

UNITED METHODIST CHURCH
SAMPLE INTERNAL CONTROL POLICY and PROCEDURES

Applicability:

All funds administered by _____ United Methodist Church and church-issued credit cards.

Purpose:

To establish procedures to safeguard Church assets and to insure compliance with applicable regulatory guidelines/statutes

Procedures:

- I. Finance Committee Oversight
 1. Finance Committee (FC) or its equivalent oversees work of Lay Treasurer. Lay Treasurer is accountable to the FC
 2. Finance Committee will meet at least on a quarterly basis to review specific financial information.
- II. Management of Banking and Investment Accounts
 1. Two (2) signatures shall be required on all checks AND authorizations for wire transfers or withdrawals from investment accounts.
 2. There should be no more than one operating checking account and one payroll checking account.
 3. There may be no more than four (4) authorized check signers
- III. Church Credit or Purchasing ("P") Cards

While the issuance of "corporate" credit cards is discouraged, it is acknowledged that certain circumstances might necessitate their issuance.

Approved usages:

1. Airline Reservations
2. Lodging Reservations
3. Rental Car Reservations
4. Office Supplies. (This does NOT include the purchase of electronic devices, such as computers, cell phones, PDA's, or any equipment purchase over \$100)

All other expenses should be paid/reimbursed from the Church checking account, pursuant to an Accountable Reimbursement Plan.

IV. Cash Procedures

1. Each church may establish a petty cash account not to exceed \$100. The petty cash account shall be replenished as needed. Receipts must accompany the check to reimburse the petty cash fund, and must total the amount of the check. ALL expenses paid out of petty cash MUST be accompanied by a receipt, regardless of amount.
2. Safeguarding Cash – Other than petty cash, no cash should be kept on premises overnight. Miscellaneous cash receipts should be deposited weekly and never mixed with petty cash.
3. Deposits – Checks should be endorsed (stamped) “For Deposit Only” immediately upon receipt.
4. A “Receipts Log” should be used weekly before the deposit ticket is prepared. The receipts log can serve as additional supportive documentation when reviewing the monthly bank statement.

V. Review

The FC will review bank statements/reconciliations and **credit card statements** at its scheduled meetings.

The FC will review sample expenses reimbursements and other invoices at its scheduled meetings

VI. Proper/Improper Reimbursement Items

EXAMPLES OF PROPER REIMBURSABLE EXPENSES

Reasonable travel and related expenses for attending meetings (e.g., annual conferences, United Methodist meetings, etc.) Travel Expenses include:

- The cost of getting to and from your business destination (air, rail, bus, car, etc.)
- Telephone charges
- Meals and lodging while away from home
- Taxi fares
- Baggage charges
- Cleaning and laundry expenses

Lunch meetings with members of the District Finance Committee to discuss district office business

Church-related continuing education

A computer required for church work, if one is not available at the office

Church-related books and periodicals

Medical expenses related to international mission trips

Spouse's travel expenses where the spouse accompanies the pastor **but only if the spouse was required by the church to be present for a business purpose** (e.g., the spouse is an elected delegate to the church meeting or group in charge of registration at the meeting and making a speech to the business meeting, etc.)

Long distance telephone calls to the district office/conference office when on vacation

Professional Association Dues

Cell phone expenses

Exceptions must be approved by Finance Committee.

EXAMPLES OF IMPROPERLY REIMBURSED EXPENSES*

Professional license fees

Mileage to church from home for daily work (considered personal) – mileage to home and back to church for lunch breaks – also referred to as “commuting mileage”

Meals with co-workers only (when not traveling)

Spouse's travel under certain circumstances (see example of proper reimbursement in limited circumstances above) (See attached GCFA Memo)

Trips to visit a sick relative

Tickets to attend plays of a religious nature or otherwise

Gifts

Expenditures (e.g. travel, books, phone calls) to research a book.

Payments to an individual

Continuing education primarily for personal improvement (non-church related) unless approved by Supervisor or respective Board.

A Computer Used at Home

Cell Phones, PDA's, etc

Alcohol, even as an item on a receipt for a business meal

Medical expenses (may be part of a cafeteria or flexible spending reimbursement plan)

Life or disability insurance premiums

Casualty losses

Medical insurance premiums (may be part of a cafeteria or flexible spending plan)

Charitable contributions, tickets to non-church related charity functions (United Way, etc.)

Expenditures related to a private business or generating income from a non-church source

Housing related expenses (e.g. utilities, furniture, upkeep (part of housing allowance))

Subscriptions to a national news magazine for the pastor's personal use (these subscriptions may be in the name of the church and mailed to the church office and paid by the church)

Political contributions

*These items listed, in most cases, are improper. There may be some circumstances, particularly where the organization has directed the staff person to make the expenditure for organizational mission, when these items may be proper.

Exceptions must be approved by Finance Committee and SPR.