

Immanuel Lutheran Church Financial Policy

Pflugerville, TX

(Revised July 15, 2014)

The Immanuel Lutheran Church (ILC) Financial Policy applies to all church and day school staff, church members, committee members and church officers. This document explains the appropriate manner for receiving and processing church income, and paying for obligations and expenditures. The Immanuel Lutheran Church Mission Statement should guide all members and staff regarding financial transactions. All church and day school members and staff have an obligation to be responsible stewards with the offering and gifts donated to the church.

Procedures for handling cash, checks and other assets are to be transparent and involve two or more church staff and or designated volunteers whenever possible. In a similar way, any significant financial, contractual and legal obligations made on behalf of the church or day school by any church member, committee member, officer or staff is to be properly approved by committee or appropriate staff. Any interpretation of this policy should be directed to the Church Treasurer.

A. Income and Offering

a. Worship and Special Service Offering

- i. Worship Service and Special Service Offering is to be placed in a bank bag and put into the safe drop slot in the vault by at least two unrelated ushers immediately after each service.
- ii. Each Monday, two church staff with two separate keys are to open the vault safe and give the offering to the designated offering counters.
- iii. The offering counters are to be two or more unrelated individuals who are non-staff church members. They are to balance checks and cash with the amounts on the offering envelopes. The offering is to be recorded in Church Windows by the Financial Secretary for each giver for IRS reporting. A summary report is completed and retained for each week's offering.
- iv. The Financial Secretary deposits the offering into the various bank accounts.

b. Memorial Gifts

- i. The Church Secretary opens memorial gift envelopes, stamps the backs of the checks and gives them to the Financial Secretary for deposit in the appropriate bank account.
- ii. The Church Secretary enters amount of memorial into Church Windows for each giver for IRS reporting.

c. Youth Fee Payments

- i. The Youth Director receives and records checks and cash for camp and other fees throughout the year. All cash received is to be placed in a sealed envelope with the enclosed amount and youth's name indicated. The Youth Director and one other church staff or parent are to sign the outside of the sealed envelope. Each youth will be credited with their payment amount. Checks and cash are given to the Financial Secretary for deposit into the youth fund.

d. Food Pantry Mission Offering

- i. The Food Pantry offering is counted and recorded in Church Windows with other Worship Service Offering. The offering is to be deposited in the Food Pantry Mission Offering bank account by the Financial Secretary.
- ii. All Food Pantry Offering is specifically designated for purchasing food for the Food Pantry Mission.

e. Pflugerville Pastor's Fund

- i. Offering for the Pflugerville Pastor's Fund is received as donations from several local churches, offering from the Pflugerville Thanksgiving Community Service and as designated offering from Immanuel Lutheran Church Members. It is to be received and counted in the same manner as other church offering. The offering is to be deposited in the Pflugerville Pastor's Fund bank account by the Financial Secretary.
- ii. The Pflugerville Pastor's Fund is specifically designated to assist local residents by providing financial assistance for rent, pharmaceuticals, and basic utilities.

f. Fundraiser Proceeds

- i. An account is kept of expenses and income for fundraisers and provided to the appropriate committee or group. Proceeds are to be deposited in the appropriate account.

g. Rental Income

- i. Rental income from any church facility and the parsonage is to be deposited into the general fund.

h. Petty Cash Income and Procedures

- i. Any cash received from non-allocated cash donation, coffee money, copier use, etc. is added to the petty cash fund. Any non-allocated cash donation over \$10 is deposited into the general fund as "other income".
- ii. A running total of income and expenses is kept with petty cash and logged as it is used. It is reconciled by the Church Secretary and verified by the Financial Secretary at least once a month.
- iii. Petty Cash is kept in the combination lock safe in the church office. The Church Secretary and Financial Secretary each have the safe combination. The balance should be maintained less than \$200. Excess petty cash should be deposited into the general fund.
- iv. Petty Cash expenditures should be kept below \$50 when possible.

i. Other Income

- i. Any non-designated offering or income is to be deposited into the church general fund such as payments from the cemetery for the church's staff time, vending machine proceeds, etc.

B. Expenses and Purchasing

a. Monthly Invoices and Statements

- i. Monthly invoices and statements for utilities, services, supplies, etc. are to be processed and paid weekly as received. The checks are to be signed by the Treasurer. All supporting documentation is to be available for the Treasurer to review.

