



**NEW YORK ANNUAL CONFERENCE
of the United Methodist Church**

**Fiscal & Administrative
Policies & Procedures**

Approved by the Council on Finance and Administration, 10/24/17

New York Annual Conference - Fiscal Policies & Procedures

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1) Accounting Procedures

A) Basis of Accounting

Policies:

- Financial statements for the New York Annual Conference (NYAC) shall be prepared in accordance with Generally Accepted Accounting Principles (U.S. GAAP) in the United States of America.
- Financial statements shall follow the recommendation of the Financial Accounting Standards Board (FASB) No. 117, "Financial Statements of Not-For-Profit Organizations."
- The accrual basis of accounting shall be used. This is the method whereby revenue and expenses are associated with specific periods of time, such as a month or year, and are recorded as incurred without regard to the date of receipt or payment of cash.
- The fiscal year shall run from January through December.

Procedures:

- For monthly periods from January through November, expenses are accrued in the month in which the obligation is incurred. The books are closed no later than the fifth working day of the following month. Invoices received after closing the books will be counted as a subsequent month's expense unless previously accrued.
- For the fiscal year close all expenses that should be accrued into the fiscal year are so accrued. Fiscal year books are closed no later than 90 days after the end of the fiscal year.
- Revenue is recorded in the month in which it is earned or pledged.
- Revenues are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the organization are classified as unrestricted, temporarily restricted and permanently restricted.

B) Journal Entries

Journal entries are prepared to record items in the general ledger that are not automatically interfaced from the accounts payable, accounts receivable and billing subsidiary ledgers and to record adjustments and allocations.

Policies:

- Journal Entries shall be posted and approved by either the Controller or CFO.
- The originator of a Journal Entry shall not approve their own entry.

Procedures:

- Journal entries are prepared and entered into the General Ledger by the Accounts Payable Associate, Accounts Receivable Associate, Billing Associate and Senior Accountant.
- Journal entries are written on a form that includes the date, amount, account coding, and description. Back up documentation supporting the entry is attached.
- These documents, along with the system print out of the entry, are submitted to the second person, either the Senior Accountant or the Controller, to be approved and posted.
- Approval is documented by initials on the system print out of the entry.
- Journal entries are filed by month and numerically in centrally located binders.

C) Bank Reconciliations

Policies:

- Bank statements shall be opened and reviewed upon receipt.
- Bank reconciliations and approvals shall occur within 30 days of the closing date of the statement.
- Bank reconciliations shall be reviewed and approved by the Controller or CFO.

- The person reconciling the accounts shall not be a signatory on the accounts.

Procedures:

- Bank statements are routed to the Senior Accountant for opening and reconciliation.
- The Senior Accountant prepares the bank reconciliations and provides them to the Controller.
- The Controller reviews and approves the reconciliations by signing and dating the reports.
- The Senior Accountant files the reconciliations by bank and by month.

D) Monthly Close

Policies

- The books shall be closed no later than the fifth working day of the following month.

Procedures:

- Accounts Receivable and Accounts Payable are closed on the second working day of the following month.
- All documents submitted by departments must be received by the last working day of the month.
- Cash receipts and disbursements related to discontinued churches are reclassified to accounts receivable.
- Accruals and prior year apportionment reclass entries are completed.
- Intercompany invoices and investment journal entries are completed on the first day of the following month.
- The Revenues and Expenses and Statement of Financial Position reports are printed and reviewed.
- Adjusting journal entries are completed if necessary.
- Reconciliations of due to/from related parties (e.g. Board of Trustees, Camps, etc.) are performed on a quarterly basis.

E) Recordkeeping

Policies:

- Paper and electronic records shall be retained according to a Records Retention Schedule (Appendix A).
- Paper records shall be maintained in storage cabinets at the Conference Center office.
- Electronic records shall be retained on the LAN.
- Records that contain confidential information (e.g. payroll) shall be kept in secure files and folders.
- Records being discarded that contain personal identifying information or other confidential matters shall be shredded.

Procedures:

- As records are boxed for storage, a destroy date is noted on the box.

