

**Financial Management
Lambeth United Church
October 9, 2007
Revised September 10, 2012**

General:

The following policy is derived from the policy of the United Church of Canada as outlined in the “Financial Handbook for Congregations”.

The purpose of internal control is to protect the reputations of individuals involved with church finances and to protect the church’s assets. The church has a duty to its volunteers to protect them from unfounded accusations against which they cannot defend themselves. It is wise for the church to arrange its affairs so that volunteers are not put into a position of unwarranted temptation. Internal control involves dividing financial duties in a manner that creates checks and balances and does not allow one person to both make a mistake and then cover up that mistake.

The church’s accounting system must contain a series of checks and balances to ensure accountability and transparency so that monies and property belonging to the congregation are properly received, adequately protected, accurately recorded, and effectively used.

Policy:

To ensure adequate internal control over the finances of Lambeth United Church, the following policies will be utilized:

1. No one person may be in complete control of any one accounting transaction.
2. Telephone and internet transfers are not allowed for any church accounts.
3. Contributors must be provided with charitable receipts and statements for income tax purposes at the end of each year specifying the amount of their contribution for local purposes, to the Mission and Service Fund, and to any special funds.
4. Reconciliation – A reconciliation of total revenues received compared with tax receipts issued must be performed at year-end by the treasurer and reviewed by an independent reviewer or auditor.
5. All cheques and withdrawals must be signed by two signing officers who are at arm’s length. Blank cheques must never be pre-signed by one of the signing officers.

6. A petty cash fund will be established in an amount to be determined from time to time by the Finance Committee. Petty cash fund activity will be reported monthly to the Finance Committee.
7. Offerings must be counted, recorded, and deposited by at least two people who are at arm's length, other than the treasurer. The recording of the deposits should be done only by the treasurer. Offerings must be counted in a secure area of the church and then immediately deposited in the church bank account.
8. All receipts for contributions and other income must be prepared in duplicate.
9. All expenses must be compared to budget and paid only on presentation of a detailed invoice. A voucher in a form approved by the Finance Committee may be utilized in lieu of a detailed invoice.
10. All church financial activity including that of the UCW, youth, Sunday School, and all other groups, must be included in all records and reports, including the Annual Report and the Registered Charity Information Return.
11. The Council, Executive, or Finance Committee must see original bank statements for all investments on a monthly basis. This is to ensure that funds are never removed from the account without proper identification. The bank statements must be initialed and dated by the people who verify them.
12. Bank reconciliations must be scrutinized and verified by at least one other person from the Finance Committee other than the treasurer. This approval must be documented by dating and initialing the reconciliations.
13. All financial records of the church must be kept in an electronic format at the church. This provides a backup in case a volunteer's computer crashes and more importantly, it provides a second set of records that can be verified.

Note:

“Arm's Length” - Arm's length is a legal concept describing the relationship in which the parties act independently of each other. Members must be seen as acting independently of any direct relationship due to blood, marriage, or adoption. “Not at arm's length” can also include individuals who are not related to each other by blood, marriage, adoption, common-law relationships, or close business ties.

Date _____

Date _____

Signed _____
Council Chairperson

Signed _____
Finance Committee Chairperson