- ii. All checks over \$1000 require two signatures. Authorized signatories for all church checking accounts include the Council President, Treasurer, and Pastor(s). The Church Treasurer should be the primary signer of all non-payroll checks. In the absence of the Treasurer, the Council President is to sign the checks. Proper supporting documentation is to be attached to each check at the time of approval and signing.

b. Credit Card Purchases

- i. Church credit cards are to be issued only to the Pastor(s); Financial Secretary, Day School Director, Day School Resource Person, Director of Christian Education, Youth Director and other church staff as approved by the church council.
- ii. Each credit card holder is responsible for providing the Financial Secretary a month end credit card reconciliation report which includes all receipts and purpose of expenditure.
- iii. Lost or missing credit card receipts require a written and signed explanation by the card holder.
- iv. The Financial Secretary will prepare a short report for each card that designates the purchase, vendor, expense category and any further required explanation.
- v. Day School purchases are expensed through the Day School Operating Fund.
- vi. Youth related purchases are expensed through the Youth Fund.
- vii. Other, non-designated purchases are expensed through the church General Fund.

c. Debit Card Purchases

- i. Food Pantry purchases for food are made with Food Pantry Checking Account Debit Cards. Food Pantry Buyers are authorized by the Stewardship Committee to purchase food with their assigned debit cards. The Food Pantry Coordinator audits each receipt and gives the receipts to the Financial Secretary for checking account reconciliation. If a receipt is lost, the Food Pantry Buyer will provide a written and signed explanation of the expense for account reconciliation.

d. Cash Advances

- i. A cash advance form is to be used for petty cash and check advances. The Financial Secretary and cash recipient are to both sign the form at the time of the advance with explanation of the expense.
- ii. If a blank signed check is the only option for expenditures, the check is to be written to the recipient and signed with the dollar amount left blank. The cash advance form is to be used when blank checks are issued including the check number and recipient name. Issuance of blank checks is to be discouraged and only used when no other option is available.

e. Pflugerville Pastor's Fund Financial Assistance Payout Checks

- i. Financial assistance checks from the Pflugerville Pastor's Fund are to be written by a designated Food Pantry Assistant and signed by the Food Pantry Coordinator. The account is reconciled monthly by the Stewardship Committee Chairman.
- ii. Financial assistance checks are to be mailed directly to the utility, landlord, etc. whenever possible.

f. Other Purchases

- i. Church Staff, Committee Members and other church members may make purchases and be reimbursed by the church. These purchases must comply with the Purchasing Authority section of this policy. A receipt and other appropriate explanation must be submitted to the Financial Secretary for reimbursement.
- ii. Items may be purchased by a church member and can be credited to their Annual Giving Statement instead of reimbursement at the request of the member. The Financial Secretary checks the receipt and confirms the items purchased are received by the church.

g. Purchasing Authority

i. Immanuel Lutheran Church Members

1. No church member may unilaterally authorize the purchase of, nor approve payment for, any goods and services for ILC. Approval to purchase goods or services on behalf of or for ILC must be granted by the appropriate congregational committee prior to purchase.

ii. Immanuel Lutheran Church Committee Members

1. Committee members are authorized to expend funds from their approved budget. Budgeted expenditures should be approved by a majority vote of the committee. Committee expenditures exceeding \$500 must be coordinated with the Church Treasurer to ensure adequate funds are available.

iii. Immanuel Lutheran Church and Day School Staff

1. The Church Pastors, Secretaries, Youth Director, Director of Christian Education, Organists, Praise Band Director, Choir Director, Day School Director, Assistant Day School Director and Day School Resource Associate are authorized to make purchases up to \$500 without specific approval from the Church Council. Normal recurring utility, supply and service contract purchases may exceed \$500 and should be approved by the Church Council upon inception.

h. Emergency Purchases

- i. The Church Pastors, Council President or Council Treasurer may make purchases up to \$2,000 for goods or services needed to protect property or insure safety or health. The Pastor(s), Church President and Treasurer are to be immediately notified if they are not the emergency purchaser and the purchase is to be reviewed and ratified at the next regular council meeting. Emergency purchases over \$2,000 must be approved by at least 3 members of the Executive Council.

i. Hiring

- i. Hiring of all church employees must be specifically approved by the Church Council.
- ii. Hiring of the Day School Director must be approved by the Day School Board and the Church Council.
- iii. The Day School Director may hire Day School staff as directed by the Day School Board.

j. Conflict of Interest

- i. No member or employee of Immanuel Lutheran Church may authorize the purchase of, nor approve payment for, any goods and services received by ILC from any immediate or extended family member.
- ii. All requests from a staff member for the purchase of goods or services from an individual or company related to any staff member must be evaluated by the Pastor and submitted to the Church Council for approval.
- iii. Committee and Council members will recuse themselves from the discussion and vote on any request to purchase goods or services for ILC provided by an immediate or extended family member.

