

Financial Policies of Mid-Kentucky Presbytery

Approved by action of the Finance Committee, March 19, 2019

INTRODUCTION

The financial work of the Presbytery of Mid-Kentucky is transparent, accountable, understandable (or clear), and accurate. Transparent—books are professionally reviewed annually, and they and procedures are open for examination. Accountable—each person and group is accountable to the whole, within a system of checks and balances between authority and responsibility. Understandable and Accurate—reports and procedures are clear and accurate, helping casual readers to access information as quickly as possible.

Once the Financial Policies are adopted, job descriptions and procedures for particular tasks will be updated to reflect them.

POSITIONS

Office Manager (OM). The Office Manager works with the Treasurer to ensure all the presbytery financial matters are properly booked and documented. The Office Manager administers payroll for the presbytery with approval, making certain employees are paid in a timely fashion, and working with the Treasurer to take care of payroll liabilities. The Office Manager also provides record-keeping and support for many of the committees, commissions, and mission groups in the presbytery.

Treasurer (T). The Treasurer provides oversight and support in financial matters to the Office Manager. The Treasurer serves as staff liaison to the Finance Committee, providing reports and doing research at their request into various aspects of the presbytery's finances. The Treasurer helps the Finance Committee discern fiscal policies and procedures necessary for presbytery. The Treasurer reviews and approves payroll and payroll liabilities. The Treasurer serves as backup for the Office Manager on bookkeeping and fiscal matters during any break.

Finance Committee (FC). The Finance Committee oversees the entire financial enterprise of the presbytery, making sure policies and procedures are up to date; originates yearly budgets; approves all written and Automated Clearing House (ACH) transfers; and approves all New Covenant Fund transactions. The Finance Committee also serves as Trustees of the presbytery and advises Presbytery committees and commissions about financial matters. The Finance Chair serves as an active member of the Coordinating Commission.

TOOLS USED AND COMMON TERMS

Computers. The computer of the Office Manager is the primary one for the fiscal records. Database and documents are stored in DROPBOX (a cloud-based document storage). The Treasurer also uses a presbytery laptop to facilitate the work of the presbytery.

QuickBooks Premier Non-Profit. QuickBooks is the program used for all bookkeeping and accounting needs and basic quick reports. All deposits, ACH transactions, and Payroll go through QuickBooks. **No unauthorized person** should make entries into the presbytery's QuickBooks company account.

Microsoft Excel is used to track Shared Mission Support/Per Capita Receivables, and U-Kirk, Preston Highway, and Hispanic Ministry reports. In addition, many reports for the presbytery are generated in QuickBooks and transferred to Excel to add some clarity and financial notations.

Microsoft Word is used for any financial notes (those not actually written in the reports), minutes, and for New Covenant Fund tracking.

US Bank SinglePoint is used to process most checking and online payments through direct activity at US Bank. This software allows the presbytery pay directly to some vendors and to employees. It is also used to disburse funds to General Assembly offices, Synod, and other entities.

Direct Payments are used for a small number of vendors, including payroll liabilities (Federal, State and City taxes), insurance, Pensions, and utility payments (phone/internet).

ACH Transactions-The Automated Clearing House transaction (ACH) may also be called an Electronic Funds Transfer (EFT) or direct deposit. ACH or direct deposit transactions are the preferred option for payments and for income.

RULES

Authorizations and Approvals

There are several levels of authorization or approvals for payment. All vouchers or requests for payment will be AUTHORIZED (either by signature or in writing). Voucher authorizers are usually the budget managers or persons designated by function or expediency to authorize a reimbursement or payment. Once payment is prepared, it is APPROVED either by signature or by online approval. Check or ACH approval lies solely with the Finance Committee through its designated approvers (the chair and at least two others). The Treasurer prepares and maintains the authorization list, and will verify for the Finance Committee that expenditures are authorized for payment.

The Finance Committee will choose at least three members from among itself, generally including the chair, as designated signers. These individuals will APPROVE all payments and any fund transfers. Physical checks require two signatures. The ACH transactions require an initiator and approver in two separate steps.

The Presbyter for Community Life and Stated Clerk are the back-up for many of the committees and commissions. The Treasurer will authorize Payroll and Payroll liabilities for the presbytery, reporting to the Personnel and Finance chairs any concerns. Treasurer will also authorize budgeted expenditures on behalf of presbytery (such as donations to Cedar Ridge or Kentucky Council of Churches).

Staff reimbursements are typically authorized by the staff supervisor, Presbyter for Community Life. Back-up is the Treasurer. Presbyter's expenses may be authorized by Treasurer or the Chair of Coordinating Commission.

Access to New Covenant Funds or the Presbytery Reserves is through action of the Finance Committee and or its signers.

Expenditures exceeding the budgeted amount by more than 10% will be flagged and sent to the Finance Chair.

Bank Deposits and ACH deposits

The Treasurer will prepare and make weekly bank deposits. Copies of all checks and supporting documentation will be left for the Office Manager to book the deposit.

The Office Manager will book deposits (once they are made) and report to the Treasurer if there are any discrepancies. Any direct or ACH deposits will be booked by the Office Manager. The Office Manager will keep the Treasurer informed about them.

