****Financial Practices Guidelines****

***Please amend this document to suit the governance structure of your church and the ideal financial processes that enable ministries to function and grow whilst maintaining integrity and good stewardship.***

Budget Preparation and Approval

Prepare a budget for each financial year for approval at the Annual General Meeting. The draft budget should be approved by the nominated governance group.

The leaders of each ministry area should be included in budget discussions, not necessarily to approve their allocated budget, but to set culture and provide input and guidance to the governance group preparing the budget, including getting an idea of creative options should more money become available.

Spending of Approved Ministry/Area Budgets

* Once the budget is approved, appoint a delegate (the Ministry Leader) for each ministry/budget area.
  + That delegate must approve all spending for that area.
  + That delegate can spend up to the budgeted amount per year.
* Some ministry areas may raise their own income to cover expenses (e.g. by a donation from those who attend a weekly program or event). These funds should be counted by two people, and banked with the church as soon as possible. The Treasurer should tag the funds as income for that ministry/area. Spending of these and any other funds added to the annual budget for that ministry area by the church, should be managed by the delegate for that ministry/area as above.
* The Treasurer should check spending against budget every quarter as a minimum.
* Budgets should be reviewed mid-year and adjusted if required to account for reduced/increased income, change in direction, new opportunities or under-estimated expenses. This should be discussed with Ministry Leaders and approved by the nominated governance group.
  + Significant changes in income or budgeted expenses should be communicated to the congregation.
* For individual items within the budget over $x00, the Ministry Leader must receive Governance Group approval.
  + For expenditure above $x00, best practice would be to get two or three quotes where possible.
* For spending over the annual budget amount, the Ministry Leader must seek approval from the Board *before* incurring the expense.

Counting and Banking of Offering

When cash offerings are collected during church services, the following protocols should be observed:

* The offering receptacles should be kept secure until the end of the service.
* Two people who do not live in the same household will count the offering as soon as possible after the end of the service. In some cases, e.g. where large cash offerings are given, it may be best for counting to occur as soon as the offering is collected.
* The people counting the offering should be rotated on a weekly basis.
* Funds will be counted by both people in a private but not hidden location, the amount agreed, and the amount entered and signed off by both people on a form/sheet provided for this purpose. This form should identify the counters, the service and require signatures of both counters.
* Funds should be placed in a labelled envelope and deposited in a secure location (e.g. a safe or cash box that only a limited number of authorised people have access to).
* Both people will remain present and observe the whole process.
* Banking of offering will be undertaken by an authorised person on the first working day after the church services. This should be a different person to those who counted the offering.
* The amount in the safe/secure location will be counted and verified with the counting form/sheet in the presence of a second person (e.g. Treasurer counts in the presence of Administration officer or a pastor), and any discrepancy immediately queried with the counters.
* Banking records will be kept for verification purposes.

Spending Process

For spending within budgeted amounts, the church can either:

* Place an order and pay an invoice;
* Have a church debit card which can be pre-loaded with funds and signed out to various individuals; and/or
* Reimburse an individual’s personal expenditure.

All expenditure under the latter two methods should be accompanied by proper tax receipts submitted to the Treasurer within 1 month of the expenditure occurring.

Treasurer’s Delegation and Responsibilities

Prepare a Treasurer’s job description including their delegations authorising them to do the following on behalf of the church:

* pay bills;
* pay staff;
* buy consumables (or delegate someone to do so);
* liaise with Government bodies e.g. ATO, ACNC as required.

It is recommended that double approval of payments is implemented.

Periodic reviews of standard expenses such as electricity, phone and internet, equipment leasing should be undertaken to ensure the church is receiving reasonable rates and any valid discounts.

Annual Audit/Review

At the conclusion of the financial year, arrange for an audit/review of the financial statements to be undertaken by an external auditor/accountant. The audited/reviewed statements will be provided to the congregation at the AGM. Whether your accounts are audited or reviewed depends on whether this is specified in your constitution, and what you choose to include in this guide. The minimum standard is that accounts are reviewed annually.

Investment of Savings

If the church has non-operational funds/savings, consider investing these in a Churches of Christ Foundation account (<https://www.cofc.com.au/foundation>).

Non-operational Expenditure

For approval of expenditure on capital works or other expenditure from savings/non-operational funds:

* Governance Group can approve expenditure of up to $x,000 or 30% of total non-operational funds; and
* The congregation must approve non-operational spending over this threshold. This can be done at an AGM if it is a planned expenditure, or at a special meeting if it is unplanned or opportunistic.

In all aspects of managing finance, it is best practice to minute financial reports and decisions at a formal meeting of the nominated governance group or congregation.