2) Apportionments

Policies:

- The Finance office shall apportion the approved Conference budget to all churches based upon the formula set and approved by Annual Conference.
- The currently approved formula is to apportion the approved Conference budget to each church based upon the relationship of each church's Apportionment Base to the Apportionment Base of all churches (the Annual Conference Apportionment Base).
- The currently approved definition of the Apportionment Base is the total of the following line items reported annually via the Statistical Tables:
 - 48. Net Pastor Salary (base compensation paid by church less Equitable Compensation received from Annual Conference)

- 49. Total amount paid in base compensation to all associate pastors
- 51. Total amount paid to pastor and associate(s) for accountable reimbursements
- 52. Total amount paid to pastor and associate(s) for any other cash allowances (non-accountable)
- 53. Total amount paid in salary and benefits for Deacons
- 54. Total amount paid in salary and benefits for Diaconal Ministers
- 55. Total amount paid in salary and benefits for all other church staff
- 56. Total amount spent for local church program expenses
- 57. Total amount spent for office expenses
- Discontinued Churches: Any church that is closed prior to or at the Annual Conference session each June shall be removed from the listing and calculation of apportionments for the subsequent year. If a discontinued church is subsequently sold by the Board of Trustees, any unpaid apportionments in the year of discontinuation and two preceding years shall be paid to the Annual Conference from the sales proceeds.
- Merged churches: Churches that merge assume both the assets and liabilities of each merged church. Accordingly, a successor church's apportionment obligation shall be equal to the sum of the apportionment obligations of the individual merged churches. Churches that merge and subsequently rationalize Apportionment Base expense lines (see above) will see a reduction in apportionments. Due to the two year lag of assessing apportionments, the effect of this reduction will not be immediate. It is the responsibility of the District Superintendent to communicate this policy to churches that are contemplating a merger.
- Newly Chartered Churches: A newly chartered church shall have its apportionments phased in over three years as follows: 1/3 in year one, 2/3rds in year two, 3/3rds in year three. Since a newly chartered church will not have submitted statistical tables, the apportionment base for the first year post chartering shall be agreed upon through discussions with the church, the District Superintendent and the Controller.

3) Audits

Policies:

- Audits shall be completed annually by an independent auditor and encompass the following books and records: CF&A, Board of Trustees, Camping, and the Episcopal Area.
- The Finance department shall provide the auditors with the financial statements at the beginning of field work. Financial statement notes shall be provided to the auditors when available.
- The Audit Committee shall be a sub-committee of CF&A and consist of three members, one of which shall be the Chair of CF&A.
- The Audit Committee shall invite representatives from the Camps Governing Board and the Board of Trustees to each meeting.
- The independent auditor shall be hired by the Audit Committee.
- The work of the independent auditor shall be coordinated by the Controller.
- Audits shall be completed and submitted to GCFA by July 31st of each year.
- The Audit Committee shall meet two times per year – once in the fall to engage the auditor and once in early summer to review the results of the audit.
- The Combined Audited Financial Statements shall be published on the conference website and included in the Conference Journal.
- The Audit Committee shall present a summary of the Combined Audited Financial Statements annually to CF&A.

4) Insurance:

Policies:

- All churches and church-controlled pre-schools shall participate in and be covered by the Conference's group Workers' Compensation policy

Procedures:

- Church and pre-school payroll data is collected once per year via an on-line collection portal
- Payroll data, categorized by classification code, is transmitted to the carrier
- Payroll data is used for two purposes
 - To true-up the preceding year's invoice based upon actual payroll
 - To estimate the current year's invoice
- Billings are issued annually

5) Internal Controls

NYAC employs safeguards to ensure that financial transactions are properly authorized, appropriated, executed and recorded.

A) Authority

Policies:

- In accordance with *The Book of Discipline*, the Chief Financial Officer and Director of Administrative Services (CFO) shall report to the Council on Finance and Administration (CF&A).
- CF&A shall review and approve these *Fiscal Policies and Procedures* annually.
- New loans and lines of credit require the prior approval of the Board of Trustees and the Annual Conference.
- The CFO and/or Controller shall process disbursements in accordance with the approved budget or instructions associated with restricted funds.

Procedures:

- The Conference budget is approved at Annual Conference by clergy and lay members who are eligible to vote.
- Expenses are approved in advance by authorized persons and documented in writing.
- Fiscal policies and procedures are developed by the finance staff in consultation with CF&A.
- Fiscal policies and procedures are updated throughout the year and submitted to CF&A annually for approval.

B) Conflicts of Interest

A conflict of interest occurs when the personal, professional, or business interests of an employee or volunteer conflict with the interests of the organization. Both actual and perceived conflicts of interest should be avoided.

