

Chapel of the Cross Financial Procedures

(as approved by the Vestry 07-17-2013; Amended by the Vestry 02-19-14 and Amended by the Vestry November 19th, 2014)

Background

As The Chapel of the Cross continues to experience growth in its membership and financial matters, it is necessary to have, in place, a set of operating procedures for staff and members that standardize the handling and management of financial and accounting matters. These financial procedures are subject to revision from time to time, all such revisions being subject to approval by the Vestry.

Finance Committee

The Chapel of the Cross Finance Committee is hereby established and constituted to aid and assist the Vestry and Rector in overseeing the financial matters of the Parish. The Finance Committee shall include at least five members, including the Chairperson. Finance Committee members must be pledging members of the Chapel with knowledge and experience in financial matters. The Treasurer shall serve as Chairperson of the Finance Committee. In the interest of operational continuity, the Chairperson of the Committee shall, in any case, either be currently serving on the Finance Committee or shall have served on the Finance Committee in the past.

The Rector is an Ex-Officio member of the Committee. The composition of the Finance Committee is as follows: the Chairperson who will serve a one year term, Senior Warden, Junior Warden, one (1) member of the Vestry appointed by the Senior Warden, who will serve a term of two (2) years; and three (3) parish members appointed by the Senior Warden, one of whom will serve a term of one (1) year and two (2) of whom will serve a term of two (2) years. The Vestry will accept or reject by vote the members appointed by the Senior Warden. In the interest of operational continuity, the Treasurer must either be appointed by the Vestry from a current serving member of the Finance Committee or have served on the Finance Committee in the past. No member of the Finance Committee shall serve longer than a three year consecutive term regardless of term of initial or subsequent appointment.

The Committee shall make recommendations and reports to the Vestry regarding financial matters, is directly answerable to the Vestry and shall perform such other duties as charged by the Vestry. The Finance Committee shall be specifically responsible to the Vestry for performance of the following duties:

1. The Finance Committee shall develop a draft operating budget to recommend to the Vestry prior to the annual parish meeting.
2. The Finance Committee shall provide ongoing monthly oversight of the operating budget throughout the year and make recommendations to the Vestry for modifications.
3. The Finance Committee shall monitor the use of other designated reserve funds and make recommendations to the Vestry as warranted..

4. The Finance Committee shall select and recommend to the Vestry for engagement an external auditor and shall review and approve the audited financial statements upon completion before distribution.

5. The Finance Committee shall review, at least annually, the Chapel's Financial Procedures and make recommendations to the Vestry for changes, as warranted.

Section A. Financial Files

Files that will be maintained by the Church Office include: vendor invoices, bank deposit copies, payroll files, employee timesheets, check copies, bank statements, payroll tax returns, insurance policies, retirement plans, investment records, personnel files, pledge records, and audit reports. These files will include the original documents.

The only persons who have direct access to all Financial/Accounting files are the Treasurer, Accountant, Parish Coordinator, and Administrative Assistant.

The Accountant and Treasurer will each keep a key to the locked filing cabinet where the Accountant's files are stored.

Section B. Financial Reports

The Accountant will provide various reports to the Finance Committee as well as Program and Committee Chairs each month after the bank statements are reconciled and entries are posted for the prior month. The reports will include, but not be limited to the following: Balance Sheet, Income Statement, Designated/Restricted Funds Summary, Restricted Contributions, Restricted Expenditures and Calculation of Available Funds. Reports will be generated in time for review before the Finance Committee meeting each month.

Financial reports, to include the latest financial audit reports, are available for review by any member in good standing of the Chapel during normal business hours at the Parish Office. In addition, the Balance Sheet, Income Statement and other summary reports will also be posted in the Parish Hall. Parishioner requests for access to financial information that is not contained in the aforementioned may be directed to the Vestry.

Section C. Procedures for External Audit Firm

The Finance Committee will engage in a periodic process for proposals on annual audited financial statements a minimum of every six (6) years, but more frequently if committee desires. The audit proposals should provide a three (3) year fee commitment. A minimum of two (2) Certified Public Accounting firms will be invited to participate in the bid process.