C. Payroll Procedures

a. Church

- i. Church staff is to be paid on the 15th and last day of the month.
- ii. The Pastor(s) may sign church and day school payroll checks.
- iii. Salaried church staff is to be paid in accordance with the approved annual budget.
- iv. Church hourly employees are to document and submit their hours to the Financial Secretary for payroll processing.
- v. Sick and Vacation time records are kept by the Financial Secretary. Sick and Vacation hours are accrued according to the Human Resource Handbook of the church.

b. Day School

- i. Day School Staff is to be paid every two weeks.
- ii. Vacation and Sick hours are accrued every payday according to the Day School Human Resource Handbook.
- iii. Day School Staff are to use a time clock to check in and out daily. The time card is verified and signed by the Day School Staff before each pay period.

- iv. The Day School Director is responsible for consolidating all staff payroll time sheets and inputs the worked time into the payroll service's system for processing.
- v. The Day School Board is to assign a board member to audit the time sheets and payroll reports from the payroll service quarterly to confirm accuracy. The audit report is to be submitted at the next Day School Board meeting.
- vi. If a Day School Staff is not available to sign their time card, the Day School Director assumes the responsibility to check the card and make sure it is correct. After verification, the Day School Director signs the card.

D. Account Reconciliations

a. Fund Accounts

- i. All fund accounts are to be balanced by the Financial Secretary monthly. The Treasurer/Finance Committee will review the financial and bank statements on a periodic basis.
- ii. The General Ledger is managed via Church Windows for all fund accounts. All accounts are to be balanced monthly and submitted to the Church Treasurer for review.

b. Day School Tuition Charges/Credits

- i. The Financial Secretary will work with the Day School Director to provide a monthly reconciliation of attendance records and services provided by the Day School to calculate tuition fees. The tuition statements are to be distributed to the Day School parents monthly. The Financial Secretary will work with the Day School Director to collect the monthly tuition fees.
- ii. Uncollected tuition invoices for services should be reviewed by the Day School Board, to ensure that amounts are considered for collection or other appropriate action.

c. Offering and Giving Statements

- i. Parishioners are asked to report Giving Statement errors to both the Church Secretary and the Financial Secretary.

E. Investment Policy

- a. The church council is to periodically review fund balances for all church related funds and how they are invested. Funds with significant balances should be considered for investment to maximize return while minimizing financial risk. Directives for restricted gifts are to be maintained by the financial secretary. These gifts are to be invested according to the donor's wishes.

If an annuity is the investment choice, an individual church member will be named by the church council as the "annuitant" as required by the financial institution. The annuitant is not to be the owner of the annuity, nor is to receive any financial benefit from the annuity. The principal investment and the interest income from the annuity are to remain the property of the church.

F. General Financial Procedures

- a. All transfers between accounts should require documentation whether email or handwritten with an explanation for the transfer. Account transfer requests should go through the Church Treasurer.
- b. Financial records are to be retained for 7 years.
- c. Insurance policies are to be kept for one year after expiration.
- d. Software and data files should be backed up off-site and on-site. On-site files are kept in a fireproof safe in the workroom.
- e. An internal financial audit is to be performed annually by the Church Audit Committee and an external audit is to be performed approximately every 5 years by a professional accountant.
- f. The Day School Director or Assistant Director is to be cross-trained to perform day school payroll functions as a backup measure in the event the Financial Secretary is unable to perform duties.
- g. Valuation of church property for insurance purposes is to be performed every three years. It should be performed more often during times of unstable property values.
- h. Bank Check Signature Cards are to be created and signed within 1 week after installation of an approved check signatory such as church officer or pastor.

- i. The balance of the New Building Checking Account is to be maintained at no less than \$50,000. Any excess cash above \$50,000 in the account may be applied to the New Building Loan principal balance.