Policies:

- Employees and volunteers shall use good judgment, adhere to high ethical standards, and act in such a manner as to avoid any actual or potential conflict of interest.
- Employees and volunteers shall be considered "independent" for purposes of this policy if he or she:
 - Does not, directly or indirectly, have a business relationship with NYAC (other than as an employee / volunteer), which might affect independence in decision-making;
 - Does not have an immediate family member who is an employee of an organization that has a business relationship with NYAC.

- Employees and volunteers shall disclose any interest in a proposed transaction or decision that may create a conflict of interest.

Procedures:

- In connection with any actual or possible conflict of interest, employees and volunteers who have direct or indirect financial interests must disclose the existence of the financial interest and be given the opportunity to disclose all material facts. After disclosure, the employee / volunteer will not be permitted to participate in the transaction or related decisions.
- Any individual may recuse themselves at any time from involvement in any decision or discussion in which the individual believes he or she has or may have a conflict of interest, without going through the process for determining whether a conflict of interest exists.
- Should there be any dispute as to whether a conflict of interest exists:
 - The CFO shall determine whether a conflict of interest exists for an employee, and shall determine the appropriate course of action.
 - CF&A shall determine whether a conflict of interest exists for the CFO / volunteer and shall determine the appropriate course of action.

C) Contracts

Policies:

- CF&A designates the CFO as the administrator of contracts which obligate NYAC financially or for potential liability as such contracts relate to the administration of the conference budget. This is separate and apart from the responsibilities of the Board of Trustees, which have authority over contracts related to matters under their purview (property, legal, fiduciary, etc.). All non-Trustee contracts shall be reviewed and approved based upon the procedures below:
- Department managers may sign contracts if the stated or expected dollar amount is less than \$25,000 and costs are fully budgeted within their department. (See item 7.c for bid requirements)
- Contracts with stated or expected dollar amounts that exceed \$25,000 must also be signed by the CFO.
- The CFO shall have the authority to sign contracts with a stated or expected value up to \$100,000.
- Contracts that exceed a stated or expected dollar amount of \$100,000 shall also require written approval from any of the following: a) CF&A President, b) CF&A Vice President of Finance, c) Resident Bishop or d) Board of Trustees President. Such approval may be evidenced via e-mail.
- The Conference Chancellor must review the following contracts prior to signing: a) those where the stated or expected amount of the contract exceeds \$100,000, b) employment or consulting agreements, c) contracts for other than goods and services.
- All contracts signed by unauthorized persons shall be null and void.

Procedures:

- A copy of all executed contracts must be sent to the CFO for retention.

D) Segregation of Duties

Policies:

- Financial duties shall be distributed among multiple employees to help detect and prevent fraud and errors. This distribution of duties is designed for maximum protection of the organization's assets while also considering efficiency of operations. As examples, the person performing bank reconciliations may not handle cash receipts or disbursements. The person approving expenditures may not be the only check signer for a disbursement.

Procedures:

- Disbursements are approved by authorized managers. The Accounts Payable Associate checks for math accuracy, tax exemptions, required approvals, receipt of goods or completion of services and enters the payables into the system. As check signers, the CFO and Controller are not involved in system input.

- Cash received by any area of the Conference office must be promptly forwarded to the Accounts Receivable Associate in finance for deposit and application.
- The Senior Accountant prepares all bank reconciliations.

E) Physical Security

NYAC maintains physical security of its assets to ensure that only people who are authorized have physical or indirect access to funds, securities, real estate and other valuable property.

Procedures:

- Check stock is kept in a locked safe, are sequentially numbered and periodically audited.
- Voided checks are retained after mutilation of signature area.
- The postage meter requires a department code to print postage.
- Accounting and banking software is password protected.
- On-line banking transactions require an authorized approver, other than the originator, to process.
- The Information Technology room, which houses equipment associated with the LAN, accounting and other systems is kept locked at all times.
- Certain offices and files such as those pertaining to payroll and employee records are locked.

6) Financial Planning & Reporting

A) Budgeting

Policies:

- A proposed budget shall be prepared annually by CF&A with input from Committees, Commissions, Agencies and Department heads of the Conference.
- The proposed budget shall be posted on the web-site at least two weeks prior to Annual Conference.
- CF&A shall present a summary of the proposed budget at a plenary session of Annual Conference.
- The proposed budget shall be discussed and voted upon in a Legislative Section of Annual Conference.
- CF&A shall make any modifications to the budget approved at Legislative Sections.
- The proposed budget shall be approved by voting clergy and laity at a plenary session of Annual Conference, either with or without modifications.
- The Finance office shall apportion the approved budget to member churches based upon the prevailing apportionment formula.