Section D. Procedures for Invoice Approval / Check Preparation

In order to ensure that all expenses are accounted for in a timely manner, all expenses and invoices must be turned in to the Accountant within the timeframes enumerated below or in no case later than thirty (30) days after the expense is incurred. The procedures for invoice and expense approval and check preparation are as follows (steps are designed to be followed in order written):

1. As mail is received at the Chapel, The Parish Coordinator opens the mail and forwards invoices to the appropriate Program/Committee chair person for approval. In the absence of the Parish Coordinator, the Administrative Assistant will handle the mail. The attached Schedule A lists all approvers for each budget line item and ODR ("Other Designated and Restricted funds") account.
2. All Third-party invoices and Reimbursement Request Forms must be approved by the appropriate Program/Committee chair. Each individual invoice will be approved and dated along with indication of the budget line item or ODR account to be charged. Approvals should be indicated in an ink color other than black in order to verify original documentation. It is the responsibility of the person submitting the invoice or reimbursement for payment to acquire the necessary approvals for payment.
3. Receipts on the Chapel's existing charge accounts from WalMart, Sams, Office Depot, Lowes and Home Depot will be turned in within 5 days of purchase/transaction date to the Accountant with the appropriate budget line item indicated and approval if necessary. Any and all new Chapel charge account arrangements, to include the names of individuals who are authorized to use such accounts, must be approved by the Finance Committee before opening such account.
4. In lieu of physically sending invoices back and forth for approval, the approver may email his/her approval to the Parish Coordinator who can then print the email and attach to the invoice.

Employee and parishioner reimbursements for expenditures will be submitted on the Chapel Reimbursement Form attached as Exhibit 1. The appropriate Program/Committee Chair must approve the Form for payment. All original receipts and other appropriate documentation must accompany the Form. Again, in lieu of physically sending the Reimbursement Form back and forth, the approval may be provided by email and attached to the Form.

5. Only original rendered invoices and signed check requests will be processed. No copies or facsimiles will be accepted for documentation for disbursements. Electronic invoices from a vendor are acceptable for processing as long as the email transmitting the invoice from the vendor or party requesting reimbursement is printed off and attached to the printed electronic invoice. In the event that an original invoice is lost, the vendor will be contacted by the Parish Coordinator with a request for a new invoice for payment. In the case of an individual seeking reimbursement with a lost invoice or receipts, and if the invoice and/or receipts cannot be reproduced, then the requesting party must submit a written, signed original letter or memorandum detailing the circumstances of the loss of documentation and

submitting same to the Finance Committee for consideration and approval. No request for payment or reimbursement will be processed that has lost or missing documentation without Finance Committee approval.

6. All invoices and check requests must have complete, appropriate, original back-up documentation in order to be approved and processed.
7. Payments to first time vendors will not be processed until a Form W-9 is received or the appropriate information (address, type of entity and taxpayer identification number) is supplied to the Accountant.
8. Approved invoices and reimbursements should be put in the Accountant's box for processing and should be submitted to the Accountant in a prompt and timely manner.
9. Complete, correct, approved invoices and reimbursements will be processed for payment 2-3 times each month. Invoices and reimbursements without an original invoice or proper approval will not be processed and will be returned to the submitting party.
10. The Accountant will generate checks which will be left at the Chapel to be signed by an authorized signer on the applicable bank account. Authorized check signers are Senior Warden, Junior Warden and Treasurer. Original source documents will be stapled to the check stubs and left with the checks for review. Signed checks will be left with the Parish Coordinator. Any check over \$5000 requires the signature of two authorized signers.
11. The Parish Coordinator will prepare the checks for mailing and deliver them to the mailbox. In the absence of the Parish Coordinator, the Administrative Assistant will mail the checks.
12. The invoices with the attached check stubs will be filed by the Accountant after the checks are signed.
13. Voided checks will not be destroyed but marked "VOID" and filed.
14. Every effort will be made for checks to be processed in one of the computer-generated check runs each month. By limited exception and in emergencies only, manual checks may be written with the following procedure:
 - The person requesting the check will contact the Accountant.
 - If the Accountant agrees, the approved request will be given to the Parish Coordinator who will prepare the manual check and obtain the proper signature(s) on the check.
 - The Parish Coordinator will then make a copy of the check and attach all documentation to this copy which will then be put in the Accountant's box for processing.

