SECTION 5

BUSINESS AND BUDGET

- *Fiscal Accountability Policies*
- *Fraud Prevention and Response Policy*
- *Investment of Cash Assets and Spending policy*

MANUAL OF ADMINISTRATIVE OPERATIONS

FISCAL ACCOUNTABILITY POLICY

1.0 THE PRESBYTERY BUDGET

1.10 The annual operating budget of the Presbytery shall be prepared by the Business-Budget Committee for approval by Council and recommendation to Presbytery.

1.20 All Presbytery committees and projects expecting funding in the budget must make specific requests of dollars for programs from Council. The Council will recommend the proposed budget at the October meeting of presbytery.

1.30 Income for the budget may include: ecclesiastical apportionment (per capita); unified mission support pledges from sessions; synod mission partnership funds (for program or personnel); interest from the Presbytery Reserve Fund; presbytery reserve funds; designated gifts; and miscellaneous receipts.

2.0 MANAGEMENT AND EXPENDITURE OF THE BUDGET

2.10 Presbytery's Council shall supervise the management and expenditure of the budget on recommendation from its Business-Budget Committee, with the General Presbyter serving as funds administrator. The Presbytery Cosignatory, General Presbyter, and Bookkeeper shall be authorized to sign checks. Checks over $1,000 require two authorized signatures. All those authorized to sign checks shall be bonded.

2.20 After the budget has been approved by the Presbytery, committees have the necessary authority to expend funds for requested programs up to their dollar limit. Committees may shift their expenditures among line items within each major section of the budget as long as approved totals are kept. Committees may not exceed their budget limits without special approval of the Business-Budget Committee, such action to be reported to the Presbytery.

2.30 Expenditures from the budget are made in the following ways:

2.30.1 Regular mission payments as recommended by Council and approved by Presbytery annually. This authorizes the check writer to issue checks without further notice.

2.30.2 Gifts, donations, and offerings for new church development shall be counted and deposited by two people or one bonded person with checks written by the check writer.

2.30.3 Vouchers for specific purposes will have a receipt attached for expenses other than mileage reimbursement. The mileage rate for the Presbytery will be set annually by the Presbytery. These vouchers must be signed by the chairperson of the committee, a staff person, or others authorized by Council. Vouchers will be paid at least monthly. No one is authorized to sign their own voucher. Vouchers will be submitted within 30 days of incurring the expense.

2.30.4 Presbytery books will close December 31st of each calendar year. This means that for contributions to be recorded in that calendar year the presbytery office will need to receive them by December 31st.

2.30.5 Child care will be considered a reimbursable expense for Presbytery meetings when the host church cannot provide caregivers that meet the presbytery guidelines.

2.30.6 The presbytery will reimburse for only one vehicle per church attending presbytery meetings. If more than one voucher is submitted from a church the smallest voucher will be divided among all those submitting vouchers from that church.

2.30.7 No lodging cost for committee or presbytery meetings will be reimbursed.

2.40 If there is a cash flow shortage to pay approved budget items, Council may set the priority order for payment. The General Presbyter may delay payments for up to 30 days; after that time, any payment delay requires concurrence of the Business-Budget chairperson, with report being made through Council to the Presbytery.

2.50 Any motions on the floor of the Presbytery having fiscal impact on the Presbytery, or any requests for presbytery funds beyond the budget, shall automatically be referred to Council for consideration, including review by the Business-Budget Committee.

3.0 ECCLESIASTICAL APPORTIONMENT (PER CAPITA)

3.10 Operating expenses for presbytery, synod, and General Assembly may be funded by an ecclesiastical apportionment (per capita) at rates set by vote of each body in advance of the year the apportionment takes effect.

3.20 Presbytery will forward to Synod and General Assembly their portions of such apportionments as presbytery receives them from its sessions. It urges its sessions to pay in full, but in any case guarantees payment in full to Synod and General Assembly.

4.0 SPECIAL FUNDS

4.10 Presbytery shall maintain an unrestricted Reserve Fund to cover cash flow and meet contingencies and emergencies. The normal minimum amount of the reserve shall be one-sixth of the current year's operating budget. Expenditures from the Reserve Fund shall only be by action of the Presbytery on recommendation of Council.

4.11 If the Reserve Fund exceeds two months of the budget at the end of a year, it shall be reviewed for possible disbursal of monies to areas of mission need.

4.20 Presbytery may authorize and maintain other Special or Capital funds. Interest earned by such funds shall be allocated to them proportionally at the end of each year. The committee or committees overseeing disbursement of such funds shall submit to the Business-Budget Committee for presentation to the Presbytery guidelines for their use. Gift, donations and offerings made to these funds shall be counted and deposited by two people or one bonded person.

4.30 Any income or gifts to the Presbytery designated for particular causes shall be expended only for those causes and carried over from year to year if necessary, unless permission otherwise is obtained from the donor.

4.40 The Business-Budget Committee shall report the year-end fund balances for all special and reserve funds and it shall be included with the docket for the March meeting of the Presbytery.