Procedures:

- In January, budget input for the following year is solicited from all Committees, Commissions, Agencies and Department heads of the Conference.
- In March, each area requesting a budget is asked to present its request during the annual "Budget Hearings" held by CF&A.
- In March, the CFO prepares a consolidated budget containing detail by area / department and line item.
- In March, Committees, Commissions, Agencies and Department heads submit clarifications and/or revised budgets if requested to do so at the Budget Hearings. Estimates of health care costs of staff are updated based upon rates proposed by the Board of Pensions and Health benefits (BOPHB).
- In April and May, the proposed budget is reviewed again by CF&A and then posted on the Conference website and included in pre-conference reports.
- In June, the chair of CF&A presents the proposed budget at a plenary session of Annual Conference.
- Changes in the proposed budget initiated by Legislative Sections or Plenary Session shall be referred to CF&A for comment and/or inclusion in a revised budget before being voted upon.

- The proposed budget is voted upon during the plenary session and approved with or without modifications.

B) Internal Financial Reports

NYAC prepares various internal financial reports on a monthly basis.

Policies:

- Reports shall be finalized no later than the fifteenth working day of the following month.
- Departmental Statements comparing actual to budget shall be prepared and distributed to each department head or committee chair.

Procedures:

- The Senior Accountant is responsible for producing internal financial statements within fifteen working days following the end of each month.
- Department managers are provided reports of revenue and expenses compared to budget for their area.
- The CFO and Controller review financial reports each month.
- At each CF&A meeting the CFO presents a narrative report that summarizes the organization's financial position and related activities (e.g. audits, statistical tables, receivables, training, reserves, etc.). These reports by the CFO are based upon and may include internal financial reports.

7) Revenue & Accounts Receivable

A) Invoice Preparation

Policies:

- Churches, pastors and other entities shall be invoiced on the first business day of each month for health insurance, pension, life and disability insurance and other miscellaneous billings.
- Church statements containing shared ministry apportionments shall be issued on the first business day of each month.
- Churches shall be invoiced annually for Workers' Compensation coverage.
- Accounts Receivable reports shall be prepared by the fifteenth business day of the month and shall be reviewed by the Controller and CFO. Such reports shall also be periodically provided to CF&A.

Procedures:

- The Billing Associate gathers relevant billing documentation for benefits, prepares invoicing worksheets and reconciles worksheets to relevant documentation.
- Invoicing worksheets are uploaded to the accounting system to generate invoices.
- Invoices are scanned to a folder on the LAN and electronic copies are maintained indefinitely.
- As part of the monthly close process, the Senior Accountant prepares intercompany invoices.
- As part of the monthly close process, the Controller reviews the accounts receivable reports.
- Workers' Compensation invoices contain both a) an estimated premium for the current year and b) an adjustment of the final premium for the prior year.
- The CFO in consultation with CF&A and the Board of Pensions and Health Benefits (BOPHB) determines appropriate collection efforts for outstanding invoices.
- Allowances for uncollectible receivables are estimated annually based on a combination of write-off history, aging analysis and any specific known troubled accounts.

B) Revenue Recognition

Policies:

- Contributions shall be recorded in accordance with GAAP, with specific attention to standards FASB 116 and 117.
- Contributions, including apportionments and benevolences, shall be recorded as pledged or received in accordance with FASB 116, and shall be credited to the appropriate revenue lines as presented in the annual budget.
- Revenues and expenses associated with the sale of property are recorded as soon as all related transactions have settled.

Procedures:

- The Controller reviews all receipts (excluding apportionment and benefit payments) in excess of \$1,000 and indicates how the revenue shall be recognized (conditional/unconditional and restricted/unrestricted). If there is a question or uncertainty about how to recognize a particular contribution, the Controller will contact the donor to clarify the intent of the contribution.
- The Accounts Receivable Associate posts revenue to the general ledger in accordance with the determination made by the Controller.

