



Pension Fund

of the Christian Church

strong. smart. secure.

Financial Ethics and Best Practices

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President / CEO

Certified Governance Trainer, BoardSource

Session Objectives

- Review basic internal controls and best practices to protect against fraud and theft;
- Things to consider during COVID-19;
- Budget and accounting issues for congregations; and
- Clergy and expense reporting.

BoardSource

- Determine mission and purpose
- ***Provide proper financial oversight***
- ***Ensure adequate resources and participation***
- ***Ensure legal & ethical integrity; maintain accountability***
- Ensure effective organizational planning
- Recruit/nominate and orient board members
- Enhance the organization's public standing
- Determine, monitor, and strengthen programs
- Support the senior minister
- Select the senior minister

Internal Controls

Questions to Ask Your Church Leadership

- How many of you have had the same person as treasurer or financial secretary for more than 3 years?
- How many churches have dual custody of the offering at all times?
- How many churches deposit the money on Sunday?
- How many churches have written financial policies for how money is handled?
- How many churches have had a theological conversation about how the offering is handled once received?

Internal Controls



Internal Controls



Primary Internal Controls...

Trust

- Assured reliance on the character, ability, strength, or truth of someone or something
- One / a person in which / in whom confidence is placed
 - Transactions
 - Paperwork processes
 - Human contact with the system
 - Opportunity to catch and correct errors

Primary Internal Controls

Accountability:

- An obligation or willingness to accept responsibility
- The state of being accountable

Accountable:

- Something one can measure and explain
- Documented process, paper trail / documents

Trust is not an
internal control.

Theological Context

- Why do you give to your local church?
- How does your local church use these gifts?
- How many of you resonate with this statement:
These are the gifts of God from the people of God for the work of God in the world?
- Do the controls in place in your local church honor this statement?

Discussion Questions For Church Leaders

- How is the offering on Sunday morning handled at your church?
- What are best practices you should consider?
- Where do you think your church is exposed?

Key Players

- Finance Committee
- Financial Secretary
- Treasurer / Business Administrator
- Audit Committee
- Pastor



Role of the Finance Committee

- Monitors receipts, commitments, and expenses
- Develops and implements budget with Treasurer
- Reviews monthly financial reports and statements
- Works with the pastor to plan

Finance Committee

- Provides someone to reconcile bank statements
- Manages banking relations and recommends policies
 - Check signers, spending limits, etc.
- Works with the pastor to interpret spending in missional language

Finance Committee

- Facilitates the transition of Treasurers and financial officers
- Ensures consistency in practices, policies and procedures (internal controls)
- Advises the pastor, Board, planning/visioning teams

Policy Checklist

- Written policies approved by the board that govern:
 - Check signing limits
 - Investment vehicles (sample)
 - Wills, bequests, and trusts
 - Memorial Funds



Financial Secretary

- Oversees the process of receipting and recording gifts
- Trains the Counting Team(s)
- Works with the pastor to send giving statements

Basic Internal Controls

- Gifts are always in dual control
 - Counters collect, escort, and process contributions
- Standardized form and process
 - Photocopy checks
 - Clear separation of duties

Basic Rules of Handling Money

- No related teams (spouses, parent / child)
- Money is counted at the church
- Deposit is made immediately after church
- Treasurer and employees don't count the offering
- Forms are filled out



Counting Duties

Counter #1	Counter #2
Counts cash	Opens and verifies information on envelopes (if used)
Photocopies checks	Notes designations
Runs tape from copies	Runs tape of checks
Notes designations	Counts cash
Compares Tapes	Compares Tapes
Prepares deposit slip	Prepares Counter Form
Signs form	Signs Form
Deposit is made in locked bag	Receipt is given to Treasurer

Gift Acknowledgment

- Send quarterly statements of giving
- Add personal note from pastor
- Add a letter updating the church
 - What has happened
 - What is coming up
- Tax statement
 - No goods or services were received in exchange for the contributions

Treasurer

- Operates the accounting software
- Generates checks (signer depends on size of the budget)
- Provides monthly reports to the church leadership
- Works with the finance committee to build the budget
- Works with the pastor on the narrative budget

Church Treasurer's Handbook

- Excellent resource for policies, guidelines, compensation, benefits, internal controls, etc.
- Maintained by OGMP Treasury Services, Pension Fund of the Christian Church, The Christian Church Foundation and Disciples Church Extension Fund
- <http://disciplesmissionfund.org/treasury-services/>

Handling Money During a Pandemic

- Encourage the use of online giving
 - Givelify www.givelify.com
 - Zelle www.zellepay.com
 - Venmo www.venmo.com
- Video Resource from the Center for Faith and Giving
 - <https://centerforfaithandgiving.org/2016/01/electronic-giving/>

Handling Money During a Pandemic

- How is mail secured without staff present?
- Encourage monthly gifts vs. weekly for those who want to send checks.
- Provide postage paid envelopes for homebound and older members.

