

SELC District - Lutheran Church Missouri Synod



Financial Policy Guidelines

Third Draft - January 10, 2005

Introduction

The Lutheran Church-Missouri Synod publishes a “Congregational Treasurer’s Manual” that provides guidance and examples to both the Financial Secretary and Treasurer of a Congregation to assist them in carrying out their duties. It’s theme is Ecclesiastes 8:6 “For there is a proper time and procedure for every matter.” It was copyrighted in 1989 and the latest version is dated October 2004. This manual recognizes that the size and ability of churches varies. Therefore, it recommends each church fine tune their own policies. However, those policies should generally follow the manual recommendations, because many are based on Federal Legal requirements and dispute experience.

The need for District Guidelines was expressed by a number of Pastors because they claim that the Synodical manual is too difficult and complex to understand. In addition, the SELC Board of Directors adopted a resolution recommending that all Pastors have no involvement with counting or dispersing congregational funds and is encouraging congregations to change their By-Laws to reflect this policy.

Pastors of our smaller congregations take on many different roles in the congregational family. In addition to being the Spiritual head of the congregation, they can also be the janitor, repair man, secretary, etc just like any other head of a family. However, there is one difference. The congregational family is made of many members with different perceptions of the value of money. A pastor who handles congregational funds exposes himself to criticism which can interfere with his major role as the Spiritual Head of the congregation. In addition, Pastors are human beings with temptations that can be very strong, especially if he is having financial difficulties and is involved in congregational finances. Because of the high level of trust that Pastors are given by their members and the general public, they should not be put into a tempting situation where they are involved in the counting or dispersing of congregational funds. Simply stated “Don’t count the money or sign any checks” Regardless of the size of the congregation, these two functions should be done by lay members of that congregation. However, we do not want to lose sight of the philosophy that our members are basically honest and that they need procedures and reviews that keep them honest.

The overall financial health of any church is based on two items: ASSETS and LIABILITIES. However, the weekly and monthly INCOME and EXPENSES of a congregation will determine the immediate financial health and either improve or lead to a deterioration of the overall fiscal condition of the congregation. Within Income and Expenses are a number of policies and procedures needed to address the different kind of income and expenses that are received and disbursed. We will address each separately as they are the responsibility of a Financial Secretary and Treasurer respectively..

Attached to these guidelines are forms that the Financial Secretary and Treasurer could use to carry out their responsibilities and meet the intent of these recommendations. In addition, these guidelines are not a substitute for the Synod’s Treasurer’ Manual, but only an attempt to highlight some of the important recommendations in the Manual.

INCOME

The responsibility for counting and recording income to the congregation belongs to the Financial Secretary. The biggest income source is from the regular Sunday morning offerings. However, that offering includes a number of different kinds of income sources. In addition, income also comes during the week in the mail or by person to the church office.

The form of this income can be in check, cash or wire transfers from the Lutheran Church Extension Fund or Thrivent.. Most of the funds are unrestricted contributions for the general operations of the church. Restricted income are contributions for a specific purpose that are accepted on the condition that the congregation will only use those funds for that specific purpose. Restricted funds for altar flowers, eternal flame, Lutheran World Relief, Lutheran Hour, etc generally do not require any Council approvals to accept these funds. However, there are some restricted funds, such as Memorials that have conditions attached that the Council has some discretion if they want to accept it.

The Financial Secretary and Pastor should develop and maintain a list of “Official Counters” and arrange to schedule at least two official counters to count every week. The Financial Secretary and Treasurer should not be either one of these two counters. If the two official counters are from the same family, either another official counter not related to that family or the Financial Secretary must also be present and verify the contribution summary report and deposit summary. If only one official counter shows up for counting, the funds should be placed back in a safe place and a new time scheduled so that two official counters will be available to count. Only official counters should be used in counting the offering.