C) Receipts

Policies:

- NYAC invoices shall contain instructions on how to make payments (e.g. U.S. mail, lock box, etc.)
- Mail shall be sorted and distributed unopened by the receptionist on the day it is received.
- Payments shall be routed to the Accounts Receivable Associate and the Billing Associate upon receipt.
- Acknowledgement letters to individual donors shall be sent no later than month-end of the month following the month of receipt. Letters to individuals shall include the statement: *“The New York Annual Conference of The United Methodist Church is a not-for-profit organization established under IRS Code 501(c)3. No goods or services were provided by our organization in return for your contribution”*
- Cash received shall be counted together by two separate individuals.
- Vanco receipts shall be transferred and recorded in the general ledger in the month of receipt.
- Lock box receipts shall be entered into the general ledger within one business day of receiving details.
- “Pass-thru” contributions (payments that are intended for other organizations) shall be recorded as a liability and remitted to the organization by the close of the following month.

Procedures:

- All mail is distributed by the Receptionist on the day of receipt.
- Checks for deposit are endorsed “for deposit only” immediately upon receipt by the Accounts Receivable Associate.
- Checks are deposited to the bank using an automated check scanner.
- Cash and checks are deposited within two business days.
- Cash and checks are kept in a safe until deposited.
- Cash in excess of \$1,000 is taken to the bank by two individuals.
- Copies are made of all checks before depositing.
- The Accounts Receivable Associate enters the receipts into the accounting system by month end.
- The Accounts Receivable Associate runs a search in the accounting system for contributions by individuals. The data is downloaded to Excel and used to generate acknowledgment letters to donors.

8) Expense & Accounts Payable

A) District Parsonages

Policies:

- The Conference shall pay the costs to maintain one parsonage in each district to be used by the District Superintendent.
- Such costs include insurance, utilities, building maintenance, property maintenance and basic TV/phone/internet subscriptions.
- If a District Superintendent elects to live in a home other than the district parsonage, the costs of that residence shall not be reimbursed if the conference is also paying to maintain the district parsonage.
- In no case shall the costs to support a residence other than the district parsonage exceed the cost of maintaining one district parsonage.

B) Payroll

Policies:

- Payroll shall be prepared by the Senior Accountant or designee in the Senior Accountant's absence.
- The HR & Benefits Manager shall approve the pre-submission report of payroll.
- Payroll shall be processed semi-monthly - on the 15th and last day of each month.
- Payroll files shall be maintained in locked filing cabinets or in password protected folders on the LAN.
- Direct Deposit shall be mandated except when prohibited by the law.
- Payroll changes, additions and deletions shall be submitted in writing and approved by an authorized individual and maintained in employee files.
- Payroll for terminated employees shall be processed and distributed on the next regular pay date from the date of termination.
- I-9 forms shall be maintained in a separate file in Human Resources.
- Employee withholdings shall be remitted within the prescribed governmental guidelines to the appropriate agency by the payroll agent of the NYAC.

Payroll Procedures:

- Non-exempt employees are required to record time worked. All employees are required to record time off for benefits tracking purposes.
- The processing of payroll is outsourced to ADP.
- Payroll amounts are prepared and processed by the Senior Accountant.
- Payroll additions are submitted to the Senior Accountant with a completed New Hire Check List Form and all required documents including a W-4, IT -2104, NY Wage Notice, Direct Deposit Form, Voided Check, Offer Letter, beneficiary form and Health and Pension Enrollment forms if applicable.
- Payroll changes are submitted on a completed Employee Change Form.
- A spreadsheet allocating payroll to cost centers and producing journal entries is prepared and reconciled to pre-submission reports from ADP.
- Pre-submission report of the Payroll Journal is given to the HR & Benefits Manager for approval.
- A cash requirements report is printed and a funds transfer request is created to fund the payroll account.
- Funds are transferred from the operating account to the payroll account by the Controller.
- Journal entries for the funds transfer and payroll along with the invoice for the payroll service & photocopies of the Camps and Frontier Foundation payroll journal are submitted to the Accounts Receivable Associate for billing.
- Five working days prior to the pay date payroll is processed on line.
- Checks/remittance advises are posted electronically to the payroll website for access by employees.
- Quarterly and annual tax withholding / remittance reports are reconciled to the general ledger.

Timesheet Procedures:

- Non-exempt employees complete time sheets and submit them to their supervisors on the due date, based on a schedule communicated at the beginning of the year.
- Supervisors review, correct if necessary, sign and submit timesheets to the Senior Accountant on or before the time sheet due date.
- The Senior Accountant enters time sheet information into the payroll and accounting systems as needed.
- Paid time off balances are maintained in a database by the Senior Accountant based on the information provided on approved timesheets.
- Timesheets are scanned to the server and retained in accordance with record retention guidelines.