5.0 FINANCIAL AND ACCOUNTING PRACTICES

5.10 Presbytery accounting and bookkeeping practices shall be recommended by the Business-Budget Committee. They shall conform to generally accepted accounting Principles and be designed to produce an economical and efficient audit.

5.20 The Business-Budget Committee shall arrange for an annual audit of all presbytery books by a Certified Public Accountant, to be completed by the June meeting of the Presbytery.

5.30 The Presbytery fiscal year shall be the same as the calendar year.

5.40 Organizations supported by the Presbytery of Central Nebraska (e.g. Hastings College, United Ministries in Higher Education, Interchurch Ministries of Nebraska, etc.) may solicit funds directly from individuals and churches of the Presbytery, keeping the Business-Budget Committee apprised of their activity. A committee of the Presbytery may seek additional funding from churches and individuals with the Presbytery after receiving approval from the Business-Budget Committee. Committees of the Presbytery may apply for grants to the Presbyterian Church (U.S.A.) or outside sources upon receiving permission from the Business-Budget Committee.

5.50 Presbytery funds may be commingled in deposit in order to earn maximum interest and give the greatest convenience for payments. The Business-Budget Committee shall direct the investment of monies not needed for cash flow. The total amount deposited in any one institution shall not exceed the Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation insured limits. The Business-Budget Committee shall consider church-wide policies and recommendations on mission responsibility through investment.

5.60 The insurance policy of the Presbytery shall include the bonding of all persons who handle its money; property and vehicle coverage; and liability, in amounts deemed adequate by the Business-Budget Committee. Presbytery shall also provide Workers Compensation in accordance with state law.

5.70 Presbytery checks should be cashed within 30 days; after 90 days the recipient will be notified. Payment will be stopped on checks not cashed after one year.

FRAUD PREVENTION AND RESPONSE POLICY

INTRODUCTION

Fraud, embezzlement, or theft is not something that we want to associate with our churches. Unfortunately, a number of churches fall victim to these each year. We may never be able to completely prevent these from happening, but we can take steps to minimize the risk to our churches and to be prepared for action should it happen.

The most important step in fraud prevention is to put into practice steps to minimize the opportunities and to maximize the probability that a perpetrator will be caught. The next most important step is to publicize these practices so that everyone connected with church finances knows that we are serious about preventing fraud and serious about detecting it early if it does happen.

One of the problems that some churches have with instituting strict guidelines and enforcing them is they are afraid of offending people by implying that the church suspects them or doesn't trust them. Try to explain to all concerned that it's not a matter of trust, but we must follow practices so that no one has the opportunity to accuse them of wrongdoing. Even the apostle Paul touched on the importance of good church money management in 2 Corinthians 8:20-21: "Naturally we want to avoid the slightest breath of criticism in the distribution of their gifts, and to be absolutely above-board not only in the sight of God but in the eyes of men."

None of us wants to think of our members stealing. By having safeguards in place, we might prevent temptation from getting the better of a member, as well as defend against an allegation of impropriety. Such practices not only protect finances, but the people of our churches, allowing us to continue in faithful ministry.

POLICY

Taking collections—once the collection is received, there will be at least two people in the presence of those receipts (preferably unrelated) at all times. Whenever the collections are taken from the sanctuary, whether immediately after a prayer or after the service is over, two people shall take the collections to a safe area and count it.

Counting—Two unrelated people shall be in charge of counting the receipts and making a list of those receipts. These records will be cross checked with the deposit record.

Deposit—The deposit will be placed behind two locks (a locked safe inside a locked office) until the deposit can be made at the bank.

Division of duties—The persons who count the offerings will not be the same person who makes the deposit. The person who makes the deposit will not be the same person who writes checks.

Disbursements—Two people will sign checks over $1,000.

Writing checks—blank check stock will always be locked up. No checks will be issued without appropriate documentation. The Business Budget committee will authorize check signers.

Approval of payments—all payments will require an approval from someone other than the treasurer that writes and/or signs the checks. Approval of some regularly paid items (e.g. loan payments, payroll) will be in the form of an action by the Business-Budget committee. Everything else will be approved by someone unrelated to the check signer. This will be the committee chairperson, the General Presbyter, or the office manager, depending on the nature of the expense.

Account reconciliations—all bank accounts will be set up with our bank for statements based on the calendar month. Each bank statement will be opened by the office manager. This person will inspect the statement and check copies for anything that looks irregular. Each bank statement will be reconciled to the accounting records by the accountant within 30 days.

Backup copies—Backup copies of electronic files will be kept off site by the synod and the presbytery.

Petty cash—will be minimized to $100 and will be reconciled to receipts monthly.

Audit—An annual audit/review of all financial records will be arranged for by the Business-Budget committee.

FRAUD RESPONSE POLICY

Upon the allegation of theft or embezzlement—the presbytery through the chair of council, the general presbyter and the chair of business-budget appoint an investigating committee to:

- Gather evidence.
- Confront the suspect and inform that person that the church has evidence indicating he or she has embezzled church funds.
- Have a CPA conduct an audit.
- Contact the police or local prosecutor. This will be the case even if there is a confession to avoid such an action.

