to do so according to the ***Approval Policy for Committing Church Funds***.

Travel and Transportation: If the employee consumes more time in travel (by personal automobile, as an example) than would be required if the most direct form of public transportation were used, reimbursement will be limited to mileage, lodging, meals, and other costs that would have been incurred had no personal activity been involved or had the employee used the most direct form of public transportation. The church will not pay transportation for side trips on non-church related visits (such as to conduct weddings, funerals, revivals or similar functions). It is the position of the elders that travel of this nature is the employee's personal expense.

Spouse Travel Reimbursements: It is recognized that there may be instances when it is desired and appropriate for an employee's spouse to accompany an employee on church related travel. Such requests should be approved in advance by the Executive or Senior pastor. Expenses for the spouse are the responsibility of the employee. Expenses will be reimbursed for an employee's spouse travel only when the spouse is serving in an official ministry capacity for the church and has been pre-approved to do so according to the ***Approval Policy for Committing Church Funds***.

## **Appendix A**

### **Financial Forms Procedures**

All financial forms are available on Teams at [Documents](#) | [General Information](#) | [Financial Forms](#).

#### **Purchase Order Procedure**

Purchase orders are submitted online through the Financial Portal.

1. Log in to the financial portal at <https://my.christfellowshiphome.com/Financials/Portal>
2. Click the Request a Purchase button. Then Click the plus sign to start a new Purchase Order.
3. Enter the name of the vendor in the Vendor field. If the vendor you need to pay is not found, please contact the Finance Manager to have the vendor added to the system. You will need to supply a W-9 for the vendor.
4. Choose the appropriate Approval Path. This directs the Purchase Order to the correct supervisor for approval.
5. For each item being purchased, enter the detail on one line of the PO; make sure the correct G/L account number and project code (if applicable) is included for each line item. Project codes are generally associated with events, trips, and special projects. See Tips section below for more information about how to enter information into this part of the form.
6. Notes section: this information is used by those approving the PO and the Finance office. Include as much information as is necessary to communicate to both. If necessary because of space limitations, use an attachment.
7. If it is not budgeted, include a brief explanation in the Notes section justifying the purchase (use an attachment if more space is needed).
8. If requesting an advanced check, note the date the check is needed in the Notes field – please submit the PO to the Finance office no later than Monday afternoon of the week the check is needed. Include check handling instructions in the Notes section (use an attachment if more space is needed).
9. Use the Add New Attachment link to attach paperwork necessary to substantiate the purchase (to be filed with the PO):
  - Product and pricing information, including competitive bids with the one selected identified. (This information may also be reflected in the Notes section.)
  - Copy of the contract (if applicable) if it was not already submitted, reviewed, and signed as part of the Event Authorization process.
  - Supplier receipt if the purchase has already been made and charged to the general-use church credit card or a supplier account.
10. Submit the form for approval by clicking the Update button at the bottom of the form.
11. Give paperwork to the Finance Manager that must be sent in with the payment, such as the original signed contract, payment coupon, or supplier invoice. Include handling instructions in the Notes section.
12. The Finance person will review the PO and attachments for accuracy and completeness (including account codes, project codes, approvals, and payment details or instructions), asking for clarification or discussing necessary modifications with the requestor, and obtain review/approval from the Finance office.
13. The Finance system will assign a PO number, You will receive an email confirmation when your PO is fully approved and ready to be paid. You can request a copy of the final PO for your records from the Finance office.
14. If the purchase is made using the general-use church credit card, the PO process may be completed after the purchase is made and supplier receipt has been received if the purchase is within the persons spending authority or spending authority has been verbally delegated by his/her supervisor. Otherwise, the PO

process must be completed prior to checking out the credit card to make the purchase. Never write down or store church credit card information; the card must always be checked out in order to use it to make a purchase.

15. If the PO is paid directly to a supplier (i.e. an invoice or receipt is to be received) and the invoice or receipt mistakenly comes to the user rather than the Finance office, the user must submit it (taped to a separate sheet of paper if smaller than 7x9 inches) as soon as it is received.