C) Purchases & Procurement**Policies:**

- Expenditures in excess of \$5,000 for the purchase of a single item or group of like items shall be supported by bids from three suppliers whenever possible (excludes professional services).
- Bids will be reviewed by the Controller and the bid award shall be specifically approved in advance by the CFO.
- Any purchase in excess of \$1,000 shall be researched for price competitiveness.

Procedures:

- Bids should be submitted in writing.
- Approval for purchases is done by the Manager responsible for the budget to which the purchase will be charged and the CFO.

D) Independent Contractors

NYAC uses independent contractors for professional services including legal, audit, training, speakers and for temporary part-time help for special events or projects.

Policies:

- Independent contractors earning more than the prevailing IRS threshold shall be issued a 1099 for amounts paid during the year.
- The Controller in consultation with Human Resources and the CFO shall be responsible for verifying that persons providing services are independent contractors and not employees by having these vendors complete IRS form W-9.

E) Invoice Approval & Processing**Policies:**

- Invoices shall be approved by the Manager of the department for which the expense was incurred.
- Approved invoices shall be paid within 30 days of receipt or by due date, whichever is sooner.

Procedures:

- Invoices and bills will be opened and reviewed by the Accounts Payable Associate. The Controller will be notified immediately of any unexpected or unauthorized expenses.
- As necessary, invoices are routed to the appropriate department Manager for authorization prior to payment being issued.
- Copies of all invoices paid are retained by the finance department. After two years these documents are archived and eventually destroyed in accordance with NYAC's record retention policy.

F) Disbursements

Policies:

- Disbursements shall not be made for any purpose prohibited by *The Book of Discipline* (e.g. the purchase or consumption of alcohol).
- Disbursements shall be supported by an invoice or reimbursement request with appropriate approvals.
- Disbursements shall be accompanied by supporting documentation as appropriate.
- The automated check signer log shall be reviewed monthly by the Senior Accountant or the Controller.
- Requests for recurring monthly payments (e.g. stipends) shall be authorized for a period of up to 12 months. Payments must be to the same person and a detailed schedule specifying the payment dates and amounts must be included.

Procedures:

- The Accounts Payable Associate prepares checks/ACH/wires and processes them after approval.
- Two signatures are required on all checks
- For ACH and wires one approval other than the originator of the transaction is required.
- Check signers review supporting documents and approvals before signing checks.
- Checks may be signed by the check signer machine after review of payments by the Controller or CFO.
 - Must be processed in a separate batch.
 - A check signer log is maintained that records the starting meter number for the first and last check numbers of the batch and the ending meter number verifying that the number of meter punches equals the number of checks.
 - Checks issued during times that either the Controller or CFO are out of the office may be issued using the check signer only if approved by either the Controller or CFO.

G) Petty Cash

Policy:

- The Accounts Payable Associate shall maintain a petty cash fund not to exceed \$500.
- Petty cash shall be used primarily for miscellaneous office supplies, food, delivery tips, etc.
- Petty cash shall be kept in a lockbox in the Finance safe. Keys to the lockbox shall be kept in the safe.

Procedures:

- A Petty Cash receipt is completed for all disbursements from Petty Cash signed by the person receiving the cash. Receipts for all purchases are attached to the Petty Cash receipt.
- When cash is low the custodian will submit a reimbursement request form to the Controller with a print out of a Petty Cash Reconciliation form and all documentation attached.
- A check will be cut in the amount to bring the petty cash balance back to \$500. It is the custodian's responsibility to cash the check and keep track of funds in the box.
- The petty cash box is audited by the Controller once per year without notice.

H) Employee Expense Reimbursements

Policies:

- Staff that travel on business shall be reimbursed for necessary, reasonable and documented expenses.
- Travel by support staff shall be approved by the employee's supervisor no less than ten (10) working days prior to the date travel is to begin or as soon as the need becomes known if within that period.
- Mileage shall be reimbursed for business travel at the prevailing IRS mileage rate but net of the employee's normal commuting miles to and from their home.
- Membership fees in professional organizations shall be reimbursed if such organizations relate to the work being performed by the employee. Reimbursements are subject to annual evaluation by the CFO.