Adopted June 27, 2009

INVESTMENT OF CASH ASSETS AND SPENDING POLICY

The Presbytery of Central Nebraska
June 27, 2015

Purpose: The purpose of this policy statement is to provide guidelines on the investment of financial assets of the Presbytery. This policy shall not apply to funds that have been set up as a permanent fund at the Presbyterian Church (U.S.A.) Foundation.

Objective: Investment of long-term funds shall be in such a manner as to stress long-term total return (income and capital gains) that is consistent with a moderate amount of short-term risk of principal.

POLICY

Classification of Funds: It is the responsibility of Presbytery Council, ordinarily upon recommendation from the Business and Budget Committee, to classify each fund as either short-term or long-term:

- Short-term funds are ordinarily of a nature that the principal amount is intended to be spent, along with any earnings that accumulate.
- Long-term funds are ordinarily of a nature that the principal amount is intended to be maintained at least five years and either only earnings will be spent or the earnings will accumulate for some purpose that is in the unforeseeable future. This is all of the New Covenant Fund investments.

Classification of Funds:

- **Peacemaking Fund:** This fund is made up of a portion of the donations that are nationally promoted as the Peace and Global Witness Offering that are designated to be used within the Presbytery toward peacemaking ministries, e.g., conflict mediation and boundaries training. The funds, including principal, are intended to be spent. The Business & Budget committee will manage the disbursement of this fund.
- **Leadership Development Fund**: Each year up to 5% of this fund will be budgeted to provide assistance to the Presbytery of Central Nebraska (PCN) minister members, PCN inquirers, PCN candidates, employees of PCN, and personnel that are employed by a church of Presbytery of Central Nebraska. These funds can be used for individual leadership and professional growth, seminary assistance, and leadership events sanctioned by the Presbytery of Central Nebraska. Expenditures will be reviewed and recommended by either the Committee on Ministry or the Committee on Preparation for Ministry, or Council to Business & Budget for final authorization within budgeted guidelines. Additional funds may be allocated upon application to the presbytery. An application is required to apply for this fund.

- **Mission and Ministry Fund:** Each year up to 5% of this fund will be budgeted to provide assistance in developing new and/or redeveloping the ministries and missions of existing churches within the Presbytery of Central Nebraska, e.g., racial, technology, or outreach. These are only examples and this fund is not limited to them. Business & Budget will be authorized to approve requests up to $2000. Additional funds may be allocated upon application to the presbytery. An application is required to apply for this fund.
- **Stuckey/Next Generation Fund:** Each year up to 5% of this fund will be budgeted for camp scholarships, youth retreats, leadership training, youth mission trips and national youth events, e.g., Youth Triennium. The purpose of this fund is to provide financial assistance to help develop and implement new ministry in the Presbytery of Central Nebraska. Business & Budget will be authorized to approve requests. Additional funds may be allocated upon application to the presbytery. An application is required to apply for this fund.

Investment of Short-term funds: The General Presbyter, in consultation with the chairperson of the Business and Budget Committee, may invest short-term cash assets in checking account(s), money market account(s), and/or certificates of deposit in national and state banks whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC), savings and loan associations whose deposits are insured by the Saving Association Insurance Fund (SAIF), government (U.S. and/or state and municipal) securities, government agencies, high-grade government securities-based mutual funds, commercial paper (rated A-1 by Standard and Poor's and/or P-1 by Moody's), or the Presbyterian Church (U.S.A.) Investment and Loan Program, Inc.

Investment of Long-term funds: Long-term funds will be invested in the Presbyterian Church (U.S.A.) Foundation as authorized by the Presbytery Council's Business-Budget Committee. The Presbytery shall make every effort to follow the policies of the General Assembly regarding social responsibilities.

Earnings – Short-term funds: Interest earnings from short-term funds shall be allocated to the operating budget.

Earnings – Long-term funds: Dividends, interest, and/or capital gains for long-term funds shall be accumulated unless granted though the process provided.

Spending formula: Income and capital appreciation from long-term funds that intend to spend earnings may be used for the intended purposes at the rate of five percent annually of their average market value over the eight quarters immediately preceding the current year. The Bookkeeper, and/or the General Presbyter will report (as soon as practical after the beginning of the year) to the Business and Budget Committee. Business and Budget will notify the committee chairs funds that are available for use.

Investment Review: The investments will be reviewed every year by the Business & Budget committee at their first meeting. This review is to determine how and if funds are being used and invested wisely. This review will also determine if percentages and/or dollars need to be reallocated or investments need to change in order to continue the practice of being good stewards of presbytery dollars. A recommendation for any changes or for confirmation without changes will be made to the Presbytery Council and reported to the presbytery at its next regular meeting.

Policy Review: The Business and Budget Committee will review this policy at their first meeting of every even-numbered year. A recommendation for any changes or for confirmation of the policy without changes will be made to the Presbytery Council and reported to the presbytery at its next regular meeting.