#### *Purchase Order Tips:*

- Including comprehensive information on the PO and necessary attachments will ensure the review, approval, and payment processes proceed efficiently. Use the Notes section to communicate whatever is necessary to ensure payment is handled correctly and in a Christ-honoring fashion.
- For purchases based on numbers of participants (e.g. retreats, camps), prepare the PO using the maximum number of participants possible (tempered by reasonableness of course). This practice will prevent the user from having to redo the original PO.
- Use one PO when multiple payments are required; enter each payment as a separate line item and use the Description field to identify payment information. For example, Men's Retreat Pine Cove PO: one line is the initial deposit paid in March 2015; one line is for the "30-day prior to the event" payment made January 25, 2016; and one line for the final payment made in March 2016 following the retreat. Provide information in the Notes section so Accounts Payable will know how to manage payments to the supplier. This practice will reduce paperwork and give view to total cost associated with a purchase.
- Generally, recurring/blanket POs cannot cover periods extending beyond one fiscal year.

#### **Event Authorization Procedure**

1. Open ***Event Authorization.doc*** and download and save the document in a location convenient to you and under a name that is meaningful to you. (Since forms are periodically updated, please do not use a different version of the form or a previously prepared form as a template for the new one.)
2. Complete the General Information, Event Justification and Connection Strategy sections; provide as much information as possible so those approving the event can reasonably assess the request. Every field must be filled in.
3. Complete the Estimated Expenses and Income Summary section. **Use conservative estimate of event participants** for estimated Income, Expenses, and Income less Expenses fields. If Income less Expense is negative, then this represents the Net Expense for the event. For events that have income and events that have a large number of purchases, an accompanying spreadsheet detailing income and expenses must be attached. An Event Financial Planning spreadsheet tool (***Event Financial Planning.xls***) is available for this purpose.
4. Complete the Financial Risks section. Provide a general assessment of financial risk – low, moderate, or high. Explain any factors that increase financial risks, i.e. factors that could make the financial picture worse than estimated. Examples of risk factors are non-refundable deposit, less than anticipated participation, and transportation costs higher than anticipated. Include other relevant information, such as history with this event, that might mitigate financial risks.
5. Complete the Account Information section. This provides instructions to Finance as well as those administering the event regarding where income and expenses related to the event will be applied in the accounting system. For income and expense events, these G/L accounts will generally be accounts that close to the ministry's DF fund. The appropriate General Fund departmental G/L account for Events/Special Initiatives is used when a loss is anticipated and budgeted.
6. If the event requires a contract, attach the contract to the Authorization. If practical, prepare and attach POs associated with the event for approval at the same time. POs should reflect the maximum number of participants possible (tempered by reasonableness of course).

7. Sign the Form in the appropriate field and submit Authorization and attachments to person in the Finance office assigned to Event Authorizations for review/approval. **Finance office approval is required before submitting for ministry approval.**
8. The Finance person will review the Form (and attachments) for accuracy and completeness, asking for clarification or discussing necessary modifications with the requestor. The contract will also be reviewed and signed.
9. Upon obtaining the signature from the Finance office, the Authorization is submitted for Ministry approval.
10. After the Executive Pastor has approved the form, the Event Authorization Form (and attachments) is returned to the Finance office.
11. The Finance person will assign an event number and project code (adding project codes to POs submitted with the Authorization), give the original to Accounts Payable, and give a copy to the requestor.
12. The user must reference the project code on all PO and Employee Expense Report line items associated with the approved event. When turning in funds received to the Finance office, reference the Project Code on the deposit form.
13. After the event is closed, the Final Expense and Income Summary should be completed (handwritten) by the event owner in conjunction with Finance. If there is a Net Expense for the event, the event owner must work with Finance to ensure this expense is transferred to the appropriate General Fund account when appropriate.