All committees, the Chapel staff and Junior Warden have assigned budgeted line items for their activities in support of ministry at the Chapel of the Cross that are contained in the annual operating budget for the Chapel. In some cases, unexpected or additional matters,

items or cost overruns for projects may present themselves that, if paid, will cause the assigned budgeted line item to exceed the dollar amount approved in the annual budget by the Vestry. In such cases, the Vestry must approve the expenditure, that causes the annual line item budgeted to be exceeded, prior to incurring or paying the same. Such approval shall be evidenced by a vote of the Vestry and recorded in the minutes of the applicable Vesty meeting. Expenses incurred without such approval will be the sole responsibility of the individual that caused the expense to be incurred and that individual will be liable for payment of the same. Unbudgeted emergency expenditures may be approved by any two of the following: Rector, Senior Warden, Junior Warden or Treasurer.

Section E. Procedures for Procurement

The following procedures are applicable to procurement and purchasing:

If a single item expenditure (Operating and ODR) has been authorized in the annual operating budget and is expected to cost more than \$2,500 (or two or more of the same item has an aggregate cost of \$4,000), the person requesting the item(s) must obtain 3 quotes and present them in written/printed form to the party listed on Schedule A. If a single item expenditure (Operating and ODR) is not authorized in the annual operating budget and is expected to cost more than \$500 (or two or more of the same item has an aggregate cost of \$1,000), the person requesting the item(s) must obtain 3 quotes and present them in written/printed form to the party listed on Schedule A. No purchase may occur until this procedure has been followed. The written approval from the person listed on Schedule A must be submitted to the Accountant in order for the payment to be processed. All quotes required and obtained under the provisions of this Section D will be maintained in the Chapel financial files in the Parish office for a period of one year or longer in the event of work or services that extend beyond a one year time period. DITC purchasing is exempted from the provisions of this Section D and is under direction of the co-chairs of DITC.

Every budget line item over \$4,999 for the same type of goods will be evaluated every two years. Written prices will be obtained from 3 sources by the appropriate person and the Finance Committee must recommend to the Vestry the approval of the vendor(s) and the Vestry must likewise approve the vendor before any goods are purchased at this two year mark.

Services provided by Independent Contractors should be evaluated before continuing contracts are signed. No contract will be for a period of more than two years. Approved vendors operatating under continuing contracts are excepted from the three (3) quote process for work performed. The Senior Warden, Junior Warden or Treasurer can sign contracts after Vestry approval. All executed contracts as well as all unsuccessful quotes for services will be maintained in the Chapel financial files in the Parish office for a period of one year after expiration or termination.

Members of Chapel of the Cross shall not be eligible to enter into contracts with the Chapel

or design, construction and renovation services, or any other services that are expected to cost more than \$2500. The Vestry may waive this prohibition if it is in the best interest of the Chapel to do so.

Section F. Procedures for Receipts and Bank Deposits

The following procedures are applicable to receipts of money or checks and bank deposits:

1. The Parish Coordinator, or in his\her absence the Administrative Assistant , retrieves the mail every day from the mailbox on site and immediately opens the mail and forwards checks to the Administrative Assistant.
2. Cash collected each week in the offering plates will be counted after each service by at least 2 Ushers.
3. The Cash along with the checks from the service will be placed in a sealed envelope.
4. The amount of the cash, number of checks, date, time and initials of the parties conducting the count must be noted on the outside of the envelope.
5. The sealed envelope will then be placed through the slot in the safe that is located in the sacristy closet.
6. The Monday after Sunday services (or if Church offices are closed for whatever reason the next following business day), the Administrative Assistant will retrieve the sealed envelope from the safe in the sacristy closet.
7. The Administrative Assistant or the Parish Coordinator along with a Chapel member volunteer will open the envelope together, count and verify the cash and both initial the envelope. Any variances will be noted on the envelope and the Treasurer and Accountant will be notified.
8. The Administrative Assistant will make copies as needed of each check and pertinent documentation, if any, that comes with the checks. More than one check can be copied on a page.
9. For Contributions: the Administrative Assistant will enter donations into the ACS software and print out the report for that deposit.
10. For nonContribution deposits: the Administrative Assistant will prepare an excel spreadsheet to show the various sources of income.
11. The bank deposit slip will be completed for the cash.