Procedures:

- Travel expenses are submitted on a T&E Reimbursement Request form that is signed by the employee and approved by a Manager.
- Receipts and documentation of mileage must be attached to the reimbursement request. Receipts are required for all expenditures, regardless of amount.
- Reimbursement requests are forwarded to the Accounts Payable Associate for payment.

I) Volunteer Expense Reimbursements

Policies:

- Volunteers that travel on business shall be reimbursed for necessary, reasonable and documented expenses if approved by the volunteer's Committee Chair or other authorized party.
- Travel by volunteers shall be approved no less than ten (10) working days prior to the date travel is to begin or as soon as the need becomes known if within that period.
- Mileage shall be reimbursed for business travel at the prevailing IRS mileage rate for service to charitable organizations, which is only intended to help defray expenses.

Procedures:

- Travel expenses are documented on a Disbursement Request Form that is signed by the volunteer and approved by the Chair of the Committee or other authorized party.
- Receipts and documentation of mileage must be attached to the Disbursement Request form. Receipts are required for all expenditures, regardless of amount.
- Reimbursement requests are forwarded to the Accounts Payable Associate for payment.

J) Credit Cards

Policies:

- The CFO shall determine which employees have a business need for a credit card.
- Credit cards shall be used only for business related purposes including travel, office equipment or program related expenses.
- Credit card holders shall retain receipts for all purchases.

Procedures:

- A consolidated monthly credit card statement is mailed directly to the Accounts Payable Associate.
- The Accounts Payable Associate distributes a transaction statement to each cardholder along with a Credit Card Certification form.
- The cardholder reviews the statement for accuracy, attaches receipts for each charge and notes the appropriate cost center and purpose of the expense if different from their Professional Fees budget.
- The cardholder signs the certification, encloses a personal check for any personal charges incurred and returns the form to the Accounts Payable Associate.

K) Expense Allocations

Policies:

- Shared costs such as utilities and supplies shall be charged to the Administration budget and not allocated to departments.
- Costs incurred by outside but related agencies (e.g. Frontier Foundation) shall be tracked and charged to that organization. Such costs include, but are not limited to, postage and supplies.

9) Asset Management

A) Cash Management and Investments

The selection and maintenance of individual securities and portfolios of securities is overseen by the agency or committee that has control over the funds. The administration of investment accounts is handled by the Finance office.

Policies:

- Investment statements shall be reconciled monthly and reviewed by the Controller.
- Investments shall be reflected on the books at market value.
- Purchases and sales of securities shall be recorded on a trade-date basis. Interest income shall be recorded on the accrual basis.
- The person reconciling the investment accounts shall not be a signatory on the accounts.

Procedures:

- The Senior Accountant has “view-only” access to investment accounts held at the Frontier Foundation and at Wespath.
- The Senior Accountant reconciles and records all account activity monthly to the General Ledger.
- The Controller reviews these accounts on a monthly basis.

B) Capitalization

Policies:

- Property and equipment shall be stated at cost, less accumulated depreciation.
- Donated assets shall be capitalized at their fair value at the time of the donation.
- Maintenance, routine repairs and minor replacements shall be charged to operations as incurred, while those improvements which materially extend the lives of the assets shall be capitalized.
- Depreciation shall be recognized on assets or groups of like assets purchased together with a minimum value of \$5,000.
- Depreciation shall be calculated using the straight-line method with one half year being recognized in the year of purchase and in the last year.
- Assets shall be depreciated over the estimated useful lives as follows:

Buildings	50 years
Building improvements	15 years
Furniture and mechanical equipment	3-7 years
Computer equipment	3 years
Vehicles	5 years

Procedures:

- When necessary, useful life is determined based on evidence, experience and judgment.
- Depreciation schedules are maintained and depreciation and amortization expense is booked to the general ledger annually.

10) Pension Administration:

The BOPHB is responsible for oversight of pension plans offered to active and retired employees and clergy of the Conference. The Finance department administers this role on behalf of the BOPHB by processing related transactions.

Policies:

- The Finance department shall bill pension amounts recommended by the BOPHB and approved by the Annual Conference to churches monthly.
- The Finance department shall remit to Wespeth all pension amounts collected for CRSP and UMPIP (including the employer contribution) within 30 days of the close of each month.

11) Health Care Administration:

The BOPHB is responsible for oversight of the health care plans and subsidies offered to active and retired employees and clergy of the Conference. The Finance department administers this role on behalf of the BOPHB by processing related transactions.