Funds received during the week should be placed in the safe place so they can be included in the Sunday count. A contribution summary report (see form attached) and deposit slip are prepared by the counters and signed indicating that they are in balance. The contribution summary report should show all the breakdowns of the different kinds of income received and any other information that would help the Financial Secretary and Treasurer input the proper information into the financial bookkeeping systems. All unrestricted checks received that have names and addresses on them are considered as envelope contributions even if they are not in the regular contribution envelopes. A list of such checks (see form attached) indicating who contributed how much was given should be prepared by the counters and given to the Financial Secretary in lieu of an envelope. After counting has been completed, the deposit is taken to the bank and deposited in the night deposit lock box by the Counters or the Financial Secretary. Counters should have the ability to accurately count money and reconcile any differences between the deposit slip and contribution summary sheet.

At least once a month, the Financial Secretary will input the envelope contributions into the membership bookkeeping system. During January of each year, contribution reports for the previous year will be prepared for each member and distributed to them.

EXPENSES

The Treasurer is responsible for all expenditures of church funds. Upon receipt of the contribution summary sheet, the Treasurer should input the income data into the financial bookkeeping system using a Chart of Accounts (see definitions) that has been created for that congregation. If the Bank advises that the deposit is different than the deposit slip prepared by the counters, the Treasurer will advise the Financial Secretary of the difference so that bookkeeping adjustments can be made. The Financial Secretary will advise the Counters of any differences.

There are a number of routine bills that have to be paid every month. Employee's salaries(W-2's), mortgage, utilities, insurance, and contract services are examples of such expenses because the items have been already approved in the Budget for that year.

Other bills for supplies, postage, and reimbursement to individuals for program costs, etc. should have a Request for Payment (see form attached) with the original invoice showing that the material has been received in good condition and is approved for payment. Any Requests for Payments under \$500.00 may be paid by the Treasurer without any other approvals. Any amounts over \$500 require the additional approval of the Church Council. In no case, can the person receiving the reimbursement also approve the request for payment.

Restricted funds also have both routine payments that do not need Council approval and memorial funds that do need approval. At least once every three months, the Treasurer will send any restricted funds to the specified appropriate agency without any further approvals. Any payments from memorial funds normally are for capital improvements or purchases that enhance the church facilities. Therefore, all payments from memorial funds require a Request for Payment(see attached form) that is approved by the Church Council. Documentation attached to the Request for Payment will be the same as for Other Bills specified above.

The Treasurer will maintain a single checking account for all disbursements of Church funds. All deposits and payments will be recorded in a bookkeeping system that is approved by the Church Council. Council officers (President, Vice President, Secretary and Treasurer) should have signature authority for the general checking account. Except for Salary and Mortgage payments, all other checks over \$500 require two signatures.

Reports to the Council will be made on a monthly basis. Normally the reports will be the monthly income/expense vs budget and the year to date for the same items. In addition, a balance sheet will be submitted along with detail transactions for any memorial fund payments.

There are a number of church accounts other than the General Operating Account. Each has a specific purpose and reason for not having it in the General Operating Account. Annually, each of these accounts should be reviewed and/or audited to ensure that they are being used for the purposes that they are intended to serve. Some of these accounts may be for Pre School operations, Pastor's Discretionary Fund, Youth, Endowment, Reserves etc.

Definitions

1. Bookkeeping Systems

a. Ledger paper - similar to keeping an individual checking account. The advantage is that just about anyone can do it without training. The disadvantage is that it is difficult and time consuming to prepare reports for council and congregation distribution.

b. Computer - Different programs are available at various prices. Quicken and Money are two of the most popular ones in the \$50.00 range that can be used for smaller congregations. Quick Books should be used by congregations that have preschool staffs as it simplifies the salary paying and federal reporting requirements.

2. Chart of Accounts

This is a list of major categories that identifies the funds that are received and where the money has been spent. It is the foundation of the bookkeeping system and results in the type of reports that must be prepared. Normally the chart of accounts mirrors the organizational structure of the congregation's By-Laws. Each category can be further sub divided to track specific items that are related to the major category. Some examples of these major categories are:

Income	Expenses
Regular Envelope Offering	Worship
Loose Plate	Outreach
Sunday School Offering	Education
Building Fund	Youth
Interest Earned	Administration
Restricted - Name each one	Maint/Mortgage

3. Program Approval

This is meant to indicate that someone other than the person requesting the payment is in agreement that the expense was necessary and reasonable. It can be a member of the church council or chair of a board/committee.