*Event Authorization Tips:*

- Use the event planning check list (*Event Planning Check List.doc*) to help plan your event.
- Make sure the Event is submitted in *eSpace* and the event *Scope and Timing Meeting* has happened prior to submitting the Event Authorization for approval.
- When completing a financial model for an event, it's generally best to use conservative estimates for anticipated participation, which is what the projected income and expense is based upon.
- If Income is less than Expenses, i.e. the event has a net expense, and this Net Expense is not budgeted, use the Financial Risks section to explain how this net expense is to be covered (e.g. surplus from previous or future events). If the net expense is budgeted, enter the budgeted amount in the appropriate place in the Financial Planning spreadsheet questionnaire.
- Work with the Finance office to "close" the event as soon as reasonably possible; generally, this should occur within one month of the event. Make sure all expenses and income are submitted to the Finance office prior to closing the event.

### Trip/Training Authorization Procedure

1. Open *Trip-Training Authorization.xls* and save the document in a location convenient to you and under a name that is meaningful to you. (Since forms are periodically updated, please do not use a different version of the form or a previously prepared form as a template for the new one.)
2. Complete the top part of the Form and Trip/Training Information; provide as much information as possible so those approving can reasonably assess the request – attach more information if necessary.
3. Complete the Estimated Cost section; provide as much detail as possible – attach more information if necessary.
4. If practical, prepare and attach POs associated with the trip/training for approval at the same time.
5. Sign the Form in the Requestor field and submit Authorization for approval (at least 21 days in advance).
6. Submit the approved Trip/Training Authorization Form to the person in the Finance office assigned to Trip/Training Authorizations.
7. The Finance person will review the Form (and attachments) for accuracy and completeness, asking for clarification or discussing necessary modifications with the requestor.
8. The Finance person will assign a trip/training number and, if needed, a project code (adding project codes to POs submitted with the Authorization), give the original to Accounts Payable, and give a copy to the requestor.
9. If applicable, the project code must be referenced on all PO and Employee Expense Report line items associated with the approved trip/training.

### Project Authorization Procedure

1. Open *Project Authorization.doc* and save the document in a location convenient to you and under a name that is meaningful to you. (Since forms are periodically updated, please do not use a different version of the form or a previously prepared form as a template for the new one.)
2. Complete the General Information and Project Justification sections; provide as much information as possible so those approving the project can reasonably assess the request. Every field must be filled in.
3. Complete the Estimated Expenses section. For events that have a large number of purchases, an accompanying spreadsheet detailing all expenses must be attached.
4. Complete the Account Information section.
5. If practical, prepare and attach POs associated with the project for approval at the same time.
6. Sign the Form in the appropriate field and submit Authorization and attachments to person in the Finance office assigned to Project Authorizations for review/approval. **Finance office approval is required before submitting for ministry approval.**
7. The Finance person will review the Form (and attachments) for accuracy and completeness, asking for clarification or discussing necessary modifications with the requestor.
8. Upon obtaining the signature from the Finance office, submit Authorization for approval.
9. Submit the approved Project Authorization Form (and attachments) back to the Finance office.
10. The Finance person will assign a project number and project code (adding project codes to POs submitted with the Authorization), give the original to Accounts Payable, and give a copy to the requestor.
11. The user must reference the project code on all PO and Employee Expense Report line items associated with the approved project.
12. After the project is closed, the Final Expense Summary should be completed (handwritten) by the event owner in conjunction with Finance.



## Cash Advance Procedure

1. Open **Cash Advance Request.xls** and save the document in a location convenient to you and under a name that is meaningful to you. (Since forms are periodically updated, please do not use a different version of the form or a previously prepared form as a template for the new one.)
2. Complete the top part of the Form; be as specific as possible so those approving the advance can reasonably assess the request. Reference the project code associated with the Request.
3. Sign the Form in the Requestor field and submit Advance for approval (at least 10 days prior to when needed).
4. Submit the approved Cash Advance Request form to Accounts Payable in the Finance office no later than Monday afternoon of the week the cash is needed.
5. Accounts Payable will review the Request for accuracy and completeness, asking for clarification if required.
6. Accounts Payable will provide a check on or before the due date requested along with a copy of the Request. The Request Form has a place for acknowledging receipt of the check by the user. Cash Advances are held as pre-paid expenses (i.e. they're not charged to departmental G/L accounts) until the funds are accounted for.
7. The Employee Monthly Expense Report is used to account for how the Cash Advance was used – show Cash Advance separately in the space provided at the bottom of the Expense Report. Attach a copy of the Cash Advance Request Form to the Expense Report.