Policies:

- The Finance department shall bill health care amounts recommended by the BOPHB and approved by the Annual Conference to churches and pastors monthly.
- Health Reimbursement Account (HRA) funding of claims shall be remitted to OneExchange monthly.
- The value of “earned but unused” HRA claims shall be transferred to a BOPHB account held at Wespeth quarterly.

12) Record Retention:

- The finance department shall maintain records for the following periods of time:
 - Payroll – seven years
 - Apportionment reports: current year and prior two years
 - Accounts Payable records: current year and prior two years

13) Reserve Fund:

The primary purpose of the reserve fund is to: a) facilitate payment of amounts approved by the Annual Conference when Shared Ministry Apportionments are not fully paid, b) manage seasonal cash flow fluctuations, c) respond to emergencies and critical unforeseen expenses, and d) support emerging ministry opportunities (but not for projects which were proposed to Annual Conference and failed to gain support).

Policies:

- The target amount of the reserve fund shall be approximately 50% of the current year’s approved budget.
- The reserve fund shall be funded with amounts approved in the annual budget designated for that purpose, surplus operating funds, refunds/rebates associated with prior year expenses, recoveries of unclaimed funds, recoveries of prior year apportionment and benefit obligations associated with discontinued churches and other unexpected revenue sources.
- The following approvals are required when disbursing monies from the reserve fund:
 - For a one-time or series of disbursements totaling under \$50,000: CFO approval
 - For a one-time or series of disbursements totaling between \$50,000 and \$150,000: CFO & CF&A Chair approval
 - For a one-time or series of disbursements totaling over \$150,000: CF&A majority approval
 - For a one-time or series of temporary transfers (to be repaid within 90 days) totaling under \$200,000 for the sole purpose of managing seasonal cash flow: CFO approval

14) Whistleblower Hotline:

The NYAC strives to act with integrity, honesty and respect for all persons with whom we come into contact. Accordingly, we have established a Whistleblower Hotline that can be used to report any situation that threatens our values and our reputation.

Such situations may pertain to:

- **Ethics and compliance issues**, such as accounting and financial reporting
- **Employee relations**, such as harassment, discrimination or disciplinary action
- **Loss prevention and asset protection**, such as threats and violence, alcohol/drug abuse, workers' compensation fraud or internal theft
- **Illegal acts**

Policies:

- No director, officer, employee or volunteer of NYAC who in good faith reports any behavior or suspected behavior taken by or within NYAC that is illegal, fraudulent or in violation of any policy shall suffer intimidation, harassment, discrimination, other retaliation or, in the case of employees, adverse employment consequences.
- The confidentiality of reports shall be maintained except when the communication of information is necessary to conduct an investigation.
- This policy shall be distributed to all directors, officers and employees of the organization.
- The following positions are designated to administer the whistleblower policy and to report to the Audit Committee on an as-needed basis: the Chair of the Personnel Committee and the Chair of CF&A.
- NYAC shall maintain a page on its website whereby individuals may report concerns to either (or both) the Chair of the Personnel Committee or the Chair of the Council on Finance & Administration. The names and e-mail addresses of these officers shall be posted on this site.

Procedures:

- Reports of alleged violations may be reported at: <http://www.nyac.com/personnelcommittee>

Appendix A – Records Retention Schedule

Type of Document	Minimum Requirement
Accounts payable ledgers and schedules	7 years
Audit reports	Permanently
Bank reconciliations	2 years
Bank statements	7 years
Checks (for important payments and purchases)	Permanently
Contracts, mortgages, notes, and leases (expired)	7 years
Contracts (still in effect)	Contract period
Correspondence (general)	2 years
Correspondence (legal and important matters)	Permanently
Correspondence (with customers and vendors)	2 years
Deeds, mortgages, and bills of sale	Permanently
Depreciation schedules	Permanently
Duplicate deposit slips	2 years
Employment applications	3 years
Expense analyses/expense distribution schedules	7 years
Year-end financial statements	Permanently
Insurance records, current accident reports, claims, policies, and so on (active and expired)	Permanently
Housing Allowance Forms	7 years
Invoices (to customers, from vendors)	2 years
Payroll records and summaries	7 years
Personnel files (terminated employees)	7 years
Retirement and pension records	Permanently
Timesheets	7 years
Withholding tax statements	7 years