12. Checks will be run through the check scanner for remote deposit. A report from the system will be printed which shows the individual check amounts and the total.
13. For Contribution deposits: the total of the deposit slip and scanner report will equal the ACS report.
14. For NonContribution deposits: the total of the deposit slip and scanner report will equal the excel spreadsheet.
15. The check copies, along with the initialed envelope(s), ACS report, scanner report, excel spreadsheet and any other documentation will be stapled together and put in the monthly "Bank Deposits" folder.
16. The original and duplicate deposit slips will be taken to the bank.
17. Upon return from the bank, the stamped duplicate deposit slip will be stapled to the appropriate copies in the "Bank Deposit" folder.
18. The "Bank Deposits" folder will be used by the Accountant to enter and reconcile bank deposit amounts.
19. The Accountant will verify that the envelope amounts for cash equal what was deposited.
20. The Accountant will reconcile the deposit amounts with the ACS categories at the end of every month.
21. The original checks from donors will be kept in the locked filing cabinet for 90 days and then shredded.

Section G. Donations and Statements

The following procedures are applicable to donations and statements:

1. Donations are accepted at the Chapel in a variety of forms. In the case of non cash contributions such as property, stock etc., the Accountant must be immediately notified so that a proper accounting and acceptance of the non cash contribution can be made. The Administrative Assistant will enter contributions into the ACS software on an ongoing, current basis.
2. Every month, the Accountant will reconcile the ACS entries with the financial entries to ensure all individual donation entries are correct and complete.
3. Statements to pledgers will be sent out quarterly.

4. Annual statements will be mailed no later than January 31 every year to all donors. Statements will be signed by the Treasurer.

Statements will state: *Chapel of the Cross provided no goods or services in exchange for your gift to us.*

Section H. Chapel Owned Property

The following procedures are applicable to Chapel owned property:

1. Upon purchase or other acquisition, all capital assets valued at over \$500 shall be identified by serial number and entered into a capital asset ledger by the Aprish Coordinator.
2. The Junior Warden and Parish Coordinator shall create a photographic inventory of all Chapel property and shall update the photographic inventory annually. The photographic inventory shall be maintained in the office and backed up off site.
3. The Rector, Wardens and shall strictly enforce the Vestry's policy against loaning Chapel property for any non-church functions.

Section I. Time Sheets

The following procedures are applicable to employee time sheets:

1. Each hourly paid employee must complete a timesheet every payday/month.
2. The timesheet must be completed, signed by the employee and turned in to the appropriate supervisor by the deadline each pay period.
3. Each timesheet must be signed by the supervisor.
4. The timesheets for part-time employees will be the basis of payroll calculations.
5. Timesheets will be filed along with payroll checks, etc. in the financial payroll files.

Section J. Bank Statement Reconciliation

1. The Chapel bank statements are received in the Chapel mail and opened by either the Rector, Senior Warden, Associate Rector, Treasurer or Junior Warden who reviews the statements for any unusual activity.

2. After review, the person opening and reviewing the statements in #1 above initials each page of the bank statements and the Parish Coordinator notifies the Treasurer and Accountant that the statements are ready for pick up. The Treasurer, if not already done, will also review and initial each page of the bank statements.
3. The Accountant retrieves that bank statements and performs a reconciliation of same. The Accountant reports any discrepancies found to the Treasurer.

Chapel of the Cross
List of Approved Persons for Line Items / ODR Accounts
Schedule A

LineItem/ODR	Person to Approve Expenditures	Person to Approve Major Expenditures
Bldg Maint & Repairs	Jr. Warden	Vestry
Ground Maintenance	Jr. Warden	Vestry
Children Education Programs	Childrens' Ministry Coordinator	Vestry
Altar	Chairperson	Vestry
Children&Families	Chairperson	Vestry
Hospitality	Chairperson	Vestry
Lay Pastoral Care	Chairperson	Vestry
MMO	Childrens' Ministry Coordinator	Vestry
Music&Choir	Director of Music	Vestry
New Member Ministry	Chairperson	Vestry
Nursery	Childrens' Ministry Coordinator	Vestry
Parchman Ministry	Chairperson	Vestry
Servant Ministry	Chairperson/Committee minutes	Vestry
Stephen Ministry	Chairperson	Vestry
Youth	Youth Director	Vestry
DOK	Chairperson	Vestry
CookBook	Chairperson	Vestry
Flower Guild	Chairperson	Vestry
Gravediggers Guild	Chairperson	Vestry
Guild of the Christ Child	Chairperson	Vestry
Kitchen Renovation	Jr. Warden	Vestry

Men's Meat Sales
WNS

Chairperson
Chairperson

Vestry
Vestry