Leadership Questions to Consider

- How are we protecting of volunteers during this time with transparent processes?
- What documentation needs to be modified for record keeping and the health of our volunteers?
- What is our liquidity?

Auditing and Reviews

- Ensures that established policies and procedures are being followed
- Reviews expenses and reimbursements
- Recommends additional policies and procedures
- Provides donors with confidence in the policies and procedures
- Audit includes an opinion; review does not

Internal Review

- 2 months of deposits
- 2 months of checks
- 2 months of bank statements
- A group of 3-5



Summary Report

- Process
 - What was checked and who did it?
- Findings
 - Errors and corrections
 - Accuracy regarding policy implementation
- Recommendations

Pastors and Expenses

Expenses and Reimbursement of Expenses for Employees

- Best Practices
 - Who reviews your expense report?
 - What is approved in a written policy?
 - What is your process for keeping track? (Mileage, receipts, etc.)



Appropriate Expenses

- Travel:
 - IRS guidelines
 - Employee rate .575
 - Charitable / volunteer rate .14
 - Church Meetings (Synod, Assembly, etc.)
 - Continuing Education
- Meals:
 - Staff lunches?
 - Alcohol?
 - Per Diem limits?

Expenses

- Cell phones
 - Shared expense or IRS guidelines as Listed Property?
 - Paid by the church or reimbursed to the employee?
Shared family plans?
- Cash
 - Receipt requirements?
 - Lost receipt documentation?







Chuck CottingGood afternoon! Thanks for putting on this webinar.



Mike AberleGood Afternoon from Valley Springs, Ca 95252



Mike AberleThank you Chuck and were you from?



Patty NordahlIt is still morning here in Arizona. Hot!



Todd AdamsGood afternoon. This is Todd Adams, President and CEO of Pension Fund of the Christian Church. I'll be your host for the webcast today from beautiful downtown Indianapolis!



Dale KroteeGood afternoon.



Todd AdamsI look forward to your questions throughout the presentation and I'll do my best to get to them all. I'll stick around for a few minutes after the webcast as well.



Chuck CottingBack on line! Thanks!



KW CommercialClear and gentle breeze here in Louisville



Sheri ReedHello



KW CommercialDavid Aikens here



Todd AdamsThe webcast will start here shortly! Thanks for joining us today.



David ClarkeGreetings from Charlottesville VA



Julie CharronGreetings



Lisa GonzalezGood afternoon, everyone! Insurance Board welcomes you.



Mike Aberlelove Louisville!



United Presbyterian ChurchHello from Central illinois





Susie Cauchi Good Morning from Yuba City, CA



Laura Bair Good afternoon friends!



Susie Cauchi HI JULIE CHARRON!!



Julie Charron Hi Susie!



Kathi Hayward Good morning from Redmond Oregon



Mike Aberle love the new promo.. smiley face of the insurance board employees



Sojourners UCC Hello from Charlottesville



Jackie Summers Greetings from Bardstown, Ky



Susan Coghill Good Morning from Ashland, OR



Julie Charron Hello Susan!!!!



Susan Coghill Hello Julie!



Sal Z Greetings from Sally Zarnstorff, Christ Congregation, Princeton, NJ



Susie Cauchi Hi SUSAN COGHILL!!



Todd Adams Thank you for some of the questions that were submitted in advance of the webcast. I'll be addressing them throughout the webcast but feel free to ask additional questions.



Debra Joseph from Beecher UCC in New Orleans



Rita From Mayfield UCC Will we get a pdf of the presentation?



Elizabeth Vance Rita, you will.



Susan Coghill Hi Susie Cauchi



Rick Irvin Hello from Sahuarita, Arizona !



Todd AdamsIn small congregations, one way to frame the conversation about documented processes is "how do we protect the reputation of those who are serving in financial positions."



Todd AdamsAnother view is to think about "how will be train the next generation of leaders" if you processes are not written down.

Welcome to live chat! Remember to guard your privacy and abide by our community guidelines.

[LEARN MORE](#)



Patrick DugganHow do I log on?



Mike AberlePush Play button



Todd AdamsFor those in smaller congregations, there is a checklist later on in the presentation about dividing up duties.



Mike Aberleto the left of the chat



Todd AdamsIf you can have at least four people - 2 counters, 1 on the outflow / payments, and 1 recording the gifts and reconciling the bank statements - you can cover basic internal controls.