Meetings and Events Cash Handling

Presbytery meetings usually involve handling cash and checks for registration and any offering. While it is preferred that the host site count and deposit the offerings, that is not always possible. In lieu of that, counters should use the prepared Count Sheet and deposit bag in the registration box for counting registration or offering income separately. Once counted, the offering and registration money will be placed into separate bags with the

appropriate completed Count Sheet. A picture should be taken of the count sheets and sent to the Treasurer and Office Manager. The Count Sheets with checks and cash in bag are then given to the Stated Clerk for reporting and transportation to the office by presbytery staff.

Income-Budgeting

Committees and commissions often generate income in the course of their work that offsets their expenses. Generally, such income (and the corresponding expenditure) should be budgeted. Otherwise, the income may be placed in an expenditure line, offsetting the expenses related to it.

Journal Entries

Journal entries will be made with documentation. Entries should follow normal procedures for authorization. Journal Entries resulting from audits or financial reviews will be reported to the Finance Committee.

Copies of the actual journal entry made with the supporting documentation will be filed with the fiscal year in question. Journal entries will note reason for the entry and who originated them.

Payroll and Payroll Liabilities

The Office Manager will function as the day-to-day administrator for payroll. The Treasurer will authorize most staff vouchers. Presbyter for Community Life will authorize the voucher for the Treasurer.

Since the Payroll is booked in QuickBooks and yet PAID through the US Bank SinglePoint system, the Finance Committee will be asked to approve payment initiation, and then to approve the completed batch through SinglePoint. Both the Treasurer and the Office Manager will remain in contact with the Finance signers, to answer questions, should they arise.

Payroll liabilities are processed through direct deposit to either the Federal, state, or local authority. Vouchers are prepared by the Office Manager and authorized by the Treasurer. Report is sent to the chair of Personnel confirming the activity. The completed voucher is taken to the Finance Committee meeting for review.

Check Request (Vouchers or Requests for Payment)

Requests for payment or for reimbursement (check requests, or vouchers) will be filled out with supporting documentation attached by the person submitting. The committee or commission chair or their designee will authorize payment. If that is not possible, the secondary or tertiary persons may also be used as needed.

Procedure is as follows:

- Expenditure is identified
- Chair submits request for payment form through the template (attaching receipts, if possible)
- Once received by the Office Manager, they will be reviewed with the Treasurer and either marked for payment or for follow-up.
- Payment requests, once authorized are prepared for either payment through ACH or by preparing a physical check.
- Physical checks are typically signed by two of the designated signers of the Finance Committee (neither of whom may be reimbursed by the check).
- IF a request is going through SinglePoint, a batch will be prepared for approval, a designated signer will approve it, then the actual batch will be prepared, then the designated signer may approve payment.

Generally, persons being reimbursed will not authorize their own voucher, but should sign denoting that the expense is legitimate if they are the budget manager. The Treasurer will help the Office Manager to be certain that proper lines of authority are followed, using the Authorization List.

Physical checks must be accompanied by documentation, which should have all authorizations filled out. Signers may initial vouchers that they are paying by check; alternatively, the Treasurer may fill that in, noting who signed check and the date it is being posted.

Once payments are approved and signed, the Treasurer will send the checks out and file the paperwork. Signed checks are not generally returned to the Office Manager.

Reconciliation

Presbytery accounts will be reconciled monthly. Both the Office Manager and the Treasurer will sign off on the reconciliation. Copies of those documents will be sent to the Finance Chair for review.

Financial Reports

A number of reports are prepared monthly for review by the Finance Committee. These include (but are not limited to): a report on Per Capita and Shared Mission Giving, Budget vs. Actual, Balance Sheet (with notes), and Financial Notes (from the Treasurer and Office Manager).

Reports are prepared in the office, reviewed by the Treasurer, and then sent digitally with any Financial Notes to the Finance Committee for approval.

When presbytery meets, the latest version of the approved reports may be shared with the presbytery for information and discussion.

Annual Budget

An Annual Budget for the presbytery is prepared and approved by Finance Committee each fall. It is then taken to the presbytery for discussion and vote.

Commissions and committees should have their submissions to the committee in August of the previous year. Budget managers (including committees and commissions) should include any expected income that will off-set any expenditures in their request. This will help the Finance Committee to create a budget that is more realistic.

Most unspent monies in the approved budget do not roll over. Any request for a multi-year budget should be made as part of the annual budget process to the Finance Committee. The money for these would be then accrued by the Office Manager and Treasurer. Such accruals may include items like the Triennium accrual over three years, or contributions to a future project in the current year.

Since presbytery budgets are action plans, there are sometimes unforeseen short-falls. Committees are urged to take these up with the Finance Committee.

The Presbytery will pay budgeted per capita assessments and shared mission pledges to General Assembly and Synod, covering the difference between budgeted and actual if feasible.

Annual Financial Review

An Annual Financial Review is required by the Presbytery Standing Rules. The Office Manager and Treasurer will make the books and their notes available to the reviewer, and shall report to the Finance Committee. Copies of the review will be available for review from office.

Unattached Funds

Some funds no longer have a committee or commission overseeing their expenditure. Such funds will be identified by the Finance Committee and Treasurer and reported to the Coordinating Commission. Finance will also provide the Coordinating Commission with a procedure for the expenditure of these funds.