## Employee Monthly Expense Report Procedure

Employee expense reports can be submitted through the purchase order module online in Financial Portal or by email using Employee Monthly Exp Report – Electronic.xls

### Online Financial Portal Procedures:

1. Log in to the Financial Portal and click the Request a purchase button. To start a new expense report, click the plus button to the left of Vendor. This will open up the form you need to fill out and submit.
2. Fill out the fields in the form. Vendor is the employee the check will be made out to. Type is Purchase Order. Select the Approval Path that will submit the report to your supervisor.
3. For each expenditure, enter the G/L account, project code (if applicable) to be charged. In the description field, enter the payee/place and a concise ministry purpose/justification (e.g. counseling meeting with John Smith). The amount for that purchase is entered into the far right field under Amount.
4. Repeat the above step for each receipt/purchase. If you need more rows added, you can click the “Add 5 More Rows” link.
5. Scan and attach all receipts. For credit card purchases, include the detail receipt and charge receipt if it reflects the addition of a gratuity. Also attach mileage log, copy of POs, and copy of Cash Advance Request Form if applicable.
6. Use the Note field if you need to add more information than was able to fit in the description lines, or any extra information that your supervisor or Finance might need to justify expenses.
7. Click the Update button to submit your report to your supervisor for review and approval (and to others of higher signature authority if required based on the Approval Policy for Committing Church Funds).
8. Person(s) approving the Expense Report review the Report and attachments for completeness and reasonableness of reimbursement requests. Questions regarding the appropriateness of expenses should be directed to the Pastor of Operations or Sr. Pastor. If there are questions regarding the Sr. Pastor's expenses, the Pastor of Operations has the responsibility to discuss them with the Board of Elders.
9. Submit the Expense Report by end of the 3<sup>rd</sup> business day of the month.

10. The Accounts Payable person will review the Expense Report and attachments for accuracy and completeness (including substantiation, account codes, project codes, receipts, and approvals), asking for clarification or discussing necessary modifications with the submitter if required.
11. Accounts Payable will prepare a reimbursement check for the employee and place in his/her inbox before the end of the week if the Expense Report was received before Wednesday.

Excel document procedures:

1. Open ***Employee Monthly Exp Report - Electronic.xls*** and save the document in a location convenient to you and under a name that is meaningful to you. (Since forms are periodically updated, please do not use a different version of the form or a previously prepared form as a template for the new one.)
2. Enter name and date on the top part of the Form.
3. For each expenditure, enter date, payee/place, clear and concise ministry purpose and justification (e.g. counseling meeting with Mr. John Smith), G/L account and project code (if applicable) to be charged, and amount.
4. Scan all receipts. For credit card purchases, include the detail receipt and charge receipt if it reflects the addition of a gratuity. Also attach mileage log, copy of POs, and copy of Cash Advance Request Form if applicable.
5. If an expenditure on the Expense Report is charged to a G/L account outside the employee's or his/her supervisor's oversight responsibility, then have the person responsible for managing the G/L account initial beside the entry.
6. Email completed Expense Report file and scanned receipts to supervisor for review and approval and copy the Finance Manager for visibility (and to others of higher signature authority if required based on the Approval Policy for Committing Church Funds).
7. Person(s) approving the Expense Report package review the Report and attachments for completeness and reasonableness of reimbursement requests. Questions regarding the appropriateness of expenses should be directed to the Pastor of Operations or Sr. Pastor. If there are questions regarding the Sr. Pastor's expenses, the Pastor of Operations has the responsibility to discuss them with the Board of Elders.
8. The supervisor will submit the approved Expense Report to Accounts Payable in the Finance office by end of the 3<sup>rd</sup> business day of the month by replying all with their approval.
9. The Accounts Payable person will review the Expense Report and attachments for accuracy and completeness (including substantiation, account codes, project codes, receipts, and approvals), asking for clarification or discussing necessary modifications with the submitter if required.
10. Accounts Payable will prepare a reimbursement check for the employee and place in his/her inbox before the end of the week if the Expense Report was received before Wednesday.