LIST OF FORMS

The following forms are suggestions that may simplify the counting and transferring information from the financial secretary and treasurer

A - Weekly Contribution Summary Report

This form reports the collection and distribution of the weekly offering and is to be completed each time these funds are counted. The form should be completed and signed by two counters, neither of whom is the financial secretary or treasurer. A copy of the form should be given to the financial secretary and treasurer every time a count is made

B - List of Checks w/o an Envelope

This form lists all the checks that are not identified for a specific purpose(no envelope) and could be considered as Loose Plate. Since each check has a name and address on it, the contributor can be identified, therefore the list is a substitute for using an envelope and allows the financial secretary to record it.

C - Honorarium Payment Request

This form requests payments for professional services such as Guest Pastors, Guest Musicians, etc.

D - Request for Payment

This form authorizes the treasurer to pay a bill of which he or she may have no knowledge. It is for supplies and services that are not under contract, but necessary to carry out various program ministries.

E - Memorial Fund Payments

This form authorizes the treasurer to pay bills from the restricted funds account in accordance with the decisions of the Memorial Committee.

WEEKLY CONTRIBUTION SUMMARY REPORT

Date _____

<u>Fund</u>	<u>Coins</u>	<u>Currency</u>	<u>Checks</u>	<u>Sub Total</u>	<u>Total</u>
Envelope					X
No Envelope(list)	X	X			
Loose Plate			X	X	
Sunday School				X	
Building Fund				X	
Facility Usage				X	
Other:				X	
				X	
				X	
Restricted: Altar Flowers				X	
Eternal Flame				X	
Organ Fund				X	
World Missions etc.				X	
Memorials - Name each				X	
				X	
				X	
				X	
				X	
Total Source/Deposit				X	

Counted by: _____ Date: _____

Counted by: _____ Date: _____

Needed if above counters are from the same family:

Counted by: _____ Date: _____

Form A 1/10/2005

HONORARIUM PAYMENT REQUEST

Date of Request _____

Date Needed by _____

Requested by (Print) _____ **(Sign)** _____

Make check payable to _____ **Address of Payee** _____
(Print) _____

Honorarium Amount to be paid _____

When were services provided _____

What services were provided:

Program Account to be charged: _____

Special Instructions:

Program Approval _____ **Date** _____
(Can not be Payee)

Council Approval (If over Budget) _____ **Date** _____

For Treasurer Use only:

Check date _____ Check Number _____

REQUEST FOR PAYMENT

Date of Request _____

Date Needed by _____

Requested by (Print) _____

Make check payable to _____ Address of Payee _____
(Print Payee Name) _____

Receipt attached: Yes ___ No ___ (If no explain below)

Amount to be paid _____

What services and/or products were provided ?

Program Account to be charged: _____

Comments/Explanations

Approved for Payment _____ Date _____
(Can not be Payee)

Program Approval _____ Date _____
(Needed if between \$100 and \$499)

Council Approval _____ Date _____
(Needed if over \$500)

For Treasurer Use only:

Check date _____ Check Number _____

MEMORIAL FUND PAYMENT REQUEST

Date of Request _____

Date Needed by _____

Requested by (Print) _____

Make check payable to _____ Address of Payee _____
(Print Payee Name) _____

Receipt attached: Yes ___ No ___ (If no explain below)

Amount to be paid _____

What services and/or products were provided ?

Memorial Fund Account to be charged: _____

Comments/Explanations

Approved for Payment _____ Date _____
(Chair of Memorial Committee)

Council Approval _____ Date _____
(Needed if over \$100)

For Treasurer Use only:

Check date _____ Check Number _____