Todd AdamsFor those of you with Audit questions, we will discuss audits later on in the presentation.



Patrick Duggani have no idea how to log onto the chat. Your instructions do not match what is showing up on this page (i.e., no red sign in box).



Todd AdamsYou are on the chat



Todd AdamsPatrick is there a question, I can answer for you?



Mike AberleHello Patrick Duggan, you are in the chat feature and your logged in. To watch the webcast you just need to click the red YouTube button just left of the chat feature.



Todd AdamsKeep in mind that if you have a statement on your checks that "Two Signers Required over \$X" this is only a control for the church. The bank will not stop a check from being processed if there aren't



Todd Adamstwo signers on the check. It might get stopped if someone tried to cash the check in the branch but with electronic clearing the check will go through.



Todd AdamsAs far as who signs...I recommend you have at least 3 people. Ideally, none of them have access to checkbook or software. So the sign, but cannot generate a check.



Todd AdamsIf you are looking for good software... I recommend you use one for accounting such as Quicken or QuickBooks depending on the size of your church and separate software for tracking pledges and gifts



Todd AdamsThere will be a checklist on an upcoming slide for the division of duties between the counters.



Patty NordahlIf you have a business manager on staff can they be one of the counters



Todd AdamsYes a full-time employee with a volunteer that has the duty as part of their job description.



Todd AdamsFor those of you looking for best practices, the handbook is really helpful. It is also available in Spanish.



Todd AdamsIf you modify your processes during the COVID-19 closure, document them so everyone involved is aware and in agreement.




Todd AdamsThis is a best practice to protect your volunteers.



Susan Coghill[message retracted]





Todd Adams You might also pose the PPP Loan question to your local banker who processed the loan.



Todd Adams The difference between an audit and a review is the opinion expressed on the financials.



Todd Adams Unless your congregation has a budget greater than \$500K or \$1MM, I would do the internal review vs. an external audit, unless your polity requires such.



Iktangerine Leslie Kelley - First Presbyterian Church of Marianna, FL



Sal Z How often to audit? 1x per year?



Todd Adams If you are having a full audit, I would do them every year and not substitute a review in place.



Todd Adams Over the course of 3-5 years, you'll probably spend the same amount because the audit year tend to be higher if you are substituting a review.



Todd Adams I recommend the Internal Audit yearly.



Todd Adams A question was asked about different committees or Sunday School classes having separate checkbooks...



Todd Adams If those checking accounts are opened in the name of the church or church group, then the churches EIN is attached to the account and the church is 100% liable for the use of the funds.



Todd Adams The church I served in Houston required that our couple of groups that had separate accounts, turn in the register to the Treasurer and those accounts were listed on the church financials.



Todd Adams The treasurer then entered the transactions and reconciled the bank statements.





Sheri ReedWill there be powerpoint of the slides?



Todd AdamsFor those looking for resources on giving especially during the pandemic, I recommend you visit Center for Faith and Giving



Mike AberleYes there will be a PowerPoint following this webcast. please check back with Insurance Board.



MindMeld StudiosSheri, Yes there will be slides available



Elizabeth VanceThank you, that was very informative!



Sheri Reedwould it be possible to play this presentation to my finance committee?



Rita From Mayfield UCCThank you!



McVey FamilyThank you very informative.



Elizabeth Feuerthanks



Todd AdamsYes this will be posted and you can play it for your finance committee.



Debra Josephvery informative ,would like the pdf so I can refer to this info on a regular basis



Bunny GruntlerThanks for information



Mike AberleThank you Bunny



Sal ZThank you very much. Hope you might give pointer to policy examples for Very Small Churches (<100)




Shelba ScheffnerThank you! I am happy to take this information back to our Policy & Governance Committee.



Todd AdamsThe church treasurer's handbook has great resources for small congregations.





Sheri Reedaare you connected with cornerstone? they did a video on top 10 best practices for a financially healthy congregation--do you have access to that video?



Todd AdamsCornerstone is my SBC counterpart. So O.S.Hawkins is my colleague.



Todd AdamsI don't have access to their video, but it might be on their website. The Center for Faith and Giving has similar resources as well.



Sheri Reedi was sent the link for that video and now its gone-- any idea how I can get access again?



Sheri ReedAny idea who I could reach out to ?



Mike AberleThis video will be available once we close the webcasting / chat. you can re-watch this in about 10- 15 min as we will be coming to a close shortly.



Mike AberleYou can, also watch past Web castings below.



Todd AdamsThank you all for joining us today. The presentation will be posted on the website, as well as the slides and the Q/A chat. Check back soon!



Sheri Reedok--thanks!



Jackie SummersThank you!