### **Monthly Mileage Log Procedure**

1. Open ***Monthly Mileage Log.xls*** and save the document in a location convenient to you and under a name that is meaningful to you. (Since forms are periodically updated, please do not use a previously prepared form as a template for the new one.)
2. Enter name, position/department, and date on the top part of the Form.
3. For each trip, enter date, destination, clear and concise ministry purpose (e.g. hospital visit with Mr. John Smith), odometer readings (start and finish), miles driven, and parking fees or tolls incurred. G/L account code and project code (if applicable) will be specified on the Expense Report; consequently, a separate log is required for each group of trips charged to specific G/L account.
4. Enter a line on the Employee Monthly Expense Report reflecting the total reimbursement from the Mileage Log, specifying G/L account and project code (if applicable).
5. Sign and attach Mileage Log to Expense Report.

### **Employee Church Credit Card Expense Report Procedure – Capital One Card**

1. The Finance Manager will send the monthly expenses in an excel file to each card holder after the billing cycle ends for the month.
2. For each expenditure, enter a clear and concise ministry purpose (e.g. counseling meeting with Mr. John Smith) and ministry relationship if entertainment-related (i.e. name of individual(s) entertained and justification for entertainment), G/L account and project code (if applicable) to be charged, and amount.
3. Scan receipts. Include the detail receipt and register receipt if it reflects the addition of a gratuity.
4. If an expenditure on the Expense Report is charged to a G/L account outside the employee's or his/her supervisor's oversight responsibility, then include the person responsible for managing the G/L account in the email submitting the report, explaining which charge they are approving.
5. Email completed Expense Report with scanned receipts to supervisor for review and approval and copy Finance Manager for visibility (and to others of higher signature authority if required based on the Approval Policy for Committing Church Funds).
6. Person(s) approving the Expense Report review the Report and attachments for completeness and reasonableness. Questions regarding the appropriateness of expenses should be directed to the Pastor of Operations or Sr. Pastor. If there are questions regarding the Sr. Pastor's expenses, the Pastor of Operations has the responsibility to discuss them with the Board of Elders.
7. The supervisor replies all to the email with their approval to submit the Expense Report package to Accounts Payable in the Finance office at least one week prior to the due date of the credit card's monthly statement.
8. Accounts Payable person will review the Expense Report and attachments for accuracy and completeness (including substantiation, account codes, project codes, receipts, and approvals), asking for clarification or discussing necessary modifications with the submitter if required.

### **Employee Church Credit Card Expense Report Procedure – Divvy Credit Card**

1. Log into your Divvy Credit Card account online.
2. For each transaction, upload a receipt (Include the detail receipt and register receipt if it reflects the addition of a gratuity.), add a description, G/L account, and project code (if applicable).
3. Download all transactions from the current month to an excel file. Export all receipts for the transactions to a zip file.
4. Email the expenses and receipts files to your supervisor and copy the Finance Manager, requesting review and approval of the month's expenditures.
5. Person(s) approving the Expense Report review the Report and attachments for completeness and reasonableness. Questions regarding the appropriateness of expenses should be directed to the Pastor of Operations or Sr. Pastor. If there are questions regarding the Sr. Pastor's expenses, the Pastor of Operations has the responsibility to discuss them with the Board of Elders.
6. The supervisor replies all to the email with their approval.
7. Supervisor approval for all Divvy Credit Cards is due to Finance by 3pm on the 1<sup>st</sup> day of the month.